

SECURITIES AND EXCHANGE COMMISSION

FORM 10-K405

Annual report pursuant to section 13 and 15(d), Regulation S-K Item 405

Filing Date: **1999-03-26** | Period of Report: **1998-12-31**
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FILER

MAUI LAND & PINEAPPLE CO INC

CIK: **63330** | IRS No.: **990107542** | State of Incorporation: **HI** | Fiscal Year End: **1231**
Type: **10-K405** | Act: **34** | File No.: **001-06510** | Film No.: **99573253**
SIC: **2033** Canned, fruits, veg, preserves, jams & jellies

Mailing Address
PO BOX 187
KAHULUI HI 96732

Business Address
PO BOX 187
120 KANE ST
KAHULUI MAUI HI 96732
8088773351

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 1998

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission file number 0-6510

MAUI LAND & PINEAPPLE COMPANY, INC.

(Exact name of registrant as specified in its charter)

HAWAII 99-0107542
(State or other jurisdiction (IRS Employer Identification
of incorporation or organization) number)

120 KANE STREET, P. O. BOX 187, KAHULUI, MAUI, HAWAII 96733-6687
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (808) 877-3351

Securities registered pursuant to Section 12(b) of the Act:

Common Stock, without Par Value (Title of Class)	American Stock Exchange Name of Exchange on Which Registered
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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

The aggregate market value, as of February 4, 1999, of the

voting stock held by nonaffiliates of the registrant:
\$43,430,000.

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at February 4, 1999
Common Stock, no par value	7,188,500 shares

Documents incorporated by reference:

Parts I, II and IV -- Portions of the 1998 Annual Report to Security Holders.

Definitive Proxy Statement relating to the Company's 1999 Annual Meeting of Stockholders to be filed hereafter (incorporated into Part III hereof).

Exhibit Index--pages 19 - 22.

PART I

Item 1. Business

(a) General

Maui Land & Pineapple Company, Inc. is a Hawaii corporation, the successor to a business organized in 1909. The Company consists of a landholding and operating parent company as well as its principal wholly owned subsidiaries, Maui Pineapple Company, Ltd. and Kapalua Land Company, Ltd. The "Company," as used herein, refers to the parent and all of its subsidiaries.

The Company participates in joint ventures that are accounted for by the equity method. The most significant of these ventures is Kaahumanu Center Associates, the owner and operator of a regional shopping center.

The industry segments of the Company are as follows:

(1) Pineapple - includes growing pineapple, canning pineapple in tinplated steel containers fabricated by the Company, and marketing canned pineapple products and fresh whole and fresh cut pineapple.

(2) Resort - includes the development and sale of resort real estate, property management and the operation of recreational and retail facilities and utility companies at Kapalua, Maui.

(3) Commercial & Property - includes the Company's investment in Kaahumanu Center Associates, the Napili Plaza shopping center, and

non-resort rentals and land sales. It includes the Company's land entitlement and land management activities.

(b) Financial Information About Industry Segments

The information set forth under Note 16 to Consolidated Financial Statements on page 18 of the Maui Land & Pineapple Company, Inc. 1998 Annual Report is incorporated herein by reference.

(c) Narrative Description of Business

(1) Pineapple

Maui Pineapple Company, Ltd. is the operating subsidiary for the Company's Pineapple segment. It owns and operates fully integrated facilities for the production of pineapple products.

Pineapple is cultivated on two Company-operated plantations on Maui that provided approximately 93% of the fruit processed in 1998. The balance of fruit processed was purchased from independent Maui growers. Two pineapple crops are normally harvested from each new planting. The first, or plant crop, is harvested approximately 18 to 23 months after planting, and the second, or ratoon crop, is harvested 12 to 14 months later.

Harvested pineapple is processed at the Company's cannery in Kahului, Maui, where a full line of canned pineapple products is produced, including solid pineapple in various grades and styles, juice and juice concentrates. The cannery operates most of the year; however, over 50% of production volume takes place during June, July and August. The metal containers used in canning pineapple are produced in the Company-owned can plant on Maui. The metal is imported from manufacturers in Japan. A warehouse is maintained at the cannery site for inventory purposes.

The Company sells canned pineapple products as store-brand pineapple with 100% HAWAIIAN U.S.A. stamped on the can lid. Its products are sold principally to large grocery chains, other food processors, wholesale grocers, and to organizations offering a complete buyers' brand program to affiliated chains and wholesalers serving both retail and food service outlets. A substantial volume of the Company's pineapple products is marketed through food brokers.

The Company sells fresh whole pineapple to retail and wholesale grocers in Hawaii and the continental United States. Since 1996, the Company has been test marketing various fresh cut pineapple products in Hawaii and on the U.S. West Coast. In 1999, the Company expects to introduce a new fresh cut product, fresh cut wedges and chunks of pineapple in plastic containers in the continental U. S.

In 1997, Royal Coast Tropical Fruit Company, Inc. (a wholly owned subsidiary of Maui Pineapple Company, Ltd.) entered into a joint venture with an Indonesian pineapple grower and canner.

The joint venture, Premium Tropicals International, LLC, will market and sell Indonesian canned pineapple in the United States. Sales through this joint venture began in 1998.

In 1998, approximately 20 domestic customers accounted for about 59% of the Company's pineapple sales. Export sales, primarily to Japan, Canada and Western Europe, amounted to approximately 4.6%, 4.1% and 5.7% of total pineapple sales in 1998, 1997 and 1996, respectively. Sales to the U.S. government amounted to approximately 10.2%, 12.9% and 12.5% of total pineapple sales in 1998, 1997 and 1996, respectively. The Company's pineapple sales office is in Concord, California.

As a service to its customers, the Company maintains inventories of its products in public warehouses in the continental U.S. The balance of its products are shipped directly from Hawaii to its customers. The Company's canned pineapple products are shipped from Hawaii by ocean transportation. They are then taken by truck or rail to customers or to public warehouses. Fresh whole and fresh cut pineapple are shipped by air or by ocean transportation.

The Company sells its products in competition with both foreign and U.S. companies. Its principal competitors are two U.S. companies, Dole Food Company, Inc. and Del Monte Food Co., which produce substantial quantities of pineapple products, a significant portion of which is produced in the Philippines. Producers of pineapple products in other foreign countries, particularly Thailand and Indonesia, also are a major source of competition. Foreign production has the advantage of lower labor costs. The Company's principal marketing advantages are the high quality of its fresh and canned pineapple, the relative proximity to the West Coast United States fresh fruit market and being the only U.S. canner of pineapple. Other canned fruits and fruit juices are also a source of competition. Generally, the price of the Company's products is influenced by supply and demand of pineapple and other fruits and juices.

For information regarding the antidumping petition and duties currently imposed on imports of canned pineapple fruit from Thailand, see Part I, Item 3. (A) of this report.

For further information regarding Pineapple operations see Management's Discussion and Analysis of Financial Condition and Results of Operations.

(2) Resort

Kapalua Resort is a master-planned golf resort community on Maui's northwest coast. The property encompasses 1,650 acres bordering the ocean with three white sand beaches, and includes two hotels, seven residential subdivisions, three championship golf courses, two ten-court tennis facilities, a 22,000 square foot shopping center and over ten restaurants. Water and waste transmission utilities are included in the Resort. Approximately 650 acres are available for further development within the

Kapalua Resort.

Kapalua Land Company, Ltd. is the developing and operating subsidiary of the Company's Resort segment. The Resort segment also includes the following wholly owned subsidiaries of the Company: Kapalua Water Company, Ltd. and Kapalua Waste Treatment Company, Ltd., public utilities providing water and waste transmission services for the Kapalua resort; Kapalua Advertising Company, Ltd., an in-house advertising agency; Kapalua Investment Corp., an investment holding company; and Kapalua Realty Company, Ltd. (wholly owned by Kapalua Land Company, Ltd.), a general brokerage real estate company located within the resort.

The Company, through subsidiaries and joint ventures, developed the Kapalua Resort, which opened in 1975 with The Bay Course. At Kapalua, the Company owns three golf courses (The Bay, The Village and The Plantation Courses), one tennis facility (The Tennis Garden), a shopping center (The Kapalua Shops), the land under both hotels (The Ritz-Carlton, Kapalua and The Kapalua Bay Hotel), as well as the acreage available for development and various on-site administrative and maintenance facilities.

The Company operates the golf and tennis facilities, the shopping center, ten retail shops, a vacation rental program (The Kapalua Villas), and certain services to the resort, including shuttle, security and maintenance of common areas. The Company is the ground lessor under long-term leases for both hotels and also receives rental income from certain other properties. The Company manages The Kapalua Club, a membership program that provides for certain rights and privileges of its members within the Resort.

Joint ventures have enabled Kapalua to proceed with certain development projects. Plantation Club Associates was an unincorporated joint venture between Kapalua Land Company, Ltd. and Roling Partners that developed The Plantation at Kapalua, comprised of an 18-hole golf course (The Plantation Course) and two residential development projects (Plantation Estates Phase I and II). For further information regarding Plantation Club Associates, see Note 3 to Consolidated Financial Statements.

Kapalua Investment Corp. (KIC) was a general partner in Kaptel Associates, the partnership that owned The Ritz-Carlton, Kapalua. For further information regarding Kaptel Associates, see Note 3 to Consolidated Financial Statements.

In 1997, the Company and Lend Lease Real Estate Investment, Inc. (Lend Lease), owner of The Kapalua Bay Hotel, formed a 50/50 joint venture, Kapalua Coconut Grove LLC, to develop the 12-acre parcel adjacent to the hotel. Lend Lease purchased a one-half interest in the land from the Company prior to formation of the venture. In November 1998, the plans for 36 luxury beachfront condominiums called Coconut Grove on Kapalua Bay received Special Management Area approval from the Maui Planning Commission. Presales are expected to begin in the second quarter of 1999 and construction is scheduled to begin in the third quarter.

The Kapalua Resort faces substantial competition from

alternative visitor destinations and resort communities in Hawaii and throughout the world. Kapalua's marketing strategies target upscale visitors with an emphasis on golf. In 1998, approximately 18% of the visitors to Maui were from the Eastbound market and 82% were from the Westbound market (mostly U.S. mainland). Kapalua's primary resort competitors on Maui are Kaanapali, which is approximately five miles from Kapalua, and Wailea on Maui's south coast. Kapalua's total guestroom inventory accounts for approximately 10% of the units available in West Maui and approximately 6% of the total inventory on Maui.

Nationally televised professional golf tournaments have been a major marketing tool for Kapalua. In January 1999, Kapalua successfully hosted its inaugural Mercedes Championships, the season opening event for the PGA TOUR. The Company has four-year agreements through the non-profit organization Kapalua Maui Charities, Inc., with Mercedes-Benz and the PGA TOUR to host and manage this event at Kapalua. Advertising placements in key publications are designed to promote Kapalua through the travel trade, consumer, golf and real estate media.

For further information regarding Resort operations, see Management's Discussion and Analysis of Financial Condition and Results of Operations.

(3) Commercial & Property

Kaahumanu Center is the largest retail and entertainment center on Maui with a gross leasable area (GLA) of approximately 573,000 square feet. On December 31, 1998, 124 tenants occupied 94% of the available GLA. Kaahumanu Center faces substantial competition from other retail centers in Kahului and in other areas of Maui. The Kahului area has approximately 1.7 million square feet of retail space. The Center's primary competitors are the Maui Mall and the Maui Marketplace, both located within three miles of Kaahumanu Center.

In June of 1993, Kaahumanu Center Associates (KCA) was formed to finance the expansion and renovation of and to own and operate Kaahumanu Center. The expansion and renovation, completed in November of 1994, expanded the Center from approximately 315,000 to 573,000 square feet of GLA. KCA is a 50/50 partnership between the Company, as general partner, and the Employees' Retirement System of the State of Hawaii, as a limited partner.

Napili Plaza is a 44,000 square foot retail and commercial office center located in West Maui. As of December 31, 1998, 19 tenants occupied 80% of the GLA. Napili Plaza faces competition from several retail locations in the Napili area, which have approximately 346,000 square feet of retail space.

The Company's land entitlement and management activities are included in the Commercial & Property segment. Land entitlement is the process of obtaining the required county, state and federal approvals to proceed with the planned development and use

of a parcel of land, and satisfying all conditions and restrictions imposed in connection with such governmental approvals. The Company actively works with regulatory agencies and legislative bodies at all levels of government to obtain necessary entitlements.

For further information regarding Commercial & Property operations, see Management's Discussion and Analysis of Financial Condition and Results of Operations.

(4) Employees

In 1998, the Company employed approximately 2,030 employees. Pineapple operations employed approximately 530 full-time and 950 seasonal or intermittent employees, of which approximately 47% were covered by collective bargaining agreements. Resort operations employed approximately 440 employees, of which approximately 14% were part-time employees and approximately 28% were covered by collective bargaining agreements. The Company's Commercial & Property operations employed approximately 75 employees, and the balance of the employees were engaged in administrative activities.

(5) Other Information

The Company's Pineapple segment engages in continuous research to develop techniques to reduce costs through crop production and processing innovations and to develop and perfect new products. Improved production systems have resulted in increased productivity by the labor force. Research and development expenses approximated \$815,000 in 1998, \$601,000 in 1997 and \$543,000 in 1996.

In 1998, the Company agreed to perform Supplemental Environmental Projects ("SEPS") totaling \$346,000. The SEPS are designed to protect the environment and were agreed to as a settlement for violation of permits that regulate the disposal of processing wastewater and cooling water used by the Kahului cannery.

The Company has reviewed its compliance with Federal, State and local provisions that regulate the discharge of materials into the environment or otherwise relate to the protection of the environment. The Company does not expect any material future financial impact as a result of compliance with these laws. For information concerning certain pending environmental proceedings see Part I, Item 3. (B) of this report.

(d) Financial Information About Foreign and Domestic Operations and Export Sales

Export sales only arise in the Company's Pineapple segment. Export sales of pineapple products are primarily to Japan, Western Europe and Canada. For the last three years, these sales

did not exceed 10% of total consolidated revenues.

Executive Officers of Registrant

Below is a list of the names and ages of the Company's executive officers, indicating their position with the Company and their principal occupation during the last five years. The current terms of the executive officers expire in May of 1999 or at such time as their successors are elected.

Gary L. Gifford (51)	President and Chief Executive Officer since 1995; Executive Vice President/Resort from 1987 to 1995.
Paul J. Meyer (51)	Executive Vice President/Finance since 1984.
Douglas R. Schenk (46)	Executive Vice President/Pineapple since 1995; Vice President/Pineapple from 1993 to 1995; Cannery Manager of Maui Pineapple Company, Ltd. from 1989 to 1993.
Donald A. Young (51)	Executive Vice President/Resort since 1995; Executive Vice President/Operations of Kapalua Land Company, Ltd. from 1992 to 1995; Vice President/Operations of Kapalua Land Company, Ltd. from 1985 to 1992.
Scott A. Crockford (43)	Vice President/Retail Property since 1995; General Manager of Kaahumanu Center from 1989 to 1995.
Warren A. Suzuki (46)	Vice President/Land Management & Development since October 1995; Vice President/Construction & Planning of Kapalua Land Company, Ltd. from May 1995 to October 1995; Director of Project Coordination of Kapalua Land Company, Ltd. from 1988 to 1995.

Item 2. PROPERTIES

The Company owns approximately 28,600 acres of land on Maui. Approximately 8,100 acres are used directly or indirectly in the Company's operations and the remaining land is primarily in pasture or forest reserve. This land, most of which was acquired from 1911 to 1932, is carried on the Company's balance sheet at cost. The Company believes it has clear and unencumbered

marketable title to all such property, except for the following:

- (1) a mortgage on the fee and leasehold interest in the 36-acre Ritz-Carlton Kapalua Hotel site, which secures a loan to the ground lessee for up to \$65 million;
- (2) a perpetual conservation easement granted to the State of Hawaii on a 13-acre parcel at Kapalua;
- (3) certain easements and rights-of-way that do not materially affect the Company's use of its property;
- (4) a mortgage on the three golf courses at Kapalua, which secures the Company's \$15 million revolving credit and \$15 million development line arrangement;
- (5) a permanent conservation easement granted to The Nature Conservancy of Hawaii, a non-profit corporation, covering approximately 8,600 acres of forest reserve land;
- (6) a \$4,886,000 mortgage on the fee interest in Napili Plaza shopping center; and
- (7) a small percentage of the Company's land in various locations on which multiple claims exist and for which the Company has initiated quiet title actions.

Approximately 22,400 acres of the Company's land are located in West Maui, approximately 6,200 acres are located at its Haliimaile plantation in Central Maui, and approximately 28 acres are located in Kahului, Maui.

The 22,400 acres in West Maui comprise a largely contiguous parcel that extends from the sea to an elevation of approximately 5,700 feet and includes nine miles of ocean frontage with approximately 3,300 lineal feet along sandy beaches, as well as agricultural and grazing lands, gulches and heavily forested areas. The Haliimaile property is situated at elevations between 1,000 and 3,000 feet above sea level on the slopes of Haleakala.

Approximately 6,400 acres of Company-owned land are used directly or indirectly in pineapple operations and approximately 1,650 acres are designated for the Kapalua Resort. The Kahului acreage includes offices, a can manufacturing plant and a pineapple processing cannery with interconnected warehouses at the cannery site where finished product is stored.

Approximately 3,000 acres of leased land are used in the Company's pineapple operations. A major operating lease covering approximately 1,500 acres of land expires on December 31, 1999. The lease will be renegotiated before year-end 1999. Eleven leases expiring at various dates through 2018 cover the balance of the leased property. The aggregate land rental for all leased land was \$568,000 in 1998.

Item 3. LEGAL PROCEEDINGS

A. Antidumping Petition

In June 1994, Maui Pineapple Company, Ltd. and the International Longshore and Warehouse Union filed an antidumping

petition with the U.S. International Trade Commission (ITC) and the U.S. Department of Commerce (DOC). The petition alleged that producers of canned pineapple in Thailand were violating U.S. and international trade laws by selling their products in the U.S. at less than fair value, and that such sales were causing injury to the U.S. industry producing canned pineapple.

On May 30, 1995, the DOC completed its portion of the investigation, concluding that imports of canned pineapple from Thailand were being sold in the U.S. at less than fair value. Thai producers investigated included Dole Thailand, Ltd., The Thai Pineapple Public Co., Ltd., Siam Agro Industry Pineapple and Others Co., Ltd., and Malee Sampran Factory Public Co., Ltd.

On June 30, 1995, the ITC announced its unanimous determination that the domestic industry producing canned pineapple was materially injured by reason of the unfair imports of canned pineapple from Thailand. As a result of the affirmative findings of both the DOC and the ITC, antidumping duties were imposed on all imports of canned pineapple fruit from Thailand into the United States, with cash duty deposits ranging up to 51%.

The Thai respondents appealed the dumping calculations of DOC to the United States Court of International Trade (USCIT). Maui Pineapple Company filed a cross appeal concerning one element of the DOC determination. On November 8, 1996 the USCIT remanded certain issues back to the DOC for recalculation. In one of the issues, the USCIT ruled that the DOC reliance on the Thai pineapple companies' normal accounting records (their allocation ratio between juice and solid pack) was inconsistent with a higher court's previous ruling. The Company strongly disagrees with the USCIT decision on this issue, which could substantially reduce the duties being imposed if the USCIT position is upheld.

In 1997, the Company and the DOC appealed the decision by the USCIT to the United States Court of Appeals for the Federal Circuit. In April 1998, the Court of Appeals heard the appeals of Maui Pineapple Company, Ltd. and the DOC. A final decision is expected sometime in 1999.

The amount of duties on Thai imports is subject to periodic review by the DOC. The Company or the Thai producers may initiate these reviews. If the cost of production changes relative to the selling price of the product in the U.S., the duties would be adjusted. Several of the larger Thai pineapple companies have significantly reduced their antidumping duties through the annual review process. The DOC has begun the third annual review and preliminary margins are expected to be announced in April 1999 with final results in July 1999. The antidumping duties presently in place on imports of canned pineapple fruit from Thailand range from less than 1% up to 51%.

B. Occidental Chemical Litigation

The County of Maui has sued several chemical manufacturers

claiming that they are responsible for the presence of a nematocide commonly known as "DBCP" in certain water wells that the County of Maui maintains. One of those chemical manufacturers, Occidental Chemical Corporation (OCC), has claimed that Maui Land & Pineapple Company, Inc. (MLP) is required to indemnify OCC against the County's claims under the terms of a March 14, 1978 Agreement for Sale of DBCP between MLP and Occidental Chemical Company. MLP rejected the OCC tender of this indemnification and, on November 13, 1997, filed a lawsuit against OCC, Maui Land & Pineapple Company, Inc. v. Occidental Chemical Corporation, Civil No. 97-0867 (Second Circuit Court, State of Hawaii), seeking judgment declaring that MLP has no obligation to indemnify OCC against the County's claims. On December 9, 1997, OCC filed a counterclaim against MLP in that lawsuit seeking judgment (a) declaring that MLP is obligated to indemnify OCC against the County's claims, and (b) awarding OCC damages for MLP's alleged breach of that obligation. OCC has not specified the amount it seeks to recover from MLP on its counterclaim, which MLP is contesting. MLP and OCC each have filed answers to the other's claim, but have not commenced significant discovery. Settlement negotiations have been initiated.

MLP tendered the defense and indemnification of OCC claims to its insurers, including Hawaiian Insurance & Guaranty Company, which is being liquidated by the State of Hawaii and is now known as HUI/Unico in Liquidation, Inc. ("HUI/Unico"). HUI/Unico agreed to defend MLP against OCC claims under a reservation of the right to contest its obligation to do so. On September 2, 1997, HUI/Unico filed a lawsuit against MLP, Reynaldo D. Grauly, Insurance Commissioner of the State of Hawaii, in his capacity as Liquidator of HUI/Unico in Liquidation, Inc. v. Maui Land & Pineapple Company, Inc., Civil No. 97-3571-09 (First Circuit Court, State of Hawaii), seeking judgment declaring that HUI/Unico has no obligation to defend and indemnify MLP against OCC claims. MLP is contesting the HUI/Unico lawsuit and, on October 13, 1997, filed a counterclaim against HUI/Unico seeking judgment declaring that HUI/Unico is obligated to defend and indemnify MLP against OCC claims and awarding MLP damages for HUI/Unico's alleged breach of that obligation. MLP and HUI/Unico have commenced initial discovery. On February 2, 1999, HUI/Unico filed a Motion for Summary Judgment on its claim that it has no obligation to defend or indemnify MLP against OCC claims. MLP strongly opposes HUI/Unico's motion, which will be heard on April 23, 1999. Settlement negotiations have been initiated.

On December 23, 1998, The Dow Chemical Company ("Dow"), one of the defendants in the County of Maui's underlying lawsuit, Board of Water Supply of the County of Maui v. Shell Oil Company, et al., Civil No. 96-0370 (Second Circuit Court, State of Hawaii), filed a Third-Party Complaint in that action against MLP and Maui Pineapple Company, Ltd. ("MPC"). In its Third-Party Complaint, Dow claims that if it is held liable on the County of

Maui's claims, Dow is entitled to indemnification or contribution, in whole or in part, by MLP and/or MPC, based, apparently, on equitable theories. Dow has not specified the amount it seeks to recover from MLP and/or MPC on its Third-Party Complaint, which MLP and MPC contest. MLP and MPC have not yet filed answers to Dow's claims and have not commenced discovery. No settlement negotiations have been initiated.

Item 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

The information set forth under the caption "Common Stock" on page 19 of the Maui Land & Pineapple Company, Inc. 1998 Annual Report is incorporated herein by reference.

Item 6. SELECTED FINANCIAL DATA

The information set forth under the caption "Selected Financial Data" on page 20 of the Maui Land & Pineapple Company, Inc. 1998 Annual Report is incorporated herein by reference.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

"Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 21 through 24 of the Maui Land & Pineapple Company, Inc. 1998 Annual Report is incorporated herein by reference.

Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

"Market Risk" on page 24 of the Maui Land & Pineapple Company, Inc. 1998 Annual Report is incorporated herein by reference.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The "Independent Auditors' Report," "Consolidated Financial Statements" and "Notes to Consolidated Financial Statements" on pages 7 through 18 of the Maui Land & Pineapple Company, Inc. 1998 Annual Report are incorporated herein by reference.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

The registrant's Proxy Statement for its 1999 Annual Meeting of Stockholders, which when filed pursuant to Regulation 14A under the Securities Exchange Act of 1934, will be incorporated by reference in this Annual Report on Form 10-K pursuant to General Instruction G(3) of Form 10-K, and will provide the information required under Part III (Items 10, 11, 12 and 13), except for the information with respect to the registrant's executive officers, which is included in Part I, Item 1. Business.

PART IV

Item 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K

(a) 1. Financial Statements

The following Financial Statements and Supplementary Data of Maui Land & Pineapple Company, Inc. and subsidiaries and the Independent Auditors' Report are included in Item 8 of this report:

Consolidated Balance Sheets, December 31, 1998 and 1997
Consolidated Statements of Operations and Retained Earnings
for the Years

Ended December 31, 1998, 1997 and 1996

Consolidated Statements of Cash Flows for the Years Ended
December 31, 1998, 1997 and 1996

Notes to Consolidated Financial Statements

(a) 2. Financial Statement Schedules

The following Financial Statement Schedule of Maui Land & Pineapple Company, Inc. and subsidiaries and the Independent Auditors' Report is filed herewith:

II. Valuation and Qualifying Accounts for the Years Ended
December 31, 1998, 1997 and 1996.

(a) 3. Exhibits

Exhibits are listed in the "Index to Exhibits" found on pages 19 to 22 of this Form 10-K.

(b) Reports on Form 8-K

There were no reports on Form 8-K filed during the last quarter of the period covered by this report.

(d) The Financial Statements of Kaahumanu Center Associates for the Years Ended December 31, 1998, 1997 and 1996 are filed as

exhibits.

INDEPENDENT AUDITOR'S REPORT

To the Stockholders and Directors of
Maui Land & Pineapple Company, Inc.:

We have audited the consolidated financial statements of Maui Land & Pineapple Company, Inc. and its subsidiaries as of December 31, 1998 and 1997 and for each of the three years in the period ended December 31, 1998, and have issued our report thereon dated February 8, 1999; such consolidated financial statements and report are included in your 1998 Annual Report and are incorporated herein by reference. Our audits also included the financial statement schedule of Maui Land & Pineapple Company, Inc. listed in Item 14. This financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, the financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

/S/ DELOITTE & TOUCHE LLP

Honolulu, Hawaii
February 8, 1999

SCHEDULE II

MAUI LAND & PINEAPPLE COMPANY, INC.
AND SUBSIDIARIES

VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 1998, 1997 AND 1996

DESCRIPTION	BALANCE AT BEGINNING OF PERIOD	ADDITIONS CHARGED TO COSTS AND EXPENSES	ADDITIONS		BALANCE AT END OF PERIOD
			CHARGED TO OTHER ACCOUNTS (describe)	DEDUCTIONS (describe)	

(Dollars in Thousands)

(b)

Allowance for							
Doubtful Accounts							
1998	\$ 567	\$ 191	\$ (a) 9	\$(274)	\$ 493		
1997	698	47	(a)13	(191)	567		
1996	573	440	--	(315)	698		

(a) Recoveries.

(b) Write off of uncollectible accounts.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MAUI LAND & PINEAPPLE COMPANY, INC.

March 25, 1999

By /S/ GARY L. GIFFORD
Gary L. Gifford
President & Chief Executive

Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

By /S/ MARY C. SANFORD Date March 25, 1999
Mary C. Sanford
Chairman of the Board

By /S/ RICHARD H. CAMERON Date March 25, 1999
Richard H. Cameron
Vice Chairman of the Board

By /S/ PAUL J. MEYER Date March 25, 1999
Paul J. Meyer
Executive Vice President/Finance
(Principal Financial Officer)

By /S/ TED PROCTOR Date March 25, 1999

Ted Proctor
Controller & Assistant Treasurer
(Principal Accounting Officer)

By /S/ PETER D. BALDWIN Date March 25, 1999
Peter D. Baldwin
Director

By /S/ RANDOLPH G. MOORE Date March 25, 1999
Randolph G. Moore
Director

By /S/ FRED E. TROTTER III Date March 25, 1999
Fred E. Trotter III
Director

INDEX TO EXHIBITS

The exhibits designated by an asterisk (*) are filed herewith. The exhibits not so designated are incorporated by reference to the indicated filing. All previous exhibits were filed with the Securities and Exchange Commission in Washington D. C. under file number 0-6510.

3. Articles of Incorporation and By-laws
 - 3 (i) Articles of Incorporation (Amended as of 4/2/98). Exhibit 3 to Form 10-Q for the quarter ended March 31, 1998.
 - 3 (ii) By Laws (Amended as of 2/26/88). Exhibit (3ii) to Form 10-Q for the quarter ended September 30, 1994.
4. Instruments Defining the Rights of Security Holders. Instruments defining the rights of holders of long-term debt have not been filed as exhibits where the amount of debt authorized thereunder does not exceed ten percent of the total assets of the Company and its subsidiaries on a consolidated basis. The Company hereby undertakes to furnish a copy of any such instrument to the Commission upon request.
 - 4.1 (i)* Amended and Second Restated Revolving Credit and Term Loan Agreement, dated as of December 4, 1998.
 - 4.2 (i)* Bridge Loan Agreement between Pacific Coast Farm Credit Services, ACA and Maui land & Pineapple Company, Inc., dated December 30, 1998.
10. Material Contracts
 - 10.1 (i) Limited Partnership Agreement of Kaahumanu Center Associates, dated June 23, 1993. Exhibit (10)A to Form 10-Q for the quarter ended June 30, 1993.

- (ii) Cost Overrun Guaranty Agreement, dated June 28, 1993. Exhibit (10)B of Form 10-Q for the quarter ended June 30, 1993.
- (iii) Environmental Indemnity Agreement, dated June 28, 1993. Exhibit (10)C to Form 10-Q for the quarter ended June 30, 1993.
- (iv) Indemnity Agreement, dated June 28, 1993. Exhibit (10)D to Form 10-Q for the quarter ended June 30, 1993.
- (v) Direct Liability Agreement, dated June 28, 1993. Exhibit (10)E to Form 10-Q for the quarter ended June 30, 1993.
- (vi) Amendment No. 1 to Limited Partnership Agreement of Kaahumanu Center Associates. Exhibit (10)B to Form 8-K, dated as of April 30, 1995.
- (vii) Conversion Agreement, dated April 27, 1995. Exhibit (10)C to Form 8-K, dated as of April 30, 1995.
- (viii) Indemnity Agreement, dated April 27, 1995. Exhibit (10)D to Form 8-K, dated as of April 30, 1995.

10.2 Exhibits 10.2(i) to 10.2(xiv) relate to The Ritz-Carlton Kapalua Hotel

- (i) Partnership Agreement; Development Agreement; Operating Agreement; Hotel Ground Lease; Supplemental Agreement; Construction Loan Agreement; Promissory Note; Real Property Mortgage; Leasehold Mortgage. Exhibit (10)A-I to Form 10-Q for the quarter ended September 30, 1990.
- (ii) Dissolution Agreement, dated October 31, 1995. Exhibit (10)A to Form 10-Q for the quarter ended September 30, 1995.
- (iii) First Mortgage, Security Agreement, Financing Statement and Assignment of Rentals covering the fee simple interest and the leasehold interest, securing a loan of \$65,000,000, dated February 24, 1996. Exhibit 10.4(iii) to Form 10-K for the year ended December 31, 1995.
- (iv) Subordination, Nondisturbance and Attornment Agreement (Ground Lessor), dated February 24, 1996. Exhibit 10.4(iv) to Form 10-K for the year ended December 31, 1995.
- (v) Hotel Ground Lease by and between Maui Land & Pineapple Company, Inc. (Lessor) and NI Hawaii Resort, Inc. (Lessee), effective January 1, 1996. Exhibit 10.4(v) to Form 10-K for the year ended December 31, 1995.
- (vi) Amendment Relating to Off-Site Loan, dated January 9, 1996 and effective January 1, 1995. Exhibit 10.4(vi) to Form 10-K for the year ended December 31, 1995.
- (vii) Letter Agreement, dated January 1, 1996, Re: Nonrecourse Open Account For Off-Site Improvements.

- Exhibit 10.4(vii) to Form 10-K for the year ended December 31, 1995.
- (viii) Agreement with NI Hawaii Resort, Inc. (Ground Lease), dated January 9, 1996. Exhibit 10.4(viii) to Form 10-K for the year ended December 31, 1995.
 - (ix) Amendment and Restatement of Tennis Operating Agreement by and between Kapalua Land Company, Ltd. (Operator) and NI Hawaii Resort, Inc. (Owner), dated January 9, 1996. Exhibit 10.4(ix) to Form 10-K for the year ended December 31, 1995.
 - (x) Assignment Agreement (Assignment of Amended and Restated Tennis Operating Agreement), dated January 9, 1996. Exhibit 10.4(x) to Form 10-K for the year ended December 31, 1995.
 - (xi) Golf Course Use Agreement by and between Maui Land & Pineapple Company, Inc. and NI Hawaii Resort, Inc., dated January 9, 1996. Exhibit 10.4(xi) to Form 10-K for the year ended December 31, 1995.
 - (xii) Memorandum of Understanding between Maui Hotels, Kapalua Investment Corp. and NI Hawaii Resort, Inc., effective October 31, 1995. Exhibit 10.4(xii) to Form 10-K for the year ended December 31, 1995.
 - (xiii) Supplemental Agreement, entered into among Maui Hotels, Kapalua Investment Corp. and NI Hawaii Resort, Inc. as of February 15, 1996. Exhibit 10.4(xiii) to Form 10-K for the year ended December 31, 1995.
 - (xiv) Release of Real Property Mortgage, Security Agreement and Financing Statement, dated March 12, 1996. Exhibit 10.4(xiv) to Form 10-K for the year ended December 31, 1995.

10.3 Compensatory plans or arrangements

- (i) Executive Deferred Compensation Plan (revised as of 8/16/91). Exhibit (10)A to Form 10-Q for the quarter ended September 30, 1994.
- (ii) Executive Insurance Plan (Amended). Exhibit (10)A to Form 10-K for the year ended December 31, 1980.
- (iii) Supplemental Executive Retirement Plan (effective as of January 1, 1988). Exhibit (10)B to Form 10-K for the year ended December 31, 1988.
- (iv)* Restated and Amended Executive Change-In-Control Severance Agreement (Gary L. Gifford, President/CEO), dated as of March 16, 1999.
- (v)* Restated and Amended Executive Change-In-Control Severance Agreement (Paul J. Meyer, Executive Vice President/Finance), dated as of March 17, 1999.
- (vi)* Restated and Amended Executive Change-In-Control Severance Agreement (Donald A. Young, Executive Vice President/Resort), dated as of March 16, 1999.
- (vii)* Restated and Amended Executive Change-In-

Control Severance Agreement (Douglas R. Schenk, Executive Vice President/Pineapple), dated as of March 23, 1999.

- (viii)* Restated and Amended Change-In-Control Severance Agreement (Warren A. Suzuki, Vice President/Land Management), dated as of March 16, 1999.
- (ix)* Restated and Amended Change-In-Control Severance Agreement (Scott A. Crockford, Vice President/Retail Property), dated as of March 16, 1999.
- (x)* Executive Severance Plan, as amended through November 6, 1998.

- 10.4 (i) Hotel Ground Lease between Maui Land & Pineapple Company, Inc. and The KBH Company. Exhibit (10)B to Form 10-Q for the quarter ended September 30, 1985.
- (ii) Third Amendment of Hotel Ground Lease, dated and effective as of September 5, 1996. Exhibit (10)A to Form 10-Q for the quarter ended September 30, 1996.

11. Statement re computation of per share earnings:
Net Income (Loss) divided by weighted Average Common Shares Outstanding equals Net Income (Loss) Per Common Share.

13.* Annual Report to Security Holders: Maui Land & Pineapple Company, Inc. 1998 Annual Report.

21. Subsidiaries of registrant:
All of the following were incorporated in the State of Hawaii:
Maui Pineapple Company, Ltd.
Kapalua Land Company, Ltd.
Kapalua Investment Corp.
Kapalua Water Company, Ltd.
Kapalua Waste Treatment Company, Ltd.
Honolua Plantation Land Company, Inc.

27.* Financial Data Schedule. As of December 31, 1998 and for the year then ended.

99. Additional Exhibits.

99.1* Financial Statements of Kaahumanu Center Associates for the years ended December 31, 1998, 1997 and 1996.

AMENDED AND SECOND RESTATED REVOLVING CREDIT
AND TERM LOAN AGREEMENT

THIS AMENDED AND SECOND RESTATED REVOLVING CREDIT AND TERM LOAN AGREEMENT (the "Amendment and Restatement"), dated as of December 4, 1998, by and among MAUI LAND & PINEAPPLE COMPANY, INC., a Hawaii corporation (the "Borrower"), BANK OF HAWAII, a Hawaii banking corporation ("BOH"), FIRST HAWAIIAN BANK, a Hawaii banking corporation ("FHB"), CENTRAL PACIFIC BANK, a Hawaii banking corporation ("CPB") (BOH, FHB and CPB are each sometimes called a "Lender" and collectively called the "Lenders"), and BANK OF HAWAII, as Agent for the Lenders to the extent and in the manner provided hereinbelow and in the Agency Agreement referred to below (in such capacity, the "Agent").

W I T N E S S E T H:

WHEREAS, the Borrower, the Lenders and Bank of America, National Trust and Savings Association ("BOA") (the Lenders and BOA are collectively called the "Original Lenders") and the Agent are parties to that certain Revolving and Term Loan Agreement, dated as of December 31, 1992, as amended by a First Loan Modification Agreement, dated as of March 1, 1993, and supplemented by letter agreements dated April 30, 1993 and June 24, 1993, and further amended by Second Loan Modification Agreement, dated September 8, 1993, by a Third Loan Modification Agreement, dated September 30, 1993, by a Fourth Loan Modification Agreement, dated March 8, 1994, by a Fifth Loan Modification Agreement, dated effective as of December 31, 1994, by a Sixth Loan Modification Agreement, dated effective as of March 31, 1995, and by a Seventh Loan Modification Agreement dated effective as of December 31, 1995, each among the Borrower, the Original Lenders and the Agent (as so amended and supplemented, the "Original Loan Agreement");

WHEREAS, the Original Loan Agreement and the other "Loan Documents" referred to therein, as respectively amended, set forth the terms and conditions upon which the Original Lenders (i) have made available to the Borrower the Revolving Loans in the original aggregate principal amount of up to \$40,000,000 at any one time outstanding (subject to mandatory reduction, from time to time, of such aggregate principal amount available) and (ii) shall make available to the Borrower the Term Loans in an

amount up to the aggregate principal amount of the Revolving Loans outstanding upon expiration of the Revolving Loan Period, all as more particularly described therein;

WHEREAS, the parties hereto entered into that certain Amended and Restated Revolving Credit and Term Loan Agreement dated December 4, 1996, as amended by letter agreement dated February 21, 1997, by First Loan Modification Agreement dated December 31, 1997, and by Second Loan Modification Agreement dated March 17, 1998 (as so amended, the "First Restatement");

WHEREAS, the Lenders having purchased the interests of BOA under the Original Loan Agreement and the other Loan Documents referred to therein (the "BOA Purchase"), and, contemporaneously herewith, BOH having purchased a portion of the interest of FHB under the Original Loan Agreement, as amended by the First Restatement, and the other Loan Documents referred to therein, the respective "Individual Loan Commitment Percentage" of each Lender is now as follows:

- (1) BOH's Individual Loan Commitment Percentage is equal to 53.667%;
- (2) FHB's Individual Loan Commitment Percentage is equal to 33.333%; and
- (3) CPB's Individual Loan Commitment Percentage is equal to 13%;

WHEREAS, the Aggregate Loan Commitment having been permanently reduced to be equal to \$15,000,000, the respective Individual Loan Commitments of the Lenders are as follows:

- (1) BOH's Individual Loan Commitment is equal to \$8,050,000;
 - (2) FHB's Individual Loan Commitment is equal to \$5,000,000; and
 - (3) CPB's Individual Loan Commitment is equal to \$1,950,000;
- WHEREAS, capitalized terms used herein and not otherwise defined herein shall have the respective meaning assigned thereto in the Original Loan Agreement;

WHEREAS, the parties hereto have agreed to further amend the terms of the Original Loan Agreement to, among other things, establish a development line (the "Village Course Facility") in the aggregate principal amount of FIFTEEN MILLION DOLLARS (\$15,000,000.00);

WHEREAS, for their mutual convenience, the parties wish to restate the Original Loan Agreement to reflect their agreements as of the date hereof with respect to the Revolving Loans, the Term Loans and the Village Course Facility, subject to the satisfaction of the conditions precedent set forth in Section 3.2

hereof, all as set forth in this Amendment and Restatement;

NOW, THEREFORE, in consideration of the premises, the mutual covenants set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Borrower, the Lenders and the Agent hereby agree that effective on the Effective Date (as defined below), the terms and provisions of the Original Loan Agreement are amended and restated to read in their entirety as follows:

I. Additional Definitions

As used in this Loan Agreement, each of the terms defined in this Article I shall have the meaning given to it in this Article I:

1.1 "Agency Agreement" means the Agency Agreement dated as of March 1, 1993, among the Original Lenders and the Agent, authorizing the Agent to act as agent in respect of the Loans, as amended by Amended and Restated Agency Agreement dated December 4, 1998, among the Lenders and the Agent and as further amended from time to time.

1.2 "Additional Security Mortgage" means the Additional Security Mortgage and Security Agreement dated March 1, 1993, made by Kapalua Land Company, Ltd. and recorded in the Bureau of Conveyances of the State of Hawaii as Document No. 93-036900, as originally executed or thereafter modified.

1.3 "Advance" shall have the meaning given in Section 2.1(c).

1.4 "Aggregate Loan Commitment" means, with respect to the Original Facility, \$15,000,000, subject to further permanent reduction in accordance with the terms hereof, and with respect to the Village Course Facility, \$15,000,000.

1.5 "Base Rate" means the primary index rate established from time to time by Bank of Hawaii in the ordinary course of its business and with due consideration of the money market, and published by intrabank memoranda for the guidance of its loan officers in pricing all of its loans which float with the Base Rate.

1.6 "Base Rate Loan" means a Loan which bears interest calculated on the basis of the Base Rate.

1.7 "Borrowing" means the draw down at any one time of the proceeds of a Loan pursuant to the Loan Agreement.

1.8 "Business Day" means any day except a Saturday, Sunday or other day on which commercial banks in Hawaii are authorized by

law to close.

1.9 "Capital Expenditures" means all expenditures that, in accordance with GAAP, should be capitalized on the accounting records of the Borrower and its Subsidiaries.

1.10 "Cash Flow from Operating Activities" means, at any time, the consolidated cash flows of the Borrower and the Subsidiaries from operating activities, determined on a basis consistent with the basis used for the determination of the Statements of Cash Flows from Operating Activities as presented in the Borrower's 1991 Annual Report to its stockholders.

1.11 "Collateral" means the land and improvements of the Village Golf Course, the Plantation Golf Course and the Bay Golf Course in Kapalua, Maui, Hawaii, which land is more particularly described in the Mortgage and in the Additional Security Mortgage.

1.12 "Commitment Reduction Date" means each date that the Aggregate Loan Commitment is to be reduced pursuant to the provisions of Section 2.6 of this Loan Agreement.

1.13 "Confirmations of Mortgage" means the confirmation of the Mortgage of even date herewith by and between Borrower and Lenders and the confirmation of the Additional Security Mortgage of even date herewith by and between Kapalua Land Company, Ltd. and Lenders.

1.14 "Consolidated Current Assets" and "Consolidated Current Liabilities" mean, at any time, all assets or liabilities, respectively, that, in accordance with generally accepted accounting principles consistently applied, should be classified as current assets or current liabilities, respectively, on a consolidated balance sheet of the Borrower and its Subsidiaries, except that "Consolidated Current Assets" shall not include growing crops and that "Consolidated Current Liabilities" shall not include the aggregate outstanding principal amount of the Loans, together with accrued and unpaid interest thereon, at the time of determination.

1.15 "Conversion Date" shall have the meaning provided in Section 2.7(e).

1.16 "Current Ratio" means, at any time, Consolidated Current Assets divided by Consolidated Current Liabilities.

1.17 "Effective Date" shall have the meaning assigned thereto in Section 3.2 hereof.

1.18 "Environmental Indemnification Agreement" means an

Environmental Indemnification Agreement in the form of Exhibit A attached to the Original Loan Agreement, made by the Borrower in favor of the Lenders, as amended from time to time.

1.19 "Eurodollar Day" means a Business day which is also a day for trading by and between banks in U.S. dollar deposits in the London interbank Eurodollar market.

1.20 "Eurodollar Reserve Requirement" means the then maximum effective rates per annum (expressed as a percentage), as determined solely by the Agent (which determination shall be final, conclusive and binding on all of the parties hereto, absent manifest error), of the reserve requirements imposed pursuant to Regulation D by the Board of Governors of the Federal Reserve System on \$1,000,000 "Eurocurrency Liabilities" of the Agent, having a maturity equal to the term of the applicable LIBOR Interest Period.

1.21 "Expiry Date" means December 31, 1999.

1.22 "Financial Statements" means the consolidated balance sheets of the Borrower and its Subsidiaries and consolidated statements of income and retained earnings of the Borrower and its Subsidiaries and other financial statements (a) heretofore furnished to the Lenders, or any of them, and (b) to be furnished to the Lenders pursuant to the provisions of this Loan Agreement.

1.23 "GAAP" means generally accepted accounting principles consistently applied.

1.24 "Indebtedness for Borrowed Money" means any indebtedness or obligation or liability to repay borrowed monies, whether matured or unmatured, liquidated or unliquidated, direct or contingent, joint or several, including, without limitation, all such indebtedness guaranteed, directly or indirectly, in any manner, or endorsed (other than for collection or deposit in the ordinary course of business) or discounted with recourse.

1.25 "Individual Loan Commitment" means:

(a) In respect of Bank of Hawaii, \$8,050,000 with respect to the Original Facility, subject to further permanent reduction from time to time in accordance with the terms of the Loan Agreement, and \$7,500,000 with respect to the Village Course Facility.

(b) In respect of First Hawaiian Bank, \$5,000,000 with respect to the Original Facility, subject to further permanent reduction from time to time in accordance with the terms of the Loan Agreement, and \$5,000,000 with respect to the Village Course Facility.

(c) In respect of Central Pacific Bank, \$1,950,000 with respect

to the Original Facility, subject to further permanent reduction from time to time in accordance with the terms of the Loan Agreement, and \$2,500,000 with respect to the Village Course Facility.

1.26 "Individual Loan Commitment Percentage" means, in respect of Bank of Hawaii, 53.667% with respect to the Original Facility and 50% with respect to the Village Course Facility; in respect of First Hawaiian Bank 33.333% with respect to the Original Facility and 33.333% with respect to the Village Course Facility; and in respect of Central Pacific Bank 13% with respect to the Original Facility and 16.667% with respect to the Village Course Facility.

1.27 "Interbank Eurodollar Index Rate" means the rate per annum expressed as a percentage) at which leading banks, as determined by the Agent, are offered deposits in United States Dollars in the London interbank Eurodollar market as of 11:00 a.m., London time, on the day three (3) Eurodollar Days prior to the beginning of such LIBOR Interest Period; for delivery in immediately available funds on the first day of such LIBOR Interest Period, in an amount equal or comparable to the principal amount of the applicable LIBOR Loan to be outstanding and for a period equal to the term of such LIBOR Interest Period.

1.28 "Interest Period" means and includes any LIBOR Interest Period and any period for which interest in respect of the Loans is calculated on the basis of the Base Rate and determined in accordance with the Loan Agreement.

1.29 "Investments" means all expenditures by the Borrower and its Subsidiaries, not reflected as Capital Expenditures in the Financial Statements, made for the purpose of acquiring, increasing or supplementing equity interests of any nature in partnerships, joint ventures, corporations, trusts, associations or other business entities, or in real property of any kind, and reflected as Investments in the Financial Statements.

1.30 "KCA" means Kaahumanu Center Associates, a Hawaii limited partnership which is organized between the Borrower, as general partner, and the State of Hawaii Employee Retirement System, as limited partner, for the purpose of acquiring, expanding and operating the Kaahumanu Shopping Center complex.

1.31 "Laws" means all ordinances, statutes, rules, regulations, orders, injunctions, writs or decrees of any government or political subdivision or agency thereof, or any court or similar entity established by any thereof.

1.32 "Lenders" is defined in the preamble of this Amendment and Restatement; provided, however, that as used hereinbelow, "Lenders" means (a) prior to the BOA Purchase, BOH, FHB, BOA and

CPB, and (b) subsequent to the BOA Purchase, BOH, FHB and CPB.

1.33 "LIBOR" means, for each LIBOR Interest Period, a rate computed pursuant to the following formula and adjusted as of the date of any change in the Eurodollar Reserve Requirements:

Interbank Eurodollar Index Rate X 100
100% - Eurodollar Reserve Requirement

1.34 "LIBOR Loan" means any Loan during any period during which such Loan is bearing interest at a rate based upon LIBOR.

1.35 "LIBOR Interest Period" means, with respect to each LIBOR Loan, an Interest Period consisting of one (1) month, two (2) months, three (3) months or six (6) months, as designated by the Borrower in accordance with Section 2.3 or Section 2.7 of the Loan Agreement, as the case may be.

1.36 "Loan Agreement" means the Original Loan Agreement, as amended and restated by the First Restatement and by this Amendment and Restatement, and as may be further amended from time to time, and any amendments and modifications of the Original Loan Agreement.

1.37 "Loan Documents" means the Loan Agreement, the Notes, the Mortgage, the Environmental Indemnity Agreement and the Additional Security Mortgage, in each case as originally executed and as thereafter amended, modified or restated from time to time in accordance with the respective terms thereof.

1.38 "Loans" means all Revolving Loans, Term Loans and Advances to be made to the Borrower pursuant to the Loan Agreement.

1.39 "Majority in Interest of the Lenders" means Lenders holding 100% of the aggregate principal amount of the Loans then outstanding hereunder (or if no Loans are at the time outstanding, Lenders having 100% of the Aggregate Loan Commitment).

1.40 "Maturity Date" means December 31, 2002.

1.41 "Mortgage" means, collectively, the Mortgage and Security Agreement dated March 1, 1993, made by the Borrower, as Mortgagor, in favor of the Lenders, as Mortgagees, recorded in said Bureau as Document No. 93-036896 and that certain Mortgage and Security Agreement made by Borrower, as Mortgagor, in favor of Lenders, as Mortgagees, recorded in said Bureau as Document No. 93-036898, as the same were originally executed and as thereafter amended or modified.

1.42 "Net Profits" means, for any fiscal year, the consolidated, after-tax net profits of the Borrower and its Subsidiaries for

such year, determined in accordance with generally accepted accounting principles consistently applied.

1.43 "Net Worth" means, at any time, on a consolidated basis for the Borrower and the Subsidiaries, their Net Worth as shown in the most recent Financial Statements (provided, however, that for purposes of determining Net Worth under the Loan Agreement, the amount of any goodwill or debt discount carried as assets on such Financial Statements, trademarks, patents, copyrights, organizational expense and other similar intangible items shall be subtracted).

1.44 "Note Modification Agreements" means the Note Modification Agreements of even date herewith by and between Borrower and Bank of Hawaii and First Hawaiian Bank, respectively.

1.45 "Notes" means, collectively, (a) the Revolving Notes, as respectively amended from time to time, (b) from and after the date of the making of the Term Loans, each of the Term Notes, as respectively amended from time to time and (c) the Village Course Facility Notes, as respectively amended from time to time.

1.46 "Notice of Conversion" shall have the meaning provided in Section 2.7(e) of this Amendment and Restatement.

1.47 "Obligations" means, collectively, the obligations of the Borrower to pay the principal of and interest on the Notes in accordance with the terms thereof and to satisfy all of the Borrower's other indebtedness, covenants, liabilities and obligations to the Lenders under the Loan Documents, whether now existing or hereafter incurred, matured or unmatured, direct or contingent, joint or several.

1.48 "Original Facility" means the revolving loan and term loan facility established by the Original Loan Agreement, as amended by the First Restatement and as the same may be further amended, but excluding the Village Course Facility.

1.49 "Person" means any individual, corporation, partnership, association, joint-stock company, trust, unincorporated organization, joint venture, court or government or political subdivision or agency thereof.

1.50 "Records" means correspondence, memoranda, tapes, discs, papers, books and other documents, or transcribed information of any type, whether expressed in ordinary or machine language.

1.51 "Recourse Debt" means, as to the Borrower or any Subsidiary, all items of indebtedness, obligation or liability for borrowed funds, whether now existing or hereafter incurred, matured or unmatured, direct or contingent, joint or several, including, but

without limitation:

(a) All indebtedness for borrowed money guaranteed, directly or indirectly, in any manner, or endorsed (other than for collection or deposit in the ordinary course of business) or discounted with recourse;

(b) All indebtedness for borrowed money in effect guaranteed, directly or indirectly, through agreements, contingent or otherwise: (1) to purchase such indebtedness; or (2) to purchase, sell or lease (as lessee or lessor) property, products, materials or supplies or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such indebtedness or to assure the owner of the indebtedness against loss; or (3) to supply funds to or in any other manner invest in the debtor; and

(c) All indebtedness for borrowed money secured by (or for which the holder of such indebtedness has a right, contingent or otherwise, to be secured by) any mortgage, deed of trust, pledge, lien, security interest or other charge or encumbrance on property owned or acquired subject thereto, whether or not the liabilities secured thereby have been assumed; provided, however, the foregoing provisions to the contrary notwithstanding, Nonrecourse Secured Debt shall not be considered Recourse Debt. For this purpose "Nonrecourse Secured Debt" means all items of indebtedness incurred by the Borrower or a Subsidiary for borrowed money, now existing or hereafter arising, secured by real or personal collateral and in respect of which the sole recourse of the holder of the debt instrument for payment of the indebtedness evidenced thereby is against the collateral for such indebtedness, and not against the obligor individually or the obligor's other assets.

1.52 "Regulation D" means Regulation D of the Board of Governors of the Federal Reserve System as from time to time in effect or any successor to all or a portion thereof establishing reserve requirements.

1.53 "Revolving Loans" means Loans requested by the Borrower pursuant to Section 2.3, below, and granted by the Lenders during the Revolving Loan Period (as that term is defined in Section 2.1, below).

1.54 "Revolving Notes" means, collectively (i) originally, each of four Notes, executed by the Borrower pursuant to the Original Loan Agreement and payable individually to the order of an Original Lender, in each case, as amended from time to time, and (ii) each of such Notes, as respectively amended and restated by the three Amended and Restated Revolving Notes dated December 4, 1996, executed by the Borrower pursuant to the First Restatement,

and as the same may be further respectively amended from time to time.

1.55 "Site 29 Project" means that certain real estate development project intended to be built by Kapalua Coconut Grove, LLC, on the 12.2 acre parcel of land, identified as Tax Map Key (2) 4-2-04-26.

1.56 "Subsidiary" means any corporation of which more than 50% of the outstanding voting securities having ordinary voting power to elect a majority of the Board of Directors of such corporation shall, at the time of determination, be owned directly, or indirectly through one or more Subsidiaries, by the Borrower. A list of the currently-existing Subsidiaries is attached hereto as Exhibit H.

1.57 "Term Loan" has the meaning given to it in Section 2.1(b) of the Loan Agreement.

1.58 "Term Notes" means, collectively, the three Term Notes executed by the Borrower and payable to the order of each Lender, individually, each in the form of Annex IV hereto, and completed in conformity with the provisions of the Loan Agreement.

1.59 "Total Debt" means, as to the Borrower and all Subsidiaries, on a consolidated basis, all Indebtedness for Borrowed Money, including, without limitation, all Recourse Debt and Nonrecourse Secured Debt, plus all lease obligations which are capitalized on the Borrower's and/or Subsidiaries, balance sheets in accordance with generally accepted accounting principles.

1.60 "Type" means either a Base Rate Loan or a LIBOR Loan.

1.61 "Village Course Facility Maturity Date" means December 11, 2000.

1.62 "Village Course Facility Notes" means, collectively, the three promissory notes to be executed by the Borrower and payable to the order of each Lender, individually, in the amount of each such Lender's Individual Loan Commitment with respect to the Village Course Facility, each in the form of Exhibit 1 hereto, and completed in conformity with the provisions of this Loan Agreement.

II. The Loans

2.1 General Terms.

(a) Revolving Loans. On the terms and provisions and subject to the satisfaction of the conditions stated in the Loan Agreement, each Lender hereby severally agrees to make Loans to the

Borrower, from time to time and at any time prior to the Expiry Date (the "Revolving Loan Period"), each in a principal amount equal to such Lender's Individual Loan Commitment Percentage with respect to the Original Facility of the total amount to be borrowed on any occasion; provided, however, that (1) subject to the provisions of Section 2.6 of the Loan Agreement, the aggregate principal amount at any one time outstanding of all Loans under the Original Facility shall not exceed the Aggregate Loan Commitment with respect to the Original Facility, (2) no Lender shall be obligated to make Loans to the Borrower under the Original Facility which shall exceed, in the aggregate principal amount at any one time outstanding, such Lender's Individual Loan Commitment with respect to the Original Facility, (3) each advance of Loan proceeds under the Original Facility shall be made by the several Lenders ratably, in a principal amount equal to such Lender's Individual Loan Commitment Percentage with respect to the Original Facility of the total amount to be borrowed on any occasion, (4) no Lender shall have any obligation or liability to the Borrower or any other Person as a result of the failure of another of the Lenders to observe any of its obligations under the Loan Agreement, and (5) no Lender (in its capacity as such) shall have any obligation or liability to the Borrower or any other Person as a result of the failure of the Agent to observe any of its obligations under this Loan Agreement or the Agency Agreement. During the Revolving Loan Period the Borrower may borrow, repay without penalty or premium and reborrow under the Original Facility, either the full amount of the Aggregate Loan Commitment then in effect with respect to the Original Facility or any lesser sum, provided that any borrowing hereunder shall be in an amount not less than \$500,000, and an integral multiple of \$100,000, and provided that any voluntary prepayment of the Original Facility shall be in an amount not less than \$250,000, and an integral multiple of \$50,000. Principal of and interest on the Revolving Loans shall be paid by the Borrower at the times and in the manner stated in the Revolving Notes and in the Loan Agreement, including, without limitation, Sections 2.7 and 2.8 below.

(b) Term Loans. Subject to the satisfaction of all terms and conditions of the Loan Agreement, including, without limitation, Section 3.3 hereof, each Lender severally agrees to make a term loan ("Term Loan") to the Borrower on the Expiry Date, in an amount equal to the aggregate principal amount of the Revolving Loans then outstanding and owing by the Borrower to such Lender. The proceeds of each Term Loan to be made by each Lender shall be used to repay in full the Revolving Loans outstanding with respect to such Lender on the date of the making of the Term Loan. Term Loans may not be reborrowed. Principal of and interest on the Term Loans shall be paid by the Borrower at the times and in the manner stated in the Term Notes and in the Loan Agreement, including, without limitation, Sections 2.7 and 2.8

below.

(c) Village Course Facility. On the terms and provisions and subject to the satisfaction of the conditions of the Loan Agreement, the Lenders hereby establish a development line (the "Village Course Facility") in favor of Borrower pursuant to which the Lenders will extend credit to Borrower in the aggregate principal amount of FIFTEEN MILLION DOLLARS (\$15,000,000.00) (the "Aggregate Loan Commitment with respect to the Village Course Facility"); provided, however, that (1) the aggregate principal amount at any one time outstanding of all Advances hereunder shall not exceed the Aggregate Loan Commitment with respect to the Village Course Facility, (2) no Lender shall be obligated to make Advances to the Borrower which shall exceed, in the aggregate principal amount at any one time outstanding, such Lender's Individual Loan Commitment with respect to the Village Course Facility, (3) each Advance shall be made by the several Lenders ratably, in a principal amount equal to such Lender's Individual Loan Commitment Percentage with respect to the Village Course Facility of the total amount to be borrowed on any occasion, (4) no Lender shall have any obligation or liability to the Borrower or any other Person as a result of the failure of another of the Lenders to observe any of its obligations under the Loan Agreement, and (5) no Lender (in its capacity as such) shall have any obligation or liability to the Borrower or any other Person as a result of the failure of the Agent to observe any of its obligations under the Loan Agreement or the Agency Agreement. Borrower may draw on the Village Course Facility by obtaining a cash advance (each such cash advance herein referred to as an "Advance"), provided that any Advance shall be in an amount not less than \$500,000, and an integral multiple of \$100,000. Advances may not be reborrowed. Principal of and interest on the Advances shall be paid by the Borrower at the times and in the manner stated in the Village Course Facility Notes and in the Loan Agreement, including, without limitation, Sections 2.7 and 2.8 below.

2.2 Notes.

(a) Revolving Notes. The Borrower's obligation to pay the principal of, and interest on, all Revolving Loans made by each Lender shall be evidenced by a separate Revolving Note, executed by the Borrower and payable to the order of such Lender. Each Revolving Note issued to a Lender shall (1) be payable to the order of such Lender and be dated the date of the initial borrowing of proceeds of Revolving Loans, (2) be in the original principal amount of the Individual Loan Commitment with respect to the Original Facility of such Lender, (3) mature on the Expiry Date, (4) bear interest as provided in Section 2.7 hereof, (5) be repaid as provided in such Revolving Note and in Sections 2.7 and 2.8 hereof and (6) be entitled to the benefits of the Loan

Agreement.

(b) Term Notes. Each Term Loan made by a Lender to the Borrower shall be evidenced by a separate Term Note, each executed by the Borrower and payable to the order of such Lender. Each Term Note issued to a Lender shall (1) be in the form of Annex IV hereto with blanks appropriately completed in conformity with the Loan Agreement, (2) be dated the Expiry Date, (3) be in the principal amount of the aggregate unpaid principal amount of all Revolving Loans then outstanding with respect to such Lender, (4) bear interest as provided in Section 2.7 hereof, (5) be repaid as provided in such Term Note and in Sections 2.7 and 2.8 hereof, (6) mature on the Maturity Date and (7) be entitled to the benefits of the Loan Agreement.

(c) Village Course Facility Notes. The Borrower's obligation to pay the principal of, and interest on, all Advances made by each Lender shall be evidenced by a separate Village Course Facility Note executed by the Borrower and payable to the order of such Lender. Each Village Course Facility Note issued to a Lender shall (1) be payable to the order of such Lender and be dated the date of this Amendment and Restatement, (2) be in the original principal amount of the Individual Loan Commitment with respect to the Village Course Facility of such Lender, (3) mature on the Village Course Facility Maturity Date, (4) bear interest as provided in Section 2.7 hereof, (5) be repaid as provided in such Village Course Facility Note and in Sections 2.7 and 2.8 hereof and (6) be entitled to the benefits of the Loan Agreement.

2.3 Requests for Loans.

(a) In respect of each Revolving Loan to be made pursuant to Section 2.1(a) of the Loan Agreement, the Borrower shall give to the Agent at least two (2) full Business Days' (or in the case of a LIBOR Loan, three (3) Eurodollar Days') notice of the Borrower's request therefor in writing, signed by an authorized officer of Borrower, specifying the date of such Revolving Loan, which shall be a Business Day, and the principal amount of such Revolving Loan (which shall be not less than \$500,000 and shall be in an integral multiple of \$100,000),

(b) In respect of each Advance, the Borrower shall give to the Agent at least two (2) full Business Days' (or in the case of a LIBOR Loan, three (3) Eurodollar Days') notice of the Borrower's request therefor by a written "Notice of Borrowing/Conversion" in the form of Exhibit 2 attached hereto, signed by an authorized officer of Borrower. If the Advance will be a LIBOR Loan, such written notice shall indicate the LIBOR Interest Period applicable thereto.

2.4 Disbursements. During the Revolving Loan Period the Agent

will credit the proceeds of each Revolving Loan to the Borrower's deposit account with Bank of Hawaii or, at the Borrower's request, disburse the proceeds of such Revolving Loan to the order of the Borrower. Unless otherwise directed in writing by the Borrower, all proceeds of Advances shall be credited to the Borrower's Deposit Account No. 61-058745, maintained with the Agent.

2.5 Fees.

(a) Commitment Fee With Respect to the Original Facility. The Borrower shall pay to the Agent for pro rata distribution to each Lender, a commitment fee on the average daily unutilized Aggregate Loan Commitment with respect to the Original Facility, computed at the rate of one-quarter of one percent (0.25%) per annum computed on the basis of the actual number of days elapsed over a year of 365 or 366 days (as the actual case may be) and payable quarterly in arrears commencing on December 31, 1996, and thereafter, on the last day of each March, June, September and December prior to the Expiry Date and on the Expiry Date (or such earlier date as the Aggregate Loan Commitment with respect to the Original Facility shall be terminated).

(b) Village Course Facility Fee. In respect of the Village Course Facility, the Borrower shall pay to the Agent, on demand, for distribution to the Lenders according to their Individual Commitment Percentages with respect to the Village Course Facility the following non-refundable fee: \$56,250.00.

(c) Agent's Fee. For and in respect of the services of the Agent to be rendered with respect to the Original Facility hereunder and under the Agency Agreement, the Borrower agrees to pay to the Agent the fee set forth in Section 5.1(1) hereof. Agent's underwriting fee with respect to the Village Course Facility is established by separate agreement between Agent and Borrower.

2.6 Reductions of Commitment.

(a) Mandatory Reduction. By the close of business on each date the Borrower or any Subsidiary receives any net sales proceeds (i.e., gross sales proceeds less closing costs acceptable to the Lenders) in respect of the sale of any real estate assets of the Borrower or any Subsidiary, the Borrower shall notify the Agent of such sale and the Borrower's receipt of such net sale proceeds and shall pay to the Lenders through the Agent 75% of the after-tax net proceeds so received by the Borrower as a mandatory payment of the outstanding principal amount of the Loans under the Original Facility; provided, however, that such mandatory payments of principal shall not permanently reduce the Aggregate Loan Commitment with respect to the Original Facility.

(b) Voluntary Reduction. The Borrower shall have the right, at any time and from time to time, upon not less than one full calendar month's prior written notice to the Agent, to voluntarily reduce the amount of the Aggregate Loan Commitment with respect to the Original Facility, in any integral multiple of \$1,000,000. Contemporaneously with each such voluntary reduction, the Borrower shall repay or prepay to the Lenders, through the Agent, the amount, if any, by which the then outstanding aggregate principal balance of the Loans under the Original Facility exceeds the Aggregate Loan Commitment with respect to the Original Facility as so reduced. Notwithstanding any provision in the Loan Agreement to the contrary, in no event shall any such voluntary reduction which results in a prepayment of any LIBOR Loan occur on any day other than the last day of the LIBOR Interest Period applicable to such LIBOR Loan.

(c) Effects of Reductions. After any such reduction, (1) the commitment fees provided for in Section 2.5 of this Loan Agreement shall be calculated in respect of the Aggregate Loan Commitment with respect to the Original Facility as so reduced, (2) the Individual Loan Commitments with respect to the Original Facility of each Lender shall be reduced pro rata in accordance with their respective Individual Loan Commitment Percentage with respect to the Original Facility, which shall remain unchanged, and (3) the notice of reduction described in subparagraph (b) above, shall be irrevocable and the Aggregate Loan Commitment with respect to the Original Facility may not be thereafter increased without the written consent of all of the Lenders.

2.7 Interest Rates and Payments of Interest. Interest on the principal balance of the Loans shall accrue and be paid at the rates, at the times and in the manner stated in the Notes and as follows:

(a) Revolving Loan Period. Outstanding balances of principal of the Revolving Loans during the Revolving Loan Period shall bear interest at either of the following interest rate options that Borrower may select in accordance with the terms of the Loan Agreement (i) a floating rate equal to the Base Rate in effect from time to time or (ii) LIBOR, plus two and one-quarter percentage points (2.25%). With respect to all LIBOR Loans in effect during the Revolving Loan Period, the Borrower shall give to the Agent at least three (3) Eurodollar Days prior to the last day of the LIBOR Interest Period then applicable to such LIBOR Loans a written notice stating whether the Borrower elects to continue such Loan as a LIBOR Loan and the LIBOR Interest Period to be applicable thereto or as a Base Rate Loan; provided that in no event shall the Borrower have the right (x) to select a LIBOR Interest Period that extends beyond the Expiry Date or (y) if at the time of such election, an Event of Default shall have occurred, to continue such Loan as a LIBOR Loan. Notwithstanding

any provision in the Loan Agreement to the contrary, in no event shall the Borrower have the right to borrow, convert or continue any Revolving Loan as a LIBOR Loan unless the aggregate principal amount of all Revolving Loans is greater than or equal to \$500,000. No more than six (6) LIBOR Loans may be outstanding under the Original Facility at any one time.

During the Revolving Loan Period, interest accruing on the principal balance of the Revolving Loans at the rate(s) per annum aforesaid shall be due and payable (i) quarterly in arrears on the last day of each March, June, September and December, (ii) on the Expiry Date, (iii) on the last day of each LIBOR Interest Period and (iv) at maturity (whether by acceleration or otherwise).

(b) Term Loan Period. In the event that the Term Loans shall be made, then during the period (the "Term Loan Period") commencing on the Expiry Date, to and including the date that the Term Loans are paid in full, at the option of the Borrower initially either (i) a floating rate per annum equal to the Base Rate in effect from time to time, or (ii) LIBOR, plus two and one-half percentage points (2.5%). The Borrower shall give to the Agent no later than the date (the "Term Loan Interest Election Date") three (3) Eurodollar Days preceding the Expiry Date, a written notice (the "Notice of Interest Rate Election") that it elects to have the Term Loans bear interest as Base Rate Loans or LIBOR Loans, which Notice of Interest Rate Election shall comply in all respects with the provisions in this Section 2.7(b). Notwithstanding any provision in the Loan Agreement to the contrary, if the Borrower fails to give such Notice of Interest Rate Election to the Agent on or before the Term Loan Interest Election Date, the Term Loans initially shall bear interest from and after the date which the Term Loans are made as Base Rate Loans. In the event that the Borrower, pursuant to and in accordance with this Section 2.7(b), elects to have the Term Loans initially bear interest as LIBOR Loans, such Notice of Interest Rate Election must state whether the initial LIBOR Interest Period applicable to the Term Loans shall be a period of one month, two months, three months or six months. With respect to all LIBOR Loans in effect during the Term Loan Period, the Borrower shall give to the Agent at least three (3) Eurodollar Days prior to the last day of the LIBOR Interest Period then applicable to such LIBOR Loans a written notice stating whether the Borrower elects to continue such Loan as a LIBOR Loan and the LIBOR Interest Period to be applicable thereto or as a Base Rate Loan; provided that in no event shall the Borrower have the right (x) to select a LIBOR Interest Period that extends beyond the Maturity Date or (y) if at the time of such election, an Event of Default shall have occurred, to continue such Loan as LIBOR Loan. Notwithstanding any provision in the Loan Agreement to the contrary, in no event shall the Borrower have the right to

borrow, convert or continue any Term Loan as a LIBOR Loan, unless the aggregate principal amount of all Term Loans is greater than or equal to \$500,000. No more than six (6) LIBOR Loans may be outstanding under the Original Facility at any one time.

From and after the date of the making of the Term Loans, interest accruing on the principal balance of the Term Loans at the rate(s) per annum aforesaid shall be due and payable (i) quarterly in arrears on the last day of each March, June, September and December and (ii) on the last day of each LIBOR Interest Period and (iii) at maturity (whether by acceleration or otherwise).

(c) Village Course Facility. The Borrower agrees to pay interest on the outstanding principal balance of the Advances pursuant to the following interest rate options that the Borrower may select in accordance with the provisions of the Loan Agreement: (i) a floating rate equal to the Base Rate in effect from time to time; or (ii) LIBOR plus two and one-half percentage (2.5%) points. Any portion of the Village Course Facility that is not a LIBOR Loan is a Base Rate Loan. LIBOR Loan amounts under the Village Course Facility shall be in minimums of \$500,000 and in multiples of \$100,000, with at most six (6) LIBOR Loans outstanding under the Village Course Facility at any one time.

The Borrower agrees to make monthly payments, to the Agent for distribution to the Lenders, of all accrued interest on the outstanding principal balance of each Base Rate Loan under the Village Course Facility on the first day of each month. The Borrower agrees to pay, to the Agent for distribution to the Lenders, interest on the unpaid principal amount of each LIBOR Loan under the Village Course Facility on the earlier of (i) the last day of the LIBOR Interest Period or (ii) the last day of each three-month interval occurring during the LIBOR Interest Period and at maturity (whether by acceleration or otherwise).

(d) General. With respect to all Loans:

(1) Any floating rate of interest will increase or decrease during the term of this Loan Agreement if there is an increase or decrease in the rate to which the floating rate is tied. If the rate to which the floating rate is tied is no longer available, the Agent will choose a new rate that is based on comparable information.

(2) Interest shall be computed on the basis of the actual number of days elapsed between payments and on the basis of a 365-day year (or, in leap years, on the basis of 366-day year) with respect to Base Rate Loans and on the basis of a 360-day year with respect to LIBOR Loans.

(3) In computing interest on each Loan, the date of the making of such Loan shall be included and the date of payment shall be excluded; provided, however, that if a Loan is repaid on the same day on which it is made, such day shall nevertheless be included in computing interest thereon.

(4) In no event shall the Borrower be obligated to pay any amount under this Agreement that exceeds the maximum amount allowable by law. If any sum is collected in excess of the applicable maximum amount allowable by law, the excess collected shall, at the Lenders, discretion, be applied to reduce the principal balance of the Loans or returned to the Borrower.

(5) The foregoing rates of interest shall be subject to the provisions of Section 6.2(c) hereof relating to the Default Rate upon the occurrence and during the continuance of an Event of Default.

(e) Conversions. At any time and from time to time, the Borrower may elect, subject to the condition precedent that no Event of Default shall have occurred and is continuing, to convert the Loans from one Type to another Type. Each time that the Borrower elects to convert Loans from one Type to another Type, it shall deliver to the Agent a written notice (a "Notice of Conversion"), in the form attached hereto as Exhibit 2 at least three (3) Business Days, if such Loans are to be converted to Base Rate Loans, or at least three (3) Eurodollar Days, if such Loans are to be converted to LIBOR Loans, prior to the date on which such conversion is to be effective. Each such Notice of Conversion shall state (i) the date (the "Conversion Date") on which such conversion is to occur, which date shall be (1) a Business Day, if such Loans are to be converted from LIBOR Loans to Base Rate Loans or (2) a Eurodollar Day, if such Loans are to be converted to LIBOR Loans, (ii) whether such Loans are to be converted to Base Rate Loans or LIBOR Loans and (iii) with respect to the conversion from Base Rate Loans to LIBOR Loans, the LIBOR Interest Period which shall be applicable to the LIBOR Loans upon such conversion. Notwithstanding any provision in the Loan Agreement to the contrary, in no event shall the Borrower have any right to select any LIBOR Interest Period which extends beyond the Expiry Date, if such Loans are Revolving Loans, the Maturity Date, if such Loans are Term Loans, or the Village Course Facility Maturity Date if such Loans are Advances.

2.8 Payments and Prepayments of Principal.

(a) Revolving Loans. The principal of the Revolving Loans shall be due and payable as set forth in Section 2.6 hereof with respect to mandatory reductions of principal. In addition, on the Expiry Date (or such earlier date on which the Aggregate Loan Commitment with respect to the Original Facility shall be

terminated), the outstanding principal balance of all Revolving Loans shall be due and payable.

(b) Term Loans. The principal of the Term Loans shall be due and payable as set forth in Section 2.6 hereof with respect to mandatory reductions of principal. In addition, the outstanding principal balance of the Term Loans shall be repaid in six equal semi-annual installments, each of which shall be in an amount equal to the lesser of (1) the product of the aggregate outstanding principal balance of the Term Loans, multiplied by 1/6, or (2) the then outstanding principal balance of the Term Loans. On the Maturity Date, the entire principal balance of the Term Loans shall be due and payable.

(c) Village Course Facility. All principal and accrued interest then outstanding with respect to the Village Course Facility shall be due and payable in full on or before the Village Course Facility Maturity Date.

(d) General.

(1) Principal balances outstanding under the Notes shall be paid, and may be prepaid without penalty or premium, in the amounts, at the times and in the manner stated herein and in the Notes. No payment or prepayment of principal under any of the Notes for either the Original Facility or the Village Course Facility shall be made without a concurrent payment or prepayment of principal under the other Notes for the same facility, and all principal amounts paid or prepaid on the Notes shall be shared among the Lenders pro rata, in accordance with their respective Individual Loan Commitment Percentages with respect to the Original Facility or the Village Course Facility, as the case may be. Payments and prepayments of principal with respect to the Original Facility, during the Revolving Loan Period, shall be in amounts not less than \$250,000, and in integral multiples of \$50,000. Notwithstanding any provision in the Loan Agreement to the contrary, in no event shall any prepayment of any LIBOR Loan occur on any day other than the last day of the LIBOR Interest Period applicable to such LIBOR Loan.

(2) If any payment under this Agreement is not made when due, the Borrower will pay to the Agent for pro rata distribution to the Lenders (or for the sole account of Agent to the extent relating to a payment not to be distributed to the Lenders) a late charge in respect of that payment, in the amount of 5% of the overdue payment.

2.9 Sums Payable to the Lenders. The Agent shall send to the Borrower, from time to time, statements of all amounts due under the Notes and other Loan Documents, which statements shall be considered correct and conclusively binding on the Borrower, absent manifest error, unless the Borrower notifies the Agent to

the contrary within 30 Business Days of its receipt of any statement which it deems to be incorrect. The records of the Agent evidencing the date of disbursement and principal amount of each Loan and the amounts of all repayments of principal and payments of interest on each Loan shall constitute prima facie evidence of the making and repayment of such Loans and of the payment of such interest. However, the Agent's making of erroneous notations in its records shall not affect the Borrower's obligation to repay the outstanding balance of principal under a Loan, and accrued interest thereon, as provided in the Loan Agreement. All sums payable to the Lenders under the Notes and other Loan Documents shall be paid directly to the Agent, in its capacity as such, in immediately available funds.

2.10 Payment Dates. Whenever any payment of principal of, or interest on, any Loan or of any commitment fee shall be due on a day which is not a Business Day (or a Eurodollar Day in the case of a LIBOR Loan), the date for payment thereof shall be extended to the next succeeding Business Day or a Eurodollar Day as the case may be. If the date for any payment of principal is extended by operation of law or otherwise, interest shall be payable for such extended time. Any payment received by the Agent after 11:00 a.m. shall not be credited until the next Business Day.

2.11 Funding Loss and Yield Protection Provisions.

(a) Change in Legality; Additional Costs to Lenders. If after the date of the Loan Agreement any change in applicable law or regulation or in the interpretation or administration thereof by any governmental authority charged with the interpretation or administration thereof (whether or not having the force of law) shall, with respect to the Lenders, or any of them, (1) change the basis of taxation of payments to the Lenders, or any of them, or the principal or interest on the Loans under the Loan Agreement, (2) impose, modify or hold applicable any fees, reserve requirements, special deposits or any costs to the Lenders, or any of them, in respect of the Loans, or (3) cause a reduction in the amount of any sum received or receivable under the Loan Agreement; then, and in any such event, the Borrower shall pay to the Agent, on demand, for distribution to such Lenders, such additional amounts as will compensate such Lender(s) on an after-tax basis for such cost or reduction incurred; provided, however, that the Borrower shall not be obligated directly or indirectly to pay for federal or state income taxes measured or levied generally upon the net income of any Lender. The Lenders may use any reasonable method in calculating their additional costs under this Section, which calculation shall be conclusive absent manifest error.

(b) Capital Requirements. If the Lenders, or any of them, shall determine that compliance with any law, regulation or any guideline or request from any central bank or other governmental

authority (whether or not having the force of law) would result in an increase in the amount of capital required or expected to be maintained by such Lender(s) or any corporation controlling such Lender(s), and that such increase is based upon the existence of such Lender's commitment hereunder and other commitments of this type, then, and in any such event, the Borrower shall pay the Agent as an additional fee, from time to time on demand, for distribution to such Lender(s), such amount(s) as such Lender(s) shall determine to be the amount(s) that will compensate it or them or such other corporation for any reduction in the rate of return on such capital. A certificate as to the amount of compensation, submitted to the Borrower by the affected Lender(s), shall be conclusive and binding for all purposes absent manifest error.

(c) Lack of Availability or Profitability of Eurodollar Deposits; Illegality. In the event that any Lender shall have reasonably determined (which determination shall be final and conclusive and binding upon all parties) that:

(1) on any date for determining LIBOR for any LIBOR Interest Period, by reason of any change after the date hereof affecting the interbank market or affecting the position of such Lender in such market, adequate and fair means do not exist for ascertaining the applicable interest rate by reference to LIBOR; or

(2) at any time, by reason of (i) any change after the date of the Loan Agreement in any applicable law or governmental rule, regulation or order (or any interpretation thereof by any government authority or otherwise (provided that, in the case of an interpretation not by a governmental authority, such interpretation shall be made in good faith and shall have a reasonable basis) and including the introduction of any new law or governmental rule, regulation or order), to the extent not provided for in clause (3) below, or (ii) in the case of LIBOR Loans, other circumstances affecting such Lender or the interbank market or the position of such Lender in such market, LIBOR shall not represent the effective pricing to such Lender for funding or maintaining the affected LIBOR Borrowing; or

(3) at any time, by reason of the requirements of Regulation D or other official reserve requirements, LIBOR shall not represent the effective pricing to such Lender for funding or maintaining the affected LIBOR Loan; or

(4) at any time, the making or continuance of any LIBOR Loan has become unlawful or compliance by such Lender in good faith with any law, governmental rule, regulation, guideline or order, or would cause severe hardship to such Lender as a result of a contingency occurring after the date hereof which materially and

adversely affects the interbank market; then, and in any such event, such Lender shall on such date of determination give notice (by telephone confirmed in writing) to the Agent and the Borrower of such determination. Thereafter, in the case of clause (1), (2) or (3) above, (and without affecting Borrower's obligations to pay interest on the Loans at the rates set forth in Section 2.7 hereof) Borrower shall pay to the Agent for payment to such Lender, upon written demand therefor, such additional amounts deemed in good faith by such Lender to be material (in the form of an increased rate of, or a different method of calculating, interest or otherwise as the Agent or such Lender in its discretion shall determine) as shall be required to cause such Lender to receive interest with respect to its affected LIBOR Loan at a rate per annum equal to the sum of (i) the applicable rate per annum determined in accordance with Section 2.7, hereinabove, plus (ii) the effective pricing to such Lender to make or maintain such LIBOR Loan, and in the case of clause (4), Borrower shall within five (5) Business Days prepay all LIBOR Loans so affected, together with all accrued interest thereon but without penalty for any costs, net losses or overhead pursuant to Section 2.11(e), subject to the provisions of Section 2.11(d) hereinbelow. A certificate as to additional amounts owed to any Lender, shown in reasonable detail the basis for the calculation thereof, submitted to Borrower and the Agent by the Lender shall, absent manifest error, be final, conclusive and binding upon all of the parties hereto.

(d) Borrower's Right to Convert Loans. At any time that any of its Borrowings are affected by the circumstances described in Section 2.11(c) Borrower may (i) if a LIBOR Loan has been requested but not implemented, cancel such Loan or conversion by giving the Agent notice thereof by telephone (confirmed in writing) pursuant to Section 2.11(c) or (ii) if the affected LIBOR Loan is then outstanding, upon at least three (3) Business Days' written notice to the Agent, require the Lenders to convert such LIBOR Loan into a Base Rate Loan.

(e) Funding Loss Indemnification. If the Borrower shall (a) pay or convert any LIBOR Loan on any day other than the last day of the applicable LIBOR Interest Period (whether on account of a scheduled payment, an optional prepayment or conversion, a mandatory prepayment or conversion, a payment upon acceleration or otherwise); or (b) fail to borrow any LIBOR Loan after giving due notice thereof to the Agent pursuant to Section 2.3 or Section 2.7, as the case may be, or (c) fail to convert any Base Rate Loan into a LIBOR Loan after giving due notice thereof to the Agent pursuant to Section 2.7, the Borrower shall reimburse the Lenders and hold the Lenders harmless for all costs, net losses or administrative overhead incurred as a result of such repayment, prepayment or failure. The Lenders may use any reasonable method in calculating their loss under this Section,

which calculation shall be binding and conclusive on the Borrower absent manifest error.

III. Conditions Precedent

3.1 Documents Required. The Lenders shall have no several obligations to make disbursements of Loans pursuant to the provisions of the Loan Agreement, unless and until the Lenders (through the Agent) shall have received such executed originals or certified copies of each of the following instruments as the Lenders (through the Agent) may have reasonably requested, in each case in form and substance acceptable to the Lenders and their respective legal counsel:

(a) The Loan Agreement, the Notes, the Mortgage, the Additional Security Mortgage, UCC Financing Statements describing the security interests created by the Mortgage and Additional Security Mortgage, and the Environmental Indemnity Agreement;

(b) The Agency Agreement;

(c) A certificate signed by the Borrower's corporate secretary, certifying to the Lenders and Agent: (1) as to the adoption of Resolutions of the Borrower's Board of Directors authorizing the execution, delivery and performance of the Loan Documents and all other documents to be delivered by the Borrower pursuant to this Loan Agreement; (2) as to the incumbency and signatures of the officers of the Borrower signing the Loan Documents, and each other document to be delivered by the Borrower pursuant to this Loan Agreement; and (3) that the Articles of Incorporation and By-Laws of the Borrower, true copies of which have been attached to such certification, have not been amended since the date of such delivery;

(d) A certificate of the Director of Commerce and Consumer Affairs of the State of Hawaii, evidencing the good standing of the Borrower in the State of Hawaii;

(e) A written opinion of independent counsel to the Borrower, addressed to the Lenders, stating that:

(1) The Borrower and the Subsidiaries are corporations duly organized, validly existing and in good standing under the Laws of the State of Hawaii and are duly qualified and in good standing as foreign corporations in all jurisdictions wherein the nature of their businesses or the properties owned by them make such qualification necessary;

(2) The Borrower has the corporate power and authority to execute and deliver the Loan Documents, to borrow money hereunder, and to perform the Obligations;

(3) All corporate action required to be taken by the Borrower to

enter into the transactions contemplated by the Loan Agreement has been duly taken, and all consents and approvals of all Persons, necessary to the validity of the Loan Documents, and each other document to be delivered by the Borrower hereunder have been duly obtained, and the Loan Documents and such other documents do not conflict with any provision of the Articles of Incorporation or By-Laws of the Borrower, or of any applicable Laws or any other agreement binding upon the Borrower or its property of which such counsel has knowledge and the Borrower's execution, delivery and performance of the Loan Documents do not require the consent or approval of any governmental body or regulatory authority;

(4) The Loan Documents and all other documents required to be delivered by the Borrower pursuant to the provisions of the Loan Agreement have been duly executed by, and each is a valid and binding obligation of, the Borrower, enforceable in accordance with its terms;

(5) Kapalua Land Company, Ltd. ("KLC") has the corporate power and authority to execute and deliver the Additional Security Mortgage, all corporate action required to be taken by KLC in respect of its execution and delivery of the Additional Security Mortgage has been duly taken, and the Additional Security Mortgage has been duly executed and delivered by KLC and is a valid and binding obligation of KLC, enforceable in accordance with its terms; and

(6) Such counsel is without any knowledge of any matters contrary to the representations and warranties contained in Section 4.1 of the Loan Agreement; and

(f) A certificate dated the date of the Loan Agreement and signed by the President or an Executive Vice President of the Borrower, certifying to the Lenders and Agent that:

(1) The representations and warranties contained in Section 4.1 of the Loan Agreement are true on and as of such date; and

(2) No Event of Default under the Loan Agreement, and no event which, with the giving of notice or passage of time, or both, would become such an Event of Default, has occurred on and as of such date;

(g) Evidence that the Revolving and Term Loan Agreement dated as of December 27, 1990, as amended by instruments dated as of December 31, 1991 and March 31, 1992, among Bank of Hawaii, First Hawaiian Bank and Bank of America National Trust and Savings Association (successor-in-interest to Security Pacific National Bank), as Lenders, Bank of Hawaii, as Agent, and the Borrower, together with the Notes and Agency Agreement therein described,

have been terminated, and that all Loans and all other indebtedness of the Borrower thereunder have been repaid or paid in full (or that arrangements, acceptable to the Lenders and Agent thereunder, the Lenders and Agent hereunder, and the Borrower, have been made for the repayment of said Loans and the payment of all such other indebtedness from the proceeds of the initial Loans under this Loan Agreement); and

(h) Evidence that the Mortgage and Additional Security Mortgage have been recorded in the Bureau of Conveyances of the State of Hawaii (and, if appropriate, filed in the office of the Assistant Registrar of the Land Court of Hawaii), that the related UCC Financing Statements have been filed in said Bureau, and that the Lenders hold a first mortgage lien on and first security interest in all properties described in and purported to be encumbered by the Mortgage and Additional Security Mortgage, subject to no liens or encumbrances other than those noted in (or authorized by) the Mortgage.

In addition to the foregoing conditions precedent, the following conditions shall have been satisfied:

(i) At the time of the initial disbursement of Loan proceeds under the Loan Agreement and of each subsequent disbursement of Loan proceeds under the Loan Agreement:

(1) No Event of Default under the Loan Agreement shall have occurred and be continuing, and no event shall have occurred and be continuing that, with the giving of notice or passage of time, or both, would become such an Event of Default;

(2) The Agent shall have received a request for such disbursement pursuant to Section 2.3 of the Loan Agreement;

(3) The representations and warranties contained in Section 4.1 of the Loan Agreement shall be true on and as of the date of such disbursement with the same force and effect as if made on and as of such date;

(4) The Lenders shall have remitted to the Agent the Lenders, respective pro rata shares of the disbursement then due; and

(5) All legal matters incidental to such disbursement shall be satisfactory to the Agent's counsel.

The parties hereto acknowledge that the foregoing conditions precedent set forth in this Section 3.1 have heretofore been satisfied with respect to the initial disbursement of Loan proceeds.

3.2 Conditions Precedent to Effective Date of Amendment and Restatement. Notwithstanding anything herein to the contrary,

the effectiveness of the amendment and restatement of the Original Loan Agreement in accordance with the terms of this Amendment and Restatement, is subject to the satisfaction of all of the following conditions, and on the date of the satisfaction of such conditions (the "Effective Date"), the Original Loan Agreement shall be deemed amended and restated as set forth herein:

(a) Documents Required. The Agent shall have received, in each case in form and substance satisfactory to the Agent and the Lenders, such fully executed originals or certified copies as the Agent and the Lenders may have requested of each of the following, in each case as amended through the Effective Date:

(1) Loan Documents. This Amendment and Restatement and the Village Course Facility Notes, each executed by the Borrower and completed in conformity with the provisions of this Amendment and Restatement, the Note Modification Agreements, the Confirmations of Mortgage and said Amended and Restated Agency Agreement;

(2) Consents and Authority. Evidence that the Borrower has obtained all necessary and appropriate authority, approvals and consents to execute, deliver and perform the terms of (i) this Amendment and Restatement, the Village Course Facility Notes, the Note Modification Agreements and the Confirmations of Mortgage (collectively called the "Amending Documents") and (ii) the Loan Documents, as amended and restated by the Amending Documents, including, without limitation, certified resolutions of the Borrower as to such authority;

(3) BOA. An Assignment by BOA to the Lenders of BOA's interests in the Mortgage and the Additional Security Mortgage; and

(4) Title Insurance. An ALTA Form Lender's Title Insurance Policy for \$30,000,000.00, assuring to the Lenders the validity and agreed-upon priority of the Mortgage and the Additional Security Mortgage may require. Such Title Insurance Policy may be subject to an exception for survey matters.

(b) Certain other Events. On the Effective Date:

(1) No event shall have occurred and be continuing that (i) constitutes an Event of Default, or (ii) with the giving of notice or passage of time, or both, would constitute such an Event of Default (a "Default").

(2) The representations and warranties contained in Section 4.1 of the Loan Agreement shall be true on and as of the Effective Date with the same force and effect as if made on the Effective Date, other than as previously disclosed to the Agent with respect to the representations and warranties set forth in Section 4.1(f) and (k) hereof.

(3) No material adverse change shall have occurred in the financial condition of the Borrower since the date of the most recent of the Borrower's financial statements submitted to the Agent.

(4) The Borrower shall have delivered to the Agent and the Lenders a certificate dated the Effective Date, signed by the President or an Executive Vice President of the Borrower, certifying to the Agent and the Lenders the matters set forth in clauses (1) and (2) of Section 3.1(f) of the Loan Agreement.

(5) All legal matters incidental to the closing shall be satisfactory to legal counsel for the Agent and each Lender.

(c) Interest and Other Charges. On the Effective Date, the Borrower shall have paid to the Agent (1) the fee referred to in Section 2.5(b) hereof, and (2) all sums of accrued interest and other fees and charges then outstanding under the Loan Documents.

On the Effective Date, subject to the satisfaction of the foregoing conditions, the Original Loan Agreement shall be deemed amended and restated in accordance with the provisions of this Amendment and Restatement, with the force and effect set forth in Section 7.18 hereof.

3.3 Conditions to Term Loans. The obligation of the Lenders to make their respective Term Loans to the Borrower on the Expiry Date shall be subject to the satisfaction of the following conditions precedent:

(a) Term Notes. The Borrower shall have executed and delivered to the Agent for distribution to the Lenders each of the Term Notes;

(b) Defaults and Events of Default. No Default or Event of Default under the Loan Agreement shall have occurred and be continuing;

(c) Representations and Warranties. The representations and warranties contained in Section 4.1 of the Loan Agreement shall be true on and as of the Expiry Date with the same force and effect as if made on the Expiry Date;

(d) Certificate. The Borrower shall have delivered to the Agent and the Lenders a certificate dated the Expiry Date, signed by the President or an Executive Vice President of the Borrower, certifying to the Agent and the Lenders the matters set forth in clauses (1) and (2) of Section 3.1(f) of the Loan Agreement; and

(e) Illegality. The making of the Term Loans shall not have

been rendered illegal by any of the Laws applicable thereto.

If such conditions shall not have been satisfied on Expiry Date, all outstanding principal together with accrued and theretofore unpaid interest on the Revolving Loans and all other amounts due to the Lenders under the Loan Documents shall be paid in full on the Expiry Date.

IV. Representations and Warranties

4.1 Original. To induce the Lenders to enter into this Amendment and Restatement, the Borrower represents and warrants to the Lenders as follows:

(a) The Borrower and the Subsidiaries are corporations duly organized, validly existing and in good standing under the Laws of Hawaii; the Borrower and the Subsidiaries have the lawful corporate power and adequate authority, rights and franchises to own or lease their respective properties and to engage in the businesses they each conduct, and each is duly qualified and in good standing as a foreign corporation in each jurisdiction, if any, wherein the nature of the business transacted by it or property owned by it makes such qualification necessary;

(b) The execution and performance of the Loan Documents will not immediately, or with the passage of time or the giving of notice, or both:

(1) Violate the Articles of Incorporation or By-Laws of the Borrower, or violate any Laws or breach or result in a default under any contract, agreement, or instrument to which the Borrower or any Subsidiary is a party or by which the Borrower or any Subsidiary or its property is bound, or require the consent or approval of any governmental office or official; or

(2) Result in the creation (or an obligation to create) or imposition of any security interest in, or lien or encumbrance on, any of the assets of the Borrower or any Subsidiary, other than the liens or security interests intended to be created by the Mortgage and by the Additional Security Mortgage;

(c) The Borrower has the corporate power and authority to execute and deliver the Loan Document and to incur and perform the obligations, and has taken all corporate action necessary to authorize the execution, delivery, and performance of the Loan Documents;

(d) The Borrower's execution, delivery and performance of the Loan Documents do not require the consent or approval of any governmental body or other regulatory authority;

(e) The Loan Agreement is, and the remainder of the Loan

Documents when executed and delivered will be, the legal, valid and binding obligations of the Borrower, and enforceable in accordance with their respective terms;

(f) All Financial Statements heretofore furnished by the Borrower to the Lenders, including any schedules and notes pertaining thereto, were prepared in accordance with GAAP, and fully and fairly presented the financial condition of the Borrower and its Subsidiaries at the dates thereof and the results of operations for the periods covered thereby, and as of the date of this Amendment and Restatement there have been no material adverse changes in the consolidated financial condition or business of the Borrower and its Subsidiaries from the date of the most recent Financial Statements furnished to the Lenders, except as disclosed by Borrower to Agent in writing;

(g) Except as otherwise permitted by the Loan Agreement, the Borrower and its Subsidiaries have filed all federal, state and local tax returns and other reports they were required by Laws to have filed prior to the date of this Amendment and Restatement and which are material to the conduct of their respective businesses, have paid or caused to be paid all taxes, assessments and other governmental charges that were due and payable prior to the date of this Amendment and Restatement, and have made adequate provision for the payment of such taxes, assessments or other charges accruing but not yet payable; and the Borrower has no knowledge of any deficiency or additional assessment in a materially important amount in connection with any taxes, assessments or charges not provided for on its books;

(h) Except to the extent that the failure to comply would not materially interfere with the conduct of the business of the Borrower or any Subsidiary or have a materially adverse effect on the financial condition of the Borrower or any Subsidiary, the Borrower and its Subsidiaries have complied with all applicable Laws in respect of: (1) restrictions, specifications, or other requirements pertaining to products that the Borrower or any Subsidiary grows, manufactures or sells or to the services each performs; (2) the conduct of their respective businesses; and (3) the use, maintenance, and operation of the real and personal properties owned or leased by them in the conduct of their respective businesses;

(i) There are no chemical substances, pollutants, contaminants or hazardous or toxic substances, materials or wastes (collectively, "hazardous materials") at any premises owned, leased, operated, controlled or used by the Borrower or any of the Subsidiaries where such could reasonably be expected to have a materially adverse effect on the operations or financial condition of the Borrower and the Subsidiaries or the Borrower's ability to repay the Loans, and the Borrower and the Subsidiaries

do not manufacture, process, distribute, use, treat, store, dispose of, transport or handle hazardous materials in such a manner as to create expectations of such a materially adverse effect on the operations or financial condition of the Borrower and the Subsidiaries or the Borrower's ability to repay the Loans;

(j) The Borrower has no Subsidiaries other than those listed in Exhibit H, attached hereto;

(k) No litigation or other proceeding is pending or threatened against the Borrower or any of its Subsidiaries or any of their respective properties which if determined adversely to the Borrower or any such Subsidiary, would have a materially adverse effect on the Collateral or on the consolidated financial condition or business prospects of the Borrower and its Subsidiaries, except as disclosed by Borrower to Agent in writing;

(l) Neither the execution of the Loan Agreement nor the Borrower's use of proceeds of the Loans will constitute a violation of any of Regulations G, T and U of the Board of Governors of the Federal Reserve System or any interpretations thereof or rulings thereunder;

(m) The Borrower and its Subsidiaries have good and marketable title to all of their respective assets, subject only to such exceptions or encumbrances as do not materially adversely affect either the consolidated financial conditions of the Borrower and its Subsidiaries as currently reflected in the Financial Statements or the conduct of the businesses of the Borrower and its Subsidiaries;

(n) All Defined Benefit Pension Plans, as defined in the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), of the Borrower and each Subsidiary meet the minimum funding standards of 302 of ERISA, and no Reportable Event or Prohibited Transaction, as defined in ERISA, has occurred in respect of any such Plan;

(o) No representation or warranty by the Borrower contained in the Loan Agreement or in any certificate or other document furnished by the Borrower pursuant to the Loan Agreement contains any untrue statement of material fact or omits to state a material fact necessary to make such representation or warranty not misleading in light of the circumstances under which it was made; and

(p) Neither the Borrower nor any Subsidiary is subject to provisions of the Investment Company Act of 1940, provisions of the Public Utility Holding Company Act of 1935, provisions of the

Interstate Commerce Act or provisions of any other statute or regulation which restrict the execution or performance of this Loan Agreement or the Notes by the Borrower.

4.2 Survival. All representations and warranties stated above in Section 4.1 shall survive until all the obligations shall have been satisfied in full.

V. The Borrower's Covenants

The Borrower covenants to and agrees with the Lenders that, so long as any of the Obligations shall remain unsatisfied or any commitments hereunder remain outstanding, the Borrower will comply, and will cause its Subsidiaries to comply, with the following covenants:

5.1 Affirmative Covenants.

(a) The Borrower will furnish to the Lenders, through the Agent:

(1) Within 60 days after the close of each quarterly accounting period in each fiscal year: (i) a consolidated statement of Net Worth and a consolidated statement of cash flow of the Borrower and its Subsidiaries for such quarterly period; (ii) a consolidated income statement of the Borrower and Subsidiaries for such quarterly period; (iii) a consolidated balance sheet of the Borrower and Subsidiaries as of the end of such quarterly period; (iv) a certification by the Borrower's chief financial officer, in reasonable detail, evidencing the Borrower's compliance at the end of such quarterly accounting period with the covenants contained in Sections 5.1 and 5.2 of the Loan Agreement; (v) summary schedules of income and cash flow for the Borrower's resort division and pineapple division, Napili Plaza and Kaahumanu Center, all in reasonable detail, subject to year-end audit adjustments and certified by the Borrower's President or chief financial officer to have been prepared in accordance with GAAP by the Borrower and Subsidiaries, except for any inconsistencies explained in such certificate; and (vi) a written summary (in reasonable detail) of all projects approved by the Borrower or any of its Subsidiaries during such quarterly period which are reasonably expected to involve Capital Expenditures exceeding \$1,000,000;

(2) Within 90 days after the close of each fiscal year: (i) a consolidated statement of Net Worth and a consolidated statement of cash flow of the Borrower and its Subsidiaries for such fiscal year; (ii) a consolidated income statement of the Borrower and Subsidiaries for such fiscal year; (iii) a consolidated balance sheet of the Borrower and Subsidiaries as of the end of such fiscal year (all of the aforementioned financial statements to be audited and certified to without qualification by independent

certified public accountants selected by the Borrower); (iv) summary schedules of income and cash flow for the Borrower's resort division and pineapple division, Napili Plaza and Kaahumanu Center; (v) detailed statements of Capital Expenditures and Investments made or incurred in such fiscal year, all of the foregoing to be in reasonable detail, including all supporting schedules and comments; and (vi) a certification by the chief financial officer of the Borrower, in reasonable detail, evidencing the Borrower's compliance at the end of such fiscal year with the covenants contained in Sections 5.1 and 5.2 of this Loan Agreement;

(3) By December 1 of each year, (i) copies of the Borrower's three-to-five year, summary forecast of income and cash flow for the Borrower's resort division and pineapple division, Napili Plaza and Kaahumanu Center, and (ii) a Capital Expenditure and Investment forecast for each such division;

(4) Promptly after the sending or making available or filing of the same, copies of all reports, proxy statements and financial statements that the Borrower sends or makes available to its stockholders and all registration statements and reports that the Borrower files with the Securities and Exchange Commission or any successor Person; and

(5) Within 60 days following the close of each quarterly period, statements of KCA's net worth at the end of such period and cash flow for such period, KCA's income statement for such period, and KCA's balance sheet as of the end of such period, in reasonable detail, certified to by KCA's chief financial officer.

(b) The Borrower and its Subsidiaries will maintain their real estate and other properties in good condition and repair (normal wear and tear excepted), and will pay and discharge or cause to be paid and discharged when due, the cost of repairs to or maintenance of the same, and will pay or cause to be paid all of their indebtedness as it becomes due, except as otherwise permitted by Section 5.1(d) of the Loan Agreement.

(c) The Borrower and its Subsidiaries will maintain, or cause to be maintained, public liability insurance and fire and extended coverage insurance on all assets owned or leased by them, all in such form and amounts as are consistent with industry practices. The Borrower and its Subsidiaries may procure any such insurance from any insurance company or companies authorized to do business in Hawaii.

(d) The Borrower and its Subsidiaries will pay or cause to be paid when due, all taxes, assessments and charges or levies imposed upon them or on any of their property or which any of them is required to withhold and pay over, except where contested in good faith by appropriate proceedings with adequate reserves

therefor having been set aside on their books, and the Borrower will pay all governmental charges or taxes (except income, franchise or similar taxes) at any time payable or ruled to be payable in respect of the existence, execution or delivery of the Loan Agreement and the Notes by reason of any existing or hereafter enacted federal or state statute.

(e) The Borrower will maintain as of the end of each fiscal quarter and will provide evidence of the same pursuant to Section 5.1(a) hereof:

(1) A Current Ratio of not less than 1.90;

(2) A Recourse Debt/Net Worth Ratio of not more than 1.10 (for the purposes of this covenant, any KCA debt which is nonrecourse to the Borrower, shall be disregarded); and

(3) A Net Worth of not less than \$58,300,000.00, plus 50% of the cumulative net profits after September 30, 1997 (but not the net losses) of Borrower.

(f) The Borrower and its Subsidiaries will, when requested so to do, make available for inspection by the Agent's duly authorized representatives any of their properties and Records, and will furnish to the Lenders (through the Agent) any information regarding their business affairs and financial condition within a reasonable time after written request therefor.

(g) The Borrower and its Subsidiaries will take all necessary steps to preserve their respective corporate existences and to comply with all present and future Laws applicable to them in the operation of their respective businesses and to comply with all material agreements to which they are subject (the foregoing to the contrary notwithstanding, the Borrower shall have the right to dissolve or liquidate such of its Subsidiaries as its management may determine to dissolve or liquidate in the exercise of sound business judgment).

(h) The Borrower will give immediate written notice to the Agent, in reasonable detail, of the occurrence of any event in respect of which a report on Form 8-K should be filed by the Borrower with the Securities and Exchange Commission.

(i) The Borrower will notify the Agent immediately if the Borrower becomes aware of the occurrence of any Event of Default under this Loan Agreement or of any fact, condition or event that only with the giving of notice or passage of time, or both, could become such an Event of Default, or of the failure of the Borrower or any Subsidiary to observe any of their respective undertakings under this Loan Agreement.

(j) The Borrower and its Subsidiaries will: (i) fund all their Defined Benefit Pension Plans in accordance with no less than the minimum funding standards of 302 of ERISA; and (ii) promptly advise the Agent of the occurrence of any Reportable Event or Prohibited Transaction in respect of any such Plan.

(k) If the Borrower or any of its Subsidiaries, during the Term Loan Period, or during the continuance of an Event of Default, or at any other time following the Agent's notification to the Borrower that the provisions of this Section 5.1(k) shall be operative, sell real estate assets worth more than \$1,000,000, in a single transaction or in a series of related transactions, the Borrower will apply 75% of the net cash proceeds of the sale(s), after applicable income taxes arising out of the sale(s), to the repayment of the Loans promptly upon receipt of such net sales proceeds in cash.

(l) The Borrower will pay to the Agent, on (or at the Borrower's option before) July 1 of each year, a \$15,000 Agent's Fee for services rendered and to be rendered by the Agent with respect to the Original Facility.

(m) With respect to any contract or job, for an amount that exceeds \$500,000, financed with the proceeds of the Village Course Facility, or a series of contracts or jobs with any one contractor for an amount that exceeds \$500,000 in the aggregate, financed with the proceeds of the Village Course Facility, Borrower will obtain, maintain and deliver to the Lenders (through the Agent) performance and payment bonds in form, amount and issued by a surety acceptable to a Majority in Interest of the Lenders, naming the Borrower, the Lenders and the Agent as obligees.

(n) Borrower will use the proceeds of the Village Course Facility exclusively to finance improvements to the Village Golf Course at Kapalua, Maui, Hawaii, including the construction of a new clubhouse, practice facility, golf teaching academy and putting course, reconstruction of the 18th hole, realignment of Village Road and construction of two commercial building pads.

(o) Borrower will retain at all times not less than a 50% general partnership interest in KCA.

5.2 Negative Covenants.

(a) Neither the Borrower nor any Subsidiary will enter into any merger, consolidation, reorganization or recapitalization, or reclassify its capital stock, or substantially change the nature of its business as now conducted, except that (1) any wholly-owned Subsidiary may merge with any other Subsidiary provided said wholly-owned Subsidiary is the surviving entity, (2) any

Subsidiary may merge with the Borrower provided the Borrower is the surviving entity, and (3) the Borrower and any wholly-owned Subsidiary may make contributions to the capital of, and receive dividends from, wholly-owned Subsidiaries.

(b) Neither the Borrower nor any Subsidiary will sell, transfer, lease or otherwise dispose of all or (except in the ordinary course of business as now conducted) any material part of its assets unless, in respect of such sale or other disposition, the Borrower shall have complied with all applicable requirements stated above in Section 5.1(k) of the Loan Agreement.

(c) The Borrower will not declare or pay any dividends, or make any other payment or distribution on account of its capital stock, except that, subject to the satisfaction in full of the condition precedent that the Agent and Lenders shall have received, prior to any declaration or payment of cash dividends, the Borrower's audited annual financial statements for the fiscal year, the Borrower may declare and pay cash dividends for and in respect of any fiscal year of the Borrower, in an amount not to exceed 30% of its Net Profits for such fiscal year.

(d) Neither the Borrower nor any Subsidiary will make any Capital Expenditure that is not approved in writing by Lenders that causes Borrower to exceed (on an aggregated basis) the following Capital Expenditure limits: \$10,800,000 for fiscal year 1998; \$11,500,000 for fiscal year 1999; and \$10,000,000 for each fiscal year thereafter. Capital Expenditures for work at the Village Course at Kapalua (described in Section 5.1(n)) shall not be counted towards such Capital Expenditure limits. Capital Expenditures for the Site 29 Project of up to \$1,000,000 in the aggregate or that are approved in writing by Lenders shall not be counted towards such Capital Expenditure limits.

(e) The Borrower will not redeem, purchase or retire any of its capital stock, except that the Borrower may redeem, purchase or retire shares of its capital stock with funds which could have been, but were not, used for the payment of cash dividends pursuant to the provisions of Section 5.2(c) of the Loan Agreement (subject to the limitations therein set forth).

(f) Neither the Borrower nor any Subsidiary will furnish to any of the Lenders or the Agent any certificate or other document that will contain any untrue statement of material fact or that will omit to state a material fact necessary to make it not misleading in light of the circumstances under which it was furnished.

(g) Neither the Borrower nor any Subsidiary will directly or indirectly apply any part of the proceeds of any of the Loans to the purchasing or carrying of any "margin stock" within the

meaning of Regulation U of the Board of Governors of the Federal Reserve System, or any regulations, interpretations or rulings thereunder.

(h) Neither the Borrower nor any Subsidiary, without the prior written consent of all of the Lenders, will incur, agree to incur, assume, or in any manner become liable in respect of any Indebtedness for Borrowed Money (recourse or nonrecourse) other than the indebtedness evidenced by the Notes and the Loan Agreement and additional indebtedness which, together with the Loan and the indebtedness evidenced by the Notes and the Loan Agreement, shall cause Total Debt to exceed \$62,000,000.00. For the purposes of this Section 5.2(h), any KCA debt which is nonrecourse to the Borrower, including that portion subject to Borrower's Limited Payment Guaranty, shall not be deemed to constitute indebtedness of the Borrower or any Subsidiary. As used herein, "Borrower's Limited Payment Guaranty" means any guaranty of the Borrower guarantying payment of indebtedness of KCA relating to the Kaahumanu Shopping Center.

(i) Neither the Borrower nor any Subsidiary, without the prior written consent of all of the Lenders, will hypothecate, pledge, mortgage, grant a security interest in or otherwise encumber (or permit to be encumbered) any of its assets now owned or hereafter acquired, otherwise than in the ordinary course of the business of the Borrower or such Subsidiary (for purposes of this Section 5.2(i), encumbrances incurred or created in the ordinary course of business shall be deemed to include (1) liens for taxes and governmental (or quasi-governmental) assessments or similar charges that are not yet due and payable, (2) pledges or deposits to secure payment of workers' compensation or to participate in any fund established under workers' compensation, unemployment insurance, pensions or similar social security programs, (3) liens of mechanics, materialmen, warehousemen, carriers or other similar liens that are not yet due and payable, (4) good faith pledges or deposits made to secure performance of bids, tenders, contracts (other than for the repayment of borrowed money), leases, statutory obligations, or surety, appeal, indemnity, performance or similar bonds required in the ordinary course of business, not exceeding at any one time outstanding \$1,000,000 for all such pledges or deposits in the aggregate for the Borrower and its Subsidiaries, (5) retained liens or security instruments of equipment lessors on equipment leased under equipment leases permitted by the Loan Agreement, (6) retained liens or security interests of equipment vendors or equipment financing lenders with respect to equipment purchased on time by the Borrower or its Subsidiaries, and (7) liens and security interests held by lenders in respect of the mortgage loans described in Exhibit I attached to the Original Loan Agreement).

VI. Default

6.1 Events of Default. The occurrence of any one or more of the following events shall constitute an Event of Default under the Loan Agreement and the Notes:

(a) The Borrower shall fail to pay when due any principal or interest or fee or other charge payable under the Loan Agreement or any of the Notes and such failure shall continue for a period of five (5) Business Days.

(b) The Borrower or any Subsidiary shall fail to observe or perform any other obligation to be observed or performed by it under the Loan Agreement, any of the Notes or other Loan Documents, and such failure shall continue for 30 days after: (1) notice of such failure from the Agent; or (2) the Agent is notified of such failure or should have been so notified pursuant to the provisions of Section 5.1(i) of the Agreement, whichever is earlier.

(c) Any financial statement, other statement, representation, warranty or certificate made or furnished by the Borrower or any Subsidiary to any of the Lenders or the Agent in connection with the Loan Agreement, or as an inducement to the Lenders or the Agent to enter into the Loan Agreement, or in any separate statement or document delivered pursuant to the provisions of the Loan Agreement, shall be materially false, incorrect, or incomplete when made or delivered.

(d) The Borrower or any Subsidiary shall admit its inability to pay its debts as they mature, or shall make an assignment for the benefit of any of its creditors.

(e) A decree or order for relief shall be entered by a court having jurisdiction in respect of the Borrower or any Subsidiary in an involuntary case under the federal Bankruptcy Code or any other applicable federal or state bankruptcy, insolvency or similar law, or a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) shall be appointed for the Borrower or any Subsidiary or for any substantial part of its property, and any such decree or order shall continue unstayed and in effect for a period of 60 consecutive days.

(f) The Borrower or any Subsidiary shall commence a voluntary case under the federal Bankruptcy Code or any other applicable federal or state bankruptcy, insolvency or similar law, or the Borrower or any Subsidiary shall consent to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of the Borrower or any Subsidiary or any substantial part of its property.

(g) The Borrower or any Subsidiary (i) shall have failed to pay at its stated due date any Indebtedness for Borrowed Money in excess of \$1,000,000 in the aggregate (other than indebtedness evidenced by the Notes) and such failure shall have continued beyond any applicable grace period, or (ii) shall have failed to observe or perform any term, covenant or provision contained in any agreement or instrument (other than the Loan Agreement or the Notes) by which it is bound, evidencing or securing or otherwise relating to any Indebtedness for Borrowed Money in excess of \$1,000,000 in the aggregate, and the effect thereof shall have been the acceleration of the maturity of said indebtedness by the holder or holders thereof or of any obligations issued in respect thereof or by a trustee or trustees acting on behalf of such holder or holders.

(h) A final judgment which alone or with other outstanding final judgments against the Borrower or any Subsidiary exceeds \$3,000,000 in the aggregate and (i) such judgment shall not be discharged or fully bonded against within 60 days, or (ii) within 60 days after entry of such judgment, execution shall not be stayed pending appeal, or (iii) such judgment shall not be discharged within 60 days after expiration of any such stay.

6.2 Rights and Remedies. If an Event of Default shall occur and be continuing the Lenders shall have, in addition to any and all other rights and remedies, legal or equitable, available to the Lenders under any and all of the Loan Documents or at law, the following additional rights and remedies:

(a) The absolute right to deny to the Borrower any further disbursements of Loan proceeds (the Lenders, obligation to extend any further credit to the Borrower shall immediately terminate);

(b) The right, at the option of the Lenders, to declare, without notice, the entire principal amount and accrued interest for all Loans outstanding under this Loan Agreement, plus any fees and charges reasonably incurred by the Agent and/or the Lenders under any of the Loan Documents, immediately due and payable; and

(c) The right, at the option of the Lenders, to charge interest on any principal amount outstanding under this Agreement at a rate per annum equal to one and one-half percentage points (1.50%) plus the rate of interest otherwise in effect (the "Default Rate");

(d) The right to the ex parte appointment without bond of a receiver, without regard to the value of any collateral or solvency of any party liable for payment, observance or performance of any of the obligations of the Borrower or any other obligors, owing to the Lenders under or pursuant to the Loan Documents; and

(e) The Agent and the Lenders may exercise any and all other rights and remedies, legal or equitable, available to the Agent and/or the Lenders under the Notes and under any and all of the other Loan Documents or at law or in equity.

VII. Miscellaneous

7.1 Further Assurance. From time to time, the Borrower, the Lenders and the Agent will execute and deliver such additional documents and provided such additional information as may be reasonably required to carry out the intent of this Loan Agreement. Without limitation of the foregoing, Lenders may make reasonable requests for status reports on the progress of the improvements to the Village Golf Course at Kapalua, Maui.

7.2 Appraisals. Although the Lenders have not required that any appraisal of the properties encumbered by the Mortgage or Additional Security Mortgage (collectively, the "Mortgaged Properties") be furnished as a condition precedent to the first disbursement of Loan proceeds, the Lenders reserve the right to obtain at the Borrower's expense (and the Borrower agrees to pay all costs of) appraisals of the Mortgaged Properties, from any licensed or certified appraiser designated by the Lenders, from time to time, whenever such appraisals may be (a) required by any law, rule or regulation applicable to the conduct of any Lender's business, (b) requested or directed by any governmental authority charged with the administration of such law, rule or regulation or any Lender's compliance therewith, whether or not such request or direction has the force of law, or (c) when reasonably deemed appropriate by the Lenders in their sole discretion (reappraisals referred to in this clause (c) shall not be required more frequently than annually).

7.3 Enforcement and Waiver by the Lenders. The Lenders, or the Agent on behalf of the Lenders, shall have the right at all times to enforce the provisions of the Loan Documents, as they may be amended from time to time, in strict accordance with their respective terms, notwithstanding any conduct or custom on the part of any of the Lenders or the Agent in refraining from so doing at any time or times. The failure of the Lenders or the Agent at any time or times to enforce their rights under such provisions, strictly in accordance with the same, shall not be construed as having created a custom in any way or manner contrary to specific provisions of the Loan Documents or as having in any way or manner modified or waived the same. No single or partial exercise of any right by any Lender or the Agent shall preclude the further or other exercise thereof. All rights and remedies of the Lenders and Agent are cumulative and concurrent and the exercise of one right or remedy shall not be deemed a waiver or release of any other right or remedy.

7.4 Expenses of the Lenders and Agent. The Borrower will, on demand, reimburse to the Lenders and the Agent all reasonable expenses, including the reasonable fees and expenses of legal counsel for the Lenders and the Agent, incurred by any of the Lenders or the Agent in connection with the negotiation, preparation, administration, amendment, modification, waiver, and/or enforcement of the Loan Documents and the collection or attempted collection of the indebtedness evidenced by the Loan Documents, or any of them including but not limited to bankruptcy or reorganization proceedings.

7.5 Notices. Any notices or consents required or permitted by this Loan Agreement or the other Loan Documents shall be in writing and may be delivered in person or sent by United States mail or by telecopy and shall be deemed delivered when delivered in person or when deposited in the United States mail, certified, postage prepaid, return receipt requested, or when sent during normal business hours at the place of receipt and the receipt of which is confirmed in writing if by telecopy, to the address of the parties as follows, unless such address is changed by written notice hereunder:

(A) If to the Borrower:

MAUI LAND & PINEAPPLE COMPANY, INC.
ATTN: Mr. Paul J. Meyer
Executive Vice President/Finance
120 Kane Street
Kahului, Hawaii 96732-2232
PHONE: (808) 877-3871
FAX: (808) 871-0953

(B) If to the Lenders, in care of the Agent:

BANK OF HAWAII
ATTN: Mr. Peter S. Ho, Vice President
Corporate Banking Hawaii
130 Merchant Street, 20th Floor
Honolulu, Hawaii 96813
PHONE: (808) 537-8870
FAX: (808) 537-8943

7.6 Waiver and Release by the Borrower. To the maximum extent permitted by applicable law, the Borrower:

(a) Waives notice and opportunity to be heard, after acceleration of the indebtedness evidenced by the Loan Documents, before exercise by the Agent or other Lenders of the remedy of setoff or of any other remedy or procedure permitted by any applicable law or by any prior agreement with the Borrower, and,

except where specifically required by this Loan Agreement or by any applicable law, notice of any other action taken by the Agent or any other Lender;

(b) Waives presentment, demand for payment, notice of dishonor, and any and all other notices or demands in connection with the delivery, acceptance, performance, or enforcement of this Loan Agreement, and consents to any extension of time (and even multiple extensions of time for longer than the original term), renewals, releases of any person or organization liable for the payment of the obligations under this Loan Agreement, and waivers or modifications or other indulgences that may be granted or consented to by the Agent and the Lenders in respect of the Loans evidenced by this Loan Agreement; and

(c) Releases the Agent and the Lenders and their respective officers, agents, and employees from all claims for loss or damage caused by any act or omission on the part of any of them except willful misconduct.

7.7 Disclosure of Information. The Borrower consents to the Agent's or any Lender's disclosure to the other Lenders or the Agent of any information held by the disclosing entity from time to time, financial or otherwise, pertaining in any way to the creditworthiness or other condition of the Borrower or any Subsidiary. The Agent and Lenders agree that they shall maintain confidentiality with regard to nonpublic information concerning the Borrower and Subsidiaries obtained from the Borrower, provided that the Agent and Lenders shall not be precluded from making disclosure regarding such information: (a) on a confidential basis, to their own respective counsel, accountants and other professional advisors, (b) in response to a subpoena or order of a court of governmental agency, (c) on a confidential basis, to any entity participating or considering participating in any credit made under this Loan Agreement, (d) on a confidential basis to any guarantor or subordinated lender with respect to this Loan Agreement or (e) as required by law or applicable regulation.

7.8 Applicable Law. The substantive Laws of the State of Hawaii shall govern the construction of this Loan Agreement and the Notes and the rights and remedies of the parties hereto and thereto.

7.9 Binding Effect and Entire Agreement. This Loan Agreement shall inure to the benefit of, and shall be binding on, the parties hereto and the respective successors and permitted assigns of the parties hereto. This Loan Agreement, and the remainder of the Loan Documents, together with all other documents executed and delivered pursuant to this Loan Agreement, constitute the entire agreement among the Lenders, the Agent and

the Borrower concerning the subject matter hereof.

7.10 Amendments; Consents. No amendment, modification, supplement, termination, or waiver or forbearance of any provision of this Loan Agreement or any of the other Loan Documents, and no consent to any departure by the Borrower therefrom, may in any event be effective unless in writing signed by a Majority in Interest of the Lenders and the Agent, and then only in the specific instance and for the specific purpose given; provided, however, that no action shall be taken which has the effect of altering any required payment of principal, interest or fees, or releasing any collateral security for the Loans, unless in writing signed by all of the Lenders and the Agent.

7.11 Assignments.

(a) The Borrower shall have no right to assign any of its rights or obligations under any of the Loan Documents without the prior written consent of the Lenders.

(b) None of the Lenders shall assign any of its rights or obligations under the Loan Documents without the prior written consent of the Borrower, which consent shall not be unreasonably withheld or delayed; provided, however, the foregoing provision to the contrary notwithstanding, (a) any of the Lenders may sell participations in Loans made or to be made by it, to any entity affiliated with such Lender, without Borrower's consent, so long as such Lender remains primarily obligated to the Borrower under this Loan Agreement and so long as the Borrower shall not be obligated in any manner to deal directly with the affiliated purchaser of such participation, and (b) any Lender may negotiate, pledge, transfer or assign the Notes held by it (or the receivable evidenced thereby) to a Federal Reserve Bank or to any other agency or instrumentality of the United States of America to support borrowings of Federal funds by such Lender.

(c) Subject to the foregoing restrictions, the Borrower consents to each Lender's negotiation, offer, and sale to third parties ("Participants") of the credit facility evidenced by the Loan Documents (the "Credit Facility") or participating interests in the Credit Facility, to any and all discussions and agreements heretofore or hereafter made between each Lender and any Participant or prospective Participant regarding the interest rate, fees, and other terms and provisions applicable to the Credit Facility, and to each Lender's disclosure to any Participant or prospective Participant, from time to time, of such financial and other information pertaining to the Borrower and the Credit Facility as any Lender and such Participant or prospective Participant may deem appropriate (whether public or non-public, confidential or non-confidential, and including information relating to any insurance required to be carried by

the Borrower and any financial or other information bearing on the Borrower's creditworthiness and the value of any collateral). The Borrower acknowledges that the Lenders' disclosure of such information to any Participant or prospective Participant constitutes an ordinary and necessary part of the process of effectuating and servicing the Credit Facility.

7.12 Release of Non-Golf Areas. In view of the fact that the portion of the property subject to the Mortgage and the Additional Security Mortgage, commonly known as the Bay Golf Course (or the Bay Course) and Village Golf Course (or the Village Course), has not been duly subdivided so as to constitute one or more duly subdivided lots, the land descriptions of the Bay Course and Village Course set forth or to be set forth in the Mortgage and Additional Security Mortgage (the "Mortgages"), include lands ("Excess Lands") in excess of the lands commonly known to comprise the Bay Course and Village Course. The Lenders agree that the Borrower shall have the right to subdivide the lands initially described in the Mortgages as comprising the Bay Course and Village Course, and to obtain releases of the Excess Lands from the liens of the Mortgages, upon the following terms and conditions: (a) the lot or lots to be released from the Mortgages, comprising the Excess Lands, as well as the lot or lots which are to remain subject to the Mortgages following the release of the Excess Lands, shall have been designated as specific lots approved by all governmental authorities having jurisdiction over the subdivision thereof; (b) the costs of subdivision and the costs of preparing the releases shall be borne by the Borrower; (c) the form and content of each release shall be acceptable to the Lenders; and (d) in connection with any such release, appropriate provisions shall have been made for access to and from, and utility and similar easements for, any lot or lots not to be released from the Mortgages. Within fifteen days after the Lenders' declaration of an Event of Default and of their intention to foreclose the Mortgages, the Borrower shall commence, and thereafter diligently pursue to completion, any subdivision necessary to accomplish the purposes of this Section 7.12, so as to enable the Lenders to foreclose the Mortgages against all the Collateral, while releasing to the Borrower the Excess Lands. In the event the Borrower shall not commence such subdivision within said fifteen-day period, or thereafter diligently pursue the subdivision to completion, the Lenders shall be entitled at the Borrower's expense, and are hereby appointed as the duly-appointed attorneys-in-fact of the Borrower (with full power of substitution), to commence and/or complete said subdivision. Said power of attorney is coupled with an interest, and is irrevocable.

7.13 Right of Setoff; Security Interest in Accounts. If an Event of Default shall have occurred and is continuing, the Agent and each Lender may set off obligations owed by the Agent or such

Lender, as the case may be, to the Borrower (such as balances in checking and savings accounts) against the obligations, without first resorting to other collateral. To further secure the Obligations, the Borrower grants to the Agent and the Lenders a security interest in all checking, savings, and other deposit accounts now or hereafter maintained by the Borrower with the Agent or the Lenders.

7.14 Dispute Resolution. Any controversy or claim arising out of or relating to the Loan Agreement or any of the other Loan Documents shall, at the request of any party, be decided by binding arbitration conducted in the State of Hawaii without a judge or jury, under the auspices of the American Arbitration Association or Dispute Prevention and Resolution, Inc. in accordance with Chapter 658 of the Hawaii Revised Statutes and the respective and applicable rules of the aforementioned organizations. The arbitrator will apply any applicable statute of limitations and will determine any controversy concerning whether an issue is arbitrable. Judgment upon the arbitration award may be entered in any court having jurisdiction. The prevailing party will be entitled to recover its reasonable attorney's fees and costs as determined by the arbitrator. This agreement to arbitrate shall not limit or restrict the right, if any, of any party to exercise before, during or following any arbitration proceeding, with respect to any claim or controversy, self-help remedies such as setoff, to foreclose a mortgage or lien or other security interest in any collateral judicially or by power of sale, or to obtain provisional or ancillary remedies such as injunctive relief from a court having jurisdiction. Any party may seek those remedies without waiving its right to submit the controversy or claim in question to arbitration.

7.15 Severability. If any provision of any of the Loan Documents shall be held invalid under any of the applicable Laws, such invalidity shall not affect any other provision of any of the Loan Documents that can be given effect without the invalid provision, and, to this end, the provisions of the Loan Documents are severable.

7.16 Section Headings. The titles of Sections appear herein as a matter of convenience only, and shall not affect the construction of the Loan Agreement or any provision hereof.

7.17 Survival of Certain Payment Obligations. The obligations of the Borrower to indemnify the Lenders against, and pay and reimburse to the Lenders, the costs and expenses referred to in Section 7.4 of the Loan Agreement (a) shall survive the repayment of the Loans and termination of the Loan Agreement to the extent such losses, costs and expenses are specifically billed to the Borrower within 60 days after full repayment of the Loans and termination of this Agreement, and (b) shall not survive the

repayment of the Loans and termination of the Loan Agreement to the extent of any such costs or expenses which are not specifically billed to the Borrower within 60 days after full repayment of the Loans and termination of the Loan Agreement.

7.18 Amendment and Restatement; Amendment of Loan Documents.

(a) On and as of the Effective Date, the Original Loan Agreement shall be deemed amended and restated in its entirety by this Amendment and Restatement, which shall supercede the terms and provisions of the Original Loan Agreement and the First Restatement with respect to all obligations from and after the date of this Amendment and Restatement. The Borrower, the Lenders and the Agent acknowledge and agree that this Amendment and Restatement constitutes only an amendment and restatement of the Original Loan Agreement, and in connection therewith, (1) nothing herein is intended, nor shall it be construed, to constitute a refinancing of the indebtedness under the Original Loan Agreement, (2) all outstanding obligations under the Original Loan Agreement and the "Loan Documents" referred to therein, as amended, shall continue to be outstanding under this Amendment and Restatement and the Loan Documents referred to herein and (3) all Obligations owing from and after the Effective Date shall be paid, performed and observed in accordance with the terms of this Amendment and Restatement and the other Loan Documents, as so amended restated and as may be further amended from time to time.

(b) The Borrower, the Lenders and the Agent agree that from and after the Effective Date, all references to (1) the Original Loan Agreement (including, without limitation, references to "Revolving and Term Loan Agreement", the "Loan Agreement" or "Agreement" or other defined terms) set forth in the Notes, the Mortgage, the Environmental Indemnity Agreement, the Additional Security Mortgage and any other Loan Documents, as amended, shall mean the Original Loan Agreement, as amended and restated by the First Restatement and by this Amendment and Restatement and as may be further amended from time to time, (2) the Revolving Notes, or any of them, shall mean such Revolving Note(s), as heretofore amended, and as respectively amended by the Note Modification Agreements and as may be further amended from time to time and (3) any of the other Loan Documents shall mean such Loan Documents, as heretofore amended, as amended and restated by this Amendment and Restatement and as may be further amended from time to time.

(c) All Exhibits, schedules and other attachments to the Original Loan Agreement are hereby incorporated herein by reference and, as amended hereby, shall be deemed to constitute Exhibits, schedules and attachments to this Amendment and Restatement.

7.19 Execution in Counterparts. This Amendment and Restatement

may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Borrower, the Lenders and the Agent have duly executed this Amendment and Restatement, the execution of this Amendment and Restatement by the Borrower constituting (a) the personal certification of the persons signing this Amendment and Restatement on behalf of the Borrower that, to the best of their knowledge, the representations and warranties made in Article IV of this Loan Agreement are true and correct as of the date of this Amendment and Restatement, and (b) the undertaking of such persons and of the Borrower that each request for a disbursement of Loan proceeds, made pursuant to Section 2.3 of the Loan Agreement, shall constitute the Borrower's affirmation and the personal affirmation on the part of the persons making such request that, to the best of their knowledge at the time of the making of any such request, (i) the representations and warranties stated in Section 4.1 of the Loan Agreement are true and correct, (ii) no Event of Default under the Loan Agreement has occurred and is continuing, and (iii) no event has occurred and is continuing that, with the giving of notice or passage of time, or both, would become such an Event of Default.

MAUI LAND & PINEAPPLE COMPANY, INC.

By: /S/ GARY L. GIFFORD
Its President

By: /S/ PAUL J. MEYER
Its Executive Vice President/Finance

BANK OF HAWAII, individually and as Agent

By: /S/ PETER HO
Its Vice President

FIRST HAWAIIAN BANK

By: /S/ ANN M. K. LEE
Its Vice President

CENTRAL PACIFIC BANK

By: /S/ ROBERT D. MURAKAMI
Its

EXHIBIT 1

PROMISSORY NOTE

\$ _____, 1998

The undersigned ("Borrower") promises to pay to the order of _____ ("Bank") the principal amount of \$ _____ or so much thereof as shall have been disbursed by Bank and may remain outstanding, together with interest on outstanding balances of principal, in accordance with and under the terms of that Revolving and Term Loan Agreement dated as of December 31, 1992, among Borrower, as "Borrower", Bank of America, National Trust and Savings Association, Bank of Hawaii, First Hawaiian Bank and Central Pacific Bank, as "Lenders", and Bank of Hawaii, as "Agent", as amended by Amended and Second Restated Revolving and Term Loan of even date, among Borrower, as "Borrower", Bank of Hawaii, First Hawaiian Bank and Central Pacific Bank, as "Lenders", and Bank of Hawaii, as "Agent", relating to, among other things, the Village Course Facility therein described.

This Promissory Note evidences the Advances made by Bank to Borrower under said Village Course Facility.

MAUI LAND & PINEAPPLE COMPANY,
INC.

By:

Its

By:

Its

EXHIBIT 2

Notice of Borrowing/Conversion

DATE: _____, 19____

TO: Bank of Hawaii
Attn: Mr. Peter S. Ho, Vice President
130 Merchant Street, 20th Floor
Honolulu, Hawaii 96813
Telecopier No.: (808) 537-8943

SUBJECT: Revolving and Term Loan Agreement dated as of December 31, 1992, among Borrower, as "Borrower", Bank of America, National Trust and Savings Association, Bank of Hawaii, First Hawaiian Bank and Central Pacific Bank, as "Lenders", and Bank of Hawaii, as "Agent", as amended by Amended and Second Restated Revolving Credit and Term Loan dated _____, among Borrower, as "Borrower", Bank of Hawaii, First Hawaiian Bank and Central Pacific Bank, as "Lenders", and Bank of Hawaii, as "Agent" (the "Agreement")

Pursuant to Sections 2.3 and 2.7 of the Agreement, the Borrower hereby requests that a portion of the unpaid principal balance of the:

- _____ Revolving Loans
- _____ Term Loan
- _____ Village Course Facility

in the amount set forth below be designated the Type of Loan set forth below and confirms the following instructions therefor (capitalized terms not defined herein shall have the respective meanings assigned in the Agreement):

Requested
Date:
Principal
Amount:

Base Rate Loan	LIBOR Rollover
LIBOR Loan	Conversion from Base Rate to LIBOR Loan
	Conversion from LIBOR to Base Rate Loan

Interest Period (LIBOR Loans): _____ 30 _____ 60 _____ 90
_____ 180 Days

The Borrower hereby certifies as follows:

1. The representations and warranties set forth in Article IV of the Agreement are true and correct on and as of the date hereto, provided that the representations and warranties set forth in Section 4.1(f) of the Agreement shall be deemed to be made with respect to the financial statements most recently delivered to the Lenders pursuant to the Agreement.

2. As of the date hereof, no event has occurred and is continuing that (a) constitutes an Event of Default under the Agreement, or (b) with the giving of notice or passage of time, or both, would constitute an Event of Default. The Borrower has observed and performed all of the Borrower's covenants and other agreements, and satisfied every condition, contained in the Agreement and in the other Loan Documents, to be observed, performed or satisfied by the Borrower.

MAUI LAND & PINEAPPLE COMPANY,
INC.

By:

Authorized Signatory

Borrower

EXHIBIT H

SUBSIDIARY LISTING

Maui Pineapple Company, Ltd.
Kapalua Land Company, Ltd.
Kapalua Water Company, Ltd.
Kapalua Waste Treatment Company, Ltd.
Honolua Plantation Land Company, Inc.
Kapalua Advertising Company, Ltd.
Kapalua Investment Company, Ltd.
Napili Plaza L.L.C.
Kapalua Realty Company, Ltd.
Royal Coast Tropical Fruit Company, Inc.

ANNEX IV

PROMISSORY NOTE

\$ _____

The undersigned ("Borrower") promises to pay to the order of _____ ("Bank") the principal amount of \$_____, together with interest on outstanding balances of principal, in accordance with and under the terms of that Revolving and Term Loan Agreement dated as of December 31, 1992, among Borrower, as "Borrower", Bank of America, National Trust and Savings Association, Bank of Hawaii, First Hawaiian Bank and Central Pacific Bank, as "Lenders", and Bank of Hawaii, as "Agent", as amended by Amended and Second Restated Revolving and Term Loan Agreement dated December 4, 1998, among Borrower, as "Borrower", Bank of Hawaii, First Hawaiian Bank and Central Pacific Bank, as "Lenders", and Bank of Hawaii, as "Agent", and as the same may have been further amended ("Loan Agreement").

This Promissory Note evidences the Term Loan made by Bank to Borrower under the Loan Agreement and constitutes one of the Term Notes referred to in the Loan Agreement.

MAUI LAND & PINEAPPLE COMPANY,
INC.

By:

Its

By:

Its

Borrower

BRIDGE LOAN AGREEMENT

This BRIDGE LOAN AGREEMENT ("Agreement") is entered into as of December 30, 1998 between PACIFIC COAST FARM CREDIT SERVICES, ACA, ("PCFC") and MAUI LAND & PINEAPPLE COMPANY, INC., a Hawaii corporation ("Borrower").

1. Definitions. The following terms used in this Agreement shall have the following meanings:

"Adjusted Gains on Asset Sales" shall mean the capital gains recognized by Borrower upon the sale of a real property asset, or upon the sale of a real property asset by a Person in which Borrower has an investment or upon the sale by Borrower of its interest in a Person holding a real property asset, attributable to the increase in value of the real property that occurred as a result of appreciation in value of the underlying land prior to the commencement of development of such real property, as opposed to profit attributable to the increase in value that occurred after commencement of development.

"Affiliate" shall mean, with respect to any Person, (i) each Person that, directly or indirectly, owns or controls, whether beneficially, or as a trustee, guardian or other fiduciary, ten percent (10%) or more of the Stock having ordinary voting power in the election of directors of such Person, (ii) each Person that controls, is controlled by or is under common control with such Person or any Affiliate of such Person or (iii) each of such Person's officers, directors, joint venturers and partners. For the purpose of this definition, "control" of a Person shall mean the possession, directly or indirectly, of the power to direct or cause the direction of its management or policies, whether through the ownership of voting securities, by contract or otherwise.

"Business Day" shall mean any day that is not a Saturday, a Sunday, or a day on which banks are required or permitted to be closed in the State of California.

"Calendar Quarter" shall mean a three-month period beginning on January 1, April 1, July 1, or October 1 of any particular year and ending on March 31, June 30, September 30, or December 31, respectively, of that same year.

"Capital Expenditures" shall mean, for any period, the aggregate of all expenditures (whether paid in cash or other consideration or accrued as a liability and including that portion of Capital Leases that is capitalized on the balance sheet of Borrower including in connection with a sale-leaseback transaction) by Borrower and its Subsidiaries for the acquisition or leasing of fixed or capital assets or additions to equipment (including replacements, capitalized repairs and improvements during such period) which are required to be capitalized under GAAP on a consolidated balance sheet of Borrower and its Subsidiaries. Capital Expenditures shall not include (i) the actual value received for existing equipment either traded-in at time of purchase of new equipment or sold in the ordinary course of business (but only to the extent such equipment is replaced), and (ii) expenditures made from insurance proceeds.

"Capital Lease" shall mean any lease of any property (whether real, personal or mixed) by Borrower or a Subsidiary as lessee that, in accordance with GAAP, either would be required to be classified and accounted for as a capital lease on a balance sheet of Borrower or such Subsidiary or otherwise be disclosed as such in a note to such balance sheet.

"Consolidated Cash Flow" shall mean, for any period, for Borrower and its Subsidiaries on a consolidated basis, the sum (without duplication) of: (a) Consolidated Net Income; plus (b) the sum of (i) Equity in Losses of Joint Ventures, (ii) extraordinary non-cash losses, (iii) interest expense (including the interest portion of any capitalized lease obligations), (iv) depletion, depreciation and amortization, and (v) losses on asset sales; minus (c) the sum of (i) Equity in Earnings of Joint Ventures, (ii) extraordinary gains, (iii) non-cash amounts resulting from Adjusted Gains on Asset Sales, (iv) Maintenance Capital Expenditures, and (v) Restricted Payments made during such period, other than Restricted Payments referred to in clause (iii) of the definition of Restricted Payments.

"Consolidated Current Assets" shall mean, as at any date of determination, the current assets of Borrower and its Subsidiaries, determined on a consolidated basis in conformity with GAAP.

"Consolidated Current Liabilities" shall mean, as at any date of determination, the current liabilities of Borrower and its Subsidiaries, determined on a consolidated basis in conformity with GAAP, adjusted to include the Bridge Loan.

"Consolidated Debt Coverage Ratio" shall mean, as at any date of determination, the ratio of Consolidated Cash Flow

for any period to Consolidated Debt Service for such period.

"Consolidated Debt Service" shall mean, for any period, for Borrower and its Subsidiaries on a consolidated basis, the sum (without duplication) of the following:

(i) interest expense (including the interest portion of any capitalized lease obligations), and (ii) scheduled principal payments (including the principal portion of capitalized lease obligations).

"Consolidated EBITDA" shall mean, for any period, for Borrower and its Subsidiaries on a consolidated basis, the sum (without duplication) of: (a) Consolidated Net Income; plus (b) the sum of (i) Federal, state, local, and foreign income taxes, (ii) Equity in Losses of Joint Ventures, (iii) interest expense (including the interest portion of any capitalized lease obligations), (iv) depletion, depreciation and amortization, (v) losses on asset sales, and (vi) all other non-cash expenses; minus (c) the sum of (i) Equity in Earnings of Joint Ventures, (ii) Adjusted Gains on Asset Sales, and (iii) extraordinary gains.

"Consolidated Indebtedness" shall mean, as at any date of determination, for Borrower and its Subsidiaries on a consolidated basis, the sum (without duplication) of: (i) all obligations for borrowed money or for the deferred purchase price of property or services (including the present value of capitalized lease obligations) which, in accordance with GAAP, would be included in determining total liabilities as shown on the liability side of a balance sheet as of the date at which such indebtedness is to be determined, (ii) guarantees (other than Borrower's \$9,000,000 limited payment guaranty of indebtedness of Kaahumanu Center Associates relating to the Kaahumanu Shopping Center), and (iii) letters of credit (other than letters of credit to support trade payables) and endorsements (other than of notes, bills, and checks presented to banks for collection or deposit in the ordinary course of business), in each case to support obligations for borrowed money of others.

"Consolidated Indebtedness to Consolidated EBITDA Ratio" shall mean, as at any date of determination, the ratio of Consolidated Indebtedness, as of such date of determination, to Consolidated EBITDA for the rolling four-quarter period ending upon such date of determination.

"Consolidated Net Income" shall mean, for any period, on a consolidated basis, the net income, if any, of Borrower and its Subsidiaries, determined in accordance with GAAP.

"Consolidated Net Loss" shall mean, for any period, on a consolidated basis, the net loss, if any, of Borrower and its Subsidiaries, determined in accordance with GAAP.

"Consolidated Tangible Net Worth" shall mean, as at any date of determination, the gross book value of the assets of Borrower, (exclusive of goodwill, patents, trademarks, trade names, organization expense, unamortized debt discount and expense, deferred charges (other than deferred development costs related to the Kapalua Resort, provided the aggregate of said costs shall not exceed \$5,000,000), and other like intangibles, minus (i) reserves applicable thereto, and (ii) all liabilities (including subordinated liabilities), in each case determined in accordance with GAAP and taking into effect such other adjustments as may be reasonably determined by PCFC in accordance with GAAP.

"Default" shall mean the occurrence of any event or circumstance which, with the passage of time or the giving of notice or both, would become an Event of Default.

"Default Rate" shall mean a rate of interest that is two percent (2.00%) higher than the rate otherwise applicable; provided, that with respect to fees, costs, or expenses, or any amount other than principal, the Default Rate applicable to such obligations shall be the Variable Rate plus three percent (3.00%).

"Environmental Laws" shall mean all applicable federal, state, local and foreign laws, statutes, ordinances, codes, rules, standards and regulations, now or hereafter in effect, and any applicable judicial or administrative interpretation thereof, including any applicable judicial or administrative order, consent decree, order or judgment, imposing liability or standards of conduct for or relating to the regulation and protection of human health, safety, the environment and natural resources (including ambient air, surface water, groundwater, wetlands, land surface or subsurface strata, wildlife, aquatic species and vegetation). Environmental Laws include the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. 9601 et seq.) ("CERCLA"); the Hazardous Materials Transportation Authorization Act of 1994 (49 U.S.C. 5101 et seq.); the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 136 et seq.); the Solid Waste Disposal Act (42 U.S.C. 6901 et seq.); the Toxic Substance Control Act (15 U.S.C. 2601 et seq.); the Clean Air Act (42 U.S.C. 7401 et seq.); the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.); the Occupational Safety and Health Act (29 U.S.C. 651 et seq.); and the Safe Drinking Water Act (42 U.S.C. 300(f) et seq.), and any and all regulations

promulgated thereunder, and all analogous state, local and foreign counterparts or equivalents and any transfer of ownership notification or approval statutes.

"Environmental Liabilities" shall mean, with respect to any Person, all liabilities, obligations, responsibilities, response, remedial and removal costs, investigation and feasibility study costs, capital costs, operation and maintenance costs, losses, damages, punitive damages, property damages, natural resource damages, consequential damages, treble damages, costs and expenses (including all fees, disbursements and expenses of counsel, experts and consultants), fines, penalties, sanctions and interest incurred as a result of or related to any claim, suit, action, investigation, proceeding or demand by any Person, whether based in contract, tort, implied or express warranty, strict liability, criminal or civil statute or common law, including any arising under or related to any Environmental Laws, environmental permits, or in connection with any release or threatened release or presence of a Hazardous Material whether on, at, in, under, from or about or in the vicinity of any real or personal property.

"Equity in Earnings of Joint Ventures" shall mean that portion of the earnings from joint ventures which are not distributed in cash to Borrower, determined on a consolidated basis in conformity with GAAP.

"Equity in Losses of Joint Venture" shall mean the non-cash portion of any losses realized from joint ventures, determined on a consolidated basis in conformity with GAAP.

"Event of Default" shall have the meaning assigned thereto in Section 13.

"Fiscal Month" shall mean any of the monthly accounting periods of Borrower.

"Fiscal Year" shall mean the 12-month period of Borrower ending December 31 of each year. Subsequent changes of the fiscal year of Borrower shall not change the term "Fiscal Year," unless PCFC shall consent in writing to such change.

"GAAP" shall mean generally accepted accounting principles.

"Guarantor" shall mean any Person that has guaranteed to PCFC all or any part of the Loan.

"Guaranty Agreement" shall mean any Continuing Guaranty or other agreement by which a Guarantor has guaranteed

all or any portion of the Loan.

"Hazardous Material" shall mean any substance, material or waste that is regulated by or forms the basis of liability now or hereafter under, any Environmental Laws, including any material or substance that is (a) defined as a "solid waste," "hazardous waste," "hazardous material," "hazardous substance," "extremely hazardous waste," "restricted hazardous waste," "pollutant," "contaminant," "hazardous constituent," "special waste," "toxic substance" or other similar term or phrase under any Environmental Laws, (b) petroleum or any fraction or by-product thereof, asbestos, polychlorinated biphenyls (PCB's), or any radioactive substance.

"Investments" shall mean all expenditures by Borrower and its Subsidiaries, other than Capital Expenditures, made for the purpose of acquiring, increasing, or supplementing equity interests of any nature in partnerships, joint ventures, corporations, trusts, associations, or other business entities, or in real property of any kind and as reflected as investments in Borrower's financial statements.

"Lien" shall mean any mortgage or deed of trust, pledge, hypothecation, assignment, deposit arrangement, lien, charge, claim, security interest or encumbrance, or preference, priority or other security agreement or preferential arrangement of any kind or nature whatsoever (including any lease or title retention agreement, any financing lease having substantially the same economic effect as any of the foregoing).

"Maintenance Capital Expenditures" shall mean Capital Expenditures for the replacement of capital assets used in the ordinary course of business.

"Material Adverse Effect" shall mean a Material Adverse Effect on (i) the business, assets, operations, prospects, or financial or other condition of Borrower or any Guarantor, (ii) Borrower's ability to pay its obligations to PCFC under this Agreement, or (iii) PCFC's rights and remedies under this Agreement or any Guaranty Agreement.

"Obligations" shall mean all loans, advances, debts, liabilities, and obligations, for the performance of covenants, tasks or duties or for payment of monetary amounts (whether or not such performance is then required or contingent, or amounts are liquidated or determinable and whether or not allowed as a claim in any proceeding referred to in Section 13(f)) owing by Borrower to PCFC, and all covenants and duties regarding such amounts, of any kind or nature, present or future, whether or not evidenced by any note, agreement or other instrument, arising under any of the Other Documents. This term

includes the Bridge Loan, all principal, interest, Fees, charges, expenses, attorneys' fees and any other sum chargeable to Borrower under this Agreement or any of the Other Documents.

"Permitted Encumbrances" shall mean the following encumbrances: (i) Liens for taxes or assessments or other governmental charges or levies, either not yet due and payable or to the extent that nonpayment thereof is permitted by the terms of this Agreement; (ii) pledges or deposits securing obligations under workmen's compensation, unemployment insurance, social security or public liability laws or similar legislation; (iii) pledges or deposits securing bids, tenders, contracts (other than contracts for the payment of money) or leases to which Borrower or any Guarantor is a party as lessee made in the ordinary course of business; (iv) workers', mechanics', suppliers' or similar Liens arising in the ordinary course of business that are either not yet due and payable or that are being contested in good faith by appropriate proceedings and for which Borrower or any Guarantor has established adequate reserves; (v) carriers', warehousemen's, or other similar possessory Liens arising in the ordinary course of business; (vi) an attachment or judgment Lien, but only for a period of thirty (30) days following attachment of such Lien and such attachment or judgment lien shall cease to be a Permitted Encumbrance if the obligation that it secures has not been satisfied or bonded during such thirty (30) day period; (vii) zoning restrictions, easements, licenses, or other restrictions on the use of real property or other minor irregularities in title (including leasehold title) thereto, so long as the same do not materially impair the use, value, or marketability of such real property, leases or leasehold estates; (viii) Liens securing indebtedness owed by a Subsidiary to Borrower; (ix) security interests securing purchase money indebtedness in capital assets, the acquisition of which is permitted by this Agreement, and so long as the security interest does not encumber any asset other than the asset acquired; (x) any Lien listed as a Permitted Encumbrance on the Disclosure Schedule referred to in Exhibit A; (xi) the refinancing of the real property mortgages referred to in the Disclosure Schedule referred to in Exhibit A, provided that such refinancing covers the same property covered by the original mortgages, secures a principal amount not in excess of that secured by such mortgages on the date of refinancing, and the terms of such refinancing have all been negotiated at arms length and are on fair market terms; and (xii) other Liens securing Consolidated Indebtedness not exceeding Fifteen Million Dollars (\$15,000,000) in the aggregate outstanding at any time, so long as such other Liens do not attach to any of the Collateral.

"Person" shall mean any individual, sole proprietorship, partnership, joint venture, trust, unincorporated

organization, association, corporation, limited liability company, institution, public benefit corporation, entity or government (whether federal, state, county, city, municipal or otherwise, including, without limitation, any instrumentality, division, agency, body or department thereof).

"Restricted Payments" shall mean (i) dividends or other distributions or payments on account of or with respect to any capital stock of Borrower or of any Guarantor, except distributions consisting of such stock or, in the case of a Guarantor, distributions or payments made to Borrower, (ii) the redemption or acquisition of such stock or of warrants, rights, or other options to purchase such stock, except, in the case of a Guarantor, redemption or acquisition of stock held by Borrower, and (iii) any payment, repayment, redemption, retirement, repurchase or other acquisition, direct or indirect, by Borrower, any Guarantor or any Subsidiary of Borrower or any Guarantor of any principal portion of any obligation or indebtedness that has been subordinated to the indebtedness owed by Borrower to PCFC.

"Stock" shall mean all shares, options, warrants, general or limited partnership interests, participations or other equivalents (regardless of how designated) of or in a corporation, partnership or equivalent entity whether voting or nonvoting, including, without limitation, common stock, preferred stock, or any other "equity security" (as such term is defined in Rule 3a11-1 of the General Rules and Regulations promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended).

"Subsidiary" shall mean, with respect to any Person, (i) any corporation of which an aggregate of more than 50% of the outstanding Stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether, at the time, Stock of any other class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time, directly or indirectly, owned legally or beneficially by such Person and/or one or more Subsidiaries of such Person, or with respect to which any such Person has the right to vote or designate the vote of 50% or more of such Stock whether by proxy, agreement, operation of law or otherwise and (ii) any partnership, trust, limited liability company, or other entity in which such Person and/or one or more Subsidiaries of such Person shall have an interest (whether in the form of voting or participation in profits or capital contribution) of more than 50% or of which any such Person is a general partner or may exercise the powers of a general partner.

2. The Loan. On the terms and conditions set forth in this agreement, PCFC agrees to make a bridge loan to Borrower

in a principal amount of Fifteen Million Dollars (\$15,000,000) (the "Bridge Loan"). The Bridge Loan will be available to Borrower on the terms and conditions set forth in this Agreement when all conditions precedent set forth in Section 3 have been satisfied. The Bridge Loan shall be due and payable on April 30, 1999 (the "Bridge Loan Maturity Date"); provided, that if the Obligations shall become due and payable in accordance with Section 14 or any other provision of this Agreement, then the Bridge Loan Maturity Date shall be the date on which the Obligations become due and payable.

3. Conditions Precedent. PCFC's obligation to make an advance hereunder is subject to the following conditions precedent:

(a) Required Documents. PCFC shall have received from Borrower either an executed original, or a facsimile of the signature page of an executed original, of this Agreement as well as all of the other documents (the "Other Documents") listed in Exhibit A, each of which must be satisfactory to PCFC in its sole discretion.

(b) Payment of Portion of Senior Notes. PCFC shall have received confirmation that Borrower has paid to John Hancock Mutual Life Insurance Company and Barnett & Co. a minimum aggregate amount of Six Million Six Hundred Forty-Seven Thousand Nine Hundred Twenty-Two Dollars and Twenty-Two Cents (\$6,647,922.22), in partial prepayment of the 8.86% Senior Notes held by such entities.

(c) Recordation of Mortgage and Issuance of Title Commitment. The Mortgage, Assignment of Rents, Security Agreement, Financing Statement and Fixture Filing executed by Borrower in favor of PCFC shall have been duly recorded, and Title Guaranty of Hawaii, Incorporated shall have issued its 1992 ALTA lender's policy or title insurance or commitment therefor in favor of PCFC, each in form and substance satisfactory to PCFC.

(d) Approvals. PCFC shall have received evidence satisfactory to it that all consents and approvals which are necessary for or required as a condition of the validity and enforceability of this Agreement and all documents and instruments contemplated hereby, have been obtained and are in full force and effect.

(e) Event of Default. No Default or Event of Default shall have occurred and be continuing.

(f) Loan Fee. Borrower shall have paid to PCFC the Bridge Loan Fee required by Section 5.

(g) Continuing Guaranty Agreements. Borrower shall have delivered to PCFC continuing guaranty agreements, in form and substance satisfactory to PCFC, from the persons identified on Exhibit A pursuant to which such Persons guarantee to PCFC all of Borrower's obligations to PCFC under this Agreement.

4. Terms of Bridge Loan.

(a) Repayment of Principal. Principal of the Bridge Loan and all accrued interest, and reimbursable expenses shall be due and payable in full on the Bridge Loan Maturity Date.

(b) Interest.

(1) Definitions. For the purposes of this section the following terms shall have the meanings as follows:

"Fixed Rate" means, with respect to any portion of the Bridge Loan that Borrower elects at any time pursuant to Section 4(b)(2) to convert to a fixed rate of interest, the applicable LIBO Rate as of the date of such election plus a margin of two and one-quarter percent (2.25%).

"Interest Determination Date" means the date, as designated by Borrower, on which a portion of the Bridge Loan shall begin to bear interest at the Fixed Rate.

"Interest Period" means (a) with respect to any portion of the Bridge Loan that Borrower elects to have bear interest at the Fixed Rate, a period beginning on the Interest Determination Date and ending thirty (30) days thereafter.

"LIBO Rate" means, for any Interest Determination Date, the rate offered from time to time for U.S. Dollar deposits for the Interest Period selected, as quoted by Telerate News Service as of 11:00 A.M. London setting time (or, at PCFC's option, a comparable reference on the Reuters Screen LIBOR Page or such other quotation service as may be chosen by PCFC) on the Eurodollar Business Day immediately preceding the beginning of the Interest Period; provided, that if two or more of such offered rates appear on Telerate (or on the Reuters Screen LIBOR Page or alternative service, as the case may be), the "LIBO Rate" shall be highest of the two rates quoted.

"Prepayment" means a payment of principal made in advance of the date scheduled for such payment, whether such payment is made voluntarily or by operation of law, acceleration of maturity or otherwise.

"Prime Rate" means, on any given day, the "Prime" rate as published from time to time in the Eastern Edition of The Wall Street Journal, or the highest such rate if more than one is shown, regardless of whether such rate is actually charged by any bank, or, in the event that The Wall Street Journal ceases publication of such rate, in such other nationally recognized financial publication of general circulation as PCFC may, from time to time, designate in writing based on PCFC's reasonable determination that the rate so published is comparable to the "Prime" rate published in the Eastern Edition of The Wall Street Journal.

"Variable Rate" means, on any given day, the applicable Prime Rate as of such day, plus a margin of one-quarter percent (0.25%).

(2) Interest on Bridge Loan.

(A) Variable Rate. The Bridge Loan shall bear interest at the Variable Rate, unless Borrower elects to convert the interest rate to the Fixed Rate in accordance with the provisions of Section 4(b)(2)(B).

(B) Fixed Rate. Borrower may, from time to time, elect to convert all or a portion of the Bridge Loan to the Fixed Rate; provided, that (i) at least three (3) Business Days prior to the proposed Interest Determination Date, Borrower has provided PCFC with written notice of such election, the requested Interest Determination Date, and the amount of the Revolving Advances to be converted, (ii) at the time of delivery of such written notice and upon the date of conversion, no Default or Event of Default exists under this Agreement, (iii) at no time shall there be more than three (3) outstanding tranches of the Bridge Loan bearing interest at the Fixed Rate, (iv) the last day of the Interest Period chosen by Borrower shall not extend beyond the Bridge Loan Maturity Date, and (v) the amount converted to the Fixed Rate at any one time shall be not less than Five Million Dollars (\$5,000,000) and any amounts in excess thereof shall be in integral multiples of One Million Dollars (\$1,000,000). Any election by Borrower pursuant to this Section 4(b)(2)(B) shall be irrevocable during the Interest Period selected by Borrower, and that portion of the Bridge Loan so converted shall bear interest at the applicable Fixed Rate until the expiration of the applicable Interest Period at which time, unless another Fixed Rate has been duly elected by Borrower pursuant to this Section 4(b)(2)(B), the interest rate for such portion of the Bridge Loan will automatically convert to the Variable Rate.

(3) No Designation Upon Occurrence of a Default or Event of Default. If a Default or Event of Default

shall have occurred, then, during the continuance of such Default or Event of Default, (i) Borrower shall have no right to designate the Fixed Rate for any portion of the Bridge Loan, and (ii) any portion of the Bridge Loan bearing interest at the Fixed Rate shall, at the end of the relevant Interest Period, convert to the Variable Rate. If such Default or Event of Default shall subsequently be cured, Borrower may thereafter designate Interest Periods in accordance with this Agreement.

(4) Interest Payment Dates. Interest shall be due and payable, in arrears, commencing on February 1, 1999 and continuing on the first day of each calendar month thereafter; provided, that if any Interest Period shall mature prior to the first day of a month, then interest accrued at the Fixed Rate during such Interest Period shall be due and payable upon expiration of the Interest Period. Interest accrued on the Bridge Loan but not otherwise due and payable on the Bridge Loan Maturity Date shall become due and payable on the Bridge Loan Maturity Date.

(5) Payments Due on Business Days. If any installment of interest or any other amount payable under any Other Document becomes due and payable on a day other than a Business Day, the payment date for such payment shall be extended to the next succeeding Business Day and, with respect to payments of principal or other payments that bear interest (other than interest first due on such date), interest thereon shall be payable at the then applicable rate during such extension; provided, however, if any installment of interest at the Fixed Rate shall become due and payable on a Saturday, the payment date for such payment shall be the preceding Business Day.

(6) Computation of Interest. All computations of interest at the Fixed Rate shall be made by PCFC on the basis of a three hundred sixty (360) day year for the actual number of days occurring in the period for which such interest is payable. All computations of interest on at the Variable Rate shall be made by PCFC on the basis of a three hundred sixty five (365) day year, in each case for the actual number of days occurring in the period for which such interest is payable. Interest determined by reference to the Variable Rate shall be determined on a daily basis for use in calculating the interest that is payable for such day, and any change in the Variable Rate shall become effective on the day such change occurs. Each determination by PCFC of an interest rate hereunder shall be conclusive and binding for all purposes, absent manifest error or bad faith.

(7) Default Rate. Any overdue principal of or interest with respect to any portion of the Bridge Loan, and the amount of any fees, costs, or expenses that Borrower is

obligated to pay to PCFC under this Agreement not paid when due, shall bear interest, payable on demand, for each day until paid at a rate per annum equal to the Default Rate. In addition, upon and after the occurrence of an Event of Default and continuing until such Event of Default has been cured or waived in writing by PCFC in accordance with the terms of this Agreement, interest shall accrue on all obligations owed by Borrower to PCFC hereunder at the Default Rate. The interest rate increase to the Default Rate shall take effect immediately upon the occurrence of an Event of Default, without prior notice to Borrower.

(8) Interest Not to Exceed Maximum Lawful Rate. Notwithstanding anything to the contrary set forth in this Agreement, if at any time until payment in full of all of obligations under this Agreement, the rate of interest payable hereunder exceeds the highest rate of interest permissible under any law which a court of competent jurisdiction shall, in a final determination, deem applicable hereto (the "Maximum Lawful Rate"), then in such event and so long as the Maximum Lawful Rate would be so exceeded, the rate of interest payable hereunder shall be equal to the Maximum Lawful Rate; provided, that if at any time thereafter the rate of interest payable hereunder is less than the Maximum Lawful Rate, Borrower shall continue to pay interest hereunder at the Maximum Lawful Rate until such time as the total interest received by PCFC is equal to the total interest which PCFC would have received had the interest rate payable hereunder been (but for the operation of this Section 4(b)(8)) the interest rate payable since the date of this Agreement. Thereafter, the interest rate payable hereunder shall be the rate of interest set forth herein, unless and until the rate of interest again exceeds the Maximum Lawful Rate, in which event this paragraph shall again apply. In no event shall the total interest received by PCFC pursuant to the terms hereof exceed the amount which PCFC could lawfully have received had the interest due hereunder been calculated for the full term hereof at the Maximum Lawful Rate. In the event the Maximum Lawful Rate is calculated pursuant to this Section 4(b)(8), such interest shall be calculated at a daily rate equal to the Maximum Lawful Rate divided by the number of days in the year in which such calculation is made. In the event that a court of competent jurisdiction, notwithstanding the provisions of this Section 4(b)(8), shall make a final determination that PCFC has received interest hereunder in excess of the Maximum Lawful Rate, PCFC shall, to the extent permitted by applicable law, promptly apply such excess first to any interest due and not yet paid, then to the outstanding principal of the Bridge Loan (without premium or penalty), and then to any other unpaid obligations owed by Borrower under this Agreement and thereafter shall refund any excess to Borrower or as a court of competent jurisdiction may otherwise order.

(9) Additional Fixed Rate Provisions. If at any time PCFC reasonably determines that for any reason adequate and reasonable means do not exist for ascertaining the LIBO Rate or any other index hereunder or the LIBO Rate or any such index generally becomes unavailable to PCFC, PCFC shall promptly give notice thereof to Borrower and shall designate an alternative index that is reasonably comparable to the LIBO Rate or such other index; provided, that PCFC's determination under this Section 4(b) (9) as to Borrower shall be in accordance with its treatment of other borrowers under commercial loans generally. In the event that any law, treaty, rule, regulation, or determination of a court or governmental authority or any change therein or in the interpretation or application thereof or compliance by PCFC with any request or directive (whether or not having the force of law) from any central bank or governmental authority:

(A) shall subject PCFC to any tax of any kind whatsoever with respect to any LIBO Rate, or change the basis of taxation of payments to PCFC of principal, interest or any other amount payable under this Agreement (except for changes in the rate of tax on the overall net income of PCFC); or

(B) shall impose, modify, or hold applicable any reserve, special deposit, compulsory loan, or similar requirement against assets held by, or deposits or other liabilities in or for the account of, advances or loans by, or other credit extended by, or any other acquisition of funds by, any office of PCFC; or

(C) shall impose on PCFC any other condition; and the result of any of the foregoing is to increase the cost to PCFC of making, renewing, or maintaining any portion of the Bridge Loan with interest rates tied to the LIBO Rate and/or to reduce any amount receivable by PCFC in connection therewith;

then in any such case, Borrower shall pay to PCFC, immediately upon demand, such amount or amounts as may be necessary to compensate PCFC for any additional costs incurred by PCFC and/or reductions in amounts received by PCFC which are attributable to LIBO Rates made available to Borrower hereunder. In determining which costs incurred by PCFC or reductions in amounts received by PCFC are attributable to such LIBO Rates, any reasonable allocation made by PCFC among its operations shall be conclusive and binding upon Borrower; provided, that PCFC's determination under this Section 4(b) (9) as to Borrower is in accordance with its treatment of other borrowers under commercial loans generally.

5. Loan Fee. In consideration of PCFC's entering

into this Agreement, Borrower shall pay to PCFC a Bridge Loan Fee (the "Bridge Loan Fee") of Seventy-Five Thousand Dollars (\$75,000). The Bridge Loan Fee shall be due and payable upon the effectiveness of this Agreement. The full amount of the Bridge Loan Fee shall be considered earned upon receipt and no portion of the Bridge Loan Fee shall be refundable to Borrower under any circumstances.

6. Prepayments.

(a) Prepayment in Full. Borrower shall have the right at any time to voluntarily prepay the entire amount of the Bridge Loan and to terminate this Agreement upon at least three (3) Business Days notice to PCFC, without premium or penalty, except that Borrower shall pay to PCFC a prepayment surcharge, if any, calculated in accordance with Section 6(c). Prepayment in full shall be accompanied by the payment of all accrued and unpaid interest and all fees, costs, expenses, and other obligations owed by Borrower to PCFC under this Agreement.

(b) Partial Prepayment of Fixed Rate Obligations. Borrower shall have the right at any time to voluntarily prepay any portion of the Bridge Loan upon at least three (3) Business Days notice to PCFC, without premium or penalty, except that Borrower shall pay to PCFC a prepayment surcharge, if any, calculated in accordance with Section 6(c). All voluntary partial prepayments shall be applied by PCFC as directed by Borrower.

(c) Prepayment Surcharge. At the time that Borrower makes a Prepayment, whether or not such Prepayment is voluntary on behalf of Borrower and specifically including a prepayment occurring as the result of an acceleration of the Bridge Loan, Borrower shall simultaneously pay to PCFC a prepayment surcharge for each Fixed Rate portion of the Bridge Loan so prepaid equal any loss of earnings expense attributable to Fixed Rate funding incurred or projected by PCFC as a result of such prepayment.

7. Manner and Time of Payment. Borrower shall make all payments by wire transfer of immediately available funds as follows:

To:	Bank of America
	10 Santa Rosa Avenue
	Santa Rosa, CA 95405
ABA Routing No.:	121000358
Account Number:	14984-00266
Account Name:	Pacific Coast Farm Credit Services, ACA
Reference:	Loan # 5277914201
Attention:	Tina Anaya, Accounting

P.O. Box 1120, Santa Rosa, CA 95492

Tel: (707) 545-1200

Fax: (707) 545-4446

Tax ID No.:

94-1160795

(or to such other account as PCFC may designate by notice). Borrower shall give PCFC telephonic notice no later than 12:00 noon Pacific Time of its intent to make a wire transfer. Wire transfers received after 2:00 p.m. Pacific Time shall be credited on the next business day.

8. Capitalization. Borrower agrees to make such investments in PCFC as PCFC may from time to time require in accordance with its bylaws and capital plan. In connection with the foregoing, the Borrower hereby acknowledges receipt, prior to the execution of this document, of copies of the following: Notice Regarding Your Required Investment in this Association, 1997 Annual Report, and the Association's Capitalization Plan and Bylaws. All such investments and all other equities which the Borrower may now own or hereafter acquire or be allocated in PCFC shall be subject to a statutory first lien in favor of PCFC to secure any indebtedness of Borrower to PCFC.

At the option of PCFC, any amounts borrowed to purchase capital stock or participation certificates, and any amounts repaid from redemption of such stock or certificates, may be recorded as part of the loan accounting in the transaction summary, or in a separate stock or loan account.

A certificate will not be issued for capital stock or participation certificates, but ownership will be evidenced by the records of PCFC. THE OWNERSHIP OF THE CAPITAL STOCK OR PARTICIPATION CERTIFICATES WILL BE REGISTERED ON THE RECORDS OF PCFC AS FOLLOWS: Maui Land & Pineapple Company, Inc., a Hawaii Corporation.

Borrower hereby grants to PCFC a security interest in and lien upon all capital stock and participation certificates as collateral for the Bridge Loan. Upon an Event of Default, PCFC may but is not required to apply all or part of the proceeds from such capital stock or participation certificates against the Line.

UNTIL WRITTEN NOTICE OF REVOCATION IS RECEIVED BY PCFC, PAUL J. MEYER IS AUTHORIZED TO VOTE FOR THE ABOVE-NAMED BORROWER AND IS AUTHORIZED TO REQUEST THE CONVERSION FROM ONE CLASS TO ANOTHER OF ALL SHARES OF CAPITAL STOCK WHICH MAY BE REGISTERED IN THE NAME OF BORROWER.

As required by PCFC's bylaws and the federal income tax law, Borrower agrees that the amount of any distribution of

patronage made by written notice of allocation to Borrower after the date of this Agreement will be included in the Borrower's gross income for the purpose of federal income tax for the year in which the notice is received.

Lender hereby confirms that, as of the date of this Agreement, Borrower has made all investments in PCFC currently required under its bylaws and capital plan.

9. Collateral; No Subordination. The obligations of Borrower to PCFC hereunder shall be unsecured, except as follows: (i) PCFC shall have first priority liens on Borrower's fee interests in the real property located on the Island and County of Maui, State of Hawaii and identified as Tax Map Key parcel numbers (2) 2-4-001-003, (2) 2-3-002-004, (2) 2-3-002-008, (2) 2-3-009-008, (2) 2-2-002-017, and (2) 4-3-001-031; (ii) PCFC shall have the lien referred to in Section 8 and any other liens provided by the Farm Credit Act; and (iii) PCFC shall have and Borrower hereby grants PCFC a security interest in, all cash, accounts, securities, investment property, instruments, documents, or other property of Borrower that is in PCFC's possession or under its control (the items described in clauses (i), (ii), and (iii) collectively, the "Collateral"). The obligations of Borrower to PCFC under this Agreement shall constitute senior indebtedness and are not subordinate in payment or priority to any other obligations of Borrower.

10. Representations and Warranties. Borrower represents and warrants to PCFC that, except as may be set forth in the disclosure schedule referred to in Exhibit A (the "Disclosure Schedule") or in a subsequent written disclosure to PCFC, each of the following statements is true and correct on the date hereof and shall also be true and correct on the date that Borrower requests an advance under Bridge Loan or a conversion to the Fixed Rate of any portion of the Bridge Loan:

(a) Corporate Existence; Compliance with Law and Agreements. Borrower and each Guarantor: (i) are corporations duly organized, validly existing and in good standing under the laws of the State of Hawaii; (ii) are duly qualified as foreign corporations and in good standing under the laws of each jurisdiction where their ownership or lease of property or the conduct of their businesses require such qualification (except for jurisdictions in which such failure to so qualify or to be in good standing would not have a Material Adverse Effect); (iii) have the requisite corporate power and authority and the legal right to own, pledge, mortgage, or otherwise encumber and operate all real property that they own, to lease the real property they operate under lease, and to conduct their businesses as now, heretofore, and proposed to be conducted; (iv) have all material licenses, permits, consents, or approvals

from or by, and have made all material filings with, and have given all material notices to, all governmental authorities having jurisdiction, to the extent required for such ownership, operation, and conduct; (v) are in compliance with their articles or certificates of incorporation and by-laws; (vi) are in compliance with all applicable provisions of law where the failure to comply would have a Material Adverse Effect, and (vii) are not in default, and, to Borrower's knowledge, no third party is in default, under or with respect to any contract, agreement, lease or other instrument to which Borrower or any Guarantor is a party which default in each case or in the aggregate would have a Material Adverse Effect.

(b) Corporate Power; Authorization; Enforceable Obligations. The execution, delivery, and performance by Borrower of the Agreement, and any Other Documents to which Borrower is a party, and by each Guarantor of such Guarantor's Guaranty Agreement: (i) are within Borrower's or such Guarantor's corporate power; (ii) have been duly authorized by all necessary or proper corporate action; (iii) are not in contravention of any provision of Borrower's or such Guarantor's articles of or certificate of incorporation or by-laws; (iv) will not violate any law or regulation, or any order or decree of any court or governmental instrumentality; (v) will not conflict with or result in the breach or termination of, constitute a default under or accelerate any performance required by, any material indenture, mortgage, deed of trust, lease, agreement or other instrument to which Borrower or any Guarantor is a party or by which Borrower or any Guarantor or any of Borrower's or any Guarantor's property is bound; (vi) will not result in the creation or imposition of any lien upon any of the property of Borrower or any Guarantor; and (vii) do not require the consent or approval of any governmental authority or any other Person, except for consents or approvals which have been duly obtained, made, or complied with. This Agreement constitutes a legal, valid, and binding obligation of Borrower enforceable against it in accordance with its terms except for general principles of equity and the effect of bankruptcy, insolvency, and other laws affecting the rights of creditors generally.

(c) Financial Statements and Condition; Disclosure. The current audited and unaudited financial statements previously delivered by Borrower to Lender, and all financial statements to be delivered by Borrower to PCFC pursuant to Section 11(g) (i) fairly present in all material respects the financial position of Borrower as of the dates specified in such financial statements, (ii) have been prepared in accordance with GAAP, consistently applied throughout the periods involved except as set forth in the notes thereto (subject, in the case of any interim financial statements, to normal year-end adjustments), and (iii) do not contain any untrue statement of a material fact

or omit to state any material fact necessary to make the statements therein not misleading in light of the circumstances under which they were made. There has been no material adverse change in the financial condition, operations, business, properties or prospects of Borrower since the date of such financial statements except changes that individually or in the aggregate could not reasonably be expected to have a Material Adverse Effect. There is no fact or circumstance known to Borrower that could reasonably be expected to have a Material Adverse Effect. Borrower is solvent and will continue to be solvent after giving effect to the transactions contemplated by this Agreement. There is no action, claim or proceeding now pending or, to Borrower's knowledge, threatened against Borrower before any court, board, commission, agency, or instrumentality of any federal, state, or local government or of any agency or subdivision thereof, or before any arbitrator or panel of arbitrators, which, if determined adversely, could have a Material Adverse Effect.

(d) Taxes. Borrower and each Guarantor have filed all tax returns that are required to have been filed in any jurisdiction and has paid all taxes shown to be due and payable on such returns and all other taxes and assessments levied upon it or its properties, assets, income or franchises, to the extent such taxes and assessments have become due and payable and before they have become delinquent, except for any taxes and assessments (i) the amount of which is not individually or in the aggregate material or (ii) the amount, applicability or validity of which is currently being contested in good faith by appropriate proceedings and with respect to which Borrower or such Guarantor has established adequate reserves in accordance with GAAP. Borrower knows of no basis for any other tax or assessment that could reasonably be expected to have a Material Adverse Effect.

(e) Licenses; Permits; Intellectual Property Rights. Borrower and each Guarantor own or possess all licenses, permits, franchises, authorizations, patents, copyrights, service marks, trademarks and trade names, or rights thereto, that individually or in the aggregate are necessary to the conduct of Borrower's or such Guarantor's business, without known conflict with the rights of others. To the best knowledge of Borrower, no product of Borrower or any Guarantor infringes in any material respect any license, permit, franchise, authorization, patent, copyright, service mark, trademark and trade name or other right owned by any other Person. To the best knowledge of Borrower, there is no Material violation by any Person of any right of Borrower or Guarantor with respect to any patent, copyright, service mark, trademark and trade name or other right owned by Borrower or any Guarantor.

(f) Labor Matters. There are no strikes or other

labor disputes against Borrower or any Guarantor that are pending or, to Borrower's knowledge, threatened which would have a Material Adverse Effect. All payments due from Borrower or any Guarantor on account of employee health and welfare insurance which would have a Material Adverse Effect if not paid have been paid or accrued as a liability on the books of Borrower or such Guarantor.

(g) Investment Company Act. Neither Borrower nor any Guarantor is an "investment company" or an "affiliated Person" of, or "promoter" or "principal underwriter" for, an "investment company," as such terms are defined in the Investment Company Act of 1940, as amended.

(h) Margin Regulations. Neither Borrower nor any Guarantor owns any "margin security", as that term is defined in Regulations G and U of the Board of Governors of the Federal Reserve System (the "Federal Reserve Board").

(i) ERISA. Each "Plan" (as defined below) is in compliance in all material respects with the applicable provisions of ERISA and the Internal Revenue Code ("IRC") and with respect to each Plan, other than a Qualified Plan, all required contributions and benefits have been paid in accordance with the provisions of each such Plan to the extent that the failure to pay any such contribution or benefit would have a Material Adverse Effect. There are no pending or, to Borrower's knowledge, threatened claims, actions or lawsuits (other than claims for benefits in the normal course), asserted or instituted against Borrower or any Guarantor or any Plan or its assets. Neither Borrower, any Guarantor, nor any ERISA Affiliate of either has incurred or reasonably expects to incur any Withdrawal Liability under Section 4201 of ERISA as a result of a complete or partial withdrawal from a Multiemployer Plan. Neither Borrower nor any Guarantor has engaged in a prohibited transaction, as defined in Section 4975 of the IRC or Section 406 of ERISA, in connection with any Plan, which would subject Borrower or such Guarantor (after giving effect to any exemption) to a material tax on prohibited transactions imposed by Section 4975 of the IRC or any other material liability. As used above, the term "Plan" shall mean, with respect to Borrower or any Guarantor or any ERISA Affiliate of either, at any time, an employee benefit plan, as defined in Section 3(3) of ERISA, which Borrower maintains, contributes to or has an obligation to contribute to on behalf of participants who are or were employed by any of them. The terms "Qualified Plan" and "Multiemployer Plan" shall have the meaning given them in ERISA.

(j) Brokers. No broker or finder acting on behalf of Borrower or any Guarantor brought about the obtaining, making, or closing of the Bridge Loan and neither Borrower nor

any Guarantor nor PCFC have any obligation to any Person in respect of any finder's or brokerage fees in connection with the Bridge Loan.

(k) Environmental Matters. Except as set forth in the Disclosure Schedule, and except for matters that do not relate to any of the Collateral and do not, individually or in the aggregate, constitute a Material Adverse Effect, as of the date of this Agreement: (i) all of Borrower's real property is free of contamination from any Hazardous Material except for such contamination that would not adversely impact the value or marketability of such real property and that would not result in Environmental Liabilities that could reasonably be expected to exceed \$100,000; (ii) Borrower has not caused or suffered to occur any release of Hazardous Materials on, at, in, under, above, to, from or about any of its real property; (iii) Borrower is and has been in compliance with all Environmental Laws, except for such noncompliance which would not result in Environmental Liabilities which could reasonably be expected to exceed \$100,000; (iv) Borrower has obtained, and is in compliance with, all environmental permits required by Environmental Laws for the operations of their respective businesses as presently conducted or as proposed to be conducted, except where the failure to so obtain or comply with such environmental permits would not result in Environmental Liabilities that could reasonably be expected to exceed \$100,000, and all such Environmental Permits are valid, uncontested and in good standing; (iii) Borrower is not involved in operations and does not know of any facts, circumstances or conditions, including any releases of Hazardous Materials, that are likely to result in any Environmental Liabilities of Borrower that could reasonably be expected to exceed \$100,000, and Borrower has not permitted any current or former tenant or occupant of any of its real property to engage in any such operations; (iv) there is no litigation arising under or related to any Environmental Laws, environmental permits or Hazardous Material that seeks damages, penalties, fines, costs or expenses in excess of \$50,000 or injunctive relief against, or that alleges criminal misconduct by, Borrower; (v) no notice has been received by Borrower identifying it as a "potentially responsible party" or requesting information under CERCLA or analogous state statutes, and to the knowledge of Borrower, there are no facts, circumstances or conditions that may result in Borrower being identified as a "potentially responsible party" under CERCLA or analogous state statutes; and (vi) Borrower has provided to PCFC copies of all existing, material environmental reports, reviews and audits and all written information pertaining to actual or potential Environmental Liabilities, in each case relating to Borrower.

(l) Year 2000. Borrower has completed a year 2000 Assessment and Corrective Plan that will eliminate all

limitations on the ability of Borrower and the Subsidiaries, and any software, hardware, microchips, peripheral interfaces, and systems used by Borrower or any Subsidiary, to accurately accept, create, manipulate, sort, sequence, calculate, compare, or provide calendar date information with respect to calendar year 2000 and any year thereafter, including exchanges of information among data systems. Such Assessment and Corrective Plan provides for the elimination of all such limitations on or before June 30, 1999.

11. Affirmative Covenants. Unless otherwise agreed to in writing by PCFC, while this agreement is in effect whether or not any indebtedness is outstanding hereunder, Borrower agrees to, and, except with respect to the covenant contained in Section 11(a), to cause each Guarantor to:

(a) Eligibility. Maintain its status as an entity eligible to borrow from PCFC.

(b) Corporate Existence. Preserve and keep in full force its corporate status, existence and good standing in the jurisdiction of its organization, its qualifications to transact business in all places required by law, and all licenses, certificates, permits, authorizations, approvals and the like which are material to the conduct of its business or required by law.

(c) Compliance with Laws. Comply in all material respects with all applicable federal, state, and local laws, rules, regulations, ordinances, codes, and orders (collectively "Laws"). Without limiting the foregoing, Borrower agrees to comply in all material respects, and to cause all Guarantors and all Persons occupying or present on any properties of Borrower or any Guarantor to so comply, with all Laws relating to environmental protection.

(d) Property Maintenance. Maintain all of its property that is necessary to or useful in the proper conduct of its business in good working condition, ordinary wear and tear excepted.

(e) Books and Records. Keep adequate records and books of account in which complete entries will be made in accordance with past practices.

(f) Inspection. Permit PCFC or its agents, during normal business hours or at such other times as the parties may agree, to examine Borrower's or any Guarantor's properties, books, and records, and to discuss Borrower's or any Guarantor's affairs, finances, and accounts with its respective officers, directors, employees, and independent certified public

accountants.

(g) Reports and Notices. Furnish to PCFC:

(1) Annual Financial Statement. As soon as possible, but in no event later than 90 days after the end of any Fiscal Year of Borrower occurring during the term hereof, annual financial statements of Borrower prepared in accordance with GAAP consistently applied. Such financial statements shall: (i) be audited by independent certified public accountants selected by Borrower and acceptable to PCFC, (ii) be accompanied by a report of such accountants containing an opinion acceptable to PCFC; (iii) be prepared in reasonable detail and in comparative form; and (iv) include a balance sheet, a statement of income, a statement of retained earnings, a statement of all cash flows and all notes and schedules relating thereto;

(2) Monthly Financial Statements. No later than 30 days after the end of each Fiscal Month, internally prepared monthly financial statements containing the same information regularly generated by Borrower on its internal monthly financial statements, accompanied by a compliance certificate from Borrower's chief financial officer, in the form attached hereto as Exhibit B, certifying that as of the date of such financial statement there did not exist a Default or Event of Default under this Agreement.

(3) Modifications to Annual Budget and Cash Flow Forecast. No later than five (5) days after issuance, all modifications to Borrower's current capital expenditures budget for the forthcoming Fiscal Year, and to Borrower's current rolling five-year plan for the forthcoming five-year period, to the extent any such modification or group of related modifications increase such expenditures by more than Two Hundred Thousand Dollars (\$200,000).

(4) Notice of Default. Promptly after becoming aware thereof, notice of the occurrence of a Default or Event of Default.

(5) Tax Returns. Within 14 days after filing of such tax returns, a copy of such portions of every federal income tax return filed by Borrower as are necessary to enable PCFC to verify Borrower's calculations of Adjusted Gains on Asset Sales and, if requested by PCFC, a copy of the entire tax return.

(6) Notice of Non-Environmental Litigation. Promptly after the commencement thereof, notice of the commencement of all actions, suits, or proceedings before any court, arbitrator, or governmental department, commission, board,

bureau, agency, or instrumentality affecting Borrower or any Guarantor which, if determined adversely to Borrower or such Guarantor, could have a Material Adverse Effect.

(7) Notice of Environmental Litigation, Etc. Promptly after receipt thereof, notice of the receipt of all pleadings, orders, complaints, indictments, or any other communication alleging a condition that may require Borrower or Guarantor to undertake or to contribute to a cleanup or other response under environmental laws, or which seeks penalties, damages, injunctive relief, or criminal sanctions related to alleged violations of such Laws, or which claims personal injury or property damage to any Person as a result of environmental factors or conditions, in each case to the extent such communication relates to any of the Collateral or to matters that could reasonably be deemed to constitute a Material Adverse Effect.

(8) Other Information. Such other information regarding the condition or operations, financial or otherwise, of Borrower or any Guarantor as PCFC may, from time to time, reasonably request.

(h) Insurance. At Borrower's sole cost and expense, maintain insurance providing for the following types of coverages in at least the following amounts: (i) "All Risk" physical damage insurance on all of Borrower's tangible real and personal property and assets, including volcanic activity (but not eruption) coverage, (ii) comprehensive general liability insurance on an "occurrence basis" against claims for personal injury, bodily injury and property damage with a minimum limit of One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) in the aggregate, which coverage shall include premises/operations, broad form contractual liability, underground, explosion and collapse hazard, independent contractors, broad form property coverage, products and completed operations liability, (iv) with respect to worker's compensation insurance, either self-insurance through reserves in excess of the minimum required amounts, or commercial insurance within the applicable statutory limits, in either case which includes coverage for employee's occupational disease and employer's liability within such legal amounts or limits, (v) automobile liability insurance for all owned, non-owned or hired automobiles against claims for personal injury, bodily injury, and property damage with a minimum combined single limit of One Million Dollars (\$1,000,000) per occurrence; and (vi) umbrella insurance of Fifty Million Dollars (\$50,000,000) per occurrence and Fifty Million Dollars (\$50,000,000) in the aggregate.

All of such policies shall at all times remain in full force and effect and in form and with insurers recognized as

adequate by PCFC, and provide coverage of such risks and for such amounts as are customarily maintained for businesses of the scope and size of Borrower's and Guarantor's and as otherwise acceptable to PCFC. PCFC reserves the right at any time, upon a review of Borrower's and the Guarantors' risk profile, to require additional forms and limits of insurance. Borrower shall, if requested by PCFC, provide PCFC with a report of Borrower's insurance broker concerning Borrower's and the Guarantors' insurance policies.

12. Negative Covenants. Unless otherwise agreed to in writing by PCFC, while this agreement is in effect, Borrower will not, and will not permit any Guarantor to:

(a) Mergers, Acquisitions, Etc.

(1) Merge or consolidate with any other entity, or commence operations under any other name.

(2) Without the prior, written consent of PCFC, acquire all or substantially all of the assets of any Person or entity, form or create any new Subsidiary or Affiliate, or enter into any business venture, including any joint venture, partnership, or limited liability company; provided, that PCFC's consent to any of the foregoing shall not be unreasonably withheld.

(b) Transfer of Assets. Sell, transfer, lease, or otherwise dispose of any of its assets, except (i) in the ordinary course of Borrower's or such Guarantor's business, (ii) transactions outside the ordinary course transactions, but only to the extent that the aggregate amount of all assets involved in such transactions from and after the date of this Agreement have a fair market value of less than Five Million Dollars (\$5,000,000), (iii) disposal of worn out or obsolete assets, (iv) disposal of equipment that is being replaced by equipment having a similar value or serving a similar function, (v) transfers between Borrower and any Guarantor or between any Guarantors of assets other than the Collateral, but only to the extent that the aggregate amount of all assets involved in such transfers from and after the date of this Agreement have a fair marked value of less than One Million Dollars (\$1,000,000), and (vi) transfers to Subsidiaries of Borrower that are specifically identified on the Disclosure Schedule; provided, that each such transaction referred to in clauses (i) through (iv) above shall be at arm's length and for fair market value.

(c) Change in Business. Engage in any business activities or operations substantially different from or unrelated to Borrower's or such Guarantor's present business activities or operations.

(d) Liens. Create or permit any Lien on any of its properties or assets except for Permitted Encumbrances.

(e) Indebtedness. Incur any indebtedness, or allow any of its Subsidiaries to incur any indebtedness, if after such indebtedness is incurred the aggregate amount of all Consolidated Indebtedness shall exceed Forty-Five Million Dollars (\$45,000,000).

(f) Capital Expenditures. Make Capital Expenditures or Investments, other than Capital Expenditures for or Investments in Borrower's "Kaahumanu Center Associates" Subsidiary, in excess of Twenty-Five Million Dollars (\$25,000,000) during Fiscal Year 1999.

(g) Loans. Make or accrue any loan or advance of money to any Person or entity, through the direct or indirect holding of securities or otherwise, if doing so would cause the aggregate of all such loans or advances, other than loans set forth in the Disclosure Schedule referred to in Exhibit A, to exceed One Million Dollars (\$1,000,000); provided, that, in addition to the foregoing, Borrower and each Guarantor shall be permitted to extend purchase money financing to persons purchasing real property from Borrower or such Guarantor so long as (i) Borrower or such Guarantor has received at least twenty percent (20%) of the purchase price in cash, (ii) the financing does not exceed One Million Dollars (\$1,000,000) in any particular transaction, and (iii) all such financing extended after December 31, 1997 does not exceed Five Million Dollars (\$5,000,000) in the aggregate.

(h) Restricted Payments. Make any Restricted Payments unless each and every one of the following conditions has been fulfilled: (i) no Default or Event of Default then exists or has occurred within the twelve (12) month period preceding the making of such Restricted Payment nor shall a Default or Event of Default occur from the making of such Restricted Payment, (ii) the amount of the Restricted Payment, together with the aggregate amount of all other Restricted Payments made during such Fiscal Year, shall not exceed the "Debt Coverage Ratio Cushion" (as defined below) for such year, (iii) the amount of the Restricted Payment, together with the aggregate amount of all other Restricted Payments made during such Fiscal Quarter, would not, if such amounts were to be subtracted from Borrower's Tangible Net Worth for the preceding Fiscal Quarter, have caused Borrower's Tangible Net Worth for such Fiscal Quarter to have been less than the minimum required by Section 12(j)(1), (iv) the amount of the Restricted Payment, together with the aggregate amount of all other Restricted Payments made during such Fiscal Year, shall not exceed the

"Annual Distribution Amount" (as defined below) for such year; provided that if in any Fiscal Year, Borrower makes Restricted Payments that are less than the Annual Distribution Amount for such Fiscal Year, such unused portion may be carried forward and distributed during a subsequent year (provided that all of the conditions set forth in this Section 12(h) have been fulfilled).

As used in this Section 12(h), the following terms shall have the following meanings:

"Annual Distribution Amount" shall mean, for any particular Fiscal Year, thirty percent (30%) of the lesser of (A) Borrower's Consolidated Net Income for the preceding Fiscal Year, and (B) the amount, if any, by which Borrower's Consolidated Cash Flow for the preceding Fiscal Year exceeded Borrower's Consolidated Debt Service for such preceding Fiscal Year.

"Debt Coverage Ratio Cushion" shall mean, for any particular year, the amount (if any) by which Borrower's Consolidated Cash Flow for the preceding Fiscal Year exceeded one hundred fifteen percent (115%) of Borrower's Consolidated Debt Service for such preceding Fiscal Year.

(i) Transactions with Affiliates. Enter into any transaction or arrangement with any Affiliate, or permit any Subsidiary to enter into any transaction or arrangement with any Affiliate of it, (including the purchase from, sale to, or exchange of property with, or the rendering of any service by or for any Affiliate) except in the ordinary course of business and upon fair and reasonable terms and that are no less favorable to Borrower than would be obtained in a comparable arms-length transaction with a Person not an Affiliate.

(j) Financial Covenants.

(1) Minimum Tangible Net Worth. Borrower shall not permit its Consolidated Tangible Net Worth, as of the last day of each Fiscal Month ending after the date hereof through and including the Fiscal Month ending March 31, 1999 to be less than Fifty-Seven Million Dollars (\$57,000,000).

(2) Current Ratio. Borrower shall not permit the ratio of (i) Consolidated Current Assets to (ii) Consolidated Current Liabilities, as of the last day of each Fiscal Month ending after the date hereof and continuing through the Bridge Loan Maturity Date to be less than 1.90 to 1.00.

(3) Debt Coverage Ratio. Commencing with the Fiscal Year ending December 31, 1998 and continuing for each Fiscal Quarter through the Bridge Loan Maturity Date, Borrower

shall not permit the Consolidated Debt Coverage Ratio for such period to be less than 1.25 to 1.00.

13. Events of Default. Each of the following shall constitute an "Event of Default" hereunder:

(a) Payment Default. Failure by Borrower to make any payment of principal or interest required to be made under this Agreement on the date when due or failure to pay any other amount owed to PCFC hereunder on the date when due.

(b) Representations and Warranties. Any representation or warranty made by Borrower herein or in any agreement, certificate, or document related hereto or furnished in connection herewith, or by any Guarantor in any Guaranty Agreement or in any agreement, certificate, or document related to such Guaranty Agreement, shall prove to have been false or misleading in any material respect on or as of the date made.

(c) Other Covenants and Agreements. Borrower fails to perform or comply with any covenant or agreement contained in this Agreement (other than those referred to in Section 13(a)) or any Guarantor fails to perform or comply with any covenant or agreement contained in any Guaranty Agreement; provided, that if such failure is by its nature capable of being cured, then such failure shall not become an Event of Default unless such failure remains uncured for fifteen (15) days.

(d) Other Indebtedness. Borrower or any Guarantor shall fail to pay when due any Consolidated Indebtedness for borrowed money or any other event occurs which, under any agreement or instrument relating to such Consolidated Indebtedness, has the effect of accelerating or permitting the acceleration of such Consolidated Indebtedness, whether or not such Consolidated Indebtedness is actually accelerated.

(e) Judgments. A judgment, decree, or order for the payment of money in excess of One Million Dollars (\$1,000,000) shall be rendered against Borrower or any Guarantor and either: (i) enforcement proceedings shall have been commenced; or (ii) such judgment, decree, or order shall continue unsatisfied and in effect for a period of twenty (20) consecutive days without being vacated, discharged, satisfied, or stayed pending appeal.

(f) Insolvency, Etc. Borrower or any Guarantor: (i) shall become insolvent or shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they come due; or (ii) shall suspend its business operations or a material part thereof or make an assignment for the benefit of creditors; or (iii) shall apply for, consent to,

or acquiesce in the appointment of a trustee, receiver, or custodian for it or any of its property; or (iv) shall commence or have commenced against it any proceeding under any bankruptcy, reorganization, arrangement, readjustment of debt, dissolution, or liquidation law or statute of any jurisdiction.

(g) Material Adverse Change. Any material adverse change occurs, as reasonably determined by PCFC, in Borrower's ability to perform its obligations under this Agreement.

14. Remedies Upon Events of Default. Upon the occurrence of and during the continuance of each and every Event of Default:

(a) Termination of Rights; Acceleration. PCFC may, without notice to Borrower, declare the entire unpaid principal balance under this Agreement, all accrued interest thereon and all other amounts payable under this Agreement, to be immediately due and payable. Upon such a declaration, the unpaid principal balance under this Agreement and all such other amounts shall become immediately due and payable, without protest, presentment, demand, or further notice of any kind, all of which are hereby expressly waived by Borrower.

(b) Enforcement. PCFC may proceed to protect exercise, and enforce such rights and remedies against Borrower and against the Collateral as may be provided by this Agreement, by any Guaranty Agreement, by any Other Document, or under law, each and every one of such rights and remedies shall be cumulative and may be exercised from time to time, and no failure on the part of PCFC to exercise, and no delay in exercising, any right or remedy shall operate as a waiver thereof, or the exercise of any other right. Without limiting the foregoing, PCFC may, as provided in the Farm Credit Act of 1971, as amended, retire and cancel all or any portion of Borrower's stock or other equities in PCFC and apply the proceeds thereof against Borrower's indebtedness to PCFC. In addition, PCFC may hold, set off, sell, and/or apply against Borrower's indebtedness any and all cash, accounts, securities, instruments, documents, or other property in PCFC's possession or under its control.

(c) Application of Funds. All amounts received by PCFC shall be applied to amounts owing under this Agreement in such order and manner as PCFC may in its sole discretion elect.

15. Indemnity. Borrower shall indemnify and hold harmless each of PCFC and its Affiliates, and each such Person's respective officers, directors, employees, attorneys, agents and representatives (each, an "Indemnified Person"), from and against any and all suits, actions, proceedings, claims, damages, losses,

liabilities and expenses (including reasonable attorneys' fees and disbursements and other costs of investigation or defense, including those incurred upon any appeal) that may be instituted or asserted against or incurred by any such Indemnified Person as the result of credit having been extended, suspended or terminated under this Agreement and the other Loan Documents and the administration of such credit, and in connection with or arising out of the transactions contemplated hereunder and thereunder and any actions or failures to act in connection therewith, including any and all Environmental Liabilities and legal costs and expenses arising out of or incurred in connection with disputes between or among any parties to any of the Loan Documents (collectively, "Indemnified Liabilities"); provided, that Borrower shall not be liable for any indemnification to an Indemnified Person to the extent that any such suit, action, proceeding, claim, damage, loss, liability or expense results solely from that Indemnified Person's gross negligence or willful misconduct, as finally determined by a court of competent jurisdiction.

16. Discussions Regarding Long-Term Financing.

Borrower and PCFC hereby confirm that they have discussed the possible provision by PCFC to Borrower of long-term financing that would replace the Bridge Loan on or before the Bridge Loan Maturity Date, but that as of the date of this Agreement no agreement has been reached, and no commitment or obligation of either Borrower or PCFC exists, with respect to such long-term financing (including identification of the nature or extent of the collateral that might secure such long-term financing).

17. Complete Agreement; Amendments. This Agreement

and all documents and instruments contemplated hereby are intended by the parties to be a complete and final expression of their agreement. No amendment, modification, or waiver of any provision hereof or thereof, nor any consent to any departure of Borrower herefrom or therefrom, shall be effective unless approved by PCFC and contained in a writing signed by or on behalf of PCFC and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

18. Counterparts; Effectiveness. This Agreement may

be executed in any number of separate counterparts, each or which shall collectively and separately constitute one agreement. This Agreement shall become effective upon execution by each party and delivery to the other parties of either an executed original of the signature pages hereof or of a facsimile of such executed original of the signature pages hereof.

19. Applicable Law. Except to the extent governed by

applicable federal law, this Agreement shall be governed and

construed in accordance with the laws of the State of California, without reference to choice of law doctrine.

20. Notices. All notices hereunder shall be in writing and shall be deemed to be duly given upon delivery, if personally delivered or sent by telegram or facsimile transmission, or three (3) days after mailing if sent by express, certified or registered mail, to the parties at the following addresses (or such other address for a party as shall be specified by like notice):

If to PCFC as follows:

Pacific Coast Farm Credit Services, ACA
5560 South Broadway
Eureka, CA 95503
Attn: Account Officer -- Maui Land & Pineapple
Fax No.: (707) 442-1268

and to

Pacific Coast Farm Credit Services, ACA
8741 Brooks Road
P.O. Box 929
Windsor, CA 94592
Attn: Account Officer -- Maui Land & Pineapple
Fax No.: (707) 838-3456

If to Borrower, as follows;

Maui Land & Pineapple Company, Inc.
PO Box 187, Kahului, Hawaii 96732-0187
Attn: Executive Vice President-Finance
Fax No.: (808) 871-0953

21. Costs and Expenses. Borrower shall pay all costs incurred by PCFC, including reasonable attorneys fees, in connection with the preparation for, negotiation of, and documentation of this Agreement, the Other Documents, and any Guaranty Agreement. If in the future PCFC shall employ the services of legal counsel or any other professional or any third party in connection with (i) any request made by Borrower to PCFC for a modification, amendment, waiver, or consent in connection with this Agreement, any Other Document, or any Guaranty Agreement, (ii) rendering advice or other services to PCFC regarding PCFC's rights or obligations under this Agreement or any Other Document or any Guaranty Agreement, whether or not an Event of Default has occurred, (iii) representing the interests of PCFC in any judicial or nonjudicial action, suit or proceeding instituted by PCFC or any other Person connected with or related to or with reference to the Bridge Loan or to reclaim, seek

relief from a judicial or statutory stay, sequester, protect, preserve or enforce PCFC's interests, then in such event Borrower promises to pay reasonable attorney's fees and reasonable costs and expenses incurred by PCFC and/or its attorney in connection with the above-mentioned events. Such amounts shall be payable upon demand.

22. Effectiveness; Severability. This Agreement shall continue in effect until all indebtedness and obligations of Borrower hereunder shall have been repaid and all commitments of PCFC hereunder have terminated. Any provision of this Agreement or of any instrument or document contemplated hereby which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or thereof.

23. Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of Borrower and PCFC and their respective successors and assigns except that Borrower may not assign or transfer its rights or obligations hereunder without the prior written consent of PCFC. PCFC may assign all or any portion of its obligations under this Agreement without prior notice to Borrower and such assignment shall relieve PCFC of any future obligations hereunder. PCFC may grant or sell participation interests in its interests under this Agreement without notice to Borrower.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized officers as of the date shown above.

BORROWER:

MAUI LAND & PINEAPPLE COMPANY, INC., a Hawaii Corporation

By: /S/ PAUL J. MEYER
PAUL J. MEYER
Title: EXECUTIVE VICE PRESIDENT/FINANCE

By: /S/ DARRYL Y. H. CHAI
DARRYL Y. H. CHAI
Title: _ TREASURER

PCFC:

PACIFIC COAST FARM CREDIT SERVICES, ACA

By: /S/ SEAN P. O'DAY
Sean P. O'Day, Regional Vice-President

EXHIBIT A

List of Required Documents

1. Promissory Note.
2. Loan Application
3. Interest Rate Disclosure Statement.
4. Continuing Guaranty Agreements from the following entities:
 - a. Maui Pineapple Company, Ltd.
 - b. Kapalua Land Company, Ltd.
5. Environmental Disclosure Documents acceptable to PCFC, certified by chief financial officer of Borrower
6. Appraisal information with respect to the real property collateral, certified as accurate and complete by Borrower's CFO
7. Preliminary Title Reports
8. Mortgage
9. Instruction letter to title company and related correspondence
10. Title Policy and Endorsements
11. Payment instructions from Borrower to PCFC
12. Corporate authority documents:
 - a. Certificate of corporate secretary of Borrower.
 - b. Certificate of corporate secretary of Maui Pineapple Company, Ltd.
 - c. Certificate of corporate secretary of Kapalua Land Company, Ltd.
13. Opinion of counsel to Borrower and each Guarantor.
14. Disclosure Schedule setting forth:
 - a. Any exceptions to representations and warranties.
 - b. Existing loans made by Borrower to third parties.

- c. Permitted Encumbrances.
- d. All subsidiaries owned by Borrower and all partnerships and joint ventures in which Borrower is engaged.

EXHIBIT B

[FORM OF COMPLIANCE CERTIFICATE
UNDER SECTION 11(g)(2)]

[Letterhead of Maui Land & Pineapple Company, Inc.]

_____, 199__

Pacific Coast Farm Credit Services, ACA
Capital Markets Group
5560 S. Broadway
Eureka, CA 95503
Attention: Sean P. O'Day, Regional Vice President

Ladies and Gentlemen:

The undersigned, as the Executive Vice President/Finance of Maui Land & Pineapple Company, Inc., a Hawaii corporation ("Borrower"), gives this Compliance Certificate to Pacific Coast Farm Credit Services, ACA ("Lender") in accordance with the requirements of Section 11(g)(2) of that certain Bridge Loan Agreement dated as of December 30, 1998, between Borrower and Lender (the "Bridge Loan Agreement"). Capitalized terms used in this Compliance Certificate, unless otherwise defined herein, shall have the meanings ascribed to them in the Bridge Loan Agreement. All references to Sections shall, unless otherwise indicated, refer to Sections of the Bridge Loan Agreement.

Based upon my review of the financial statements of Borrower, on a consolidated basis, for the Fiscal Month ending _____, 199__, copies of which are attached hereto as Appendix 1, I hereby certify as follows:

1. Attached hereto as Appendix 2 is a statement, prepared by or for me, as Executive Vice President/Finance of Borrower, showing, as of the date set forth above, the calculations used in determining [compliance] [noncompliance] with each financial covenant set forth in Section 13(j), as indicated thereon.
2. The financial statements attached as Appendix 1

were prepared in accordance with the customary of Borrower in preparing internal, monthly financial statements, and, subject to the limitations inherent in such customary practices, present fairly the financial position and results of operation of Borrower and its Subsidiaries, and are true and correct in all material respects.

3. No Default or Event of Default has occurred and is continuing as of the date hereof [, other than: [Describe Specifically]].

4. Borrower has taken the following steps to cure such Default or Event or Default: [Describe Specifically]].

Very truly yours,

Name: Paul J. Meyer
Title: Executive Vice President/Finance,
Maui Land & Pineapple Company, Inc.

APPENDIX 1

FINANCIAL STATEMENTS

APPENDIX 2

CALCULATION OF
FINANCIAL COVENANT COMPLIANCE

AMENDED AND RESTATED

MAUI LAND & PINEAPPLE COMPANY, INC.

EXECUTIVE CHANGE-IN-CONTROL SEVERANCE AGREEMENT

(President/CEO and Executive Vice Presidents)

Gary L. Gifford, President & Chief Executive Officer

ARTICLE I. ESTABLISHMENT AND PURPOSE.

1.1 Effective Date. This Amended and Restated Executive Change-in-Control Severance Agreement (the "Agreement") is made and entered into and is effective as of the 16th day of March, 1999 ("Effective Date"), by and between Maui Land & Pineapple Company, Inc. ("ML&P"), a Hawaii corporation, and Gary L. Gifford ("Executive"). This Agreement shall supersede and replace any prior severance agreement entered into between ML&P and the Executive.

1.2 Term of the Agreement.

a. The Agreement shall commence as of the Effective Date written above, and shall continue until terminated in accordance with this paragraph 1.2. This Agreement may be terminated by the Board of Directors of ML&P (the "Board") upon one hundred eighty (180) days advance written notice to the Executive; provided, however, that the Board may not terminate this Agreement (i) after the occurrence of a Change in Control or (ii) during the respective periods set forth in Section 1.2.c or 1.2.d below.

b. In the event that a Change in Control, as defined in Section 2.1 herein, occurs during the term of this Agreement, this Agreement shall remain irrevocably in effect for the greater of thirty-six (36) months from the date of such Change in Control, or until all benefits have been paid to the Executive hereunder.

c. In the event that the Board has knowledge that a third party has taken steps reasonably calculated to effect a Change in Control, including, but not limited to the commencement of a tender offer for the voting stock of ML&P, or the circulation of a proxy to ML&P's shareholders, then the Board shall not be permitted thereafter to exercise the termination right provided by

Section 1.2.a unless and until the Board, in good faith, has determined that such third party has fully abandoned or terminated its effort to effect a Change in Control.

d. In the event that the Board approves in principle one or more transactions the implementation of which would result in a Change in Control, then the Board shall not be permitted thereafter to exercise the termination right provided by Section 1.2.a unless and until the Board, in good faith, has determined to fully abandon and terminate all efforts by ML&P or its Subsidiaries to implement such transactions.

1.3 Purpose of the Agreement. The purpose of this Agreement is to advance the interests of ML&P and its Subsidiaries by assuring that ML&P and its Subsidiaries shall have the continued employment and dedication of the Executive and the availability of his advice and counsel in the event that an acquisition or Change in Control occurs. This Agreement shall also assure the Executive of equitable treatment during the period of uncertainty that surrounds an acquisition or Change in Control, and allow the Executive to act at all times in the best interest of ML&P and its shareholders.

1.4 Contractual Right to Benefits. This Agreement establishes and vests in the Executive a contractual right to the benefits which he or she is entitled hereunder, enforceable by the Executive against ML&P or any Successor Employer that assumes this Agreement. However, nothing herein shall require ML&P or any such Successor Employer to segregate, earmark, or otherwise set aside any funds or other assets to provide for any payments hereunder.

1.5 Legal Status. This Agreement shall be considered an unfunded agreement to provide welfare benefits to a select group of management or highly compensated employees and is therefore intended to be a "top-hat" plan exempt from the requirements of the provisions of Parts 2, 3 and 4 of Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

ARTICLE II. DEFINITIONS AND CONSTRUCTION.

2.1 Definitions. Whenever used in this Agreement, the following terms shall have the meanings set forth below and, when the meaning is intended, the initial letter of the word is capitalized.

a. "Base Salary" means Executive's annualized salary, which includes all regular basic wages before reduction for any amounts deferred on a tax-qualified or

nonqualified basis, payable in cash to Executive for services rendered during the Year. Base Salary shall exclude bonuses, incentive compensation, special fees or awards, commissions, allowances, or any other form of premium or incentive pay, or amounts properly designated by Employer as payment toward or reimbursement of expenses.

b. "Beneficial Owner" shall have the meaning ascribed to such terms in Rule 13d-3 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

c. "Beneficiary" with respect to Executive means the persons or entities designated or deemed designated by the Executive pursuant to Section 8.2 herein.

d. "Board" means the Board of Directors of ML&P.

e. "Change in Control" means one or more of the following occurrences with respect to ML&P or a Subsidiary:

(1) Any Person, including a "group" as defined in Section 13(d)(3) of the Exchange Act, who is not at the date of this Agreement the beneficial owner of shares of the given entity having 25% or more of the total number of votes that may be cast for the election of Directors of such entity, becomes the beneficial owner (including acquisition of beneficial ownership resulting from formation of a "group") of shares of such entity having 25% or more of such voting power;

(2) Any Person, including a "group" as defined in Section 13(d)(3) of the Exchange Act, who is not at the date of this Agreement the beneficial owner of shares of a given entity having 50% or more of the total number of votes that may be cast for the election of Directors of such entity, becomes the beneficial owner (including acquisition of beneficial ownership resulting from formation of a "group") of shares of such entity having 50% or more of such voting power;

(3) As the result of, or in connection with any cash tender or exchange offer, merger or other business combination, sale of assets or contested election, or any combination of the foregoing transactions, the Persons who were Directors of the given entity before the transaction shall cease to constitute a majority of the Board of Directors of such entity or any successor to such entity;

(4) A merger or consolidation of the given entity in which the surviving entity is neither ML&P nor a direct or indirect

wholly owned subsidiary of ML&P; or

(5) The sale, transfer, or other disposition of all or substantially all of the assets of the given entity (and for this purpose, the term "substantially all" shall mean assets having a fair market value, whether or not realized in the transaction, that is 50% or more of the aggregate fair market value of all assets of such entity); and, in addition, in the case of a Subsidiary, the sale, transfer or other disposition (other than to an entity that is before and following such transaction a direct or indirect wholly owned subsidiary of M&LP) of securities that immediately prior to such transaction constituted 50% or more of such Subsidiary's outstanding voting securities.

(6) A spin-off, split-off, split-up or similar divisive reorganization affecting ML&P and/or its Subsidiaries.

f. "Committee" means the Compensation Committee of the Board of Directors of ML&P or any other committee appointed by the Board to administer this Agreement; provided that following a Change in Control "Committee" shall mean the Persons who constituted the Committee immediately prior to the Change in Control.

g. "Disability" means a physical or mental condition which renders Executive unable to discharge his normal work responsibility with Employer and which, in the opinion of a licensed physician selected by the Executive, subject to reasonable approval by the Committee based upon sufficient medical evidence, can be reasonably expected to continue for a period of at least one full calendar year. If Executive fails to select a physician within ten (10) business days of a written request made by Employer, then Employer may select a physician for purposes of this paragraph.

h. "Effective Date" has the meaning set forth in Section 1.1.

i. "Effective Date of Termination" means the date on which a Qualifying Termination occurs.

j. "Employer" means ML&P, or any Successor Employer that has assumed this Agreement pursuant to Section 8.1.a.

k. "ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, or any successor act thereto.

l. "Expiration Date" means the date the Agreement terminates, as provided in Section 1.2 herein.

m. "Just Cause" means the basis for a termination of Executive's employment for which no Severance Benefits are payable hereunder, as provided in Article IV herein.

n. "ML&P" means Maui Land & Pineapple Company, Inc., a Hawaii corporation.

o. "Normal Retirement Date" shall mean the date on which the Executive attains age 65.

p. "Person" shall have the meaning ascribed to such terms in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, including a "group" as defined and used in Section 13(d) and Regulation 13D thereunder; provided that for purposes of Section 2.1(e) "Person" shall not include any entity that is a direct or indirect wholly owned subsidiary of ML&P.

q. "Qualifying Termination" means a termination of the Executive's employment as described in Section 3.2 herein.

r. "Severance Benefit" means the payment of severance compensation as provided in Article III herein.

s. "Subsidiaries" means Maui Pineapple Company, Ltd. and Kapalua Land Company, Ltd.

t. "Successor Employer" means an entity that becomes Executive's employer in connection with a Change in Control and which following such Change in Control does not control, and is not controlled by or under common control with, ML&P.

u. "Year" means the consecutive 12-month period beginning each January 1 and ending December 31.

2.2 Gender and Number. Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine, the plural shall include the singular, and the singular shall include the plural.

2.3 Severability. In the event any provision of the Agreement shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Agreement, and the Agreement shall be construed and enforced as if the illegal or invalid provision had not been included.

2.4 Modification. No express provisions of this Agreement may be modified, waived, or discharged unless such modification, waiver, or discharge is agreed to by the Executive in writing and approved by Employer's board of directors.

2.5 Applicable Law. To the extent not preempted by the laws of the United States, the laws of the State of Hawaii shall be the controlling law in all matters relating to the Agreement without regard to the conflicts of law principles in such laws.

ARTICLE III. SEVERANCE BENEFITS.

3.1 Right to Severance Benefits. The Executive shall be entitled to receive Severance Benefits as described in Section 3.4 herein, if there has been a Change in Control as defined in Section 2.1(e) herein, and if, within thirty-six (36) months thereafter, the Executive's employment shall end for any reason specified in Section 3.2 herein as being a Qualifying Termination. The Executive shall not be entitled to receive Severance Benefits if the Executive's employment is involuntarily terminated for Just Cause, as provided under Article IV herein, or if the Executive's employment terminates due to death or Disability.

3.2 Qualifying Termination. The occurrence of any one or more of the following events within thirty-six (36) calendar months after a Change in Control shall entitle the Executive to the payment of Severance Benefits, as provided under Section 3.4 herein:

a. Involuntary termination of the Executive's employment without Just Cause (as defined in Article IV herein) (other than a merely technical termination arising from a good faith reassignment in connection with a Change in Control of officers and employees of ML&P and/or its Subsidiaries and following which Executive remains an employee of (i) ML&P or a Subsidiary that continues thereafter to be wholly owned by ML&P or (ii) a Successor Employer that has assumed ML&P's obligations under this Agreement in accordance with Section 8.1.a); or

b. The Executive's voluntary employment termination for Good Reason (as defined by Section 3.3 herein).

3.3 Definition of Good Reason. "Good Reason" means, without the Executive's express written consent, the occurrence after a Change in Control of any one or more of the following:

a. The assignment of the Executive to duties materially inconsistent with the Executive's authorities, duties, responsibilities, and status (including offices, titles and reporting requirements) as an executive and/or officer of Employer, or a material reduction of the Executive's authorities, duties, or responsibilities from those in effect as of ninety (90) days prior to the Change in Control, other than an act that is remedied promptly after Employer's receipt of notice thereof given by the Executive (provided, however, that "Good Reason" shall not include the events described in the preceding portions of this paragraph (a) if the changes described therein have been approved by a majority of the Board of ML&P and also by a number of such directors who comprised at least a majority of the Board of ML&P 90 days prior to the Change In Control);

b. Employer requiring the Executive to be based at a location in excess of seventy-five (75) miles from the location of the Executive's principal job location or office immediately prior to the Change in Control, except for required travel on company business to an extent substantially consistent with the Executive's then present business travel obligations;

c. A more than ten percent (10%) reduction of the Executive's annual rate of Base Salary in effect as of ninety (90) days prior to the Change in Control;

d. The failure to continue in effect any of ML&P's or its Subsidiaries' annual incentive compensation plans, or employee benefit or retirement plans, policies, practices, or similar compensatory arrangements in which the Executive participated as of the 180th day preceding the Change in Control (unless such failure to continue the plan, policy, practice or arrangement pertains generally to all plan participants) or the failure to continue the Executive's participation therein on substantially the same basis, both in terms of the amount of benefits provided and the level of the Executive's participation relative to other participants; provided, however, that this Section 3.3.d shall not apply in the case of a Change in Control described in Section 2.1.e (6) if: (a) Executive's employer thereafter is ML&P or a wholly owned Subsidiary thereof, or a Successor Employer that has in accordance with Section 8.1 expressly assumed this Agreement; (b) a failure to continue the plan, policy, practice or arrangement or Executive's participation therein pertains generally to all participants employed by such employer; and (c) the aggregate annualized value to Executive of benefits provided under all of such

employer's incentive compensation plans, other employee benefit or retirement plans, policies, practices, or similar compensatory arrangements (excluding any costs incurred in connection with this Agreement) is at least 90% of the value to Executive of benefits so provided by ML&P and its Subsidiaries for the last Year ended prior to the Change in Control.

e. The failure of ML&P to obtain an agreement from any Successor Employer (as contemplated by Article VIII) to assume this Agreement and to perform ML&P's obligations to Executive hereunder.

f. A material breach of obligations to Executive under this Agreement by ML&P, or by a Successor Employer that has assumed this Agreement, if such breach has not been cured to the reasonable satisfaction of Executive within thirty (30) days following delivery of written notice thereof by Executive to the breaching party.

3.4 Description of Severance Benefits. In the event that Executive becomes entitled to receive Severance Benefits, as provided in Section 3.1 herein, ML&P shall pay to the Executive and provide him with the following:

a. An amount equal to 2.99 times the Executive's annual rate of Base Salary in effect upon the Effective Date of Termination (or, if greater, 2.99 times the Executive's annual rate of Base Salary in effect ninety (90) days prior to the Change in Control); and

b. A payout under the ML&P Annual Incentive Plan, or any similar plan Employer maintains, or is obligated by Section 3.3.d to provide, in accordance with the terms of such plan; and

c. A continuation of all welfare benefits at normal employee cost including medical and dental insurance, long-term disability, group term life insurance, and accidental death & dismemberment insurance for three (3) full years from the Effective Date of Termination or until the Executive reaches his Normal Retirement Date, whichever occurs earlier. In the event that participation in any one or more of the welfare benefits is not possible under the terms of the governing welfare benefit provisions or due to the modification or elimination of the welfare benefits, Employer shall provide substantially identical welfare benefits at the normal employee cost of the affected welfare benefits. However, these benefits shall be discontinued prior to the end of the three (3) years in the event the Executive receives substantially similar

benefits from a subsequent employer, as determined by the Committee. The right of the Executive and his spouse and other dependents to continued group health coverage under Section 4980B of the Internal Revenue Code of 1986, as amended ("Code"), shall commence at the end of the applicable Severance Benefits period. Unless otherwise provided under this Agreement, the applicable Severance Benefits period shall be treated as if it were a period of employment with ML&P or its Subsidiaries (or, if Executive so elects, with any Successor Employer) for purposes of determining rights and benefits under any retirement plan or other plan or program and shall be treated as a period of covered employment under such plan or other plan or program if the Executive was in covered employment immediately prior to the Change in Control, provided that, if such treatment is not possible under the terms of such plan or other plan or program, Employer shall directly provide substantially identical benefits attributable to the crediting of the Severance Benefits period.

3.5 Reduction of Severance Benefits. In the event there are fewer than thirty-six (36) whole or partial months remaining from the Executive's Effective Date of Termination until the Executive's Normal Retirement Date, then the amounts provided for under Section 3.4.a above shall be reduced by a fraction, the numerator of which shall be the number of whole or partial months remaining until the Executive's Normal Retirement Date, and the denominator of which shall be thirty-six (36).

3.6 Special Retirement Benefits. The Executive shall receive special retirement benefits as provided below, so that the total retirement benefits that the Executive receives will equal the retirement benefits that the Executive would have received under the Maui Land & Pineapple Company, Inc. Pension Plan for Non-Bargaining Unit Employees ("Retirement Plan"), Supplemental Executive Retirement Plan, and Executive Supplemental Insurance Plan/Executive Deferred Compensation Plan (collectively, "Plans"), under the terms thereof that existed ninety (90) days prior to the Change in Control, had the Executive continued in the employ of ML&P and its Subsidiaries for three (3) years following the Executive's Effective Date of Termination (or until his Normal Retirement Date, whichever is earlier) but without regard to any ancillary benefits. The amount of special retirement benefits payable hereunder to the Executive or his beneficiaries shall equal the excess of the amount specified in (a) over the amount specified in (b) below.

a. The total retirement benefits on an actuarial equivalent single-life basis would be paid to the

Executive if the three (3) years (or the period to his Normal Retirement Date, if less) following the Executive's Effective Date of Termination are added to his credited service under the Plans.

b. The total retirement benefits actually paid on an actuarial equivalent single-life basis to the Executive.

Such special retirement benefits shall be paid at the same time and in the same form (e.g., actuarial equivalent single-life or contingent annuitant basis) as was required with respect to the Executive's retirement benefits under the Plans. The special retirement benefits shall be paid by the Plans or, if the terms of such Plans do not provide for such benefits, the special retirement benefits shall be paid directly by Employer. The actuarial equivalent of special retirement benefits shall be determined in accordance with the factors provided under the Retirement Plan.

3.7 Outplacement Services. In the event that the Executive becomes entitled to receive Severance Benefits as provided in Section 3.1 herein, the Executive shall be entitled, at the expense of Employer, to receive standard outplacement services as selected by the Executive, for a period of up to thirty-six (36) months from the Effective Date of Termination. However, such services shall not exceed a maximum annual benefit of ten percent (10%) of the Executive's annual rate of Base Salary in effect ninety (90) days prior to the Change in Control.

3.8 Incentive Compensation. In the event that the Executive becomes entitled to receive Severance Benefits as provided in Section 3.1 herein, any deferred awards previously granted to the Executive under ML&P's or its Subsidiaries' or any Successor Employer's incentive compensation plans and not previously paid to the Executive shall immediately vest on the date of the Executive's Effective Date of Termination and shall be paid no later than ninety (90) calendar days following that date, and be included as compensation in the month paid.

ARTICLE IV. DISQUALIFICATION FROM RECEIPT OF BENEFITS.

No Severance Benefits shall be payable to the Executive under this Agreement in the event the Executive is terminated by Employer for Just Cause. For this purpose, Just Cause shall mean willful, malicious conduct by the Executive which is detrimental to the best interests of Employer, including theft, embezzlement, the conviction of a criminal act, disclosure of trade secrets, a gross dereliction of duty, or other grave misconduct on the part of the Executive which is

substantially injurious to Employer. Just Cause also shall include a material breach by the Executive of any of his covenants under this Agreement, if such breach has not been cured to the reasonable satisfaction of Employer within thirty (30) days following written notice thereof by Employer to the Executive.

ARTICLE V. FORM AND TIMING OF SEVERANCE BENEFITS.

5.1 Form and Timing of Severance Benefits. The Severance Benefits described in Sections 3.4.a, 3.4.b and 3.8 herein shall be paid in cash to the Executive in a single lump sum as soon as practicable following the Executive's Effective Date of Termination, but in no event beyond ninety (90) calendar days from such date.

The Severance Benefits described in Section 3.4.c herein shall be provided to the Executive immediately upon the Executive's Effective Date of Termination and shall continue to be provided for three (3) full calendar years from the Executive's Effective Date of Termination or until the Executive reaches his Normal Retirement date, whichever occurs earlier. However, the Severance Benefits described in Section 3.4.c herein shall be discontinued prior to the end of the three (3) year period immediately upon the Executive receiving substantially similar benefits from a subsequent employer, as determined by the Committee.

5.2 Withholding of Taxes. Employer shall withhold from any amounts payable under this Agreement all Federal, state, city or other taxes as legally shall be required.

ARTICLE VI. PARACHUTE PAYMENTS.

6.1 Determination of Alternative Severance Benefit Limit. Notwithstanding any other provision of this Agreement, if any portion of the Severance Benefits or any other payment under this Agreement, or under any other agreement with, or plan of, Employer (in the aggregate "Total Payments") would constitute an "excess parachute payment," then the payments to be made to the Executive under this Agreement shall be reduced such that the value of the aggregate Total Payments that the Executive is entitled to receive shall be one dollar (\$1) less than the maximum amount which the Executive may receive without becoming subject to the tax imposed by Section 4999 of the Code, or which Employer may pay without loss of deduction under Section 280G(a) of the Code. However, such reduction in Severance

Benefits shall apply if, and only if, the resulting Severance Benefits with such reduction is greater in value to the Executive than the value of the Severance Benefits without a reduction, net of any tax imposed on the Executive pursuant to Section 4999 of the Code. For purposes of this Agreement, the terms "excess parachute payment" and "parachute payments" shall have the meanings assigned to such terms in Section 280G of the Code, and such "parachute payments" shall be valued as provided therein.

6.2 Procedure for Establishing Alternative Limitation. Within fifteen (15) calendar days following delivery of the notice of Qualifying Termination or notice by Employer to the Executive of its belief that there is a payment or benefit due the Executive which will result in an "excess parachute payment" as defined in Section 280G of the Code, the Executive and such Employer, at Employer's expense, shall obtain the opinion of such Employer's principal outside law firm, accounting firm, and/or compensation and benefits consulting firm, which sets forth: (a) the amount of the Executive's "annualized includible compensation for the base period" (as defined in Section 280G(d)(1) of the Code); (b) the present value of the Total Payments; and (c) the amount and present value of any "excess parachute payment."

In the event that such opinion determines that there would be an "excess parachute payment," such that a reduction in the Severance Benefits would result in a greater net benefit to the Executive (as provided in Section 6.1 herein), then the Severance Benefits hereunder or any other payment determined under the opinion to be includible in Total Payments shall be reduced or eliminated so that, on the basis of calculations set forth in such opinion, there will be no "excess parachute payment". The reduction or elimination of specific payments shall apply to such type and amount of specific payments as may be designated by the Executive in writing delivered to Employer within ten (10) calendar days of receipt of the opinion, or if the Executive fails to so notify such Employer, as may be reasonably determined by it.

The provisions of this Section 6.2, including the calculations, notices, and opinion provided herein, shall be based upon the conclusive presumption that the following amounts are reasonable: (a) the compensation and benefits provided for in Article III herein; and (b) any other compensation earned prior to the Effective Date of Termination by the Executive pursuant to ML&P's and any Successor Employer's compensation programs (if such payments would have been made in the future in any event, even though the timing of such payment is triggered by the Change in Control).

6.3 Subsequent Imposition of Excise Tax. If, notwithstanding compliance with the provisions of Sections 6.1 and 6.2 herein, it is ultimately determined by a court or pursuant to a final determination by the Internal Revenue Service that any portion of the Total Payments is considered to be a "parachute payment", subject to excise tax under Section 4999 of the Code, which was not contemplated to be a "parachute payment" at the time of payment (so as to accurately determine whether a limitation should have been applied to the Total Payments to maximize the net benefit to the Executive, as provided in Sections 6.1 and 6.2 herein), the Executive shall be entitled to receive a lump sum cash payment sufficient to place the Executive in the same net after-tax position, computed by using the "Special Tax Rate" as such term is defined below, that the Executive would have been in had such payment not been subject to such excise tax, and had the Executive not incurred any interest charges or penalties with respect to the imposition of such excise tax. For purposes of this Agreement, the "Special Tax Rate" shall be the highest effective Federal and state marginal tax rates applicable to the Executive in the year in which the payment contemplated under this Section 6.3 is made.

ARTICLE VII. OTHER RIGHTS AND BENEFITS NOT AFFECTED.

7.1 Other Benefits. Neither the provisions of this Agreement nor the Severance Benefits provided for hereunder shall reduce any amounts otherwise payable, or in any way diminish the Executive's rights as an employee of ML&P or its Subsidiaries or a Successor Employer, whether existing now or hereafter, under any benefit, incentive, retirement, stock option, stock bonus, stock purchase plan, or any employment agreement, or other plan or arrangement.

7.2 Employment Status. This Agreement does not constitute a contract of employment or impose on ML&P or its Subsidiaries or any Successor Employer any obligation to retain the Executive as an employee, to change the status of the Executive's employment, or to change such entity's policies regarding termination of employment.

ARTICLE VIII. SUCCESSORS.

8.1 Successors.

a. This Agreement shall be binding upon ML&P, any Successor Employer that has assumed this Agreement, and their respective successors and assigns. ML&P shall require any Successor Employer to expressly assume and agree to perform this Agreement and all of ML&P's obligations hereunder. Failure of ML&P to obtain such

assumption and agreement prior to the effectiveness of any Change in Control that results in a transfer of Executive's employment to a Successor Employer shall constitute Good Reason for voluntary termination of employment by Executive, pursuant to Sections 3.2 and 3.3 hereof.

b. If in connection with and prior to the effectiveness of a Change in Control a Successor Employer has assumed this Agreement in accordance with Section 8.1.a, then following such Change in Control neither ML&P, nor any successor to it that does not directly or indirectly control and is not directly or indirectly controlled by or under common control with, such Successor Employer, shall have any further liability or obligation hereunder. For purposes of the foregoing and the definition of "Successor Employer" in Section 2.1, "control" (including the terms controlling, controlled by and under common control with) shall have the meaning set forth in Rule 405 under the Securities Act of 1933 (17 CFR 230.405).

c. This Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees, and legatees. If Executive should die while any amount would still be payable to him hereunder had he continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement, to the Executive's devisee, legatee, or other designee, or if there is no such designee, to the Executive's estate.

8.2 Beneficiaries. In the event of the death of the Executive, all unpaid amounts payable to the Executive under this Agreement shall be paid to his or her Beneficiary. The Executive's spouse and other dependents shall continue to be covered by all applicable welfare benefits during the remainder of the Severance Benefits period, if any, pursuant to Section 3.4.c (unless payments at death are specified by the applicable welfare benefits provisions). The Beneficiary of the Executive's Severance Benefits under this Agreement shall be designated by the Executive in the form of a signed writing acceptable to the Committee. The Executive may make or change such designation at any time.

ARTICLE IX. ADMINISTRATION.

9.1 Administration. The Compensation Committee shall administer this Agreement. The Committee is authorized, prior to occurrence of a Change in Control, to interpret this

Agreement, to prescribe and rescind rules and regulations, to provide conditions and assurances deemed necessary and advisable, to protect the interest of ML&P or its Subsidiaries, and to make all other determinations necessary or advisable for the Agreement's administration. In fulfilling its administrative duties hereunder, the Committee may rely on outside counsel, independent accountants, or other consultants to render advice or assistance.

9.2 Indemnification and Exculpation. The members of the Board, its agents and officers, directors and employees of ML&P and its Subsidiaries shall be indemnified and held harmless by ML&P and its Subsidiaries against and from any and all loss, cost, liability, or expense that may be imposed upon or reasonably incurred by them in connection with or resulting from any claim, action, suit or proceeding to which they may be a party or in which they may be involved by reason of any action taken or failure to act under this Agreement and against and from any and all amounts paid by them in settlement (with ML&P's written approval) or paid by them in satisfaction of a judgment in any such action, suit or proceeding. The foregoing provision shall not be applicable to any person if the loss, cost, liability or expense is due to such person's gross negligence or willful misconduct.

9.3 Legal Fees. ML&P (or, if applicable, any Successor Employer that has assumed the Agreement) shall pay all reasonable legal fees, costs of litigation and other expenses incurred in good faith by the Executive as a result of its refusal to provide the Severance Benefits which it is obligated to provide to Executive under this Agreement, or as a result of ML&P or such Successor Employer contesting the validity, enforceability or interpretation of the Agreement; provided, however, that such payments shall not exceed the amount permitted by law.

IN WITNESS WHEREOF, ML&P has caused this Agreement to be executed as of the day and year first above written.

MAUI LAND & PINEAPPLE COMPANY, INC.

By /S/ ADELE H. SUMIDA
Its Secretary

/S/ GARY L. GIFFORD
Gary L. Gifford, "Executive"

ATTEST:

/S/ J. SUSAN CORLEY

AMENDED AND RESTATED

MAUI LAND & PINEAPPLE COMPANY, INC.

EXECUTIVE CHANGE-IN-CONTROL SEVERANCE AGREEMENT

(President/CEO and Executive Vice Presidents)

Paul J. Meyer, Executive Vice President/Finance

ARTICLE I. ESTABLISHMENT AND PURPOSE.

1.1 Effective Date. This Amended and Restated Executive Change-in-Control Severance Agreement (the "Agreement") is made and entered into and is effective as of the 17th day of March, 1999 ("Effective Date"), by and between Maui Land & Pineapple Company, Inc. ("ML&P"), a Hawaii corporation, and Paul J. Meyer ("Executive"). This Agreement shall supersede and replace any prior severance agreement entered into between ML&P and the Executive.

1.2 Term of the Agreement.

a. The Agreement shall commence as of the Effective Date written above, and shall continue until terminated in accordance with this paragraph 1.2. This Agreement may be terminated by the Board of Directors of ML&P (the "Board") upon one hundred eighty (180) days advance written notice to the Executive; provided, however, that the Board may not terminate this Agreement (i) after the occurrence of a Change in Control or (ii) during the respective periods set forth in Section 1.2.c or 1.2.d below.

b. In the event that a Change in Control, as defined in Section 2.1 herein, occurs during the term of this Agreement, this Agreement shall remain irrevocably in effect for the greater of thirty-six (36) months from the date of such Change in Control, or until all benefits have been paid to the Executive hereunder.

c. In the event that the Board has knowledge that a third party has taken steps reasonably calculated to effect a Change in Control, including, but not limited to the commencement of a tender offer for the voting stock of ML&P, or the circulation of a proxy to ML&P's shareholders, then the Board shall not be permitted thereafter to exercise the termination right provided by

Section 1.2.a unless and until the Board, in good faith, has determined that such third party has fully abandoned or terminated its effort to effect a Change in Control.

d. In the event that the Board approves in principle one or more transactions the implementation of which would result in a Change in Control, then the Board shall not be permitted thereafter to exercise the termination right provided by Section 1.2.a unless and until the Board, in good faith, has determined to fully abandon and terminate all efforts by ML&P or its Subsidiaries to implement such transactions.

1.3 Purpose of the Agreement. The purpose of this Agreement is to advance the interests of ML&P and its Subsidiaries by assuring that ML&P and its Subsidiaries shall have the continued employment and dedication of the Executive and the availability of his advice and counsel in the event that an acquisition or Change in Control occurs. This Agreement shall also assure the Executive of equitable treatment during the period of uncertainty that surrounds an acquisition or Change in Control, and allow the Executive to act at all times in the best interest of ML&P and its shareholders.

1.4 Contractual Right to Benefits. This Agreement establishes and vests in the Executive a contractual right to the benefits which he or she is entitled hereunder, enforceable by the Executive against ML&P or any Successor Employer that assumes this Agreement. However, nothing herein shall require ML&P or any such Successor Employer to segregate, earmark, or otherwise set aside any funds or other assets to provide for any payments hereunder.

1.5 Legal Status. This Agreement shall be considered an unfunded agreement to provide welfare benefits to a select group of management or highly compensated employees and is therefore intended to be a "top-hat" plan exempt from the requirements of the provisions of Parts 2, 3 and 4 of Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

ARTICLE II. DEFINITIONS AND CONSTRUCTION.

2.1 Definitions. Whenever used in this Agreement, the following terms shall have the meanings set forth below and, when the meaning is intended, the initial letter of the word is capitalized.

a. "Base Salary" means Executive's annualized salary, which includes all regular basic wages before reduction for any amounts deferred on a tax-qualified or

nonqualified basis, payable in cash to Executive for services rendered during the Year. Base Salary shall exclude bonuses, incentive compensation, special fees or awards, commissions, allowances, or any other form of premium or incentive pay, or amounts properly designated by Employer as payment toward or reimbursement of expenses.

b. "Beneficial Owner" shall have the meaning ascribed to such terms in Rule 13d-3 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

c. "Beneficiary" with respect to Executive means the persons or entities designated or deemed designated by the Executive pursuant to Section 8.2 herein.

d. "Board" means the Board of Directors of ML&P.

e. "Change in Control" means one or more of the following occurrences with respect to ML&P or a Subsidiary:

(1) Any Person, including a "group" as defined in Section 13(d)(3) of the Exchange Act, who is not at the date of this Agreement the beneficial owner of shares of the given entity having 25% or more of the total number of votes that may be cast for the election of Directors of such entity, becomes the beneficial owner (including acquisition of beneficial ownership resulting from formation of a "group") of shares of such entity having 25% or more of such voting power;

(2) Any Person, including a "group" as defined in Section 13(d)(3) of the Exchange Act, who is not at the date of this Agreement the beneficial owner of shares of a given entity having 50% or more of the total number of votes that may be cast for the election of Directors of such entity, becomes the beneficial owner (including acquisition of beneficial ownership resulting from formation of a "group") of shares of such entity having 50% or more of such voting power;

(3) As the result of, or in connection with any cash tender or exchange offer, merger or other business combination, sale of assets or contested election, or any combination of the foregoing transactions, the Persons who were Directors of the given entity before the transaction shall cease to constitute a majority of the Board of Directors of such entity or any successor to such entity;

(4) A merger or consolidation of the given entity in which the surviving entity is neither ML&P nor a direct or indirect

wholly owned subsidiary of ML&P; or

(5) The sale, transfer, or other disposition of all or substantially all of the assets of the given entity (and for this purpose, the term "substantially all" shall mean assets having a fair market value, whether or not realized in the transaction, that is 50% or more of the aggregate fair market value of all assets of such entity); and, in addition, in the case of a Subsidiary, the sale, transfer or other disposition (other than to an entity that is before and following such transaction a direct or indirect wholly owned subsidiary of M&LP) of securities that immediately prior to such transaction constituted 50% or more of such Subsidiary's outstanding voting securities.

(6) A spin-off, split-off, split-up or similar divisive reorganization affecting ML&P and/or its Subsidiaries.

f. "Committee" means the Compensation Committee of the Board of Directors of ML&P or any other committee appointed by the Board to administer this Agreement; provided that following a Change in Control "Committee" shall mean the Persons who constituted the Committee immediately prior to the Change in Control.

g. "Disability" means a physical or mental condition which renders Executive unable to discharge his normal work responsibility with Employer and which, in the opinion of a licensed physician selected by the Executive, subject to reasonable approval by the Committee based upon sufficient medical evidence, can be reasonably expected to continue for a period of at least one full calendar year. If Executive fails to select a physician within ten (10) business days of a written request made by Employer, then Employer may select a physician for purposes of this paragraph.

h. "Effective Date" has the meaning set forth in Section 1.1.

i. "Effective Date of Termination" means the date on which a Qualifying Termination occurs.

j. "Employer" means ML&P, or any Successor Employer that has assumed this Agreement pursuant to Section 8.1.a.

k. "ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, or any successor act thereto.

l. "Expiration Date" means the date the Agreement terminates, as provided in Section 1.2 herein.

m. "Just Cause" means the basis for a termination of Executive's employment for which no Severance Benefits are payable hereunder, as provided in Article IV herein.

n. "ML&P" means Maui Land & Pineapple Company, Inc., a Hawaii corporation.

o. "Normal Retirement Date" shall mean the date on which the Executive attains age 65.

p. "Person" shall have the meaning ascribed to such terms in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, including a "group" as defined and used in Section 13(d) and Regulation 13D thereunder; provided that for purposes of Section 2.1(e) "Person" shall not include any entity that is a direct or indirect wholly owned subsidiary of ML&P.

q. "Qualifying Termination" means a termination of the Executive's employment as described in Section 3.2 herein.

r. "Severance Benefit" means the payment of severance compensation as provided in Article III herein.

s. "Subsidiaries" means Maui Pineapple Company, Ltd. and Kapalua Land Company, Ltd.

t. "Successor Employer" means an entity that becomes Executive's employer in connection with a Change in Control and which following such Change in Control does not control, and is not controlled by or under common control with, ML&P.

u. "Year" means the consecutive 12-month period beginning each January 1 and ending December 31.

2.2 Gender and Number. Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine, the plural shall include the singular, and the singular shall include the plural.

2.3 Severability. In the event any provision of the Agreement shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Agreement, and the Agreement shall be construed and enforced as if the illegal or invalid provision had not been included.

2.4 Modification. No express provisions of this Agreement may be modified, waived, or discharged unless such modification, waiver, or discharge is agreed to by the Executive in writing and approved by Employer's board of directors.

2.5 Applicable Law. To the extent not preempted by the laws of the United States, the laws of the State of Hawaii shall be the controlling law in all matters relating to the Agreement without regard to the conflicts of law principles in such laws.

ARTICLE III. SEVERANCE BENEFITS.

3.1 Right to Severance Benefits. The Executive shall be entitled to receive Severance Benefits as described in Section 3.4 herein, if there has been a Change in Control as defined in Section 2.1(e) herein, and if, within thirty-six (36) months thereafter, the Executive's employment shall end for any reason specified in Section 3.2 herein as being a Qualifying Termination. The Executive shall not be entitled to receive Severance Benefits if the Executive's employment is involuntarily terminated for Just Cause, as provided under Article IV herein, or if the Executive's employment terminates due to death or Disability.

3.2 Qualifying Termination. The occurrence of any one or more of the following events within thirty-six (36) calendar months after a Change in Control shall entitle the Executive to the payment of Severance Benefits, as provided under Section 3.4 herein:

a. Involuntary termination of the Executive's employment without Just Cause (as defined in Article IV herein) (other than a merely technical termination arising from a good faith reassignment in connection with a Change in Control of officers and employees of ML&P and/or its Subsidiaries and following which Executive remains an employee of (i) ML&P or a Subsidiary that continues thereafter to be wholly owned by ML&P or (ii) a Successor Employer that has assumed ML&P's obligations under this Agreement in accordance with Section 8.1.a); or

b. The Executive's voluntary employment termination for Good Reason (as defined by Section 3.3 herein).

3.3 Definition of Good Reason. "Good Reason" means, without the Executive's express written consent, the occurrence after a Change in Control of any one or more of the following:

a. The assignment of the Executive to duties materially inconsistent with the Executive's authorities, duties, responsibilities, and status (including offices, titles and reporting requirements) as an executive and/or officer of Employer, or a material reduction of the Executive's authorities, duties, or responsibilities from those in effect as of ninety (90) days prior to the Change in Control, other than an act that is remedied promptly after Employer's receipt of notice thereof given by the Executive (provided, however, that "Good Reason" shall not include the events described in the preceding portions of this paragraph (a) if the changes described therein have been approved by a majority of the Board of ML&P and also by a number of such directors who comprised at least a majority of the Board of ML&P 90 days prior to the Change In Control);

b. Employer requiring the Executive to be based at a location in excess of seventy-five (75) miles from the location of the Executive's principal job location or office immediately prior to the Change in Control, except for required travel on company business to an extent substantially consistent with the Executive's then present business travel obligations;

c. A more than ten percent (10%) reduction of the Executive's annual rate of Base Salary in effect as of ninety (90) days prior to the Change in Control;

d. The failure to continue in effect any of ML&P's or its Subsidiaries' annual incentive compensation plans, or employee benefit or retirement plans, policies, practices, or similar compensatory arrangements in which the Executive participated as of the 180th day preceding the Change in Control (unless such failure to continue the plan, policy, practice or arrangement pertains generally to all plan participants) or the failure to continue the Executive's participation therein on substantially the same basis, both in terms of the amount of benefits provided and the level of the Executive's participation relative to other participants; provided, however, that this Section 3.3.d shall not apply in the case of a Change in Control described in Section 2.1.e (6) if: (a) Executive's employer thereafter is ML&P or a wholly owned Subsidiary thereof, or a Successor Employer that has in accordance with Section 8.1 expressly assumed this Agreement; (b) a failure to continue the plan, policy, practice or arrangement or Executive's participation therein pertains generally to all participants employed by such employer; and (c) the aggregate annualized value to Executive of benefits provided under all of such

employer's incentive compensation plans, other employee benefit or retirement plans, policies, practices, or similar compensatory arrangements (excluding any costs incurred in connection with this Agreement) is at least 90% of the value to Executive of benefits so provided by ML&P and its Subsidiaries for the last Year ended prior to the Change in Control.

e. The failure of ML&P to obtain an agreement from any Successor Employer (as contemplated by Article VIII) to assume this Agreement and to perform ML&P's obligations to Executive hereunder.

f. A material breach of obligations to Executive under this Agreement by ML&P, or by a Successor Employer that has assumed this Agreement, if such breach has not been cured to the reasonable satisfaction of Executive within thirty (30) days following delivery of written notice thereof by Executive to the breaching party.

3.4 Description of Severance Benefits. In the event that Executive becomes entitled to receive Severance Benefits, as provided in Section 3.1 herein, ML&P shall pay to the Executive and provide him with the following:

a. An amount equal to 2.99 times the Executive's annual rate of Base Salary in effect upon the Effective Date of Termination (or, if greater, 2.99 times the Executive's annual rate of Base Salary in effect ninety (90) days prior to the Change in Control); and

b. A payout under the ML&P Annual Incentive Plan, or any similar plan Employer maintains, or is obligated by Section 3.3.d to provide, in accordance with the terms of such plan; and

c. A continuation of all welfare benefits at normal employee cost including medical and dental insurance, long-term disability, group term life insurance, and accidental death & dismemberment insurance for three (3) full years from the Effective Date of Termination or until the Executive reaches his Normal Retirement Date, whichever occurs earlier. In the event that participation in any one or more of the welfare benefits is not possible under the terms of the governing welfare benefit provisions or due to the modification or elimination of the welfare benefits, Employer shall provide substantially identical welfare benefits at the normal employee cost of the affected welfare benefits. However, these benefits shall be discontinued prior to the end of the three (3) years in the event the Executive receives substantially similar

benefits from a subsequent employer, as determined by the Committee. The right of the Executive and his spouse and other dependents to continued group health coverage under Section 4980B of the Internal Revenue Code of 1986, as amended ("Code"), shall commence at the end of the applicable Severance Benefits period. Unless otherwise provided under this Agreement, the applicable Severance Benefits period shall be treated as if it were a period of employment with ML&P or its Subsidiaries (or, if Executive so elects, with any Successor Employer) for purposes of determining rights and benefits under any retirement plan or other plan or program and shall be treated as a period of covered employment under such plan or other plan or program if the Executive was in covered employment immediately prior to the Change in Control, provided that, if such treatment is not possible under the terms of such plan or other plan or program, Employer shall directly provide substantially identical benefits attributable to the crediting of the Severance Benefits period.

3.5 Reduction of Severance Benefits. In the event there are fewer than thirty-six (36) whole or partial months remaining from the Executive's Effective Date of Termination until the Executive's Normal Retirement Date, then the amounts provided for under Section 3.4.a above shall be reduced by a fraction, the numerator of which shall be the number of whole or partial months remaining until the Executive's Normal Retirement Date, and the denominator of which shall be thirty-six (36).

3.6 Special Retirement Benefits. The Executive shall receive special retirement benefits as provided below, so that the total retirement benefits that the Executive receives will equal the retirement benefits that the Executive would have received under the Maui Land & Pineapple Company, Inc. Pension Plan for Non-Bargaining Unit Employees ("Retirement Plan"), Supplemental Executive Retirement Plan, and Executive Supplemental Insurance Plan/Executive Deferred Compensation Plan (collectively, "Plans"), under the terms thereof that existed ninety (90) days prior to the Change in Control, had the Executive continued in the employ of ML&P and its Subsidiaries for three (3) years following the Executive's Effective Date of Termination (or until his Normal Retirement Date, whichever is earlier) but without regard to any ancillary benefits. The amount of special retirement benefits payable hereunder to the Executive or his beneficiaries shall equal the excess of the amount specified in (a) over the amount specified in (b) below.

a. The total retirement benefits on an actuarial equivalent single-life basis would be paid to the

Executive if the three (3) years (or the period to his Normal Retirement Date, if less) following the Executive's Effective Date of Termination are added to his credited service under the Plans.

b. The total retirement benefits actually paid on an actuarial equivalent single-life basis to the Executive.

Such special retirement benefits shall be paid at the same time and in the same form (e.g., actuarial equivalent single-life or contingent annuitant basis) as was required with respect to the Executive's retirement benefits under the Plans. The special retirement benefits shall be paid by the Plans or, if the terms of such Plans do not provide for such benefits, the special retirement benefits shall be paid directly by Employer. The actuarial equivalent of special retirement benefits shall be determined in accordance with the factors provided under the Retirement Plan.

3.7 Outplacement Services. In the event that the Executive becomes entitled to receive Severance Benefits as provided in Section 3.1 herein, the Executive shall be entitled, at the expense of Employer, to receive standard outplacement services as selected by the Executive, for a period of up to thirty-six (36) months from the Effective Date of Termination. However, such services shall not exceed a maximum annual benefit of ten percent (10%) of the Executive's annual rate of Base Salary in effect ninety (90) days prior to the Change in Control.

3.8 Incentive Compensation. In the event that the Executive becomes entitled to receive Severance Benefits as provided in Section 3.1 herein, any deferred awards previously granted to the Executive under ML&P's or its Subsidiaries' or any Successor Employer's incentive compensation plans and not previously paid to the Executive shall immediately vest on the date of the Executive's Effective Date of Termination and shall be paid no later than ninety (90) calendar days following that date, and be included as compensation in the month paid.

ARTICLE IV. DISQUALIFICATION FROM RECEIPT OF BENEFITS.

No Severance Benefits shall be payable to the Executive under this Agreement in the event the Executive is terminated by Employer for Just Cause. For this purpose, Just Cause shall mean willful, malicious conduct by the Executive which is detrimental to the best interests of Employer, including theft, embezzlement, the conviction of a criminal act, disclosure of trade secrets, a gross dereliction of duty, or other grave misconduct on the part of the Executive which is

substantially injurious to Employer. Just Cause also shall include a material breach by the Executive of any of his covenants under this Agreement, if such breach has not been cured to the reasonable satisfaction of Employer within thirty (30) days following written notice thereof by Employer to the Executive.

ARTICLE V. FORM AND TIMING OF SEVERANCE BENEFITS.

5.1 Form and Timing of Severance Benefits. The Severance Benefits described in Sections 3.4.a, 3.4.b and 3.8 herein shall be paid in cash to the Executive in a single lump sum as soon as practicable following the Executive's Effective Date of Termination, but in no event beyond ninety (90) calendar days from such date.

The Severance Benefits described in Section 3.4.c herein shall be provided to the Executive immediately upon the Executive's Effective Date of Termination and shall continue to be provided for three (3) full calendar years from the Executive's Effective Date of Termination or until the Executive reaches his Normal Retirement date, whichever occurs earlier. However, the Severance Benefits described in Section 3.4.c herein shall be discontinued prior to the end of the three (3) year period immediately upon the Executive receiving substantially similar benefits from a subsequent employer, as determined by the Committee.

5.2 Withholding of Taxes. Employer shall withhold from any amounts payable under this Agreement all Federal, state, city or other taxes as legally shall be required.

ARTICLE VI. PARACHUTE PAYMENTS.

6.1 Determination of Alternative Severance Benefit Limit. Notwithstanding any other provision of this Agreement, if any portion of the Severance Benefits or any other payment under this Agreement, or under any other agreement with, or plan of, Employer (in the aggregate "Total Payments") would constitute an "excess parachute payment," then the payments to be made to the Executive under this Agreement shall be reduced such that the value of the aggregate Total Payments that the Executive is entitled to receive shall be one dollar (\$1) less than the maximum amount which the Executive may receive without becoming subject to the tax imposed by Section 4999 of the Code, or which Employer may pay without loss of deduction under Section 280G(a) of the Code. However, such reduction in Severance Benefits shall apply if, and only if, the resulting Severance Benefits with such reduction is greater in value to the

Executive than the value of the Severance Benefits without a reduction, net of any tax imposed on the Executive pursuant to Section 4999 of the Code. For purposes of this Agreement, the terms "excess parachute payment" and "parachute payments" shall have the meanings assigned to such terms in Section 280G of the Code, and such "parachute payments" shall be valued as provided therein.

6.2 Procedure for Establishing Alternative Limitation. Within fifteen (15) calendar days following delivery of the notice of Qualifying Termination or notice by Employer to the Executive of its belief that there is a payment or benefit due the Executive which will result in an "excess parachute payment" as defined in Section 280G of the Code, the Executive and such Employer, at Employer's expense, shall obtain the opinion of such Employer's principal outside law firm, accounting firm, and/or compensation and benefits consulting firm, which sets forth: (a) the amount of the Executive's "annualized includible compensation for the base period" (as defined in Section 280G(d)(1) of the Code); (b) the present value of the Total Payments; and (c) the amount and present value of any "excess parachute payment."

In the event that such opinion determines that there would be an "excess parachute payment," such that a reduction in the Severance Benefits would result in a greater net benefit to the Executive (as provided in Section 6.1 herein), then the Severance Benefits hereunder or any other payment determined under the opinion to be includible in Total Payments shall be reduced or eliminated so that, on the basis of calculations set forth in such opinion, there will be no "excess parachute payment". The reduction or elimination of specific payments shall apply to such type and amount of specific payments as may be designated by the Executive in writing delivered to Employer within ten (10) calendar days of receipt of the opinion, or if the Executive fails to so notify such Employer, as may be reasonably determined by it.

The provisions of this Section 6.2, including the calculations, notices, and opinion provided herein, shall be based upon the conclusive presumption that the following amounts are reasonable: (a) the compensation and benefits provided for in Article III herein; and (b) any other compensation earned prior to the Effective Date of Termination by the Executive pursuant to ML&P's and any Successor Employer's compensation programs (if such payments would have been made in the future in any event, even though the timing of such payment is triggered by the Change in Control).

6.3 Subsequent Imposition of Excise Tax. If, notwithstanding compliance with the provisions of Sections 6.1

and 6.2 herein, it is ultimately determined by a court or pursuant to a final determination by the Internal Revenue Service that any portion of the Total Payments is considered to be a "parachute payment", subject to excise tax under Section 4999 of the Code, which was not contemplated to be a "parachute payment" at the time of payment (so as to accurately determine whether a limitation should have been applied to the Total Payments to maximize the net benefit to the Executive, as provided in Sections 6.1 and 6.2 herein), the Executive shall be entitled to receive a lump sum cash payment sufficient to place the Executive in the same net after-tax position, computed by using the "Special Tax Rate" as such term is defined below, that the Executive would have been in had such payment not been subject to such excise tax, and had the Executive not incurred any interest charges or penalties with respect to the imposition of such excise tax. For purposes of this Agreement, the "Special Tax Rate" shall be the highest effective Federal and state marginal tax rates applicable to the Executive in the year in which the payment contemplated under this Section 6.3 is made.

ARTICLE VII. OTHER RIGHTS AND BENEFITS NOT AFFECTED.

7.1 Other Benefits. Neither the provisions of this Agreement nor the Severance Benefits provided for hereunder shall reduce any amounts otherwise payable, or in any way diminish the Executive's rights as an employee of ML&P or its Subsidiaries or a Successor Employer, whether existing now or hereafter, under any benefit, incentive, retirement, stock option, stock bonus, stock purchase plan, or any employment agreement, or other plan or arrangement.

7.2 Employment Status. This Agreement does not constitute a contract of employment or impose on ML&P or its Subsidiaries or any Successor Employer any obligation to retain the Executive as an employee, to change the status of the Executive's employment, or to change such entity's policies regarding termination of employment.

ARTICLE VIII. SUCCESSORS.

8.1 Successors.

a. This Agreement shall be binding upon ML&P, any Successor Employer that has assumed this Agreement, and their respective successors and assigns. ML&P shall require any Successor Employer to expressly assume and agree to perform this Agreement and all of ML&P's obligations hereunder. Failure of ML&P to obtain such assumption and agreement prior to the effectiveness of any Change in Control that results in a transfer of

Executive's employment to a Successor Employer shall constitute Good Reason for voluntary termination of employment by Executive, pursuant to Sections 3.2 and 3.3 hereof.

b. If in connection with and prior to the effectiveness of a Change in Control a Successor Employer has assumed this Agreement in accordance with Section 8.1.a, then following such Change in Control neither ML&P, nor any successor to it that does not directly or indirectly control and is not directly or indirectly controlled by or under common control with, such Successor Employer, shall have any further liability or obligation hereunder. For purposes of the foregoing and the definition of "Successor Employer" in Section 2.1, "control" (including the terms controlling, controlled by and under common control with) shall have the meaning set forth in Rule 405 under the Securities Act of 1933 (17 CFR 230.405).

c. This Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees, and legatees. If Executive should die while any amount would still be payable to him hereunder had he continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement, to the Executive's devisee, legatee, or other designee, or if there is no such designee, to the Executive's estate.

8.2 Beneficiaries. In the event of the death of the Executive, all unpaid amounts payable to the Executive under this Agreement shall be paid to his or her Beneficiary. The Executive's spouse and other dependents shall continue to be covered by all applicable welfare benefits during the remainder of the Severance Benefits period, if any, pursuant to Section 3.4.c (unless payments at death are specified by the applicable welfare benefits provisions). The Beneficiary of the Executive's Severance Benefits under this Agreement shall be designated by the Executive in the form of a signed writing acceptable to the Committee. The Executive may make or change such designation at any time.

ARTICLE IX. ADMINISTRATION.

9.1 Administration. The Compensation Committee shall administer this Agreement. The Committee is authorized, prior to occurrence of a Change in Control, to interpret this Agreement, to prescribe and rescind rules and regulations, to provide conditions and assurances deemed necessary and

advisable, to protect the interest of ML&P or its Subsidiaries, and to make all other determinations necessary or advisable for the Agreement's administration. In fulfilling its administrative duties hereunder, the Committee may rely on outside counsel, independent accountants, or other consultants to render advice or assistance.

9.2 Indemnification and Exculpation. The members of the Board, its agents and officers, directors and employees of ML&P and its Subsidiaries shall be indemnified and held harmless by ML&P and its Subsidiaries against and from any and all loss, cost, liability, or expense that may be imposed upon or reasonably incurred by them in connection with or resulting from any claim, action, suit or proceeding to which they may be a party or in which they may be involved by reason of any action taken or failure to act under this Agreement and against and from any and all amounts paid by them in settlement (with ML&P's written approval) or paid by them in satisfaction of a judgment in any such action, suit or proceeding. The foregoing provision shall not be applicable to any person if the loss, cost, liability or expense is due to such person's gross negligence or willful misconduct.

9.3 Legal Fees. ML&P (or, if applicable, any Successor Employer that has assumed the Agreement) shall pay all reasonable legal fees, costs of litigation and other expenses incurred in good faith by the Executive as a result of its refusal to provide the Severance Benefits which it is obligated to provide to Executive under this Agreement, or as a result of ML&P or such Successor Employer contesting the validity, enforceability or interpretation of the Agreement; provided, however, that such payments shall not exceed the amount permitted by law.

IN WITNESS WHEREOF, ML&P has caused this Agreement to be executed as of the day and year first above written.

MAUI LAND & PINEAPPLE COMPANY, INC.

By /S/ GARY L. GIFFORD
Its President

/S/ PAUL J. MEYER
Paul J. Meyer, "Executive"

ATTEST:

/S/ J. SUSAN CORLEY

AMENDED AND RESTATED

MAUI LAND & PINEAPPLE COMPANY, INC.

EXECUTIVE CHANGE-IN-CONTROL SEVERANCE AGREEMENT

(President/CEO and Executive Vice Presidents)

Donald A. Young, Executive Vice President/Resort

ARTICLE I. ESTABLISHMENT AND PURPOSE.

1.1 Effective Date. This Amended and Restated Executive Change-in-Control Severance Agreement (the "Agreement") is made and entered into and is effective as of the 16th day of March, 1999 ("Effective Date"), by and between Maui Land & Pineapple Company, Inc. ("ML&P"), a Hawaii corporation, and Donald A. Young ("Executive"). This Agreement shall supersede and replace any prior severance agreement entered into between ML&P and the Executive.

1.2 Term of the Agreement.

a. The Agreement shall commence as of the Effective Date written above, and shall continue until terminated in accordance with this paragraph 1.2. This Agreement may be terminated by the Board of Directors of ML&P (the "Board") upon one hundred eighty (180) days advance written notice to the Executive; provided, however, that the Board may not terminate this Agreement (i) after the occurrence of a Change in Control or (ii) during the respective periods set forth in Section 1.2.c or 1.2.d below.

b. In the event that a Change in Control, as defined in Section 2.1 herein, occurs during the term of this Agreement, this Agreement shall remain irrevocably in effect for the greater of thirty-six (36) months from the date of such Change in Control, or until all benefits have been paid to the Executive hereunder.

c. In the event that the Board has knowledge that a third party has taken steps reasonably calculated to effect a Change in Control, including, but not limited to the commencement of a tender offer for the voting stock of ML&P, or the circulation of a proxy to ML&P's shareholders, then the Board shall not be permitted thereafter to exercise the termination right provided by

Section 1.2.a unless and until the Board, in good faith, has determined that such third party has fully abandoned or terminated its effort to effect a Change in Control.

d. In the event that the Board approves in principle one or more transactions the implementation of which would result in a Change in Control, then the Board shall not be permitted thereafter to exercise the termination right provided by Section 1.2.a unless and until the Board, in good faith, has determined to fully abandon and terminate all efforts by ML&P or its Subsidiaries to implement such transactions.

1.3 Purpose of the Agreement. The purpose of this Agreement is to advance the interests of ML&P and its Subsidiaries by assuring that ML&P and its Subsidiaries shall have the continued employment and dedication of the Executive and the availability of his advice and counsel in the event that an acquisition or Change in Control occurs. This Agreement shall also assure the Executive of equitable treatment during the period of uncertainty that surrounds an acquisition or Change in Control, and allow the Executive to act at all times in the best interest of ML&P and its shareholders.

1.4 Contractual Right to Benefits. This Agreement establishes and vests in the Executive a contractual right to the benefits which he or she is entitled hereunder, enforceable by the Executive against ML&P or any Successor Employer that assumes this Agreement. However, nothing herein shall require ML&P or any such Successor Employer to segregate, earmark, or otherwise set aside any funds or other assets to provide for any payments hereunder.

1.5 Legal Status. This Agreement shall be considered an unfunded agreement to provide welfare benefits to a select group of management or highly compensated employees and is therefore intended to be a "top-hat" plan exempt from the requirements of the provisions of Parts 2, 3 and 4 of Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

ARTICLE II. DEFINITIONS AND CONSTRUCTION.

2.1 Definitions. Whenever used in this Agreement, the following terms shall have the meanings set forth below and, when the meaning is intended, the initial letter of the word is capitalized.

a. "Base Salary" means Executive's annualized salary, which includes all regular basic wages before reduction for any amounts deferred on a tax-qualified or

nonqualified basis, payable in cash to Executive for services rendered during the Year. Base Salary shall exclude bonuses, incentive compensation, special fees or awards, commissions, allowances, or any other form of premium or incentive pay, or amounts properly designated by Employer as payment toward or reimbursement of expenses.

b. "Beneficial Owner" shall have the meaning ascribed to such terms in Rule 13d-3 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

c. "Beneficiary" with respect to Executive means the persons or entities designated or deemed designated by the Executive pursuant to Section 8.2 herein.

d. "Board" means the Board of Directors of ML&P.

e. "Change in Control" means one or more of the following occurrences with respect to ML&P or a Subsidiary:

(1) Any Person, including a "group" as defined in Section 13(d)(3) of the Exchange Act, who is not at the date of this Agreement the beneficial owner of shares of the given entity having 25% or more of the total number of votes that may be cast for the election of Directors of such entity, becomes the beneficial owner (including acquisition of beneficial ownership resulting from formation of a "group") of shares of such entity having 25% or more of such voting power;

(2) Any Person, including a "group" as defined in Section 13(d)(3) of the Exchange Act, who is not at the date of this Agreement the beneficial owner of shares of a given entity having 50% or more of the total number of votes that may be cast for the election of Directors of such entity, becomes the beneficial owner (including acquisition of beneficial ownership resulting from formation of a "group") of shares of such entity having 50% or more of such voting power;

(3) As the result of, or in connection with any cash tender or exchange offer, merger or other business combination, sale of assets or contested election, or any combination of the foregoing transactions, the Persons who were Directors of the given entity before the transaction shall cease to constitute a majority of the Board of Directors of such entity or any successor to such entity;

(4) A merger or consolidation of the given entity in which the surviving entity is neither ML&P nor a direct or indirect

wholly owned subsidiary of ML&P; or

(5) The sale, transfer, or other disposition of all or substantially all of the assets of the given entity (and for this purpose, the term "substantially all" shall mean assets having a fair market value, whether or not realized in the transaction, that is 50% or more of the aggregate fair market value of all assets of such entity); and, in addition, in the case of a Subsidiary, the sale, transfer or other disposition (other than to an entity that is before and following such transaction a direct or indirect wholly owned subsidiary of M&LP) of securities that immediately prior to such transaction constituted 50% or more of such Subsidiary's outstanding voting securities.

(6) A spin-off, split-off, split-up or similar divisive reorganization affecting ML&P and/or its Subsidiaries.

f. "Committee" means the Compensation Committee of the Board of Directors of ML&P or any other committee appointed by the Board to administer this Agreement; provided that following a Change in Control "Committee" shall mean the Persons who constituted the Committee immediately prior to the Change in Control.

g. "Disability" means a physical or mental condition which renders Executive unable to discharge his normal work responsibility with Employer and which, in the opinion of a licensed physician selected by the Executive, subject to reasonable approval by the Committee based upon sufficient medical evidence, can be reasonably expected to continue for a period of at least one full calendar year. If Executive fails to select a physician within ten (10) business days of a written request made by Employer, then Employer may select a physician for purposes of this paragraph.

h. "Effective Date" has the meaning set forth in Section 1.1.

i. "Effective Date of Termination" means the date on which a Qualifying Termination occurs.

j. "Employer" means ML&P, or any Successor Employer that has assumed this Agreement pursuant to Section 8.1.a.

k. "ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, or any successor act thereto.

l. "Expiration Date" means the date the Agreement terminates, as provided in Section 1.2 herein.

m. "Just Cause" means the basis for a termination of Executive's employment for which no Severance Benefits are payable hereunder, as provided in Article IV herein.

n. "ML&P" means Maui Land & Pineapple Company, Inc., a Hawaii corporation.

o. "Normal Retirement Date" shall mean the date on which the Executive attains age 65.

p. "Person" shall have the meaning ascribed to such terms in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, including a "group" as defined and used in Section 13(d) and Regulation 13D thereunder; provided that for purposes of Section 2.1(e) "Person" shall not include any entity that is a direct or indirect wholly owned subsidiary of ML&P.

q. "Qualifying Termination" means a termination of the Executive's employment as described in Section 3.2 herein.

r. "Severance Benefit" means the payment of severance compensation as provided in Article III herein.

s. "Subsidiaries" means Maui Pineapple Company, Ltd. and Kapalua Land Company, Ltd.

t. "Successor Employer" means an entity that becomes Executive's employer in connection with a Change in Control and which following such Change in Control does not control, and is not controlled by or under common control with, ML&P.

u. "Year" means the consecutive 12-month period beginning each January 1 and ending December 31.

2.2 Gender and Number. Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine, the plural shall include the singular, and the singular shall include the plural.

2.3 Severability. In the event any provision of the Agreement shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Agreement, and the Agreement shall be construed and enforced as if the illegal or invalid provision had not been included.

2.4 Modification. No express provisions of this Agreement may be modified, waived, or discharged unless such modification, waiver, or discharge is agreed to by the Executive in writing and approved by Employer's board of directors.

2.5 Applicable Law. To the extent not preempted by the laws of the United States, the laws of the State of Hawaii shall be the controlling law in all matters relating to the Agreement without regard to the conflicts of law principles in such laws.

ARTICLE III. SEVERANCE BENEFITS.

3.1 Right to Severance Benefits. The Executive shall be entitled to receive Severance Benefits as described in Section 3.4 herein, if there has been a Change in Control as defined in Section 2.1(e) herein, and if, within thirty-six (36) months thereafter, the Executive's employment shall end for any reason specified in Section 3.2 herein as being a Qualifying Termination. The Executive shall not be entitled to receive Severance Benefits if the Executive's employment is involuntarily terminated for Just Cause, as provided under Article IV herein, or if the Executive's employment terminates due to death or Disability.

3.2 Qualifying Termination. The occurrence of any one or more of the following events within thirty-six (36) calendar months after a Change in Control shall entitle the Executive to the payment of Severance Benefits, as provided under Section 3.4 herein:

a. Involuntary termination of the Executive's employment without Just Cause (as defined in Article IV herein) (other than a merely technical termination arising from a good faith reassignment in connection with a Change in Control of officers and employees of ML&P and/or its Subsidiaries and following which Executive remains an employee of (i) ML&P or a Subsidiary that continues thereafter to be wholly owned by ML&P or (ii) a Successor Employer that has assumed ML&P's obligations under this Agreement in accordance with Section 8.1.a); or

b. The Executive's voluntary employment termination for Good Reason (as defined by Section 3.3 herein).

3.3 Definition of Good Reason. "Good Reason" means, without the Executive's express written consent, the occurrence after a Change in Control of any one or more of the following:

a. The assignment of the Executive to duties materially inconsistent with the Executive's authorities, duties, responsibilities, and status (including offices, titles and reporting requirements) as an executive and/or officer of Employer, or a material reduction of the Executive's authorities, duties, or responsibilities from those in effect as of ninety (90) days prior to the Change in Control, other than an act that is remedied promptly after Employer's receipt of notice thereof given by the Executive (provided, however, that "Good Reason" shall not include the events described in the preceding portions of this paragraph (a) if the changes described therein have been approved by a majority of the Board of ML&P and also by a number of such directors who comprised at least a majority of the Board of ML&P 90 days prior to the Change In Control);

b. Employer requiring the Executive to be based at a location in excess of seventy-five (75) miles from the location of the Executive's principal job location or office immediately prior to the Change in Control, except for required travel on company business to an extent substantially consistent with the Executive's then present business travel obligations;

c. A more than ten percent (10%) reduction of the Executive's annual rate of Base Salary in effect as of ninety (90) days prior to the Change in Control;

d. The failure to continue in effect any of ML&P's or its Subsidiaries' annual incentive compensation plans, or employee benefit or retirement plans, policies, practices, or similar compensatory arrangements in which the Executive participated as of the 180th day preceding the Change in Control (unless such failure to continue the plan, policy, practice or arrangement pertains generally to all plan participants) or the failure to continue the Executive's participation therein on substantially the same basis, both in terms of the amount of benefits provided and the level of the Executive's participation relative to other participants; provided, however, that this Section 3.3.d shall not apply in the case of a Change in Control described in Section 2.1.e (6) if: (a) Executive's employer thereafter is ML&P or a wholly owned Subsidiary thereof, or a Successor Employer that has in accordance with Section 8.1 expressly assumed this Agreement; (b) a failure to continue the plan, policy, practice or arrangement or Executive's participation therein pertains generally to all participants employed by such employer; and (c) the aggregate annualized value to Executive of benefits provided under all of such

employer's incentive compensation plans, other employee benefit or retirement plans, policies, practices, or similar compensatory arrangements (excluding any costs incurred in connection with this Agreement) is at least 90% of the value to Executive of benefits so provided by ML&P and its Subsidiaries for the last Year ended prior to the Change in Control.

e. The failure of ML&P to obtain an agreement from any Successor Employer (as contemplated by Article VIII) to assume this Agreement and to perform ML&P's obligations to Executive hereunder.

f. A material breach of obligations to Executive under this Agreement by ML&P, or by a Successor Employer that has assumed this Agreement, if such breach has not been cured to the reasonable satisfaction of Executive within thirty (30) days following delivery of written notice thereof by Executive to the breaching party.

3.4 Description of Severance Benefits. In the event that Executive becomes entitled to receive Severance Benefits, as provided in Section 3.1 herein, ML&P shall pay to the Executive and provide him with the following:

a. An amount equal to 2.99 times the Executive's annual rate of Base Salary in effect upon the Effective Date of Termination (or, if greater, 2.99 times the Executive's annual rate of Base Salary in effect ninety (90) days prior to the Change in Control); and

b. A payout under the ML&P Annual Incentive Plan, or any similar plan Employer maintains, or is obligated by Section 3.3.d to provide, in accordance with the terms of such plan; and

c. A continuation of all welfare benefits at normal employee cost including medical and dental insurance, long-term disability, group term life insurance, and accidental death & dismemberment insurance for three (3) full years from the Effective Date of Termination or until the Executive reaches his Normal Retirement Date, whichever occurs earlier. In the event that participation in any one or more of the welfare benefits is not possible under the terms of the governing welfare benefit provisions or due to the modification or elimination of the welfare benefits, Employer shall provide substantially identical welfare benefits at the normal employee cost of the affected welfare benefits. However, these benefits shall be discontinued prior to the end of the three (3) years in the event the Executive receives substantially similar

benefits from a subsequent employer, as determined by the Committee. The right of the Executive and his spouse and other dependents to continued group health coverage under Section 4980B of the Internal Revenue Code of 1986, as amended ("Code"), shall commence at the end of the applicable Severance Benefits period. Unless otherwise provided under this Agreement, the applicable Severance Benefits period shall be treated as if it were a period of employment with ML&P or its Subsidiaries (or, if Executive so elects, with any Successor Employer) for purposes of determining rights and benefits under any retirement plan or other plan or program and shall be treated as a period of covered employment under such plan or other plan or program if the Executive was in covered employment immediately prior to the Change in Control, provided that, if such treatment is not possible under the terms of such plan or other plan or program, Employer shall directly provide substantially identical benefits attributable to the crediting of the Severance Benefits period.

3.5 Reduction of Severance Benefits. In the event there are fewer than thirty-six (36) whole or partial months remaining from the Executive's Effective Date of Termination until the Executive's Normal Retirement Date, then the amounts provided for under Section 3.4.a above shall be reduced by a fraction, the numerator of which shall be the number of whole or partial months remaining until the Executive's Normal Retirement Date, and the denominator of which shall be thirty-six (36).

3.6 Special Retirement Benefits. The Executive shall receive special retirement benefits as provided below, so that the total retirement benefits that the Executive receives will equal the retirement benefits that the Executive would have received under the Maui Land & Pineapple Company, Inc. Pension Plan for Non-Bargaining Unit Employees ("Retirement Plan"), Supplemental Executive Retirement Plan, and Executive Supplemental Insurance Plan/Executive Deferred Compensation Plan (collectively, "Plans"), under the terms thereof that existed ninety (90) days prior to the Change in Control, had the Executive continued in the employ of ML&P and its Subsidiaries for three (3) years following the Executive's Effective Date of Termination (or until his Normal Retirement Date, whichever is earlier) but without regard to any ancillary benefits. The amount of special retirement benefits payable hereunder to the Executive or his beneficiaries shall equal the excess of the amount specified in (a) over the amount specified in (b) below.

a. The total retirement benefits on an actuarial equivalent single-life basis would be paid to the

Executive if the three (3) years (or the period to his Normal Retirement Date, if less) following the Executive's Effective Date of Termination are added to his credited service under the Plans.

b. The total retirement benefits actually paid on an actuarial equivalent single-life basis to the Executive.

Such special retirement benefits shall be paid at the same time and in the same form (e.g., actuarial equivalent single-life or contingent annuitant basis) as was required with respect to the Executive's retirement benefits under the Plans. The special retirement benefits shall be paid by the Plans or, if the terms of such Plans do not provide for such benefits, the special retirement benefits shall be paid directly by Employer. The actuarial equivalent of special retirement benefits shall be determined in accordance with the factors provided under the Retirement Plan.

3.7 Outplacement Services. In the event that the Executive becomes entitled to receive Severance Benefits as provided in Section 3.1 herein, the Executive shall be entitled, at the expense of Employer, to receive standard outplacement services as selected by the Executive, for a period of up to thirty-six (36) months from the Effective Date of Termination. However, such services shall not exceed a maximum annual benefit of ten percent (10%) of the Executive's annual rate of Base Salary in effect ninety (90) days prior to the Change in Control.

3.8 Incentive Compensation. In the event that the Executive becomes entitled to receive Severance Benefits as provided in Section 3.1 herein, any deferred awards previously granted to the Executive under ML&P's or its Subsidiaries' or any Successor Employer's incentive compensation plans and not previously paid to the Executive shall immediately vest on the date of the Executive's Effective Date of Termination and shall be paid no later than ninety (90) calendar days following that date, and be included as compensation in the month paid.

ARTICLE IV. DISQUALIFICATION FROM RECEIPT OF BENEFITS.

No Severance Benefits shall be payable to the Executive under this Agreement in the event the Executive is terminated by Employer for Just Cause. For this purpose, Just Cause shall mean willful, malicious conduct by the Executive which is detrimental to the best interests of Employer, including theft, embezzlement, the conviction of a criminal act, disclosure of trade secrets, a gross dereliction of duty, or other grave misconduct on the part of the Executive which is

substantially injurious to Employer. Just Cause also shall include a material breach by the Executive of any of his covenants under this Agreement, if such breach has not been cured to the reasonable satisfaction of Employer within thirty (30) days following written notice thereof by Employer to the Executive.

ARTICLE V. FORM AND TIMING OF SEVERANCE BENEFITS.

5.1 Form and Timing of Severance Benefits. The Severance Benefits described in Sections 3.4.a, 3.4.b and 3.8 herein shall be paid in cash to the Executive in a single lump sum as soon as practicable following the Executive's Effective Date of Termination, but in no event beyond ninety (90) calendar days from such date.

The Severance Benefits described in Section 3.4.c herein shall be provided to the Executive immediately upon the Executive's Effective Date of Termination and shall continue to be provided for three (3) full calendar years from the Executive's Effective Date of Termination or until the Executive reaches his Normal Retirement date, whichever occurs earlier. However, the Severance Benefits described in Section 3.4.c herein shall be discontinued prior to the end of the three (3) year period immediately upon the Executive receiving substantially similar benefits from a subsequent employer, as determined by the Committee.

5.2 Withholding of Taxes. Employer shall withhold from any amounts payable under this Agreement all Federal, state, city or other taxes as legally shall be required.

ARTICLE VI. PARACHUTE PAYMENTS.

6.1 Determination of Alternative Severance Benefit Limit. Notwithstanding any other provision of this Agreement, if any portion of the Severance Benefits or any other payment under this Agreement, or under any other agreement with, or plan of, Employer (in the aggregate "Total Payments") would constitute an "excess parachute payment," then the payments to be made to the Executive under this Agreement shall be reduced such that the value of the aggregate Total Payments that the Executive is entitled to receive shall be one dollar (\$1) less than the maximum amount which the Executive may receive without becoming subject to the tax imposed by Section 4999 of the Code, or which Employer may pay without loss of deduction under Section 280G(a) of the Code. However, such reduction in Severance

Benefits shall apply if, and only if, the resulting Severance Benefits with such reduction is greater in value to the Executive than the value of the Severance Benefits without a reduction, net of any tax imposed on the Executive pursuant to Section 4999 of the Code. For purposes of this Agreement, the terms "excess parachute payment" and "parachute payments" shall have the meanings assigned to such terms in Section 280G of the Code, and such "parachute payments" shall be valued as provided therein.

6.2 Procedure for Establishing Alternative Limitation. Within fifteen (15) calendar days following delivery of the notice of Qualifying Termination or notice by Employer to the Executive of its belief that there is a payment or benefit due the Executive which will result in an "excess parachute payment" as defined in Section 280G of the Code, the Executive and such Employer, at Employer's expense, shall obtain the opinion of such Employer's principal outside law firm, accounting firm, and/or compensation and benefits consulting firm, which sets forth: (a) the amount of the Executive's "annualized includible compensation for the base period" (as defined in Section 280G(d)(1) of the Code); (b) the present value of the Total Payments; and (c) the amount and present value of any "excess parachute payment."

In the event that such opinion determines that there would be an "excess parachute payment," such that a reduction in the Severance Benefits would result in a greater net benefit to the Executive (as provided in Section 6.1 herein), then the Severance Benefits hereunder or any other payment determined under the opinion to be includible in Total Payments shall be reduced or eliminated so that, on the basis of calculations set forth in such opinion, there will be no "excess parachute payment". The reduction or elimination of specific payments shall apply to such type and amount of specific payments as may be designated by the Executive in writing delivered to Employer within ten (10) calendar days of receipt of the opinion, or if the Executive fails to so notify such Employer, as may be reasonably determined by it.

The provisions of this Section 6.2, including the calculations, notices, and opinion provided herein, shall be based upon the conclusive presumption that the following amounts are reasonable: (a) the compensation and benefits provided for in Article III herein; and (b) any other compensation earned prior to the Effective Date of Termination by the Executive pursuant to ML&P's and any Successor Employer's compensation programs (if such payments would have been made in the future in any event, even though the timing of such payment is triggered by the Change in Control).

6.3 Subsequent Imposition of Excise Tax. If, notwithstanding compliance with the provisions of Sections 6.1 and 6.2 herein, it is ultimately determined by a court or pursuant to a final determination by the Internal Revenue Service that any portion of the Total Payments is considered to be a "parachute payment", subject to excise tax under Section 4999 of the Code, which was not contemplated to be a "parachute payment" at the time of payment (so as to accurately determine whether a limitation should have been applied to the Total Payments to maximize the net benefit to the Executive, as provided in Sections 6.1 and 6.2 herein), the Executive shall be entitled to receive a lump sum cash payment sufficient to place the Executive in the same net after-tax position, computed by using the "Special Tax Rate" as such term is defined below, that the Executive would have been in had such payment not been subject to such excise tax, and had the Executive not incurred any interest charges or penalties with respect to the imposition of such excise tax. For purposes of this Agreement, the "Special Tax Rate" shall be the highest effective Federal and state marginal tax rates applicable to the Executive in the year in which the payment contemplated under this Section 6.3 is made.

ARTICLE VII. OTHER RIGHTS AND BENEFITS NOT AFFECTED.

7.1 Other Benefits. Neither the provisions of this Agreement nor the Severance Benefits provided for hereunder shall reduce any amounts otherwise payable, or in any way diminish the Executive's rights as an employee of ML&P or its Subsidiaries or a Successor Employer, whether existing now or hereafter, under any benefit, incentive, retirement, stock option, stock bonus, stock purchase plan, or any employment agreement, or other plan or arrangement.

7.2 Employment Status. This Agreement does not constitute a contract of employment or impose on ML&P or its Subsidiaries or any Successor Employer any obligation to retain the Executive as an employee, to change the status of the Executive's employment, or to change such entity's policies regarding termination of employment.

ARTICLE VIII. SUCCESSORS.

8.1 Successors.

a. This Agreement shall be binding upon ML&P, any Successor Employer that has assumed this Agreement, and their respective successors and assigns. ML&P shall require any Successor Employer to expressly assume and agree to perform this Agreement and all of ML&P's obligations hereunder. Failure of ML&P to obtain such

assumption and agreement prior to the effectiveness of any Change in Control that results in a transfer of Executive's employment to a Successor Employer shall constitute Good Reason for voluntary termination of employment by Executive, pursuant to Sections 3.2 and 3.3 hereof.

b. If in connection with and prior to the effectiveness of a Change in Control a Successor Employer has assumed this Agreement in accordance with Section 8.1.a, then following such Change in Control neither ML&P, nor any successor to it that does not directly or indirectly control and is not directly or indirectly controlled by or under common control with, such Successor Employer, shall have any further liability or obligation hereunder. For purposes of the foregoing and the definition of "Successor Employer" in Section 2.1, "control" (including the terms controlling, controlled by and under common control with) shall have the meaning set forth in Rule 405 under the Securities Act of 1933 (17 CFR 230.405).

c. This Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees, and legatees. If Executive should die while any amount would still be payable to him hereunder had he continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement, to the Executive's devisee, legatee, or other designee, or if there is no such designee, to the Executive's estate.

8.2 Beneficiaries. In the event of the death of the Executive, all unpaid amounts payable to the Executive under this Agreement shall be paid to his or her Beneficiary. The Executive's spouse and other dependents shall continue to be covered by all applicable welfare benefits during the remainder of the Severance Benefits period, if any, pursuant to Section 3.4.c (unless payments at death are specified by the applicable welfare benefits provisions). The Beneficiary of the Executive's Severance Benefits under this Agreement shall be designated by the Executive in the form of a signed writing acceptable to the Committee. The Executive may make or change such designation at any time.

ARTICLE IX. ADMINISTRATION.

9.1 Administration. The Compensation Committee shall administer this Agreement. The Committee is authorized, prior to occurrence of a Change in Control, to interpret this

Agreement, to prescribe and rescind rules and regulations, to provide conditions and assurances deemed necessary and advisable, to protect the interest of ML&P or its Subsidiaries, and to make all other determinations necessary or advisable for the Agreement's administration. In fulfilling its administrative duties hereunder, the Committee may rely on outside counsel, independent accountants, or other consultants to render advice or assistance.

9.2 Indemnification and Exculpation. The members of the Board, its agents and officers, directors and employees of ML&P and its Subsidiaries shall be indemnified and held harmless by ML&P and its Subsidiaries against and from any and all loss, cost, liability, or expense that may be imposed upon or reasonably incurred by them in connection with or resulting from any claim, action, suit or proceeding to which they may be a party or in which they may be involved by reason of any action taken or failure to act under this Agreement and against and from any and all amounts paid by them in settlement (with ML&P's written approval) or paid by them in satisfaction of a judgment in any such action, suit or proceeding. The foregoing provision shall not be applicable to any person if the loss, cost, liability or expense is due to such person's gross negligence or willful misconduct.

9.3 Legal Fees. ML&P (or, if applicable, any Successor Employer that has assumed the Agreement) shall pay all reasonable legal fees, costs of litigation and other expenses incurred in good faith by the Executive as a result of its refusal to provide the Severance Benefits which it is obligated to provide to Executive under this Agreement, or as a result of ML&P or such Successor Employer contesting the validity, enforceability or interpretation of the Agreement; provided, however, that such payments shall not exceed the amount permitted by law.

IN WITNESS WHEREOF, ML&P has caused this Agreement to be executed as of the day and year first above written.

MAUI LAND & PINEAPPLE COMPANY, INC.

By /S/ GARY L. GIFFORD
Its President

/S/ DONALD A. YOUNG
Donald A. Young, "Executive"

ATTEST:

/S/ J. SUSAN CORLEY

AMENDED AND RESTATED

MAUI LAND & PINEAPPLE COMPANY, INC.

EXECUTIVE CHANGE-IN-CONTROL SEVERANCE AGREEMENT

(President/CEO and Executive Vice Presidents)

Douglas R. Schenk, Executive Vice President/Pineapple

ARTICLE I. ESTABLISHMENT AND PURPOSE.

1.1 Effective Date. This Amended and Restated Executive Change-in-Control Severance Agreement (the "Agreement") is made and entered into and is effective as of the 23rd day of March, 1999 ("Effective Date"), by and between Maui Land & Pineapple Company, Inc. ("ML&P"), a Hawaii corporation, and Douglas R. Schenk ("Executive"). This Agreement shall supersede and replace any prior severance agreement entered into between ML&P and the Executive.

1.2 Term of the Agreement.

a. The Agreement shall commence as of the Effective Date written above, and shall continue until terminated in accordance with this paragraph 1.2. This Agreement may be terminated by the Board of Directors of ML&P (the "Board") upon one hundred eighty (180) days advance written notice to the Executive; provided, however, that the Board may not terminate this Agreement (i) after the occurrence of a Change in Control or (ii) during the respective periods set forth in Section 1.2.c or 1.2.d below.

b. In the event that a Change in Control, as defined in Section 2.1 herein, occurs during the term of this Agreement, this Agreement shall remain irrevocably in effect for the greater of thirty-six (36) months from the date of such Change in Control, or until all benefits have been paid to the Executive hereunder.

c. In the event that the Board has knowledge that a third party has taken steps reasonably calculated to effect a Change in Control, including, but not limited to the commencement of a tender offer for the voting stock of ML&P, or the circulation of a proxy to ML&P's shareholders, then the Board shall not be permitted thereafter to exercise the termination right provided by

Section 1.2.a unless and until the Board, in good faith, has determined that such third party has fully abandoned or terminated its effort to effect a Change in Control.

d. In the event that the Board approves in principle one or more transactions the implementation of which would result in a Change in Control, then the Board shall not be permitted thereafter to exercise the termination right provided by Section 1.2.a unless and until the Board, in good faith, has determined to fully abandon and terminate all efforts by ML&P or its Subsidiaries to implement such transactions.

1.3 Purpose of the Agreement. The purpose of this Agreement is to advance the interests of ML&P and its Subsidiaries by assuring that ML&P and its Subsidiaries shall have the continued employment and dedication of the Executive and the availability of his advice and counsel in the event that an acquisition or Change in Control occurs. This Agreement shall also assure the Executive of equitable treatment during the period of uncertainty that surrounds an acquisition or Change in Control, and allow the Executive to act at all times in the best interest of ML&P and its shareholders.

1.4 Contractual Right to Benefits. This Agreement establishes and vests in the Executive a contractual right to the benefits which he or she is entitled hereunder, enforceable by the Executive against ML&P or any Successor Employer that assumes this Agreement. However, nothing herein shall require ML&P or any such Successor Employer to segregate, earmark, or otherwise set aside any funds or other assets to provide for any payments hereunder.

1.5 Legal Status. This Agreement shall be considered an unfunded agreement to provide welfare benefits to a select group of management or highly compensated employees and is therefore intended to be a "top-hat" plan exempt from the requirements of the provisions of Parts 2, 3 and 4 of Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

ARTICLE II. DEFINITIONS AND CONSTRUCTION.

2.1 Definitions. Whenever used in this Agreement, the following terms shall have the meanings set forth below and, when the meaning is intended, the initial letter of the word is capitalized.

a. "Base Salary" means Executive's annualized salary, which includes all regular basic wages before reduction for any amounts deferred on a tax-qualified or

nonqualified basis, payable in cash to Executive for services rendered during the Year. Base Salary shall exclude bonuses, incentive compensation, special fees or awards, commissions, allowances, or any other form of premium or incentive pay, or amounts properly designated by Employer as payment toward or reimbursement of expenses.

b. "Beneficial Owner" shall have the meaning ascribed to such terms in Rule 13d-3 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

c. "Beneficiary" with respect to Executive means the persons or entities designated or deemed designated by the Executive pursuant to Section 8.2 herein.

d. "Board" means the Board of Directors of ML&P.

e. "Change in Control" means one or more of the following occurrences with respect to ML&P or a Subsidiary:

(1) Any Person, including a "group" as defined in Section 13(d)(3) of the Exchange Act, who is not at the date of this Agreement the beneficial owner of shares of the given entity having 25% or more of the total number of votes that may be cast for the election of Directors of such entity, becomes the beneficial owner (including acquisition of beneficial ownership resulting from formation of a "group") of shares of such entity having 25% or more of such voting power;

(2) Any Person, including a "group" as defined in Section 13(d)(3) of the Exchange Act, who is not at the date of this Agreement the beneficial owner of shares of a given entity having 50% or more of the total number of votes that may be cast for the election of Directors of such entity, becomes the beneficial owner (including acquisition of beneficial ownership resulting from formation of a "group") of shares of such entity having 50% or more of such voting power;

(3) As the result of, or in connection with any cash tender or exchange offer, merger or other business combination, sale of assets or contested election, or any combination of the foregoing transactions, the Persons who were Directors of the given entity before the transaction shall cease to constitute a majority of the Board of Directors of such entity or any successor to such entity;

(4) A merger or consolidation of the given entity in which the surviving entity is neither ML&P nor a direct or indirect

wholly owned subsidiary of ML&P; or

(5) The sale, transfer, or other disposition of all or substantially all of the assets of the given entity (and for this purpose, the term "substantially all" shall mean assets having a fair market value, whether or not realized in the transaction, that is 50% or more of the aggregate fair market value of all assets of such entity); and, in addition, in the case of a Subsidiary, the sale, transfer or other disposition (other than to an entity that is before and following such transaction a direct or indirect wholly owned subsidiary of M&LP) of securities that immediately prior to such transaction constituted 50% or more of such Subsidiary's outstanding voting securities.

(6) A spin-off, split-off, split-up or similar divisive reorganization affecting ML&P and/or its Subsidiaries.

f. "Committee" means the Compensation Committee of the Board of Directors of ML&P or any other committee appointed by the Board to administer this Agreement; provided that following a Change in Control "Committee" shall mean the Persons who constituted the Committee immediately prior to the Change in Control.

g. "Disability" means a physical or mental condition which renders Executive unable to discharge his normal work responsibility with Employer and which, in the opinion of a licensed physician selected by the Executive, subject to reasonable approval by the Committee based upon sufficient medical evidence, can be reasonably expected to continue for a period of at least one full calendar year. If Executive fails to select a physician within ten (10) business days of a written request made by Employer, then Employer may select a physician for purposes of this paragraph.

h. "Effective Date" has the meaning set forth in Section 1.1.

i. "Effective Date of Termination" means the date on which a Qualifying Termination occurs.

j. "Employer" means ML&P, or any Successor Employer that has assumed this Agreement pursuant to Section 8.1.a.

k. "ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, or any successor act thereto.

l. "Expiration Date" means the date the Agreement terminates, as provided in Section 1.2 herein.

m. "Just Cause" means the basis for a termination of Executive's employment for which no Severance Benefits are payable hereunder, as provided in Article IV herein.

n. "ML&P" means Maui Land & Pineapple Company, Inc., a Hawaii corporation.

o. "Normal Retirement Date" shall mean the date on which the Executive attains age 65.

p. "Person" shall have the meaning ascribed to such terms in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, including a "group" as defined and used in Section 13(d) and Regulation 13D thereunder; provided that for purposes of Section 2.1(e) "Person" shall not include any entity that is a direct or indirect wholly owned subsidiary of ML&P.

q. "Qualifying Termination" means a termination of the Executive's employment as described in Section 3.2 herein.

r. "Severance Benefit" means the payment of severance compensation as provided in Article III herein.

s. "Subsidiaries" means Maui Pineapple Company, Ltd. and Kapalua Land Company, Ltd.

t. "Successor Employer" means an entity that becomes Executive's employer in connection with a Change in Control and which following such Change in Control does not control, and is not controlled by or under common control with, ML&P.

u. "Year" means the consecutive 12-month period beginning each January 1 and ending December 31.

2.2 Gender and Number. Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine, the plural shall include the singular, and the singular shall include the plural.

2.3 Severability. In the event any provision of the Agreement shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Agreement, and the Agreement shall be construed and enforced as if the illegal or invalid provision had not been included.

2.4 Modification. No express provisions of this Agreement may be modified, waived, or discharged unless such modification, waiver, or discharge is agreed to by the Executive in writing and approved by Employer's board of directors.

2.5 Applicable Law. To the extent not preempted by the laws of the United States, the laws of the State of Hawaii shall be the controlling law in all matters relating to the Agreement without regard to the conflicts of law principles in such laws.

ARTICLE III. SEVERANCE BENEFITS.

3.1 Right to Severance Benefits. The Executive shall be entitled to receive Severance Benefits as described in Section 3.4 herein, if there has been a Change in Control as defined in Section 2.1(e) herein, and if, within thirty-six (36) months thereafter, the Executive's employment shall end for any reason specified in Section 3.2 herein as being a Qualifying Termination. The Executive shall not be entitled to receive Severance Benefits if the Executive's employment is involuntarily terminated for Just Cause, as provided under Article IV herein, or if the Executive's employment terminates due to death or Disability.

3.2 Qualifying Termination. The occurrence of any one or more of the following events within thirty-six (36) calendar months after a Change in Control shall entitle the Executive to the payment of Severance Benefits, as provided under Section 3.4 herein:

a. Involuntary termination of the Executive's employment without Just Cause (as defined in Article IV herein) (other than a merely technical termination arising from a good faith reassignment in connection with a Change in Control of officers and employees of ML&P and/or its Subsidiaries and following which Executive remains an employee of (i) ML&P or a Subsidiary that continues thereafter to be wholly owned by ML&P or (ii) a Successor Employer that has assumed ML&P's obligations under this Agreement in accordance with Section 8.1.a); or

b. The Executive's voluntary employment termination for Good Reason (as defined by Section 3.3 herein).

3.3 Definition of Good Reason. "Good Reason" means, without the Executive's express written consent, the occurrence after a Change in Control of any one or more of the following:

a. The assignment of the Executive to duties materially inconsistent with the Executive's authorities, duties, responsibilities, and status (including offices, titles and reporting requirements) as an executive and/or officer of Employer, or a material reduction of the Executive's authorities, duties, or responsibilities from those in effect as of ninety (90) days prior to the Change in Control, other than an act that is remedied promptly after Employer's receipt of notice thereof given by the Executive (provided, however, that "Good Reason" shall not include the events described in the preceding portions of this paragraph (a) if the changes described therein have been approved by a majority of the Board of ML&P and also by a number of such directors who comprised at least a majority of the Board of ML&P 90 days prior to the Change In Control);

b. Employer requiring the Executive to be based at a location in excess of seventy-five (75) miles from the location of the Executive's principal job location or office immediately prior to the Change in Control, except for required travel on company business to an extent substantially consistent with the Executive's then present business travel obligations;

c. A more than ten percent (10%) reduction of the Executive's annual rate of Base Salary in effect as of ninety (90) days prior to the Change in Control;

d. The failure to continue in effect any of ML&P's or its Subsidiaries' annual incentive compensation plans, or employee benefit or retirement plans, policies, practices, or similar compensatory arrangements in which the Executive participated as of the 180th day preceding the Change in Control (unless such failure to continue the plan, policy, practice or arrangement pertains generally to all plan participants) or the failure to continue the Executive's participation therein on substantially the same basis, both in terms of the amount of benefits provided and the level of the Executive's participation relative to other participants; provided, however, that this Section 3.3.d shall not apply in the case of a Change in Control described in Section 2.1.e (6) if: (a) Executive's employer thereafter is ML&P or a wholly owned Subsidiary thereof, or a Successor Employer that has in accordance with Section 8.1 expressly assumed this Agreement; (b) a failure to continue the plan, policy, practice or arrangement or Executive's participation therein pertains generally to all participants employed by such employer; and (c) the aggregate annualized value to Executive of benefits provided under all of such

employer's incentive compensation plans, other employee benefit or retirement plans, policies, practices, or similar compensatory arrangements (excluding any costs incurred in connection with this Agreement) is at least 90% of the value to Executive of benefits so provided by ML&P and its Subsidiaries for the last Year ended prior to the Change in Control.

e. The failure of ML&P to obtain an agreement from any Successor Employer (as contemplated by Article VIII) to assume this Agreement and to perform ML&P's obligations to Executive hereunder.

f. A material breach of obligations to Executive under this Agreement by ML&P, or by a Successor Employer that has assumed this Agreement, if such breach has not been cured to the reasonable satisfaction of Executive within thirty (30) days following delivery of written notice thereof by Executive to the breaching party.

3.4 Description of Severance Benefits. In the event that Executive becomes entitled to receive Severance Benefits, as provided in Section 3.1 herein, ML&P shall pay to the Executive and provide him with the following:

a. An amount equal to 2.99 times the Executive's annual rate of Base Salary in effect upon the Effective Date of Termination (or, if greater, 2.99 times the Executive's annual rate of Base Salary in effect ninety (90) days prior to the Change in Control); and

b. A payout under the ML&P Annual Incentive Plan, or any similar plan Employer maintains, or is obligated by Section 3.3.d to provide, in accordance with the terms of such plan; and

c. A continuation of all welfare benefits at normal employee cost including medical and dental insurance, long-term disability, group term life insurance, and accidental death & dismemberment insurance for three (3) full years from the Effective Date of Termination or until the Executive reaches his Normal Retirement Date, whichever occurs earlier. In the event that participation in any one or more of the welfare benefits is not possible under the terms of the governing welfare benefit provisions or due to the modification or elimination of the welfare benefits, Employer shall provide substantially identical welfare benefits at the normal employee cost of the affected welfare benefits. However, these benefits shall be discontinued prior to the end of the three (3) years in the event the Executive receives substantially similar

benefits from a subsequent employer, as determined by the Committee. The right of the Executive and his spouse and other dependents to continued group health coverage under Section 4980B of the Internal Revenue Code of 1986, as amended ("Code"), shall commence at the end of the applicable Severance Benefits period. Unless otherwise provided under this Agreement, the applicable Severance Benefits period shall be treated as if it were a period of employment with ML&P or its Subsidiaries (or, if Executive so elects, with any Successor Employer) for purposes of determining rights and benefits under any retirement plan or other plan or program and shall be treated as a period of covered employment under such plan or other plan or program if the Executive was in covered employment immediately prior to the Change in Control, provided that, if such treatment is not possible under the terms of such plan or other plan or program, Employer shall directly provide substantially identical benefits attributable to the crediting of the Severance Benefits period.

3.5 Reduction of Severance Benefits. In the event there are fewer than thirty-six (36) whole or partial months remaining from the Executive's Effective Date of Termination until the Executive's Normal Retirement Date, then the amounts provided for under Section 3.4.a above shall be reduced by a fraction, the numerator of which shall be the number of whole or partial months remaining until the Executive's Normal Retirement Date, and the denominator of which shall be thirty-six (36).

3.6 Special Retirement Benefits. The Executive shall receive special retirement benefits as provided below, so that the total retirement benefits that the Executive receives will equal the retirement benefits that the Executive would have received under the Maui Land & Pineapple Company, Inc. Pension Plan for Non-Bargaining Unit Employees ("Retirement Plan"), Supplemental Executive Retirement Plan, and Executive Supplemental Insurance Plan/Executive Deferred Compensation Plan (collectively, "Plans"), under the terms thereof that existed ninety (90) days prior to the Change in Control, had the Executive continued in the employ of ML&P and its Subsidiaries for three (3) years following the Executive's Effective Date of Termination (or until his Normal Retirement Date, whichever is earlier) but without regard to any ancillary benefits. The amount of special retirement benefits payable hereunder to the Executive or his beneficiaries shall equal the excess of the amount specified in (a) over the amount specified in (b) below.

a. The total retirement benefits on an actuarial equivalent single-life basis would be paid to the

Executive if the three (3) years (or the period to his Normal Retirement Date, if less) following the Executive's Effective Date of Termination are added to his credited service under the Plans.

b. The total retirement benefits actually paid on an actuarial equivalent single-life basis to the Executive.

Such special retirement benefits shall be paid at the same time and in the same form (e.g., actuarial equivalent single-life or contingent annuitant basis) as was required with respect to the Executive's retirement benefits under the Plans. The special retirement benefits shall be paid by the Plans or, if the terms of such Plans do not provide for such benefits, the special retirement benefits shall be paid directly by Employer. The actuarial equivalent of special retirement benefits shall be determined in accordance with the factors provided under the Retirement Plan.

3.7 Outplacement Services. In the event that the Executive becomes entitled to receive Severance Benefits as provided in Section 3.1 herein, the Executive shall be entitled, at the expense of Employer, to receive standard outplacement services as selected by the Executive, for a period of up to thirty-six (36) months from the Effective Date of Termination. However, such services shall not exceed a maximum annual benefit of ten percent (10%) of the Executive's annual rate of Base Salary in effect ninety (90) days prior to the Change in Control.

3.8 Incentive Compensation. In the event that the Executive becomes entitled to receive Severance Benefits as provided in Section 3.1 herein, any deferred awards previously granted to the Executive under ML&P's or its Subsidiaries' or any Successor Employer's incentive compensation plans and not previously paid to the Executive shall immediately vest on the date of the Executive's Effective Date of Termination and shall be paid no later than ninety (90) calendar days following that date, and be included as compensation in the month paid.

ARTICLE IV. DISQUALIFICATION FROM RECEIPT OF BENEFITS.

No Severance Benefits shall be payable to the Executive under this Agreement in the event the Executive is terminated by Employer for Just Cause. For this purpose, Just Cause shall mean willful, malicious conduct by the Executive which is detrimental to the best interests of Employer, including theft, embezzlement, the conviction of a criminal act, disclosure of trade secrets, a gross dereliction of duty, or other grave misconduct on the part of the Executive which is

substantially injurious to Employer. Just Cause also shall include a material breach by the Executive of any of his covenants under this Agreement, if such breach has not been cured to the reasonable satisfaction of Employer within thirty (30) days following written notice thereof by Employer to the Executive.

ARTICLE V. FORM AND TIMING OF SEVERANCE BENEFITS.

5.1 Form and Timing of Severance Benefits. The Severance Benefits described in Sections 3.4.a, 3.4.b and 3.8 herein shall be paid in cash to the Executive in a single lump sum as soon as practicable following the Executive's Effective Date of Termination, but in no event beyond ninety (90) calendar days from such date.

The Severance Benefits described in Section 3.4.c herein shall be provided to the Executive immediately upon the Executive's Effective Date of Termination and shall continue to be provided for three (3) full calendar years from the Executive's Effective Date of Termination or until the Executive reaches his Normal Retirement date, whichever occurs earlier. However, the Severance Benefits described in Section 3.4.c herein shall be discontinued prior to the end of the three (3) year period immediately upon the Executive receiving substantially similar benefits from a subsequent employer, as determined by the Committee.

5.2 Withholding of Taxes. Employer shall withhold from any amounts payable under this Agreement all Federal, state, city or other taxes as legally shall be required.

ARTICLE VI. PARACHUTE PAYMENTS.

6.1 Determination of Alternative Severance Benefit Limit. Notwithstanding any other provision of this Agreement, if any portion of the Severance Benefits or any other payment under this Agreement, or under any other agreement with, or plan of, Employer (in the aggregate "Total Payments") would constitute an "excess parachute payment," then the payments to be made to the Executive under this Agreement shall be reduced such that the value of the aggregate Total Payments that the Executive is entitled to receive shall be one dollar (\$1) less than the maximum amount which the Executive may receive without becoming subject to the tax imposed by Section 4999 of the Code, or which Employer may pay without loss of deduction under Section 280G(a) of the Code. However, such reduction in Severance Benefits shall apply if, and only if, the resulting Severance

Benefits with such reduction is greater in value to the Executive than the value of the Severance Benefits without a reduction, net of any tax imposed on the Executive pursuant to Section 4999 of the Code. For purposes of this Agreement, the terms "excess parachute payment" and "parachute payments" shall have the meanings assigned to such terms in Section 280G of the Code, and such "parachute payments" shall be valued as provided therein.

6.2 Procedure for Establishing Alternative Limitation. Within fifteen (15) calendar days following delivery of the notice of Qualifying Termination or notice by Employer to the Executive of its belief that there is a payment or benefit due the Executive which will result in an "excess parachute payment" as defined in Section 280G of the Code, the Executive and such Employer, at Employer's expense, shall obtain the opinion of such Employer's principal outside law firm, accounting firm, and/or compensation and benefits consulting firm, which sets forth: (a) the amount of the Executive's "annualized includible compensation for the base period" (as defined in Section 280G(d)(1) of the Code); (b) the present value of the Total Payments; and (c) the amount and present value of any "excess parachute payment."

In the event that such opinion determines that there would be an "excess parachute payment," such that a reduction in the Severance Benefits would result in a greater net benefit to the Executive (as provided in Section 6.1 herein), then the Severance Benefits hereunder or any other payment determined under the opinion to be includible in Total Payments shall be reduced or eliminated so that, on the basis of calculations set forth in such opinion, there will be no "excess parachute payment". The reduction or elimination of specific payments shall apply to such type and amount of specific payments as may be designated by the Executive in writing delivered to Employer within ten (10) calendar days of receipt of the opinion, or if the Executive fails to so notify such Employer, as may be reasonably determined by it.

The provisions of this Section 6.2, including the calculations, notices, and opinion provided herein, shall be based upon the conclusive presumption that the following amounts are reasonable: (a) the compensation and benefits provided for in Article III herein; and (b) any other compensation earned prior to the Effective Date of Termination by the Executive pursuant to ML&P's and any Successor Employer's compensation programs (if such payments would have been made in the future in any event, even though the timing of such payment is triggered by the Change in Control).

6.3 Subsequent Imposition of Excise Tax. If,

notwithstanding compliance with the provisions of Sections 6.1 and 6.2 herein, it is ultimately determined by a court or pursuant to a final determination by the Internal Revenue Service that any portion of the Total Payments is considered to be a "parachute payment", subject to excise tax under Section 4999 of the Code, which was not contemplated to be a "parachute payment" at the time of payment (so as to accurately determine whether a limitation should have been applied to the Total Payments to maximize the net benefit to the Executive, as provided in Sections 6.1 and 6.2 herein), the Executive shall be entitled to receive a lump sum cash payment sufficient to place the Executive in the same net after-tax position, computed by using the "Special Tax Rate" as such term is defined below, that the Executive would have been in had such payment not been subject to such excise tax, and had the Executive not incurred any interest charges or penalties with respect to the imposition of such excise tax. For purposes of this Agreement, the "Special Tax Rate" shall be the highest effective Federal and state marginal tax rates applicable to the Executive in the year in which the payment contemplated under this Section 6.3 is made.

ARTICLE VII. OTHER RIGHTS AND BENEFITS NOT AFFECTED.

7.1 Other Benefits. Neither the provisions of this Agreement nor the Severance Benefits provided for hereunder shall reduce any amounts otherwise payable, or in any way diminish the Executive's rights as an employee of ML&P or its Subsidiaries or a Successor Employer, whether existing now or hereafter, under any benefit, incentive, retirement, stock option, stock bonus, stock purchase plan, or any employment agreement, or other plan or arrangement.

7.2 Employment Status. This Agreement does not constitute a contract of employment or impose on ML&P or its Subsidiaries or any Successor Employer any obligation to retain the Executive as an employee, to change the status of the Executive's employment, or to change such entity's policies regarding termination of employment.

ARTICLE VIII. SUCCESSORS.

8.1 Successors.

a. This Agreement shall be binding upon ML&P, any Successor Employer that has assumed this Agreement, and their respective successors and assigns. ML&P shall require any Successor Employer to expressly assume and agree to perform this Agreement and all of ML&P's obligations hereunder. Failure of ML&P to obtain such assumption and agreement prior to the effectiveness of any

Change in Control that results in a transfer of Executive's employment to a Successor Employer shall constitute Good Reason for voluntary termination of employment by Executive, pursuant to Sections 3.2 and 3.3 hereof.

b. If in connection with and prior to the effectiveness of a Change in Control a Successor Employer has assumed this Agreement in accordance with Section 8.1.a, then following such Change in Control neither ML&P, nor any successor to it that does not directly or indirectly control and is not directly or indirectly controlled by or under common control with, such Successor Employer, shall have any further liability or obligation hereunder. For purposes of the foregoing and the definition of "Successor Employer" in Section 2.1, "control" (including the terms controlling, controlled by and under common control with) shall have the meaning set forth in Rule 405 under the Securities Act of 1933 (17 CFR 230.405).

c. This Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees, and legatees. If Executive should die while any amount would still be payable to him hereunder had he continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement, to the Executive's devisee, legatee, or other designee, or if there is no such designee, to the Executive's estate.

8.2 Beneficiaries. In the event of the death of the Executive, all unpaid amounts payable to the Executive under this Agreement shall be paid to his or her Beneficiary. The Executive's spouse and other dependents shall continue to be covered by all applicable welfare benefits during the remainder of the Severance Benefits period, if any, pursuant to Section 3.4.c (unless payments at death are specified by the applicable welfare benefits provisions). The Beneficiary of the Executive's Severance Benefits under this Agreement shall be designated by the Executive in the form of a signed writing acceptable to the Committee. The Executive may make or change such designation at any time.

ARTICLE IX. ADMINISTRATION.

9.1 Administration. The Compensation Committee shall administer this Agreement. The Committee is authorized, prior to occurrence of a Change in Control, to interpret this Agreement, to prescribe and rescind rules and regulations, to

provide conditions and assurances deemed necessary and advisable, to protect the interest of ML&P or its Subsidiaries, and to make all other determinations necessary or advisable for the Agreement's administration. In fulfilling its administrative duties hereunder, the Committee may rely on outside counsel, independent accountants, or other consultants to render advice or assistance.

9.2 Indemnification and Exculpation. The members of the Board, its agents and officers, directors and employees of ML&P and its Subsidiaries shall be indemnified and held harmless by ML&P and its Subsidiaries against and from any and all loss, cost, liability, or expense that may be imposed upon or reasonably incurred by them in connection with or resulting from any claim, action, suit or proceeding to which they may be a party or in which they may be involved by reason of any action taken or failure to act under this Agreement and against and from any and all amounts paid by them in settlement (with ML&P's written approval) or paid by them in satisfaction of a judgment in any such action, suit or proceeding. The foregoing provision shall not be applicable to any person if the loss, cost, liability or expense is due to such person's gross negligence or willful misconduct.

9.3 Legal Fees. ML&P (or, if applicable, any Successor Employer that has assumed the Agreement) shall pay all reasonable legal fees, costs of litigation and other expenses incurred in good faith by the Executive as a result of its refusal to provide the Severance Benefits which it is obligated to provide to Executive under this Agreement, or as a result of ML&P or such Successor Employer contesting the validity, enforceability or interpretation of the Agreement; provided, however, that such payments shall not exceed the amount permitted by law.

IN WITNESS WHEREOF, ML&P has caused this Agreement to be executed as of the day and year first above written.

MAUI LAND & PINEAPPLE COMPANY, INC.

By /S/ GARY L. GIFFORD
Its President

/S/ DOUGLAS R. SCHENK
Douglas R. Schenk, "Executive"

ATTEST:

/S/ J. SUSAN CORLEY

AMENDED AND RESTATED

MAUI LAND & PINEAPPLE COMPANY, INC.

CHANGE-IN-CONTROL SEVERANCE AGREEMENT

(Vice Presidents)

Warren A. Suzuki, Vice President/Land Management & Development

ARTICLE I. ESTABLISHMENT AND PURPOSE.

1.1 Effective Date. This Amended and Restated Change-in-Control Severance Agreement (the "Agreement") is made and entered into and is effective as of the 16th day of March, 1999 ("Effective Date"), by and between Maui Land & Pineapple Company, Inc. ("ML&P"), a Hawaii corporation, and Warren A. Suzuki ("Executive"). This Agreement shall supersede and replace any prior severance agreement entered into between ML&P and the Executive.

1.2 Term of the Agreement.

- a. The Agreement shall commence as of the Effective Date written above, and shall continue until terminated in accordance with this paragraph 1.2. This Agreement may be terminated by the Board of Directors of ML&P (the "Board") upon one hundred eighty (180) days advance written notice to the Executive; provided, however, that the Board may not terminate this Agreement (i) after the occurrence of a Change in Control or (ii) during the respective periods set forth in Section 1.2.c or 1.2.d below.
- b. In the event that a Change in Control, as defined in Section 2.1 herein, occurs during the term of this Agreement, this Agreement shall remain irrevocably in effect for the greater of twenty-four (24) months from the date of such Change in Control, or until all benefits have been paid to the Executive hereunder.
- c. In the event that the Board has knowledge that a third party has taken steps reasonably calculated to effect a Change in Control, including, but not limited to the commencement of a tender offer for the voting stock of ML&P, or the circulation of a proxy to ML&P's shareholders, then the Board shall not be permitted thereafter to exercise the termination right provided by Section 1.2.a unless and until the Board, in good faith, has

determined that such third party has fully abandoned or terminated its effort to effect a Change in Control.

- d. In the event that the Board approves in principle one or more transactions the implementation of which would result in a Change in Control, then the Board shall not be permitted thereafter to exercise the termination right provided by Section 1.2.a unless and until the Board, in good faith, has determined to fully abandon and terminate all efforts by ML&P or its Subsidiaries to implement such transactions.

1.3 Purpose of the Agreement. The purpose of this Agreement is to advance the interests of ML&P and its Subsidiaries by assuring that ML&P and its Subsidiaries shall have the continued employment and dedication of the Executive and the availability of his advice and counsel in the event that an acquisition or Change in Control occurs. This Agreement shall also assure the Executive of equitable treatment during the period of uncertainty that surrounds an acquisition or Change in Control, and allow the Executive to act at all times in the best interest of ML&P and its shareholders.

1.4 Contractual Right to Benefits. This Agreement establishes and vests in the Executive a contractual right to the benefits which he or she is entitled hereunder, enforceable by the Executive against ML&P or any Successor Employer that assumes this Agreement. However, nothing herein shall require ML&P or any such Successor Employer to segregate, earmark, or otherwise set aside any funds or other assets to provide for any payments hereunder.

1.5 Legal Status. This Agreement shall be considered an unfunded agreement to provide welfare benefits to a select group of management or highly compensated employees and is therefore intended to be a "top-hat" plan exempt from the requirements of the provisions of Parts 2, 3 and 4 of Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

ARTICLE II. DEFINITIONS AND CONSTRUCTION.

2.1 Definitions. Whenever used in this Agreement, the following terms shall have the meanings set forth below and, when the meaning is intended, the initial letter of the word is capitalized.

- a. "Base Salary" means Executive's annualized salary, which

includes all regular basic wages before reduction for any amounts deferred on a tax-qualified or nonqualified basis, payable in cash to Executive for services rendered during the Year. Base Salary shall exclude bonuses, incentive compensation, special fees or awards, commissions, allowances, or any other form of premium or incentive pay, or amounts properly designated by Employer as payment toward or reimbursement of expenses.

b. "Beneficial Owner" shall have the meaning ascribed to such terms in Rule 13d-3 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

c. "Beneficiary" with respect to Executive means the persons or entities designated or deemed designated by the Executive pursuant to Section 8.2 herein.

d. "Board" means the Board of Directors of ML&P.

e. "Change in Control" means one or more of the following occurrences with respect to ML&P or a Subsidiary:

(1) Any Person, including a "group" as defined in Section 13(d)(3) of the Exchange Act, who is not at the date of this Agreement the beneficial owner of shares of the given entity having 25% or more of the total number of votes that may be cast for the election of Directors of such entity, becomes the beneficial owner (including acquisition of beneficial ownership resulting from formation of a "group") of shares of such entity having 25% or more of such voting power;

(2) Any Person, including a "group" as defined in Section 13(d)(3) of the Exchange Act, who is not at the date of this Agreement the beneficial owner of shares of a given entity having 50% or more of the total number of votes that may be cast for the election of Directors of such entity, becomes the beneficial owner (including acquisition of beneficial ownership resulting from formation of a "group") of shares of such entity having 50% or more of such voting power;

(3) As the result of, or in connection with any cash tender or exchange offer, merger or other business combination, sale of assets or contested election, or any combination of the foregoing transactions, the Persons who were Directors of the given entity before the transaction shall cease to constitute a majority of the Board of Directors of such entity or any successor to such entity;

(4) A merger or consolidation of the given entity in which the surviving entity is neither ML&P nor a direct or indirect

wholly owned subsidiary of ML&P; or

(5) The sale, transfer, or other disposition of all or substantially all of the assets of the given entity (and for this purpose, the term "substantially all" shall mean assets having a fair market value, whether or not realized in the transaction, that is 50% or more of the aggregate fair market value of all assets of such entity); and, in addition, in the case of a Subsidiary, the sale, transfer or other disposition (other than to an entity that is before and following such transaction a direct or indirect wholly owned subsidiary of M&LP) of securities that immediately prior to such transaction constituted 50% or more of such Subsidiary's outstanding voting securities.

(6) A spin-off, split-off, split-up or similar divisive reorganization affecting ML&P and/or its Subsidiaries.

- f. "Committee" means the Compensation Committee of the Board of Directors of ML&P or any other committee appointed by the Board to administer this Agreement; provided that following a Change in Control "Committee" shall mean the Persons who constituted the Committee immediately prior to the Change in Control.
- g. "Disability" means a physical or mental condition which renders Executive unable to discharge his normal work responsibility with Employer and which, in the opinion of a licensed physician selected by the Executive, subject to reasonable approval by the Committee based upon sufficient medical evidence, can be reasonably expected to continue for a period of at least one full calendar year. If Executive fails to select a physician within ten (10) business days of a written request made by Employer, then Employer may select a physician for purposes of this paragraph.
- h. "Effective Date" has the meaning set forth in Section 1.1.
- i. "Effective Date of Termination" means the date on which a Qualifying Termination occurs.
- j. "Employer" means ML&P, or any Successor Employer that has assumed this Agreement pursuant to Section 8.1.a.
- k. "ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, or any successor act thereto.
- l. "Expiration Date" means the date the Agreement terminates, as provided in Section 1.2 herein.

- m. "Just Cause" means the basis for a termination of Executive's employment for which no Severance Benefits are payable hereunder, as provided in Article IV herein.
- n. "ML&P" means Maui Land & Pineapple Company, Inc., a Hawaii corporation.
- o. "Normal Retirement Date" shall mean the date on which the Executive attains age 65.
- p. "Person" shall have the meaning ascribed to such terms in Section 3(a) (9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, including a "group" as defined and used in Section 13(d) and Regulation 13D thereunder; provided that for purposes of Section 2.1(e) "Person" shall not include any entity that is a direct or indirect wholly owned subsidiary of ML&P.
- q. "Qualifying Termination" means a termination of the Executive's employment as described in Section 3.2 herein.
- r. "Severance Benefit" means the payment of severance compensation as provided in Article III herein.
- s. "Subsidiaries" means Maui Pineapple Company, Ltd. and Kapalua Land Company, Ltd. However, if the Executive is at the date of this Agreement the Vice President Retail Property for ML&P, the terms "Subsidiaries" or "Subsidiary" shall mean and be limited to Kaahumanu Center Associates ("KCA").
- t. "Successor Employer" means an entity that becomes Executive's employer in connection with a Change in Control and which following such Change in Control does not control, and is not controlled by or under common control with, ML&P.
- u. "Year" means the consecutive 12-month period beginning each January 1 and ending December 31.

2.2 Gender and Number. Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine, the plural shall include the singular, and the singular shall include the plural.

2.3 Severability. In the event any provision of the Agreement shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Agreement, and the Agreement shall be construed and enforced as if the illegal or invalid provision had not been included.

2.4 Modification. No express provisions of this

Agreement may be modified, waived, or discharged unless such modification, waiver, or discharge is agreed to by the Executive in writing and approved by Employer's board of directors.

2.5 Applicable Law. To the extent not preempted by the laws of the United States, the laws of the State of Hawaii shall be the controlling law in all matters relating to the Agreement without regard to the conflicts of law principles in such laws.

ARTICLE III. SEVERANCE BENEFITS.

3.1 Right to Severance Benefits. The Executive shall be entitled to receive Severance Benefits as described in Section 3.4 herein, if there has been a Change in Control as defined in Section 2.1(e) herein, and if, within twenty-four (24) months thereafter, the Executive's employment shall end for any reason specified in Section 3.2 herein as being a Qualifying Termination. The Executive shall not be entitled to receive Severance Benefits if the Executive's employment is involuntarily terminated for Just Cause, as provided under Article IV herein, or if the Executive's employment terminates due to death or Disability.

3.2 Qualifying Termination. The occurrence of any one or more of the following events within twenty-four (24) calendar months after a Change in Control shall entitle the Executive to the payment of Severance Benefits, as provided under Section 3.4 herein:

- a. Involuntary termination of the Executive's employment without Just Cause (as defined in Article IV herein) (other than a merely technical termination arising from a good faith reassignment in connection with a Change in Control of officers and employees of ML&P and/or its Subsidiaries and following which Executive remains an employee of (i) ML&P or a Subsidiary that continues thereafter to be wholly owned by ML&P [or in the case Executive as of the date of this Agreement is the Vice President Retail Property for ML&P, if following such reassignment the Executive remains an employee (x) of ML&P or (y) of Maui Pineapple Company, Ltd. or Kapalua Land Company, Ltd. (provided such employer continues following such Change in Control be wholly owned by ML&P) or (z) of KCA (provided ML&P remains the sole general partner of KCA following such Change In Control] or (ii) a Successor Employer that has assumed ML&P's obligations under this Agreement in accordance with Section 8.1.a); or
- b. The Executive's voluntary employment termination for Good Reason (as defined by Section 3.3 herein).

3.3 Definition of Good Reason. "Good Reason" means, without the Executive's express written consent, the occurrence after a Change in Control of any one or more of the following:

- a. The assignment of the Executive to duties materially inconsistent with the Executive's authorities, duties, responsibilities, and status (including offices, titles and reporting requirements) as an executive and/or officer of Employer, or a material reduction of the Executive's authorities, duties, or responsibilities from those in effect as of ninety (90) days prior to the Change in Control, other than an act that is remedied promptly after Employer's receipt of notice thereof given by the Executive (provided, however, that "Good Reason" shall not include the events described in the preceding portions of this paragraph (a) if the changes described therein have been approved by a majority of the Board of ML&P and also by a number of such directors who comprised at least a majority of the Board of ML&P 90 days prior to the Change In Control);
- b. Employer requiring the Executive to be based at a location in excess of seventy-five (75) miles from the location of the Executive's principal job location or office immediately prior to the Change in Control, except for required travel on company business to an extent substantially consistent with the Executive's then present business travel obligations;
- c. A more than ten percent (10%) reduction of the Executive's annual rate of Base Salary in effect as of ninety (90) days prior to the Change in Control;
- d. The failure to continue in effect any of ML&P's or its Subsidiaries' annual incentive compensation plans, or employee benefit or retirement plans, policies, practices, or similar compensatory arrangements in which the Executive participated as of the 180th day preceding the Change in Control (unless such failure to continue the plan, policy, practice or arrangement pertains generally to all plan participants) or the failure to continue the Executive's participation therein on substantially the same basis, both in terms of the amount of benefits provided and the level of the Executive's participation relative to other participants; provided, however, that this Section 3.3.d shall not apply in the case of

a Change in Control described in Section 2.1.e (6) if:
(a) Executive's employer thereafter is ML&P or a wholly owned Subsidiary thereof (or, if the Executive is Vice President Retail Property of ML&P, such employer is KCA and ML&P remains the sole general partner of KCA), or a Successor Employer that has in accordance with Section 8.1 expressly assumed this Agreement; (b) a failure to continue the plan, policy, practice or arrangement or Executive's participation therein pertains generally to all participants employed by such employer; and (c) the aggregate annualized value to Executive of benefits provided under all of such employer's incentive compensation plans, other employee benefit or retirement plans, policies, practices, or similar compensatory arrangements (excluding any costs incurred in connection with this Agreement) is at least 90% of the value to Executive of benefits so provided by ML&P and its Subsidiaries for the last Year ended prior to the Change in Control.

- e. The failure of ML&P to obtain an agreement from any Successor Employer (as contemplated by Article VIII) to assume this Agreement and to perform ML&P's obligations to Executive hereunder.
- f. A material breach of obligations to Executive under this Agreement by ML&P, or by a Successor Employer that has assumed this Agreement, if such breach has not been cured to the reasonable satisfaction of Executive within thirty (30) days following delivery of written notice thereof by Executive to the breaching party.

3.4 Description of Severance Benefits. In the event that Executive becomes entitled to receive Severance Benefits, as provided in Section 3.1 herein, ML&P shall pay to the Executive and provide him with the following:

- a. An amount equal to 2.00 times the Executive's annual rate of Base Salary in effect upon the Effective Date of Termination (or, if greater, 2.00 times the Executive's annual rate of Base Salary in effect ninety (90) days prior to the Change in Control); and
- b. A payout under the ML&P Annual Incentive Plan, or any similar plan Employer maintains, or is obligated by Section 3.3.d to provide, in accordance with the terms of such plan; and
- c. A continuation of all welfare benefits at normal employee cost including medical and dental insurance, long-term disability, group term life insurance, and accidental death & dismemberment insurance for two (2) full years from the Effective Date of Termination or until the Executive reaches

his Normal Retirement Date, whichever occurs earlier. In the event that participation in any one or more of the welfare benefits is not possible under the terms of the governing welfare benefit provisions or due to the modification or elimination of the welfare benefits, Employer shall provide substantially identical welfare benefits at the normal employee cost of the affected welfare benefits. However, these benefits shall be discontinued prior to the end of the two (2) years in the event the Executive receives substantially similar benefits from a subsequent employer, as determined by the Committee. The right of the Executive and his spouse and other dependents to continued group health coverage under Section 4980B of the Internal Revenue Code of 1986, as amended ("Code"), shall commence at the end of the applicable Severance Benefits period. Unless otherwise provided under this Agreement, the applicable Severance Benefits period shall be treated as if it were a period of employment with ML&P or its Subsidiaries (or, if Executive so elects, with any Successor Employer) for purposes of determining rights and benefits under any retirement plan or other plan or program and shall be treated as a period of covered employment under such plan or other plan or program if the Executive was in covered employment immediately prior to the Change in Control, provided that, if such treatment is not possible under the terms of such plan or other plan or program, Employer shall directly provide substantially identical benefits attributable to the crediting of the Severance Benefits period.

3.5 Reduction of Severance Benefits. In the event there are fewer than twenty-four (24) whole or partial months remaining from the Executive's Effective Date of Termination until the Executive's Normal Retirement Date, then the amounts provided for under Section 3.4.a above shall be reduced by a fraction, the numerator of which shall be the number of whole or partial months remaining until the Executive's Normal Retirement Date, and the denominator of which shall be twenty-four (24).

3.6 Special Retirement Benefits. The Executive shall receive special retirement benefits as provided below, so that the total retirement benefits that the Executive receives will equal the retirement benefits that the Executive would have received under the Maui Land & Pineapple Company, Inc. Pension Plan for Non-Bargaining Unit Employees ("Retirement Plan"), Supplemental Executive Retirement Plan, and Executive Supplemental Insurance Plan/Executive Deferred Compensation Plan (collectively, "Plans"), under the terms thereof that existed ninety (90) days prior to the Change in Control, had the Executive continued in the employ of ML&P and its Subsidiaries for two (2) years following the Executive's Effective Date of Termination (or until his Normal Retirement

Date, whichever is earlier) but without regard to any ancillary benefits. The amount of special retirement benefits payable hereunder to the Executive or his beneficiaries shall equal the excess of the amount specified in (a) over the amount specified in (b) below.

- a. The total retirement benefits on an actuarial equivalent single-life basis would be paid to the Executive if the two (2) years (or the period to his Normal Retirement Date, if less) following the Executive's Effective Date of Termination are added to his credited service under the Plans.
- b. The total retirement benefits actually paid on an actuarial equivalent single-life basis to the Executive.

Such special retirement benefits shall be paid at the same time and in the same form (e.g., actuarial equivalent single-life or contingent annuitant basis) as was required with respect to the Executive's retirement benefits under the Plans. The special retirement benefits shall be paid by the Plans or, if the terms of such Plans do not provide for such benefits, the special retirement benefits shall be paid directly by Employer. The actuarial equivalent of special retirement benefits shall be determined in accordance with the factors provided under the Retirement Plan.

3.7 Outplacement Services. In the event that the Executive becomes entitled to receive Severance Benefits as provided in Section 3.1 herein, the Executive shall be entitled, at the expense of Employer, to receive standard outplacement services as selected by the Executive, for a period of up to twenty-four (24) months from the Effective Date of Termination. However, such services shall not exceed a maximum annual benefit of ten percent (10%) of the Executive's annual rate of Base Salary in effect ninety (90) days prior to the Change in Control.

3.8 Incentive Compensation. In the event that the Executive becomes entitled to receive Severance Benefits as provided in Section 3.1 herein, any deferred awards previously granted to the Executive under ML&P's or its Subsidiaries' or any Successor Employer's incentive compensation plans and not previously paid to the Executive shall immediately vest on the date of the Executive's Effective Date of Termination and shall be paid no later than ninety (90) calendar days following that date, and be included as compensation in the month paid.

ARTICLE IV. DISQUALIFICATION FROM RECEIPT OF BENEFITS.

No Severance Benefits shall be payable to the

Executive under this Agreement in the event the Executive is terminated by Employer for Just Cause. For this purpose, Just Cause shall mean willful, malicious conduct by the Executive which is detrimental to the best interests of Employer, including theft, embezzlement, the conviction of a criminal act, disclosure of trade secrets, a gross dereliction of duty, or other grave misconduct on the part of the Executive which is substantially injurious to Employer. Just Cause also shall include a material breach by the Executive of any of his covenants under this Agreement, if such breach has not been cured to the reasonable satisfaction of Employer within thirty (30) days following written notice thereof by Employer to the Executive.

ARTICLE V. FORM AND TIMING OF SEVERANCE BENEFITS.

5.1 Form and Timing of Severance Benefits. The Severance Benefits described in Sections 3.4.a, 3.4.b and 3.8 herein shall be paid in cash to the Executive in a single lump sum as soon as practicable following the Executive's Effective Date of Termination, but in no event beyond ninety (90) calendar days from such date.

The Severance Benefits described in Section 3.4.c herein shall be provided to the Executive immediately upon the Executive's Effective Date of Termination and shall continue to be provided for two (2) full calendar years from the Executive's Effective Date of Termination or until the Executive reaches his Normal Retirement date, whichever occurs earlier. However, the Severance Benefits described in Section 3.4.c herein shall be discontinued prior to the end of the two (2) year period immediately upon the Executive receiving substantially similar benefits from a subsequent employer, as determined by the Committee.

5.2 Withholding of Taxes. Employer shall withhold from any amounts payable under this Agreement all Federal, state, city or other taxes as legally shall be required.

ARTICLE VI. PARACHUTE PAYMENTS.

6.1 Determination of Alternative Severance Benefit Limit. Notwithstanding any other provision of this Agreement, if any portion of the Severance Benefits or any other payment under this Agreement, or under any other agreement with, or plan of, Employer (in the aggregate "Total Payments") would constitute an "excess parachute payment," then the payments to be made to the Executive under this Agreement shall be reduced such that the value of the aggregate Total Payments that the Executive is entitled to receive shall be one dollar (\$1) less than the maximum amount which the Executive may receive without becoming

subject to the tax imposed by Section 4999 of the Code, or which Employer may pay without loss of deduction under Section 280G(a) of the Code. However, such reduction in Severance Benefits shall apply if, and only if, the resulting Severance Benefits with such reduction is greater in value to the Executive than the value of the Severance Benefits without a reduction, net of any tax imposed on the Executive pursuant to Section 4999 of the Code. For purposes of this Agreement, the terms "excess parachute payment" and "parachute payments" shall have the meanings assigned to such terms in Section 280G of the Code, and such "parachute payments" shall be valued as provided therein.

6.2 Procedure for Establishing Alternative Limitation. Within fifteen (15) calendar days following delivery of the notice of Qualifying Termination or notice by Employer to the Executive of its belief that there is a payment or benefit due the Executive which will result in an "excess parachute payment" as defined in Section 280G of the Code, the Executive and such Employer, at Employer's expense, shall obtain the opinion of such Employer's principal outside law firm, accounting firm, and/or compensation and benefits consulting firm, which sets forth: (a) the amount of the Executive's "annualized includible compensation for the base period" (as defined in Section 280G(d)(1) of the Code); (b) the present value of the Total Payments; and (c) the amount and present value of any "excess parachute payment."

In the event that such opinion determines that there would be an "excess parachute payment," such that a reduction in the Severance Benefits would result in a greater net benefit to the Executive (as provided in Section 6.1 herein), then the Severance Benefits hereunder or any other payment determined under the opinion to be includible in Total Payments shall be reduced or eliminated so that, on the basis of calculations set forth in such opinion, there will be no "excess parachute payment". The reduction or elimination of specific payments shall apply to such type and amount of specific payments as may be designated by the Executive in writing delivered to Employer within ten (10) calendar days of receipt of the opinion, or if the Executive fails to so notify such Employer, as may be reasonably determined by it.

The provisions of this Section 6.2, including the calculations, notices, and opinion provided herein, shall be based upon the conclusive presumption that the following amounts are reasonable: (a) the compensation and benefits provided for in Article III herein; and (b) any other compensation earned prior to the Effective Date of Termination by the Executive pursuant to ML&P's and any Successor Employer's compensation programs (if such payments would have

been made in the future in any event, even though the timing of such payment is triggered by the Change in Control).

6.3 Subsequent Imposition of Excise Tax. If, notwithstanding compliance with the provisions of Sections 6.1 and 6.2 herein, it is ultimately determined by a court or pursuant to a final determination by the Internal Revenue Service that any portion of the Total Payments is considered to be a "parachute payment", subject to excise tax under Section 4999 of the Code, which was not contemplated to be a "parachute payment" at the time of payment (so as to accurately determine whether a limitation should have been applied to the Total Payments to maximize the net benefit to the Executive, as provided in Sections 6.1 and 6.2 herein), the Executive shall be entitled to receive a lump sum cash payment sufficient to place the Executive in the same net after-tax position, computed by using the "Special Tax Rate" as such term is defined below, that the Executive would have been in had such payment not been subject to such excise tax, and had the Executive not incurred any interest charges or penalties with respect to the imposition of such excise tax. For purposes of this Agreement, the "Special Tax Rate" shall be the highest effective Federal and state marginal tax rates applicable to the Executive in the year in which the payment contemplated under this Section 6.3 is made.

ARTICLE VII. OTHER RIGHTS AND BENEFITS NOT AFFECTED.

7.1 Other Benefits. Neither the provisions of this Agreement nor the Severance Benefits provided for hereunder shall reduce any amounts otherwise payable, or in any way diminish the Executive's rights as an employee of ML&P or its Subsidiaries or a Successor Employer, whether existing now or hereafter, under any benefit, incentive, retirement, stock option, stock bonus, stock purchase plan, or any employment agreement, or other plan or arrangement.

7.2 Employment Status. This Agreement does not constitute a contract of employment or impose on ML&P or its Subsidiaries or any Successor Employer any obligation to retain the Executive as an employee, to change the status of the Executive's employment, or to change such entity's policies regarding termination of employment.

ARTICLE VIII. SUCCESSORS.

8.1 Successors.

a. This Agreement shall be binding upon ML&P, any Successor Employer that has assumed this Agreement, and their respective successors and

assigns. ML&P shall require any Successor Employer to expressly assume and agree to perform this Agreement and all of ML&P's obligations hereunder. Failure of ML&P to obtain such assumption and agreement prior to the effectiveness of any Change in Control that results in a transfer of Executive's employment to a Successor Employer shall constitute Good Reason for voluntary termination of employment by Executive, pursuant to Sections 3.2 and 3.3 hereof.

b. If in connection with and prior to the effectiveness of a Change in Control a Successor Employer has assumed this Agreement in accordance with Section 8.1.a, then following such Change in Control neither ML&P, nor any successor to it that does not directly or indirectly control and is not directly or indirectly controlled by or under common control with, such Successor Employer, shall have any further liability or obligation hereunder. For purposes of the foregoing and the definition of "Successor Employer" in Section 2.1, "control" (including the terms controlling, controlled by and under common control with) shall have the meaning set forth in Rule 405 under the Securities Act of 1933 (17 CFR 230.405).

c. This Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees, and legatees. If Executive should die while any amount would still be payable to him hereunder had he continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement, to the Executive's devisee, legatee, or other designee, or if there is no such designee, to the Executive's estate.

8.2 Beneficiaries. In the event of the death of the Executive, all unpaid amounts payable to the Executive under this Agreement shall be paid to his or her Beneficiary. The Executive's spouse and other dependents shall continue to be covered by all applicable welfare benefits during the remainder of the Severance Benefits period, if any, pursuant to Section 3.4.c (unless payments at death are specified by the applicable welfare benefits provisions). The Beneficiary of the Executive's Severance Benefits under this Agreement shall be designated by the Executive in the form of a signed writing acceptable to the Committee. The Executive may make or change such designation at any time.

ARTICLE IX. ADMINISTRATION.

9.1 Administration. The Compensation Committee shall administer this Agreement. The Committee is authorized, prior to occurrence of a Change in Control, to interpret this Agreement, to prescribe and rescind rules and regulations, to provide conditions and assurances deemed necessary and advisable, to protect the interest of ML&P or its Subsidiaries, and to make all other determinations necessary or advisable for the Agreement's administration. In fulfilling its administrative duties hereunder, the Committee may rely on outside counsel, independent accountants, or other consultants to render advice or assistance.

9.2 Indemnification and Exculpation. The members of the Board, its agents and officers, directors and employees of ML&P and its Subsidiaries shall be indemnified and held harmless by ML&P and its Subsidiaries against and from any and all loss, cost, liability, or expense that may be imposed upon or reasonably incurred by them in connection with or resulting from any claim, action, suit or proceeding to which they may be a party or in which they may be involved by reason of any action taken or failure to act under this Agreement and against and from any and all amounts paid by them in settlement (with ML&P's written approval) or paid by them in satisfaction of a judgment in any such action, suit or proceeding. The foregoing provision shall not be applicable to any person if the loss, cost, liability or expense is due to such person's gross negligence or willful misconduct.

9.3 Legal Fees. ML&P (or, if applicable, any Successor Employer that has assumed the Agreement) shall pay all reasonable legal fees, costs of litigation and other expenses incurred in good faith by the Executive as a result of its refusal to provide the Severance Benefits which it is obligated to provide to Executive under this Agreement, or as a result of ML&P or such Successor Employer contesting the validity, enforceability or interpretation of the Agreement; provided, however, that such payments shall not exceed the amount permitted by law.

IN WITNESS WHEREOF, ML&P has caused this Agreement to be executed as of the day and year first above written.

MAUI LAND & PINEAPPLE COMPANY, INC.

By /S/ GARY L. GIFFORD
Its President

/S/ WARREN A. SUZUKI
Warren A. Suzuki, "Executive"

ATTEST:

/S/ J. SUSAN CORLEY

AMENDED AND RESTATED

MAUI LAND & PINEAPPLE COMPANY, INC.

CHANGE-IN-CONTROL SEVERANCE AGREEMENT

(Vice Presidents)

Scott A. Crockford, Vice President/Retail Property

ARTICLE I. ESTABLISHMENT AND PURPOSE.

1.1 Effective Date. This Amended and Restated Change-in-Control Severance Agreement (the "Agreement") is made and entered into and is effective as of the 16th day of March, 1999 ("Effective Date"), by and between Maui Land & Pineapple Company, Inc. ("ML&P"), a Hawaii corporation, and Scott A. Crockford ("Executive"). This Agreement shall supersede and replace any prior severance agreement entered into between ML&P and the Executive.

1.2 Term of the Agreement.

- a. The Agreement shall commence as of the Effective Date written above, and shall continue until terminated in accordance with this paragraph 1.2. This Agreement may be terminated by the Board of Directors of ML&P (the "Board") upon one hundred eighty (180) days advance written notice to the Executive; provided, however, that the Board may not terminate this Agreement (i) after the occurrence of a Change in Control or (ii) during the respective periods set forth in Section 1.2.c or 1.2.d below.
- b. In the event that a Change in Control, as defined in Section 2.1 herein, occurs during the term of this Agreement, this Agreement shall remain irrevocably in effect for the greater of twenty-four (24) months from the date of such Change in Control, or until all benefits have been paid to the Executive hereunder.
- c. In the event that the Board has knowledge that a third party has taken steps reasonably calculated to effect a Change in Control, including, but not limited to the commencement of a tender offer for the voting stock of ML&P, or the circulation of a proxy to ML&P's shareholders, then the Board shall not be permitted thereafter to exercise the termination right provided by Section 1.2.a unless and until the Board, in good faith, has determined that such third party has fully abandoned or

terminated its effort to effect a Change in Control.

- d. In the event that the Board approves in principle one or more transactions the implementation of which would result in a Change in Control, then the Board shall not be permitted thereafter to exercise the termination right provided by Section 1.2.a unless and until the Board, in good faith, has determined to fully abandon and terminate all efforts by ML&P or its Subsidiaries to implement such transactions.

1.3 Purpose of the Agreement. The purpose of this Agreement is to advance the interests of ML&P and its Subsidiaries by assuring that ML&P and its Subsidiaries shall have the continued employment and dedication of the Executive and the availability of his advice and counsel in the event that an acquisition or Change in Control occurs. This Agreement shall also assure the Executive of equitable treatment during the period of uncertainty that surrounds an acquisition or Change in Control, and allow the Executive to act at all times in the best interest of ML&P and its shareholders.

1.4 Contractual Right to Benefits. This Agreement establishes and vests in the Executive a contractual right to the benefits which he or she is entitled hereunder, enforceable by the Executive against ML&P or any Successor Employer that assumes this Agreement. However, nothing herein shall require ML&P or any such Successor Employer to segregate, earmark, or otherwise set aside any funds or other assets to provide for any payments hereunder.

1.5 Legal Status. This Agreement shall be considered an unfunded agreement to provide welfare benefits to a select group of management or highly compensated employees and is therefore intended to be a "top-hat" plan exempt from the requirements of the provisions of Parts 2, 3 and 4 of Title I of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

ARTICLE II. DEFINITIONS AND CONSTRUCTION.

2.1 Definitions. Whenever used in this Agreement, the following terms shall have the meanings set forth below and, when the meaning is intended, the initial letter of the word is capitalized.

- a. "Base Salary" means Executive's annualized salary, which includes all regular basic wages before reduction for any amounts deferred on a tax-qualified or nonqualified basis, payable in cash to Executive for services rendered during the

Year. Base Salary shall exclude bonuses, incentive compensation, special fees or awards, commissions, allowances, or any other form of premium or incentive pay, or amounts properly designated by Employer as payment toward or reimbursement of expenses.

b. "Beneficial Owner" shall have the meaning ascribed to such terms in Rule 13d-3 of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended (the "Exchange Act").

c. "Beneficiary" with respect to Executive means the persons or entities designated or deemed designated by the Executive pursuant to Section 8.2 herein.

d. "Board" means the Board of Directors of ML&P.

e. "Change in Control" means one or more of the following occurrences with respect to ML&P or a Subsidiary:

(1) Any Person, including a "group" as defined in Section 13(d)(3) of the Exchange Act, who is not at the date of this Agreement the beneficial owner of shares of the given entity having 25% or more of the total number of votes that may be cast for the election of Directors of such entity, becomes the beneficial owner (including acquisition of beneficial ownership resulting from formation of a "group") of shares of such entity having 25% or more of such voting power;

(2) Any Person, including a "group" as defined in Section 13(d)(3) of the Exchange Act, who is not at the date of this Agreement the beneficial owner of shares of a given entity having 50% or more of the total number of votes that may be cast for the election of Directors of such entity, becomes the beneficial owner (including acquisition of beneficial ownership resulting from formation of a "group") of shares of such entity having 50% or more of such voting power;

(3) As the result of, or in connection with any cash tender or exchange offer, merger or other business combination, sale of assets or contested election, or any combination of the foregoing transactions, the Persons who were Directors of the given entity before the transaction shall cease to constitute a majority of the Board of Directors of such entity or any successor to such entity;

(4) A merger or consolidation of the given entity in which the surviving entity is neither ML&P nor a direct or indirect wholly owned subsidiary of ML&P; or

(5) The sale, transfer, or other disposition of all or

substantially all of the assets of the given entity (and for this purpose, the term "substantially all" shall mean assets having a fair market value, whether or not realized in the transaction, that is 50% or more of the aggregate fair market value of all assets of such entity); and, in addition, in the case of a Subsidiary, the sale, transfer or other disposition (other than to an entity that is before and following such transaction a direct or indirect wholly owned subsidiary of M&LP) of securities that immediately prior to such transaction constituted 50% or more of such Subsidiary's outstanding voting securities.

(6) A spin-off, split-off, split-up or similar divisive reorganization affecting ML&P and/or its Subsidiaries.

- f. "Committee" means the Compensation Committee of the Board of Directors of ML&P or any other committee appointed by the Board to administer this Agreement; provided that following a Change in Control "Committee" shall mean the Persons who constituted the Committee immediately prior to the Change in Control.
- g. "Disability" means a physical or mental condition which renders Executive unable to discharge his normal work responsibility with Employer and which, in the opinion of a licensed physician selected by the Executive, subject to reasonable approval by the Committee based upon sufficient medical evidence, can be reasonably expected to continue for a period of at least one full calendar year. If Executive fails to select a physician within ten (10) business days of a written request made by Employer, then Employer may select a physician for purposes of this paragraph.
- h. "Effective Date" has the meaning set forth in Section 1.1.
- i. "Effective Date of Termination" means the date on which a Qualifying Termination occurs.
- j. "Employer" means ML&P, or any Successor Employer that has assumed this Agreement pursuant to Section 8.1.a.
- k. "ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time, or any successor act thereto.
- l. "Expiration Date" means the date the Agreement terminates, as provided in Section 1.2 herein.
- m. "Just Cause" means the basis for a termination of Executive's employment for which no Severance Benefits are payable hereunder, as provided in Article IV herein.

- n. "ML&P" means Maui Land & Pineapple Company, Inc., a Hawaii corporation.
- o. "Normal Retirement Date" shall mean the date on which the Executive attains age 65.
- p. "Person" shall have the meaning ascribed to such terms in Section 3(a)(9) of the Exchange Act and used in Sections 13(d) and 14(d) thereof, including a "group" as defined and used in Section 13(d) and Regulation 13D thereunder; provided that for purposes of Section 2.1(e) "Person" shall not include any entity that is a direct or indirect wholly owned subsidiary of ML&P.
- q. "Qualifying Termination" means a termination of the Executive's employment as described in Section 3.2 herein.
- r. "Severance Benefit" means the payment of severance compensation as provided in Article III herein.
- s. "Subsidiaries" means Maui Pineapple Company, Ltd. and Kapalua Land Company, Ltd. However, if the Executive is at the date of this Agreement the Vice President Retail Property for ML&P, the terms "Subsidiaries" or "Subsidiary" shall mean and be limited to Kaahumanu Center Associates ("KCA").
- t. "Successor Employer" means an entity that becomes Executive's employer in connection with a Change in Control and which following such Change in Control does not control, and is not controlled by or under common control with, ML&P.
- u. "Year" means the consecutive 12-month period beginning each January 1 and ending December 31.

2.2 Gender and Number. Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine, the plural shall include the singular, and the singular shall include the plural.

2.3 Severability. In the event any provision of the Agreement shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Agreement, and the Agreement shall be construed and enforced as if the illegal or invalid provision had not been included.

2.4 Modification. No express provisions of this Agreement may be modified, waived, or discharged unless such modification, waiver, or discharge is agreed to by the Executive in writing and approved by Employer's board

of directors.

2.5 Applicable Law. To the extent not preempted by the laws of the United States, the laws of the State of Hawaii shall be the controlling law in all matters relating to the Agreement without regard to the conflicts of law principles in such laws.

ARTICLE III. SEVERANCE BENEFITS.

3.1 Right to Severance Benefits. The Executive shall be entitled to receive Severance Benefits as described in Section 3.4 herein, if there has been a Change in Control as defined in Section 2.1(e) herein, and if, within twenty-four (24) months thereafter, the Executive's employment shall end for any reason specified in Section 3.2 herein as being a Qualifying Termination. The Executive shall not be entitled to receive Severance Benefits if the Executive's employment is involuntarily terminated for Just Cause, as provided under Article IV herein, or if the Executive's employment terminates due to death or Disability.

3.2 Qualifying Termination. The occurrence of any one or more of the following events within twenty-four (24) calendar months after a Change in Control shall entitle the Executive to the payment of Severance Benefits, as provided under Section 3.4 herein:

- a. Involuntary termination of the Executive's employment without Just Cause (as defined in Article IV herein) (other than a merely technical termination arising from a good faith reassignment in connection with a Change in Control of officers and employees of ML&P and/or its Subsidiaries and following which Executive remains an employee of (i) ML&P or a Subsidiary that continues thereafter to be wholly owned by ML&P [or in the case Executive as of the date of this Agreement is the Vice President Retail Property for ML&P, if following such reassignment the Executive remains an employee (x) of ML&P or (y) of Maui Pineapple Company, Ltd. or Kapalua Land Company, Ltd. (provided such employer continues following such Change in Control be wholly owned by ML&P) or (z) of KCA (provided ML&P remains the sole general partner of KCA following such Change In Control] or (ii) a Successor Employer that has assumed ML&P's obligations under this Agreement in accordance with Section 8.1.a); or
- b. The Executive's voluntary employment termination for Good Reason (as defined by Section 3.3 herein).

3.3 Definition of Good Reason. "Good Reason" means, without the Executive's express written consent, the occurrence

after a Change in Control of any one or more of the following:

- a. The assignment of the Executive to duties materially inconsistent with the Executive's authorities, duties, responsibilities, and status (including offices, titles and reporting requirements) as an executive and/or officer of Employer, or a material reduction of the Executive's authorities, duties, or responsibilities from those in effect as of ninety (90) days prior to the Change in Control, other than an act that is remedied promptly after Employer's receipt of notice thereof given by the Executive (provided, however, that "Good Reason" shall not include the events described in the preceding portions of this paragraph (a) if the changes described therein have been approved by a majority of the Board of ML&P and also by a number of such directors who comprised at least a majority of the Board of ML&P 90 days prior to the Change In Control);
- b. Employer requiring the Executive to be based at a location in excess of seventy-five (75) miles from the location of the Executive's principal job location or office immediately prior to the Change in Control, except for required travel on company business to an extent substantially consistent with the Executive's then present business travel obligations;
- c. A more than ten percent (10%) reduction of the Executive's annual rate of Base Salary in effect as of ninety (90) days prior to the Change in Control;
- d. The failure to continue in effect any of ML&P's or its Subsidiaries' annual incentive compensation plans, or employee benefit or retirement plans, policies, practices, or similar compensatory arrangements in which the Executive participated as of the 180th day preceding the Change in Control (unless such failure to continue the plan, policy, practice or arrangement pertains generally to all plan participants) or the failure to continue the Executive's participation therein on substantially the same basis, both in terms of the amount of benefits provided and the level of the Executive's participation relative to other participants; provided, however, that this Section 3.3.d shall not apply in the case of a Change in Control described in Section 2.1.e (6) if:
 - (a) Executive's employer thereafter is ML&P or a wholly owned Subsidiary thereof (or, if the Executive is Vice President

Retail Property of ML&P, such employer is KCA and ML&P remains the sole general partner of KCA), or a Successor Employer that has in accordance with Section 8.1 expressly assumed this Agreement; (b) a failure to continue the plan, policy, practice or arrangement or Executive's participation therein pertains generally to all participants employed by such employer; and (c) the aggregate annualized value to Executive of benefits provided under all of such employer's incentive compensation plans, other employee benefit or retirement plans, policies, practices, or similar compensatory arrangements (excluding any costs incurred in connection with this Agreement) is at least 90% of the value to Executive of benefits so provided by ML&P and its Subsidiaries for the last Year ended prior to the Change in Control.

- e. The failure of ML&P to obtain an agreement from any Successor Employer (as contemplated by Article VIII) to assume this Agreement and to perform ML&P's obligations to Executive hereunder.
- f. A material breach of obligations to Executive under this Agreement by ML&P, or by a Successor Employer that has assumed this Agreement, if such breach has not been cured to the reasonable satisfaction of Executive within thirty (30) days following delivery of written notice thereof by Executive to the breaching party.

3.4 Description of Severance Benefits. In the event that Executive becomes entitled to receive Severance Benefits, as provided in Section 3.1 herein, ML&P shall pay to the Executive and provide him with the following:

- a. An amount equal to 2.00 times the Executive's annual rate of Base Salary in effect upon the Effective Date of Termination (or, if greater, 2.00 times the Executive's annual rate of Base Salary in effect ninety (90) days prior to the Change in Control); and
- b. A payout under the ML&P Annual Incentive Plan, or any similar plan Employer maintains, or is obligated by Section 3.3.d to provide, in accordance with the terms of such plan; and
- c. A continuation of all welfare benefits at normal employee cost including medical and dental insurance, long-term disability, group term life insurance, and accidental death & dismemberment insurance for two (2) full years from the Effective Date of Termination or until the Executive reaches his Normal Retirement Date, whichever occurs earlier. In the event that participation in any one or more of the welfare benefits is not possible under the terms of the governing

welfare benefit provisions or due to the modification or elimination of the welfare benefits, Employer shall provide substantially identical welfare benefits at the normal employee cost of the affected welfare benefits. However, these benefits shall be discontinued prior to the end of the two (2) years in the event the Executive receives substantially similar benefits from a subsequent employer, as determined by the Committee. The right of the Executive and his spouse and other dependents to continued group health coverage under Section 4980B of the Internal Revenue Code of 1986, as amended ("Code"), shall commence at the end of the applicable Severance Benefits period. Unless otherwise provided under this Agreement, the applicable Severance Benefits period shall be treated as if it were a period of employment with ML&P or its Subsidiaries (or, if Executive so elects, with any Successor Employer) for purposes of determining rights and benefits under any retirement plan or other plan or program and shall be treated as a period of covered employment under such plan or other plan or program if the Executive was in covered employment immediately prior to the Change in Control, provided that, if such treatment is not possible under the terms of such plan or other plan or program, Employer shall directly provide substantially identical benefits attributable to the crediting of the Severance Benefits period.

3.5 Reduction of Severance Benefits. In the event there are fewer than twenty-four (24) whole or partial months remaining from the Executive's Effective Date of Termination until the Executive's Normal Retirement Date, then the amounts provided for under Section 3.4.a above shall be reduced by a fraction, the numerator of which shall be the number of whole or partial months remaining until the Executive's Normal Retirement Date, and the denominator of which shall be twenty-four (24).

3.6 Special Retirement Benefits. The Executive shall receive special retirement benefits as provided below, so that the total retirement benefits that the Executive receives will equal the retirement benefits that the Executive would have received under the Maui Land & Pineapple Company, Inc. Pension Plan for Non-Bargaining Unit Employees ("Retirement Plan"), Supplemental Executive Retirement Plan, and Executive Supplemental Insurance Plan/Executive Deferred Compensation Plan (collectively, "Plans"), under the terms thereof that existed ninety (90) days prior to the Change in Control, had the Executive continued in the employ of ML&P and its Subsidiaries for two (2) years following the Executive's Effective Date of Termination (or until his Normal Retirement Date, whichever is earlier) but without regard to any ancillary benefits. The amount of special retirement benefits payable hereunder to the Executive or his beneficiaries shall equal the

excess of the amount specified in (a) over the amount specified in (b) below.

- a. The total retirement benefits on an actuarial equivalent single-life basis would be paid to the Executive if the two (2) years (or the period to his Normal Retirement Date, if less) following the Executive's Effective Date of Termination are added to his credited service under the Plans.
- b. The total retirement benefits actually paid on an actuarial equivalent single-life basis to the Executive.

Such special retirement benefits shall be paid at the same time and in the same form (e.g., actuarial equivalent single-life or contingent annuitant basis) as was required with respect to the Executive's retirement benefits under the Plans. The special retirement benefits shall be paid by the Plans or, if the terms of such Plans do not provide for such benefits, the special retirement benefits shall be paid directly by Employer. The actuarial equivalent of special retirement benefits shall be determined in accordance with the factors provided under the Retirement Plan.

3.7 Outplacement Services. In the event that the Executive becomes entitled to receive Severance Benefits as provided in Section 3.1 herein, the Executive shall be entitled, at the expense of Employer, to receive standard outplacement services as selected by the Executive, for a period of up to twenty-four (24) months from the Effective Date of Termination. However, such services shall not exceed a maximum annual benefit of ten percent (10%) of the Executive's annual rate of Base Salary in effect ninety (90) days prior to the Change in Control.

3.8 Incentive Compensation. In the event that the Executive becomes entitled to receive Severance Benefits as provided in Section 3.1 herein, any deferred awards previously granted to the Executive under ML&P's or its Subsidiaries' or any Successor Employer's incentive compensation plans and not previously paid to the Executive shall immediately vest on the date of the Executive's Effective Date of Termination and shall be paid no later than ninety (90) calendar days following that date, and be included as compensation in the month paid.

ARTICLE IV. DISQUALIFICATION FROM RECEIPT OF BENEFITS.

No Severance Benefits shall be payable to the Executive under this Agreement in the event the Executive is terminated by Employer for Just Cause. For this purpose, Just Cause shall mean willful, malicious conduct by the Executive

which is detrimental to the best interests of Employer, including theft, embezzlement, the conviction of a criminal act, disclosure of trade secrets, a gross dereliction of duty, or other grave misconduct on the part of the Executive which is substantially injurious to Employer. Just Cause also shall include a material breach by the Executive of any of his covenants under this Agreement, if such breach has not been cured to the reasonable satisfaction of Employer within thirty (30) days following written notice thereof by Employer to the Executive.

ARTICLE V. FORM AND TIMING OF SEVERANCE BENEFITS.

5.1 Form and Timing of Severance Benefits. The Severance Benefits described in Sections 3.4.a, 3.4.b and 3.8 herein shall be paid in cash to the Executive in a single lump sum as soon as practicable following the Executive's Effective Date of Termination, but in no event beyond ninety (90) calendar days from such date.

The Severance Benefits described in Section 3.4.c herein shall be provided to the Executive immediately upon the Executive's Effective Date of Termination and shall continue to be provided for two (2) full calendar years from the Executive's Effective Date of Termination or until the Executive reaches his Normal Retirement date, whichever occurs earlier. However, the Severance Benefits described in Section 3.4.c herein shall be discontinued prior to the end of the two (2) year period immediately upon the Executive receiving substantially similar benefits from a subsequent employer, as determined by the Committee.

5.2 Withholding of Taxes. Employer shall withhold from any amounts payable under this Agreement all Federal, state, city or other taxes as legally shall be required.

ARTICLE VI. PARACHUTE PAYMENTS.

6.1 Determination of Alternative Severance Benefit Limit. Notwithstanding any other provision of this Agreement, if any portion of the Severance Benefits or any other payment under this Agreement, or under any other agreement with, or plan of, Employer (in the aggregate "Total Payments") would constitute an "excess parachute payment," then the payments to be made to the Executive under this Agreement shall be reduced such that the value of the aggregate Total Payments that the Executive is entitled to receive shall be one dollar (\$1) less than the maximum amount which the Executive may receive without becoming subject to the tax imposed by Section 4999 of the Code, or which Employer may pay without loss of deduction under Section 280G(a) of the Code. However, such reduction in Severance

Benefits shall apply if, and only if, the resulting Severance Benefits with such reduction is greater in value to the Executive than the value of the Severance Benefits without a reduction, net of any tax imposed on the Executive pursuant to Section 4999 of the Code. For purposes of this Agreement, the terms "excess parachute payment" and "parachute payments" shall have the meanings assigned to such terms in Section 280G of the Code, and such "parachute payments" shall be valued as provided therein.

6.2 Procedure for Establishing Alternative Limitation. Within fifteen (15) calendar days following delivery of the notice of Qualifying Termination or notice by Employer to the Executive of its belief that there is a payment or benefit due the Executive which will result in an "excess parachute payment" as defined in Section 280G of the Code, the Executive and such Employer, at Employer's expense, shall obtain the opinion of such Employer's principal outside law firm, accounting firm, and/or compensation and benefits consulting firm, which sets forth: (a) the amount of the Executive's "annualized includible compensation for the base period" (as defined in Section 280G(d)(1) of the Code); (b) the present value of the Total Payments; and (c) the amount and present value of any "excess parachute payment."

In the event that such opinion determines that there would be an "excess parachute payment," such that a reduction in the Severance Benefits would result in a greater net benefit to the Executive (as provided in Section 6.1 herein), then the Severance Benefits hereunder or any other payment determined under the opinion to be includible in Total Payments shall be reduced or eliminated so that, on the basis of calculations set forth in such opinion, there will be no "excess parachute payment". The reduction or elimination of specific payments shall apply to such type and amount of specific payments as may be designated by the Executive in writing delivered to Employer within ten (10) calendar days of receipt of the opinion, or if the Executive fails to so notify such Employer, as may be reasonably determined by it.

The provisions of this Section 6.2, including the calculations, notices, and opinion provided herein, shall be based upon the conclusive presumption that the following amounts are reasonable: (a) the compensation and benefits provided for in Article III herein; and (b) any other compensation earned prior to the Effective Date of Termination by the Executive pursuant to ML&P's and any Successor Employer's compensation programs (if such payments would have been made in the future in any event, even though the timing of such payment is triggered by the Change in Control).

6.3 Subsequent Imposition of Excise Tax. If, notwithstanding compliance with the provisions of Sections 6.1 and 6.2 herein, it is ultimately determined by a court or pursuant to a final determination by the Internal Revenue Service that any portion of the Total Payments is considered to be a "parachute payment", subject to excise tax under Section 4999 of the Code, which was not contemplated to be a "parachute payment" at the time of payment (so as to accurately determine whether a limitation should have been applied to the Total Payments to maximize the net benefit to the Executive, as provided in Sections 6.1 and 6.2 herein), the Executive shall be entitled to receive a lump sum cash payment sufficient to place the Executive in the same net after-tax position, computed by using the "Special Tax Rate" as such term is defined below, that the Executive would have been in had such payment not been subject to such excise tax, and had the Executive not incurred any interest charges or penalties with respect to the imposition of such excise tax. For purposes of this Agreement, the "Special Tax Rate" shall be the highest effective Federal and state marginal tax rates applicable to the Executive in the year in which the payment contemplated under this Section 6.3 is made.

ARTICLE VII. OTHER RIGHTS AND BENEFITS NOT AFFECTED.

7.1 Other Benefits. Neither the provisions of this Agreement nor the Severance Benefits provided for hereunder shall reduce any amounts otherwise payable, or in any way diminish the Executive's rights as an employee of ML&P or its Subsidiaries or a Successor Employer, whether existing now or hereafter, under any benefit, incentive, retirement, stock option, stock bonus, stock purchase plan, or any employment agreement, or other plan or arrangement.

7.2 Employment Status. This Agreement does not constitute a contract of employment or impose on ML&P or its Subsidiaries or any Successor Employer any obligation to retain the Executive as an employee, to change the status of the Executive's employment, or to change such entity's policies regarding termination of employment.

ARTICLE VIII. SUCCESSORS.

8.1 Successors.

a. This Agreement shall be binding upon ML&P, any Successor Employer that has assumed this Agreement, and their respective successors and assigns. ML&P shall require any Successor Employer to expressly assume and agree to perform this Agreement and all of ML&P's obligations hereunder.

Failure of ML&P to obtain such assumption and agreement prior to the effectiveness of any Change in Control that results in a transfer of Executive's employment to a Successor Employer shall constitute Good Reason for voluntary termination of employment by Executive, pursuant to Sections 3.2 and 3.3 hereof.

b. If in connection with and prior to the effectiveness of a Change in Control a Successor Employer has assumed this Agreement in accordance with Section 8.1.a, then following such Change in Control neither ML&P, nor any successor to it that does not directly or indirectly control and is not directly or indirectly controlled by or under common control with, such Successor Employer, shall have any further liability or obligation hereunder. For purposes of the foregoing and the definition of "Successor Employer" in Section 2.1, "control" (including the terms controlling, controlled by and under common control with) shall have the meaning set forth in Rule 405 under the Securities Act of 1933 (17 CFR 230.405).

c. This Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees, and legatees. If Executive should die while any amount would still be payable to him hereunder had he continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement, to the Executive's devisee, legatee, or other designee, or if there is no such designee, to the Executive's estate.

8.2 Beneficiaries. In the event of the death of the Executive, all unpaid amounts payable to the Executive under this Agreement shall be paid to his or her Beneficiary. The Executive's spouse and other dependents shall continue to be covered by all applicable welfare benefits during the remainder of the Severance Benefits period, if any, pursuant to Section 3.4.c (unless payments at death are specified by the applicable welfare benefits provisions). The Beneficiary of the Executive's Severance Benefits under this Agreement shall be designated by the Executive in the form of a signed writing acceptable to the Committee. The Executive may make or change such designation at any time.

ARTICLE IX. ADMINISTRATION.

9.1 Administration. The Compensation Committee shall

administer this Agreement. The Committee is authorized, prior to occurrence of a Change in Control, to interpret this Agreement, to prescribe and rescind rules and regulations, to provide conditions and assurances deemed necessary and advisable, to protect the interest of ML&P or its Subsidiaries, and to make all other determinations necessary or advisable for the Agreement's administration. In fulfilling its administrative duties hereunder, the Committee may rely on outside counsel, independent accountants, or other consultants to render advice or assistance.

9.2 Indemnification and Exculpation. The members of the Board, its agents and officers, directors and employees of ML&P and its Subsidiaries shall be indemnified and held harmless by ML&P and its Subsidiaries against and from any and all loss, cost, liability, or expense that may be imposed upon or reasonably incurred by them in connection with or resulting from any claim, action, suit or proceeding to which they may be a party or in which they may be involved by reason of any action taken or failure to act under this Agreement and against and from any and all amounts paid by them in settlement (with ML&P's written approval) or paid by them in satisfaction of a judgment in any such action, suit or proceeding. The foregoing provision shall not be applicable to any person if the loss, cost, liability or expense is due to such person's gross negligence or willful misconduct.

9.3 Legal Fees. ML&P (or, if applicable, any Successor Employer that has assumed the Agreement) shall pay all reasonable legal fees, costs of litigation and other expenses incurred in good faith by the Executive as a result of its refusal to provide the Severance Benefits which it is obligated to provide to Executive under this Agreement, or as a result of ML&P or such Successor Employer contesting the validity, enforceability or interpretation of the Agreement; provided, however, that such payments shall not exceed the amount permitted by law.

IN WITNESS WHEREOF, ML&P has caused this Agreement to be executed as of the day and year first above written.

MAUI LAND & PINEAPPLE COMPANY, INC.

By /S/ GARY L. GIFFORD
Its President

/S/ SCOTT A. CROCKFORD
Scott A. Crockford, "Executive"

ATTEST:

/S/ J. SUSAN CORLEY

MAUI LAND & PINEAPPLE COMPANY, INC.
EXECUTIVE SEVERANCE PLAN

(As amended through November 6, 1998)

Article 1. Purpose. This Maui Land & Pineapple Company, Inc. Executive Severance Plan ("Plan") is intended to advance the interests of Maui Land & Pineapple Company, Inc. ("Company") and certain of its subsidiaries by providing severance benefits to eligible executive employees upon termination of employment in order to ease their transition out of the organization and facilitate their search for alternative employment.

Article 2. Effective Date. This Plan shall become effective as of March 5, 1998 ("Effective Date"), upon adoption by the Board of Directors of the Company, and shall operate on the basis of the calendar year ("Plan Year").

Article 3. Participating Employers. This Plan provides for certain severance benefits for eligible executive employees of the Company and any other related entity designated by the Company ("Participating Employers"). Participants and beneficiaries may receive from the Plan Administrator, upon written request, information as to whether a particular employer is a Participating Employer, and if so, the Participating Employer's address.

Article 4. Eligibility. Any individual employed by a Participating Employer in the position of an officer and with a salary midpoint of 1040 or higher (or equivalent) shall be eligible to participate in this Plan ("Eligible Executive") upon and as of the date of written notice of his/her designation and approval as an Eligible Executive by the President and Chief Executive Officer of the Company.

Article 5. Severance Benefits. In the event of an "Involuntary Termination of Employment" with a Participating Employer, an Eligible Executive shall be entitled to the payment of a severance benefit amount ("Severance Benefit Amount") equal to the Eligible Executive's "Monthly Base Salary" multiplied by his/her "Years of Service".

For purposes of determining eligibility for a Severance Benefit Amount, the term "Involuntary Termination of

Employment" shall mean, as determined by the Plan Administrator, a termination of employment at the initiation of the Participating Employer due to: (a) restructuring or downsizing of operations of the Company or its subsidiaries; (b) discontinuance of certain business activities of the Company or its subsidiaries; (c) elimination of a position with no comparable position (determined with reference to Section 6.d below) with the Company or its subsidiaries offered to the Eligible Executive.

Also, for purposes of determining a Severance Benefit Amount, the term "Monthly Base Salary" shall be determined as of the date of termination of employment and shall mean the monthly base salary of the Eligible Executive in accordance with the payroll records and procedures of the Participating Employer, and such term shall not include bonuses and other supplementary compensation. Further, the term "Years of Service" shall be determined as of the date of termination of employment and shall mean the sum of each completed whole calendar year of continuous service since the Eligible Executive's most recent employment commencement date in which the Eligible Executive works 1,000 hours of service or more, and such term shall not include any partial Year of Service for any prorated calendar year in which less than 1,000 hours of service is performed. In determining Years of Service, service shall be credited for service with any Participating Employer.

Notwithstanding the above portion of this Section 5, the maximum Severance Benefit Amount shall be equal to (a) 12 times the Monthly Base Salary in the case of an Eligible Executive whose salary midpoint is between 1040 to 2000, inclusive (or equivalent) and (b) 18 times the Monthly Base Salary in the case of an Eligible Executive whose salary midpoint is 2001 or above (or equivalent). In addition, with respect to any Eligible Executive, the minimum Severance Benefit Amount shall be equal to 12 times the Eligible Executive's Monthly Base Salary.

The Severance Benefit Amount shall be paid in cash as a stream of income, less legally required deductions, paid on the regular payroll schedule commencing as of the date of the Eligible Executive's termination of employment. As such, the Severance Benefit Amount shall be paid as a continuation of the Eligible Executive's Monthly Base Salary, at the same payroll times and amounts that would otherwise apply but for his/her termination of employment, over the applicable number of months ("Severance Payment Period"). Upon the written request of an Eligible Executive, the Plan Administrator may, at its sole and complete discretion, authorize and provide for a different optional form of benefit payment (e.g., lump sum distribution).

Article 6. Exclusions. Notwithstanding any provision herein to the contrary, an Eligible Executive shall not be entitled to the payment of any Severance Benefit Amount in the event of any of the following:

(1) The Eligible Executive terminates employment on a voluntary basis.

(2) The Eligible Executive terminates employment on a voluntary or involuntary basis for just cause. For this purpose, a voluntary or involuntary termination for just cause shall mean termination as a result of willful, malicious conduct by the Eligible Executive which is detrimental to the interests of the Company or its subsidiaries, including theft, embezzlement, conviction of a criminal act, disclosure of trade secrets, gross dereliction of duty, or other grave misconduct on the part of the Eligible Executive which is substantially injurious to the Company or its subsidiaries.

(3) The Eligible Executive terminates employment due to retirement and is eligible for normal retirement benefits under the Maui Land & Pineapple Company, Inc. Pension Plan for Non-Bargaining Unit Employees ("Retirement Plan").

(4) The Eligible Executive refuses to accept a "comparable" position of employment with the Company or its subsidiaries, under which there is no reduction of his/her annual rate of base salary, and there is no material reduction of his/her authorities, duties, or responsibilities, and there is no geographic job relocation in excess of 75 miles.

(5) The Eligible Executive fails to agree to and execute a general release and waiver of all employment-related claims against the Company and its subsidiaries.

(6) The Eligible Executive is reemployed with the Company or its subsidiaries in a comparable (as determined in accordance with the provisions of Section 6.d above) or higher level position within 90 days of his/her termination of employment.

(7) The Eligible Executive is a party to a Maui Land & Pineapple Change-In-Control Severance Agreement and is determined by the Compensation Committee of the Board of Directors of the Company to be entitled to the payment of severance benefits thereunder due to the occurrence of a "change in control" within the meaning of such Agreement

and all applicable conditions for the payment of such severance benefits are satisfied.

Article 7. Other Benefits.

(1) Annual Incentive Plan. In the event that an Eligible Executive is entitled to a Severance Benefit Amount, the Eligible Executive shall be entitled to a payout under the Maui Land & Pineapple Company, Inc. Annual Incentive Plan in accordance with the terms and conditions of such plan.

(2) Welfare Benefits. In the event that an Eligible Executive is entitled to a Severance Benefit Amount, the Eligible Executive shall be entitled during the Severance Payment Period to medical and dental insurance benefits at the same coverage and normal employee cost levels as he/she were subject as of the date of termination of employment. In the event that participation in the medical or dental insurance plans is not possible under the terms of the plans or due to the modification or elimination of the plans, the Participating Employer shall provide substantially identical benefits at the same level of coverage and employee cost. However, the medical and dental insurance benefits shall be discontinued prior to the end of the Severance Payment Period in the event the Eligible Executive receives substantially similar benefits from a subsequent employer as determined by the Plan Administrator. The Eligible Executive shall be responsible for notifying the Plan Administrator of the receipt of such similar benefits from any subsequent employer.

(3) Retirement Benefits. An Eligible Executive's service and compensation during the Severance Payment Period shall not be considered for purposes of determining the Eligible Executive's benefits under the Retirement Plan. However, in the case of an Eligible Executive who is eligible for early retirement benefits under the Retirement Plan or other employee benefit plan as of his/her date of termination of employment, the Severance Payment Period shall be treated as if it were a period of employment exclusively for purposes of postponing any benefit payment, and the Eligible Executive shall be entitled to benefits due him/her as an early retiree as of the expiration of the Severance Payment Period.

An Eligible Executive who would become first eligible for normal retirement benefits (either pension or

post-retirement welfare benefits) during the Severance Payment Period shall be allowed to postpone the effective date of his/her termination of employment and to continue on active payroll, at the sole and complete discretion of the Plan Administrator, either on a paid administrative leave or specified work assignment, until his/her retirement eligibility date. During this "bridge" period, the Eligible Executive's current base salary and benefit level as of his/her otherwise applicable employment termination date shall continue and shall not be subject to merit or pay increases. As of his/her retirement eligibility date, the Eligible Executive's employment shall be terminated, and his/her otherwise applicable Severance Benefit Amount and Severance Benefit Period shall be proportionately reduced by the bridge compensation and period.

(4) Automobile. In the event that an Eligible Executive is entitled to a Severance Benefit Amount and is furnished a company-owned vehicle for use as an employee, he/she shall be allowed to purchase the assigned vehicle for the current low Blue Book price, less \$500. This vehicle purchase option shall be available as of the date on which the Eligible Executive terminates employment and until the date of the agreement and execution of the general release and waiver as described in Section 6.e. If the Eligible Executive terminates employment and does not exercise his/her option to purchase the vehicle, he/she shall not be allowed to use the vehicle after such termination and prior to his/her actual purchase of the vehicle.

Article 8. Distribution Due to Death. In the event that an Eligible Executive is entitled to the payment of a Severance Benefit Amount and he/she dies before the completion of the Severance Payment Period, the unpaid balance of any Severance Benefit Amount as of the date of death shall be paid in a single lump sum to his/her designated beneficiary as soon as practicable following the date of death. The Eligible Executive's designated beneficiary shall be designated or changed by the Eligible Executive (without the consent of any prior beneficiary) through written notice delivered to the Company. If no such beneficiary is designated, or if no designated beneficiary survives the Eligible Executive, the amount payable due to the Eligible Executive's death shall be payable to the Eligible Executive's estate. However, in the event of death, Article 7 above shall not be applicable and the other benefits described therein shall be forfeited and shall not be provided to any person effective as of the date of death (unless such other benefits are otherwise provided without regard to the provisions of this Plan).

Article 9. Administration. The Plan shall be administered by Maui Land & Pineapple Company, Inc., who shall be the Plan Administrator for purposes of the requirements of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). The Plan Administrator shall have the exclusive right, power, and authority, in its sole and absolute discretion, to administer, apply, and interpret the Plan and other Plan documents and to decide all matters arising in connection with the operation or administration of the Plan. Without limiting the generality of the above, the Plan Administrator shall have the sole and absolute discretionary authority: (a) to take all actions and make all decisions with respect to the eligibility for, and the amount of, benefits payable under the Plan; (b) to formulate, interpret, and apply rules, regulations, and policies necessary to administer the Plan in accordance with its terms; (c) to decide questions, including legal or factual questions, relating to the calculation and payment of benefits under the Plan; (d) to resolve and clarify any ambiguities, inconsistencies, and omissions arising under the Plan or other Plan documents; and (e) except as otherwise provided herein, to process, and approve or deny, benefit claims and rule on any benefit exclusions. All determinations made by the Plan Administrator with respect to any matter arising under the Plan and any other Plan documents shall be final and binding on all parties. Legal process may be served on the Plan Administrator.

The name and address of the Plan Administrator is:

Maui Land & Pineapple
Company, Inc.
P.O. Box 187
Kahului, Maui, HI 96733-6687
1-(808) 877-3351
EIN: 99-0107542

Article 10. Amendment or Termination. The Company reserves the right at any time and from time to time, in its sole and absolute discretion, to terminate or amend in whole or in part any or all of the provisions of the Plan, by action of the Board of Directors of the Company or an authorized committee thereof. The identity of the members of the Board of Directors and such authorized committee may be obtained from the Plan Administrator.

Article 11. Claims Procedure. A claim under this Plan may be made by the claimant in writing within 60 days of the date of termination of employment of the claimant.

If a claim is wholly or partially denied, the Plan

Administrator shall furnish the Eligible Executive notice in writing of the decision not later than 90 days after the date of the filing of the claim. If notice of denial of a claim is not furnished within such 90-day period, the claim shall be deemed denied.

A written denial of a claim for benefits shall (i) specify the reason or reasons for the denial, (ii) refer to any provisions of the Severance Plan on which the denial is based, (iii) describe any additional material or information necessary for the Eligible Executive to perfect his/her claim with an explanation of why such material or information is necessary, and (iv) explain the Plan's claim procedure.

Upon a denial of a claim, the Eligible Executive or his/her duly authorized representative may request a review by the Plan Administrator upon written application within 60 days after receipt of the denial of the claim. The Eligible Executive or his/her duly authorized representative may review pertinent documents and submit issues and comments in writing.

The Plan Administrator shall make a decision concerning the review of the claim promptly, but not later than 60 days after receipt of request for review unless special circumstances require a longer period of time for review. If an extension of time for review is required, written notice of the extension will be furnished to the Eligible Executive and a decision shall be rendered as soon as possible, but not later than 120 days after receipt of the request for review.

The decision on review will be in writing and include specific reasons for the decision and specific references to the Severance Plan provisions on which the decision is based. If the decision on review is not furnished within the time specified above, the claim will be deemed denied on review.

Article 12. Incapacity. If the Plan Administrator finds that any person to whom payment is payable under this Plan is unable to care for his affairs because of illness or accident, or is a minor, any payment due (unless a prior claim for such payment has been made by a duly appointed guardian, committee, or other legal representative) may be paid to the spouse, a child, a parent, or a brother or sister, or to any person deemed by the Plan Administrator to have incurred expense for such person otherwise entitled to payment.

Article 13. Funding. The amounts payable under this Plan shall be paid in cash from the general funds of the Company or Participating Employer, and an Eligible Executive shall have no right, title, or interest whatsoever in or to investments, if any, which the Company may make to aid it in meeting its obligations under this Plan. Title to and

beneficial ownership of any such investments shall at all times remain in the Company. Nothing contained in this Plan, and no action taken pursuant to its provisions, shall create or be construed to create a trust of any kind. To the extent that any person acquires a right to receive a payment under this Plan, such right shall be no greater than the right of any unsecured creditor.

Article 14. Legal Status. This Plan is intended to constitute an employee welfare benefit plan under ERISA. As sponsored by the Company and Participating Employer, the Plan has been designated as Plan No. 508. Prior to the actual payment of the benefits hereunder, there is no transfer of any assets to an Eligible Executive or for the benefit of the Eligible Executive under this Plan, and the Plan is intended to confer no current benefit that would be immediately taxable to the Eligible Executive under the constructive receipt rule or economic benefit doctrine under the tax laws.

Article 15. Continued Service. Nothing contained in this Plan shall be construed as conferring upon an Eligible Executive the right to continue in the employment of the Company or a Participating Employer in any capacity.

Article 16. Nonassignment. The interests of an Eligible Executive hereunder may not be sold, transferred, signed, pledged, or hypothecated. No Eligible Executive may borrow against his interest in the Plan.

Article 17. Controlling Documents. This document constitutes the actual Plan document and also serves as the Summary Plan Description as required under ERISA.

Article 18. Enforceability and Controlling Law. If any provision of this Plan is held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions shall continue in full force and effect. The provisions of this Plan shall be construed, administered, and enforced according to the laws of the State of Hawaii.

Article 19. Gender. Wherever any words are used under the Plan in the masculine, feminine, or neuter gender, they shall be construed as though they were also used in another gender in all cases where they would so apply.

IN WITNESS WHEREOF, the Company has caused this Plan to be executed by its duly authorized officers on this 6th day November, 1998.

MAUI LAND & PINEAPPLE COMPANY,
INC.

By /S/ GARY L. GIFFORD
Its President

By /S/ ADELE H. SUMIDA
Its Secretary

"Company"

MAUI LAND & PINEAPPLE COMPANY, INC
ANNUAL REPORT
1998

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THE COMPANY

Maui Land & Pineapple Company, Inc., a Hawaii corporation organized in 1909, is a land-holding and operating company with several wholly owned subsidiaries, including two major operating companies, Maui Pineapple Company, Ltd. and Kapalua Land Company, Ltd. The Company, as used herein, refers to the parent and its wholly owned subsidiaries. The Company's principal business activities are Pineapple, Resort and Commercial & Property.

The Company owns approximately 28,600 acres of land on the island of Maui, of which about 8,100 acres are used directly or indirectly in the Company's operations. The Company employed approximately 2,030 people in 1998 on a year-round or seasonal basis.

Maui Pineapple Company, Ltd. is the operating subsidiary for Pineapple. Its canned pineapple, pineapple juice, and fresh pineapple are found in supermarkets throughout the United States. The canned pineapple products are sold as store-brand pineapple with 100% HAWAIIAN U.S.A. imprinted on the can lid. In addition, the products are sold through institutional, industrial and export distribution channels.

Kapalua Land Company, Ltd. is the development and operating subsidiary for the Kapalua Resort. The Kapalua Resort is a master-planned golf resort community on Maui's northwest coast. The property encompasses 1,650 acres bordering the ocean with three white sand beaches.

Commercial & Property includes the operations of various properties, including Kaahumanu Center, the largest retail and entertainment center on Maui. It also includes the Company's land entitlement and management activities and land sales that are not part of the Kapalua Resort.

On the cover: Pineapple field overlooking Kapalua Resort with the island of Molokai in the background

Printed in Hawaii

10-K REPORT

Shareholders who wish to receive, free of charge, a copy of the Company's 10-K Report to the Securities and Exchange Commission (excluding certain exhibits) may write to:

Corporate Secretary
Maui Land & Pineapple Company, Inc.
P. O. Box 187
Kahului, Hawaii 96733-6687

OFFICES

Corporate Offices

Maui Land & Pineapple Company, Inc.
P. O. Box 187
Kahului, Hawaii 96733-6687
4003
Telephone: 808-877-3351
Fax: 808-871-0953
www.maui-land.com

Pineapple Marketing Office

Maui Pineapple Company, Ltd.
P. O. Box 4003
Concord, California 94524-
4003
Telephone: 510-798-0240
Fax: 510-798-0252

Maui Pineapple Company, Ltd.
P. O. Box 187

Kahului, Hawaii 96733-6687
Telephone: 808-877-3351
Fax: 808-871-0953
www.pineapplehawaii.com

Kapalua Land Company, Ltd.
1000 Kapalua Drive
Kapalua, Hawaii 96761-9028
Telephone: 808-669-5622
Fax: 808-669-5454
www.kapaluamaui.com

Kaahumanu Center
275 Kaahumanu Avenue
Kahului, Hawaii 96732-1612
Telephone: 808-877-3369
Fax: 808-877-5992
www.maui.net/~kcenter/

Transfer Agent & Registrar

Independent Auditors

ChaseMellon Shareholder Services
85 Challenger Road
Ridgefield Park, New Jersey 07660
Telephone: 800-356-2017

Deloitte & Touche LLP
1132 Bishop Street, Suite 1200
Honolulu, Hawaii 96813-2870
Telephone: 808-543-0700

<TABLE>

MAUI LAND & PINEAPPLE COMPANY, INC. & SUBSIDIARIES
FINANCIAL HIGHLIGHTS

<CAPTION>

	1998	1997	1996
	(Dollars in Thousands Except Per Share Amounts)		
<S>	<C>	<C>	<C>
REVENUES			
Pineapple	\$ 97,658	\$ 90,949	\$ 95,700
Resort	41,929	40,338	35,676
Commercial & Property	4,087	5,065	4,850
Corporate	37	146	109
Total	143,711	136,498	136,335
INCOME (LOSS) BEFORE EXTRAORDINARY LOSS	4,340	863	(747)
NET INCOME (LOSS)	3,596	863	(747)
PER COMMON SHARE Income (Loss) Before			

Extraordinary Loss	.60	.12	(.10)
Net Income (Loss)	\$.50	\$.12	\$ (.10)
AVERAGE COMMON SHARES OUTSTANDING	7,188,500	7,188,500	7,188,500
TOTAL ASSETS	\$ 136,247	\$ 135,507	\$132,851
CURRENT RATIO	2.14	2.20	2.23
LONG-TERM DEBT and CAPITAL LEASES	\$ 23,592	\$ 29,435	\$ 28,898
STOCKHOLDERS' EQUITY	62,492	58,896	58,033
STOCKHOLDERS' EQUITY PER COMMON SHARE	\$ 8.69	\$ 8.19	8.07
EMPLOYEES	2,030	2,270	2,160

</TABLE>

All references to the number of common shares and per share amounts have been restated to reflect the May 1, 1998 four-for-one common stock split.

TO OUR SHAREHOLDERS and EMPLOYEES:

Maui Land & Pineapple Company continued to make progress in terms of financial results in 1998. Net profit increased from \$863,000 in 1997 to \$3,596,000 in 1998. We are pleased and gratified with the improvements made in the Company's operations over the last five years. For the first time since 1993, the Company has the ability to pay a reasonable dividend to shareholders. While 1998 net profit represents a 6% return on beginning shareholder's equity, it remains short of our goal for the Company of 10% to 15% return on equity. Our primary focus will remain on achieving an appropriate level of profitability for the Company.

The 1998 net profit of \$3.6 million included net income from the sale of a 75-acre parcel in Plantation Estates Phase II at Kapalua in December of 1998. Land sales contributed approximately \$2.9 million to net income in 1998 compared to about \$3.3 million in 1997. The increase in net income in 1998 also resulted from higher operating profits from Pineapple and Kapalua Resort operations, which more than offset lower results from the Commercial & Property segment. In December of 1998, the Company retired \$20 million of 8.86% senior unsecured notes with a \$15 million bridge loan and cash generated by the Company's operations.

The prepayment premium of \$1.2 million has been accounted for as an extraordinary loss of \$744,000, net of an income tax credit of \$456,000.

Cash provided by operating activities increased from \$3.5 million in 1997 to \$17.6 million in 1998. The increase on a year-to-year basis is attributable to improved operating results and cash flows in the Pineapple and Resort divisions. As a result, the Company reduced its total debt, including capital leases, by \$6.2 million, from \$32.5 million at year-end 1997 to \$26.3 million in 1998. Taking into account the Company's \$3.4 million year-end cash position, the debt level is close to our goal for debt and financial leverage of \$20 to \$22 million. The Company will benefit from the reduced level of debt in terms of reduced interest expense. In addition to refinancing of the \$20 million 8.86% notes mentioned above, another transaction was accomplished that will serve to reduce the Company's interest expense. Effective January 1, 1999, the interest rate on the 8.25% mortgage note on Napili Plaza was renegotiated to 7.25%.

The Pineapple division produced by far the bulk of the 1998 profit improvement from 1997. Operating profits rose from \$2.1 million in 1997 to \$5.5 million in 1998. Part of the improved results was due to a partial liquidation of LIFO inventories in 1998, which reduced cost of sales by \$1.6 million. Cost of sales were also reduced as a result of lower per unit production costs because of improved recoveries and cost reduction measures implemented by the Pineapple division. Pineapple revenues of \$97.7 million were up 7% from 1997 because of higher sales volume of canned pineapple products and a firming of prices throughout the year, resulting in an increase in average prices over 1997. Weather-related problems in some of the major pineapple producing areas of the world resulted in low inventories of canned pineapple in 1998. Revenue contribution from fresh fruit sales increased by 7% in 1998 in spite of a decline in the number of visitors to Hawaii and intense competition from local pineapple growers.

The Kapalua Resort division generated improved financial results in 1998 with operating profits of \$5.2 million, or \$1.5 million higher than 1997. Reopening of The Kapalua Bay Hotel, which was closed for part of 1997 for restoration work, contributed to 1998 results in terms of additional ground rents and an overall increase in visitor traffic. Lower marketing costs coupled with increased revenue and operating profit from most of the other departments in the Resort division also contributed to improved 1998 results. Gains from land sales contributed \$1 million less to Resort operating profit in 1998 than 1997.

We were pleased with the success of the Mercedes Championships, the opening event of the PGA TOUR season, which we hosted for the first time in January 1999. Television coverage was excellent, spectator attendance was at an all-time high and many local charities benefited from the distribution by the tournament's non-profit host organization, Kapalua Maui Charities, Inc.

The Commercial & Property segment struggled with difficult

market conditions in 1998 related to both the Hawaii economy and an over-built retail market. Losses attributable to Kaahumanu Center increased by approximately \$100,000 in 1998 to \$1 million. Cash flow for Kaahumanu Center just about broke even and, fortunately, did not require cash contributions from the partners. Napili Plaza showed improved financial results with an operating profit of \$268,000 for 1998 in spite of new competition in the Napili area.

The project to expand the Kahului Airport runway from 7,000 ft. to 9,600 ft. moved forward in 1998 through the county, state and federal government agencies. Pending State Land Use Commission hearings, the next step is to complete required approval processes through the county's Planning Department and the Maui County Council. Until this infrastructure is approved and permitted to be constructed, sales of our mainland Jet Fresh whole pineapple, as well as other Maui agricultural products are limited by lack of cargo capacity. Completion of this project is also a key component to the health of Maui's visitor and retail trades. Successful realization and completion of the runway expansion will depend on the community working together in 1999 to support this necessary and important infrastructure project.

In 1998, the Company's Pineapple division continued to make progress in new product development. Early sales results by Maui retailers of our new fresh cut product, pineapple wedges and chunks packaged in plastic containers, have been strong. We are expanding test distribution to Oahu and the continental United States. The Pineapple division has been experimenting with a variety of fresh Hawaiian grown produce and we are pleased with the progress made in this area. In 1998, we identified potential sources of pineapple in Central America and, in 1999, we are negotiating long-term alliances.

The Resort division outlook for 1999 is expected to be positive, although the visitor industry continues to have difficulty with reduced eastbound traffic. Coconut Grove on Kapalua Bay, a 36-unit condominium project to be constructed on the 12-acre parcel adjacent to The Kapalua Bay Hotel, will be a major focus of attention in 1999 as we move toward construction. Construction of the new Village Course Clubhouse and Kapalua Golf Academy will be underway shortly. We expect this project to significantly enhance the golf experience Kapalua provides. Starwood Hotels and Resorts assumed management of The Kapalua Bay Hotel in February of 1999; we feel this change was timely and will produce positive results for Kapalua.

Leasing activity at Kaahumanu Center continues to be strong with several proposals pending and others in the negotiation stage. In early 1999, an advertising contract was awarded to create a new graphic image and appropriate media placement for the visitor market.

In May of 1998, the Company's common stock was split four-for-one and began trading on the American Stock Exchange under the symbol "MLP." We believe our shareholders have benefited from the stock split and Amex listing as it has resulted in wider public

trading of our stock, a reduced spread between the ask and bid prices and greater reliability of information on share price and trading.

We enter 1999 with confidence that we have made solid progress in positioning our Pineapple and Resort businesses for improved financial results. Our Commercial segment will be a challenge as we work to improve performance of Kaahumanu Center. In 1999, we will remain focused on the Company's goals and on the challenges and opportunities ahead of us. In February of 1999, in view of our 1998 profits, the Company's Board of Director's declared a dividend of 12.5 cents per share.

We express our gratitude to our shareholders for their support and to our employees for their commitment and accomplishments.

/S/ MARY C. SANFORD

Mary C. Sanford
Chairman

/S/ GARY L. GIFFORD

Gary L. Gifford
President & CEO

February 12, 1999

PINEAPPLE

The Pineapple division reported an operating profit in 1998, before allocated interest and income taxes, of \$5.5 million, \$3.4 million higher than 1997. This was Pineapple's third consecutive year of profitability and the division's best financial results since 1988.

Pineapple revenue for 1998 was \$97.7 million, up 7% from 1997. Canned pineapple provided 89% of total sales, with case sales volume increasing 3% over 1997 levels. Pricing firmed throughout the year, resulting in an increase in average prices over 1997.

Case sales volume of grocery fruit, the largest category within the canned fruit product line, increased by 9%, followed by an 8% increase in institutional fruit. Government fruit sales declined 17%, which was offset by smaller gains in other categories, resulting in the overall case volume increase of 4%.

Juice case volume declined slightly, while grocery juice, the largest category, remained consistent with the 1997 level despite downward sales trends in other types of canned fruit juices. We expect the trend of overall sales decline in canned fruit juices to continue and are exploring alternatives for pineapple juice.

Sales of fresh fruit increased 7% over 1997 to \$8 million, due primarily to increased volume. Sales of fresh fruit in Hawaii made a strong financial contribution in spite of a downturn in the visitor industry and intense competition from local pineapple growers. The mainland Jet Fresh fruit program, while profitable, continues to be faced with transportation problems due to limited cargo capacity out of Kahului Airport. We expect Jet Fresh sales volume to increase if certain governmental and environmental hurdles are overcome and the Kahului Airport runway expansion is completed.

The division had an excellent production year as tonnage and unit cases per ton of fruit processed (recovery) were higher than expected. Higher tonnage and recovery were primarily due to good agricultural practices, efficient use of irrigation systems, and excellent harvesting and packing control at the plantations and the cannery. Overall, the plantations experienced a drier year than normal. Rainfall at every key rain gauge station on both plantations was recorded at levels below the five-year historical average.

In 1998, the division continued to reduce its production costs by not planting unreliable fields with a history of low yields. As a result, we expect tonnage to be modestly lower and anticipate achieving higher average quality fruit. In addition, we expect to harvest more second ratoon crops in the future. Production costs were also reduced by consolidating certain departments and by an early retirement program. The early retirement program resulted in a one-time charge of \$320,000 to general and administrative expense in 1998. Additional cost reductions may be made in 1999 and future years.

We continue to monitor canned pineapple imports into the United States. Through November 1998, the year-to-date case volume of imported canned pineapple fruit, juice and concentrate decreased 20%, 2% and 22%, respectively, from 1997. This reduction was primarily due to problems ranging from drought to floods in the major pineapple producing areas of Thailand, Indonesia and the Philippines. Imports from Thailand and Indonesia also were reduced by problems related to the devaluation of local currencies. Many companies in the major pineapple producing areas increased their plantings in 1998. Therefore, we expect competition to intensify when these plantings reach maturity. Accordingly, we expect an increase in import case volume into the U.S. market as early as the middle of 1999.

Antidumping duties were in effect on canned pineapple fruit from Thailand throughout 1998. Many larger Thai pineapple companies had their antidumping duties reduced significantly through the annual review process. The U.S. Department of Commerce has begun its third annual review. We anticipate the announcement of preliminary dumping margins and tariffs to be made in April 1999 with final results expected in July 1999. We do not expect any significant changes in the current duty structure in 1999.

We are making progress in new product and business

development. In 1998, we introduced our new fresh cut product consisting of fresh cut wedges and chunks of pineapple in plastic containers to the Maui grocery market. Retail trade response has been excellent and early sales results by Maui retailers are stronger than projected. These results are encouraging and the knowledge gained in this test market will help us as we introduce this new product in the continental United States in 1999.

Sales from Premium Tropicals International, a joint venture between our subsidiary, Royal Coast Tropical Fruit Company, Inc., and Indonesia's P.T. Great Giant Pineapple Company, continue to be somewhat below expectations. Weather-related problems in Indonesia, which resulted in low fruit supply, as well as the political and economic difficulties in that area have reduced the volume of cases available for sale. We expect the fruit supply to increase in 1999 and hope the political and economic environment will improve.

Royal Coast Tropical Fruit Company imports and sells fresh pineapple from Central America and a variety of fresh Hawaiian produce. Although 1998 sales were somewhat below expectations, we are pleased with the progress made in some of the smaller specialty products, such as Hawaiian papayas. In 1998, we made progress in positioning ourselves for long-term development in Central America in anticipation of increasing our pineapple sales volume from this source.

The Pineapple division's primary focus in 1999 will be to improve competitiveness and profitability by emphasizing cost reductions in operations, maximizing yields and improving recovery. Significant resources will be directed toward the fresh cut products where customer demand is growing. Sales and marketing objectives will be to achieve the highest return from sales of 100% HAWAIIAN U.S.A. canned pineapple and to expand sales through the Royal Coast Tropical Fruit Company label and the Premium Tropicals International joint venture.

We expect 1999 to be a challenging year as we continue to expand and improve our business.

RESORT

The Resort division showed continued financial improvement in 1998 with an operating profit, before allocated interest and taxes, of \$5.2 million compared with \$3.8 million in 1997. Both resort development and resort operations contributed about equally to the 1998 operating profit.

As expected, substantially all resort development profit came from the sale of a 75-acre parcel in Plantation Estates Phase II in December 1998. The buyer has consolidated the original plan of two-acre lots into a single lot for family use that may be subdivided into a maximum of eight large ranch estate lots. Resort development profit in 1998 also included the prepayment of a note

receivable by The Ridge Homeowners Association related to their purchase of the fee interest underlying the condominiums in 1989.

Although it is not reflected in financial results for 1998, there was significant progress in our resort development plans, particularly related to two very important projects - The Village Course Clubhouse and Kapalua Golf Academy, and Coconut Grove on Kapalua Bay.

In January 1999, we held the formal blessing and groundbreaking for the new clubhouse and golf academy. The \$15 million development includes a new 27,000 sq.ft. clubhouse, world-class practice facility, 18-hole putting course and two 8,000 sq.ft. commercial retail parcels. The practice facility designed by Hale Irwin is expected to be completed by year-end while the clubhouse should be open in mid-2000. In addition to significantly enhancing Kapalua's golf experience, this project will provide a foundation and anchor for a planned Town Center commercial development.

In November 1998, we received Special Management Area approval from the Maui Planning Commission for the 36 luxury beachfront condominiums called Coconut Grove on Kapalua Bay. Our 50/50 partner is Lend Lease Real Estate Investment Inc., owner of The Kapalua Bay Hotel. Presales are expected to begin in the second quarter of this year with construction scheduled to start this summer. Profits from the sales of condominiums are expected to be recognized in the year 2000 when construction will be completed. Designed by award-winning architect Mark Scheurer, Coconut Grove on Kapalua Bay represents our first condominium development at Kapalua in nearly 20 years and a new standard of quality for the resort residential community.

Real estate resale activity for Kapalua followed the overall trend for Maui resort real estate with an increase of 28% in total dollar volume in 1998 compared to 1997. Kapalua Realty continued to maintain a dominant market share of the resort sales volume.

Unlike the real estate trend, the visitor industry struggled in 1998 from a significant decline in eastbound visitors caused by the general economic crisis in Asia. This had the greatest impact on Oahu and the Waikiki hotels that rely heavily on the Japanese market. Maui, however, was able to offset this decline with an increase in westbound traffic and finished 1998 with a slight increase in full-year occupancy. Kapalua occupancy increased about 6% in 1998, mostly from The Kapalua Bay Hotel having a full year of operation since its renovation.

As expected, profits from resort operations increased significantly in 1998 due in part to the re-opening of The Kapalua Bay Hotel, which had been closed for restoration work during part of 1997, and reduced marketing costs from not having a major, nationally televised golf tournament in 1998. Higher golf green fees, villa rental income, real estate commissions and commercial lease rents also contributed to improved projects.

In early January 1999, we successfully hosted our inaugural Mercedes Championships and the start of the PGA TOUR season. This

prestigious event, featuring the 1998 PGA TOUR champions and a total purse of \$2.6 million, was won by David Duval under near-perfect conditions at The Plantation Course. All four rounds were covered by ESPN, telecast prime time on the East Coast, a first for the tournament. Spectator attendance was at an all time high; the final round alone drew a crowd of approximately 10,000 residents and visitors. We look forward to extending our relationship with Mercedes-Benz and the PGA TOUR beyond our initial four-year agreement. The Mercedes Championships is a key element in our strategic plan to position Kapalua among the world's finest golf resort communities. The event played an important role for the community through its impact on local charities that will receive over \$180,000 distributed through the tournament's non-profit host organization, Kapalua Maui Charities, Inc.

In February 1999, Starwood Hotels and Resorts assumed management responsibility for The Kapalua Bay Hotel, which will be positioned as a "Luxury Collection" property. Starwood is one of the world's largest hotel companies with over 650 hotels and brings significant marketing and operational strength to Kapalua. In response to a strong market for hotel investments, the owners of both Kapalua hotels considered selling the properties last year, but discontinued those efforts when the market weakened. Kapalua continues to be well positioned with the offering of two distinctly different luxury hotels (The Ritz-Carlton, Kapalua and The Kapalua Bay Hotel) and a unified resort rental program of over 260 villas and homes (The Kapalua Villas).

Overall, the outlook for the Resort division remains positive with the resort strategically positioned for continued improvement in both resort operations and development.

COMMERCIAL & PROPERTY

The Company's Commercial & Property business segment produced an operating loss, before allocation of interest and income taxes, of slightly over \$1 million in 1998 compared to an operating loss of \$479,000 in 1997. Revenues decreased from \$5.1 million in 1997 to \$4.1 million in 1998. In 1998, contributions from land sales were significantly lower than 1997.

The Company's share of joint venture losses from Kaahumanu Center Associates increased from \$1,155,000 in 1997 to \$1,240,000 in 1998. Combined with management fee revenue and other revenue and expenses, the Company's operating loss attributable to Kaahumanu Center was approximately \$1,000,000 in 1998 compared to approximately \$900,000 in 1997.

The losses at Kaahumanu Center, Maui's only regional mall, were higher than the previous year and higher than anticipated for 1998 due primarily to tenant turnover and the timing of new tenant installations. New merchants opening in 1998 included Sam Choy's Kahului, Kids Footlocker, Shades of California and Serendipity.

Traffic was strong at the mall with vehicular traffic increasing by 10% over 1997. Tenant sales at Kaahumanu Center increased approximately 1% in 1998 compared to 1997. However, revenues declined by 1.5%, primarily as a result of rent concessions, while expenses remained approximately the same as 1997.

Napili Plaza, the Company's 44,000 sq.ft. retail shopping and commercial office center in West Maui, showed improved results. Revenues for 1998 were approximately the same as 1997 while expenses declined by 8% from 1997, which resulted in an operating profit of \$268,000 for 1998 compared to an operating profit of \$207,000 in 1997. While tenant occupancy for 1998 was higher than 1997, tenant sales were down approximately 7%, largely attributable to new competition in the area.

Operating losses from other property rentals and land management declined from \$779,000 in 1997 to \$574,000 in 1998. Gains on land sales decreased in 1998 to \$221,000 compared to \$1,006,000 in 1997.

In 1998, the Company obtained land use entitlement approvals from the County of Maui for two Company-owned parcels. The first parcel, approximately 2.5 acres in land area, is located within Haliimaile Village and was rezoned to Country Town Business District. The second parcel, approximately 11 acres in area, is located in West Maui and was reclassified to State Urban and rezoned to R-1 Residential District. Rezoning approval is the final step in the lengthy land use entitlement process.

Land use entitlement approvals for the 11-acre parcel in West Maui were granted pursuant to the applications submitted in December of 1997. A Special Management Area (SMA) Permit application for development of the subject parcel as a 45-lot Kapua Village Employee Subdivision was made at the same time. The SMA Permit application will be processed as a contested case hearing due to opposition to the subdivision by neighboring landowners. The contested case hearing proceedings will delay commencement of work on the subdivision. It is anticipated that proceedings will conclude sometime during mid-1999 in our favor.

The partially complete Land and Water Use and Development Plan and Management Information System Database have provided benefits in the daily management of the Company's land and water resources. It is anticipated that the plan and database will be completed in 1999.

INDEPENDENT AUDITORS' REPORT

To the Stockholders and Directors of Maui Land & Pineapple Company, Inc.:

We have audited the accompanying consolidated balance sheets of Maui Land & Pineapple Company, Inc. and its subsidiaries as of December 31, 1998 and 1997, and the related consolidated statements

of operations and retained earnings and of cash flows for each of the three years in the period ended December 31, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Companies at December 31, 1998 and 1997, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1998 in conformity with generally accepted accounting principles.

/S/ DELOITTE & TOUCHE
 DELOITTE & TOUCHE LLP
 Honolulu, Hawaii
 February 8, 1999
 (March 12, 1999, as to fifth paragraph of Note 4)

<TABLE>
 MAUI LAND & PINEAPPLE COMPANY, INC. & SUBSIDIARIES
 CONSOLIDATED BALANCE SHEETS
 December 31, 1998 and 1997

<CAPTION>

	1998	1997
	(Dollars in Thousands)	
<S>	<C>	<C>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,447	\$ 1,611
Accounts and notes receivable, less allowance of \$493 and \$567 for doubtful accounts	13,005	12,748
Inventories		
Pineapple products	8,380	11,125
Real estate held for sale	1,083	1,349
Merchandise, materials and supplies	6,057	6,239

Prepaid expenses and other assets	3,659	4,076
Total Current Assets	35,631	37,148
NOTES RECEIVABLE--REAL ESTATE SALES	--	370
INVESTMENTS AND OTHER ASSETS	10,695	9,942
PROPERTY		
Land	4,618	4,614
Land improvements	45,868	42,761
Buildings	49,708	49,285
Machinery and equipment	104,052	98,700
Construction in progress	5,721	5,144
Total Property	209,967	200,504
Less accumulated depreciation	120,046	112,457
Net Property	89,921	88,047
TOTAL	\$136,247	\$135,507

<CAPTION>

	1998	1997
	(Dollars	in Thousands)
<S>	<C>	<C>
LIABILITIES & STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Current portion of long-term debt	\$ 2,254	\$ 2,043
Current portion of capital lease obligations	499	1,009
Trade accounts payable	6,613	6,166
Customers' deposits	1,304	950
Payroll and employee benefits	4,085	4,637
Other accrued liabilities	1,891	2,060
Total Current Liabilities	16,646	16,865
LONG-TERM LIABILITIES		
Long-term debt	22,913	28,257
Capital lease obligations	679	1,178
Accrued retirement benefits	22,920	22,364
Equity in losses of joint venture	7,969	6,655
Other noncurrent liabilities	2,628	1,292
Total Long-Term Liabilities	57,109	59,746

CONTINGENCIES AND COMMITMENTS

STOCKHOLDERS' EQUITY

Common stock--no par value, 7,200,000 shares

authorized, 7,188,500 shares issued		
and outstanding	12,318	12,318
Retained earnings	50,174	46,578
Stockholders' Equity	62,492	58,896
TOTAL	\$136,247	\$135,507

See Notes to Consolidated Financial Statements

</TABLE>

<TABLE>

MAUI LAND & PINEAPPLE COMPANY, INC. & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS AND RETAINED EARNINGS
Years Ended December 31, 1998, 1997 and 1996

<CAPTION>

	1998	1997	1996
	(Dollars in Thousands Except Per Share Amounts)		
<S>	<C>	<C>	<C>
REVENUES			
Net sales	\$113,391	\$101,421	\$106,666
Operating revenue	29,123	29,058	28,062
Other income	1,197	6,019	1,607
Total Revenues	143,711	136,498	136,335
COSTS AND EXPENSES			
Cost of goods sold	76,049	72,200	75,279
Operating expenses	26,168	26,027	24,030
Shipping and marketing	16,673	18,053	19,185
General and administrative	15,094	14,600	14,507
Equity in losses of joint ventures	1,160	1,211	882
Interest	3,039	3,045	3,575
Total Costs and Expenses	138,183	135,136	137,458
INCOME (LOSS) BEFORE INCOME TAXES AND EXTRAORDINARY LOSS	5,528	1,362	(1,123)
INCOME TAX EXPENSE (CREDIT)	1,188	499	(376)
INCOME (LOSS) BEFORE EXTRAORDINARY LOSS	4,340	863	(747)
EXTRAORDINARY LOSS, NET OF INCOME TAX CREDIT OF \$456	(744)	--	--
NET INCOME (LOSS)	3,596	863	(747)

RETAINED EARNINGS, BEGINNING OF YEAR	46,578	45,715	46,552
CASH DIVIDENDS	--	--	(90)
RETAINED EARNINGS, END OF YEAR	50,174	46,578	45,715
PER COMMON SHARE			
Income (Loss) Before Extraordinary Loss	.60	.12	(.10)
Extraordinary Loss, Net of Income Tax Credit	(.10)	--	--
Net Income (Loss)	.50	.12	(.10)
Cash Dividends	\$ --	\$ --	\$.01
Average Common Shares Outstanding	7,188,500	7,188,500	7,188,500

See Notes to Consolidated Financial Statements.

</TABLE>

<TABLE>

MAUI LAND & PINEAPPLE COMPANY, INC. & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended December 31, 1998, 1997 and 1996

<CAPTION>

	1998	1997	1996
	(Dollars in Thousands)		
<S>	<C>	<C>	<C>
OPERATING ACTIVITIES			
Net income (loss)	\$ 3,596	\$ 863	\$ (747)
Adjustments to reconcile net income (loss) to net cash provided by operating activities			
Depreciation	8,176	8,041	8,606
Undistributed equity in losses of joint ventures	1,194	1,211	1,010
Gain on property disposals	(627)	(5,254)	(812)
Deferred income taxes	(523)	(313)	(389)
(Increase) decrease in accounts receivable	(526)	1,446	(1,105)
(Increase) decrease in inventories	5,193	(1,219)	3,191
Increase (decrease) in trade payables	(420)	(1,356)	1,602
Net change in other operating assets and liabilities	1,568	34	398

NET CASH PROVIDED BY			
OPERATING ACTIVITIES	17,631	3,453	11,754
INVESTING ACTIVITIES			
Purchases of property	(8,230)	(8,388)	(5,284)
Proceeds from sale of property	634	5,882	845
Distributions from joint ventures	--	1,460	712
Contributions to joint ventures	(425)	(1,030)	--
Payments for other investments	(1,632)	(1,815)	(437)
Proceeds from surrender of insurance policies	--	--	3,125
Reimbursement from Kaahumanu Center Associates	--	--	328
NET CASH USED IN			
INVESTING ACTIVITIES	(9,653)	(3,891)	(711)
FINANCING ACTIVITIES			
Proceeds from long-term debt	30,647	23,891	18,800
Payments of long-term debt	(35,780)	(20,991)	(28,097)
Payments on capital lease obligations	(1,009)	(1,304)	(1,369)
Dividend paid	--	--	(90)
NET CASH PROVIDED BY (USED IN)			
FINANCING ACTIVITIES	(6,142)	1,596	(10,756)
NET INCREASE IN CASH	1,836	1,158	287
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,611	453	166
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 3,447	\$ 1,611	\$ 453

Supplemental Disclosures of Cash Flow Information and Non-Cash Investing and Financing Activities:

1. Cash paid during the year (in thousands):

Interest (net of amount capitalized)	\$ 4,809	\$ 3,235	\$ 3,751
Income taxes	984	335	301

2. Capital lease obligations of \$739,000 in 1997 and \$1,092,000 in 1996 were incurred for new equipment.

3. Effective December 31, 1997, the Company's investment in Plantation Club Associates (PCA) was liquidated and the Company

assumed PCA's remaining assets totaling \$1.4 million (see Note 3 to Consolidated Financial Statements).

See Notes to Consolidated Financial Statements.

</TABLE>

MAUI LAND & PINEAPPLE COMPANY, INC. & SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CONSOLIDATION

The consolidated financial statements include the accounts of Maui Land & Pineapple Company, Inc. and its wholly owned subsidiaries, primarily Maui Pineapple Company, Ltd. and Kapalua Land Company, Ltd. Significant intercompany balances and transactions have been eliminated.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits in banks and commercial paper with original maturities of three months or less.

INVENTORIES

Inventories of tinplate, cans, ends and canned pineapple products are stated at cost, not in excess of market value, using the dollar value last-in, first-out (LIFO) method.

The costs of growing pineapple are charged to production in the year incurred rather than deferred until the year of harvest. For financial reporting purposes, each year's total cost of growing and harvesting pineapple is allocated to products on the basis of their respective market values; for income tax purposes, the allocation is based upon the weight of fruit included in each product.

Real estate held for sale is stated at the lower of cost or fair value less cost to sell.

Merchandise, materials and supplies are stated at cost, not in excess of market value, using retail and average cost methods.

INVESTMENTS AND OTHER ASSETS

Cash surrender value of life insurance policies are reflected net of loans against the policies.

Investments in joint ventures are generally accounted for using the equity method.

PROPERTY AND DEPRECIATION

Property is stated at cost. Major replacements, renewals and betterments are capitalized while maintenance and repairs that do not improve or extend the life of an asset are charged to expense as incurred. When property is retired or otherwise disposed of, the cost of the property and the related accumulated depreciation are written off and the resulting gains or losses are included in income. Depreciation is provided over estimated useful lives of the respective assets using the straight-line method.

POSTRETIREMENT BENEFITS

The Company's policy is to fund pension cost at a level at least equal to the minimum amount required under federal law, but not more than the maximum amount deductible for federal income tax purposes.

Deferred compensation plans for certain management employees provide for specified payments after retirement. The present value of estimated payments to be made were accrued over the period of active employment. On October 1, 1998, these plans were terminated (see Note 5 to Consolidated Financial Statements).

The estimated cost of providing postretirement health care and life insurance benefits is accrued over the period employees render the necessary services.

REVENUE RECOGNITION

Revenue from the sale of pineapple is recognized when title to the product is transferred to the customer. The timing of the transfer of title varies according to the shipping and delivery terms of the sale.

Sales of real estate are recognized as revenues in the period in which sufficient cash has been received, collection of the balance is reasonably assured and risks of ownership have passed to the buyer.

INTEREST CAPITALIZATION

Interest costs are capitalized during the construction period of major capital projects.

ADVERTISING AND RESEARCH AND DEVELOPMENT

The costs of advertising and research and development activities are expensed as incurred.

LEASES

Leases that transfer substantially all of the benefits and risks of ownership of the property are accounted for as capital leases. Amortization of capital leases is included in depreciation expense. Other leases are accounted for as operating leases.

INCOME TAXES

The Company's provision for income taxes is calculated using the liability method. Deferred income taxes are provided for all temporary differences between the financial statement and tax bases of assets and liabilities using enacted tax rates.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Future actual amounts could differ from those estimates.

EARNINGS PER COMMON SHARE

Earnings per common share is computed using the weighted average number of shares outstanding during the period. The Company has no dilutive potential common shares outstanding. All references to shares outstanding and per share amounts for prior periods have been restated to reflect the four-for-one split of the Company's common stock that was effected on May 1, 1998.

2. INVENTORIES

Pineapple product inventories were comprised of the following components at December 31, 1998 and 1997:

	1998	1997
	(Dollars in Thousands)	
Finished Goods	\$ 5,979	\$ 8,977
Work In Progress	839	823
Raw Materials	1,562	1,325
Total	\$ 8,380	\$11,125

The replacement cost of pineapple product inventories at year-end approximated \$19 million in 1998 and \$25 million in 1997. In 1998 and 1996, there were partial liquidations of LIFO inventories; thus, cost of sales included prior years' inventory costs, which were lower than current costs. Had current costs been charged to cost of sales, net income for 1998 would have decreased by \$1,360,000 or \$.19 per share and the net loss for 1996 would have increased by \$795,000 or \$.11 per share.

3. INVESTMENTS AND OTHER ASSETS

Investments and Other Assets at December 31, 1998 and 1997 consisted of the following:

1998	1997
------	------

	(Dollars in Thousands)	
Deferred Costs	\$ 6,230	\$ 5,780
Cash Surrender Value of Life		
Insurance Policies (net)	515	532
Prepaid pension asset	2,247	2,392
Other	1,703	1,238
 Total	 \$10,695	 \$ 9,942

Deferred costs are primarily intangible predevelopment costs related to various projects at the Kapalua Resort, which will be allocated to future development projects.

Cash surrender value of life insurance policies are stated net of policy loans totaling \$597,000 and \$892,000, respectively, at December 31, 1998 and 1997.

PLANTATION CLUB ASSOCIATES

Plantation Club Associates (PCA) was an unincorporated joint venture in which Kapalua Land Company, Ltd. (Kapalua) was the managing venturer. Profits and losses of the joint venture were allocated based on estimated distributions to the partners, which was 85% to Kapalua and 15% to the other partner. The partnership agreement required that all major decisions receive unanimous approval of the partners.

In 1997, the three remaining lots in Plantation Estates Phase I were sold and the partners concluded an agreement to liquidate PCA as of December 31, 1997. After distribution of the joint venture's cash to the partners, Kapalua assumed PCA's remaining assets of \$1.4 million, primarily land and planning costs for Plantation Estates Phase II.

Summarized operating information for PCA for the years ended December 31, 1997 and 1996 follows:

	1997	1996
	(Dollars in Thousands)	
Revenues	\$ 1,823	\$ 560
Costs and Expenses	1,850	397
 Net Income (Loss)	 \$ (27)	 \$ 163

Kapalua's pre-tax share of the joint venture's net income (loss) was \$(56,000) for 1997 and \$128,000 for 1996. These amounts include expenses incurred by the Company related to the investment, primarily amortization of capitalized interest cost. The Company received cash distributions from PCA of \$1,460,000 in 1997 and \$850,000 in 1996.

KAPTEL ASSOCIATES

Kapalua Investment Corp. (KIC), a wholly owned subsidiary of Maui Land & Pineapple Company, Inc., was a 25% general partner in

Kaptel Associates, the partnership that owned The Ritz-Carlton, Kapalua Hotel. In February of 1995, Kaptel defaulted on its \$186 million non-recourse financing arrangement. NI Hawaii Resorts, Inc. (NI), the major general partner, acquired the indebtedness and on October 31, 1995, the partners of Kaptel concluded an agreement to dissolve the partnership. KIC transferred its interest in the partnership to NI.

The Company leased the 36-acre hotel site to Kaptel under a long-term lease. In 1990, the Company borrowed \$4,750,000 from Kaptel for construction of certain off-site improvements related to the hotel property. Principal and interest payments on the loan were payable solely from rental income receivable by the Company under the hotel ground lease. The lease was renegotiated with the hotel owner, effective January 1, 1996. The renegotiated lease subordinates the Company's fee interest to a \$65 million first mortgage and requires that ground rents be applied against the off-site loan with any balance remaining on the loan at January 1, 1999 to be canceled. For accounting purposes, the off-site loan was offset against the cost of the off-site improvements as of December 31, 1995, and the Company will not recognize any income from the ground lease until January 1, 1999.

KAAHUMANU CENTER ASSOCIATES

In June 1993, Kaahumanu Center Associates (KCA) was formed to finance the expansion and renovation of and to own and operate Kaahumanu Center. KCA is a partnership between the Company as general partner and the Employees' Retirement System of the State of Hawaii (ERS) as a limited partner. The Company contributed the then existing shopping center, subject to a first mortgage, and approximately nine acres of adjacent land. ERS contributed \$312,000 and made a \$30.6 million loan to the partnership.

The expansion and renovation were substantially complete by the end of November 1994. Effective April 30, 1995, the ERS converted its \$30.6 million loan to an additional 49% ownership in KCA. Effective with conversion of the ERS loan, the Company and ERS each have a 50% interest in KCA and the Company has accounted for its investment in KCA by the equity method.

The Company has a long-term agreement with KCA to manage Kaahumanu Center. The agreement provides for certain performance tests, which if not met, could result in termination of the agreement. The tests were not met in 1998, but termination of the agreement is not presently being considered. KCA does not have any employees. As manager, the Company provides all administrative and on-site personnel and incurs other costs and expenses, primarily insurance, which are reimbursable by KCA. The Company generates a portion of the electricity used by Kaahumanu Center. In 1998, 1997 and 1996, reimbursements from KCA for payroll and other costs and expenses totaled \$2,303,000, \$2,240,000 and \$2,391,000, respectively, and the Company charged KCA \$2,402,000, \$2,574,000 and \$2,621,000, respectively, for

electricity and management fees. At December 31, 1998 and 1997, \$333,000 and \$430,000, respectively, were due to the Company from KCA for management fees, electricity and reimbursable costs.

Summarized balance sheet information for KCA as of December 31, 1998 and 1997 and operating information for each of the three years ended December 31, 1998 follows:

	1998	1997	
	(Dollars in Thousands)		
Current assets	\$ 1,039	\$ 923	
Property and equipment, net	73,861	76,539	
Other assets, net	2,311	2,493	
 Total Assets	 77,211	 79,955	
 Current liabilities	 2,200	 1,454	
Noncurrent liabilities	61,366	62,376	
 Total Liabilities	 63,566	 63,830	
 Partners' Capital	 \$ 13,645	 \$16,125	
	1998	1997	1996
Revenues	\$ 13,625	\$13,945	\$ 13,677
Costs and Expenses	16,104	16,255	15,697
 Net Loss	 \$ 2,479	 \$ 2,310	 \$ 2,020

The Company's share of losses from KCA was \$1,240,000, \$1,155,000 and \$1,010,000, respectively, for 1998, 1997 and 1996. ERS and the Company each have a 9% cumulative, non-compounded priority right to cash distributions based on their net contributions to the partnership (preferred return). For the purpose of calculating preferred returns, each partner's capital contribution had an agreed upon value of \$30.9 million on May 1, 1995. The Company's preferred return is subordinate to the ERS preferred return. As of December 31, 1998, the accumulated unpaid preferred return was \$8.8 million each for ERS and the Company. Pursuant to cash calls, the partners each contributed \$830,000 to the partnership in 1997.

The Company's investment in KCA is a negative \$8 million at December 31, 1998. The negative balance is a result of recording the Company's initial contribution in 1993 at net book value of the assets contributed, reduced by the related debt.

4. BORROWING ARRANGEMENTS

Short-term bank lines of credit available to the Company at December 31, 1998 were \$2 million. These lines provide for interest at the prime rate (7.75% at December 31, 1998) plus 1/4%

to 1%. There were no borrowings under these lines at December 31, 1998, but \$667,000 in letters of credit were reserved against these lines to secure the Company's deductible portion of insurance claims administered by various insurance companies.

During 1998, 1997 and 1996, the Company had average borrowings outstanding of \$33 million, \$32.8 million and \$36.5 million, respectively, at average interest rates of 8.9%, 8.8% and 8.9%, respectively.

Long-term debt at December 31, 1998 and 1997 consisted of the following (interest rates represent the rates at December 31):

	1998	1997
	(Dollars in Thousands)	
Bridge loan, 8%	\$ 15,000	\$ --
Senior unsecured notes, 8.86%	--	20,000
Mortgage loan, 8.25%	4,886	4,948
Equipment loans, 7.23% to 8.24% and 8.14% to 8.68%	3,918	4,335
Other 6.76% to 8.46% and 8.45%	1,363	1,017
Total	25,167	30,300
Less portion classified as current	2,254	2,043
Long-term debt	\$ 22,913	\$28,257

On December 31, 1998, the \$20 million of 8.86% senior unsecured notes were retired with a \$15 million bridge loan (7.3% at January 4, 1999) and cash generated by the Company's operations. Principal payments on the \$20 million loan were due from 1999 through 2003. A prepayment penalty of \$1.2 million was paid for early extinguishment of the 8.86% notes and has been accounted for as an extraordinary loss of \$744,000 (net of income tax credit of \$456,000).

On March 12, 1999, the Company accepted a commitment for a senior secured term loan facility. Under the terms of the commitment, the Company may borrow up to \$15 million for periods of five or ten years with interest rates approximating 2% to 3% above certain comparable term U. S. Treasury issues. The facility will contain financial maintenance covenants, at levels to be determined, and will be collateralized by certain parcels of the Company's real estate. The Company intends to use the proceeds from the senior secured term loan facility to repay the \$15 million bridge loan, which is due on April 30, 1999. Accordingly, the \$15 million balance has been classified as long-term in the December 31, 1998 balance sheet.

The Company has a revolving credit agreement with participating banks under which it may borrow up to \$15 million in revolving loans through December 31, 1999. Amounts outstanding at that date, at the Company's option, may be converted to a three-year term loan payable in six equal semi-annual installments. In December of 1998, the agreement was

amended to include a \$15 million development line of credit facility for construction of a new clubhouse and golf academy at Kapalua. The development facility matures in December of 2000.

Commitment fees of 1/4% are payable on the unused portions of the revolving credit line. At the Company's option, interest on advances under both the revolving credit line and the development facility is at the prime rate or based on a LIBOR rate. The loan is collateralized by the Company's three golf courses at the Kapalua Resort. The agreement contains certain financial covenants, including the maintenance of consolidated net worth and working capital at certain levels and limits on the incurrence of other indebtedness and capital expenditures. Declaration and payment of cash dividends is restricted to 30% of prior year's net income.

The mortgage loan is collateralized by the Napili Plaza shopping center and matures on December 31, 2005. Payments are based on a 25-year amortization. Effective January 1, 1999, the interest rate on the loan was amended to 7.25% until January 1, 2002. The interest rate will be adjusted to the lender's then-prevailing rate of interest for such loans as of January 1, 2002 and January 1, 2005.

The Company has an agreement that provides for term loans that were used to purchase assets for the Company's pineapple operations. The loans are at fixed interest rates and mature through October 2002. The agreement includes certain financial covenants that are similar to those in the Company's revolving credit agreement, plus a requirement for the maintenance of a minimum tangible net worth and debt coverage ratio (as defined).

Maturities of long-term debt during the next five years, from 1999 through 2003, are as follows: \$2,254,000, \$1,761,000, \$785,000, \$695,000, \$183,000.

5. POSTRETIREMENT BENEFITS

The Company has defined benefit pension plans and defined benefit postretirement health care and life insurance plans.

Changes in benefit obligations and changes in plan assets for 1998 and 1997 and the funded status of the plans and amounts recognized in the balance sheets as of December 31 were as follows:

<TABLE>

<CAPTION>

	Pension Benefits		Other Benefits	
	1998	1997	1998	1997
	(Dollars in Thousands)			
<S>	<C>	<C>	<C>	<C>
Change in benefit obligations:				
Benefit obligations at				
beginning of year	\$ 31,015	\$ 29,654	\$ 14,140	\$ 13,613
Service cost	1,240	1,030	411	325
Interest Cost	2,261	2,161	1,024	991

Actuarial (gain) loss	2,228	232	481	(38)
Special termination benefits	314	--	29	--
Benefits paid	(1,987)	(2,062)	(706)	(751)
Benefit obligations at end of year	35,071	31,015	15,379	14,140
Change in plan assets:				
Fair value of plan assets at beginning of year	37,530	32,992	--	--
Actual return on plan assets	6,028	5,742	--	--
Employer contributions	236	858	706	751
Benefits paid	(1,987)	(2,062)	(706)	(751)
Fair value of plan assets at end of year	41,807	37,530	--	--
Funded status	6,736	6,515	(15,379)	(14,140)
Unrecognized actuarial gain	(3,935)	(3,055)	(3,082)	(3,772)
Unrecognized net transition asset	(1,295)	(1,830)	--	--
Unrecognized prior service cost	244	305	(1,324)	(1,471)
Net Amounts recognized	1,750	1,935	(19,785)	(19,383)
Amounts recognized in balance sheets consist of:				
Prepaid benefit cost	2,247	2,139	--	--
Accrued benefit liability	(497)	(457)	(19,785)	(19,383)
Intangible asset	--	253	--	--
Net amount recognized	\$ 1,750	\$ 1,935	\$ (19,785)	\$ (19,383)

</TABLE>

Net periodic benefit costs for 1998, 1997 and 1996 included the following components:

<TABLE>

<CAPTION>

	1998	1997	1996
	(Dollars in Thousands)		
<S>	<C>	<C>	<C>
Pension benefits:			
Service cost	\$ 1,240	\$ 1,030	\$ 982
Interest cost	2,261	2,161	2,190
Expected return on plan assets	(2,925)	(2,576)	(2,400)
Amortization of net			

transition asset	(535)	(535)	(535)
Amortization of prior service cost	61	61	61
Recognized net actuarial (gain) loss	3	16	15
Special termination benefits	314	--	--
Net expense	419	157	313
Other benefits:			
Service cost	411	325	328
Interest cost	1,024	991	1,012
Amortization of prior service cost	(147)	(147)	(147)
Recognized net actuarial (gain) loss	(209)	(300)	(224)
Special termination benefits	29	--	--
Net expense	\$ 1,108	\$ 869	\$ 969

</TABLE>

Effective September 1, 1998, in an effort to reduce the size of its workforce, the Company offered a voluntary, enhanced early retirement program to employees in the Pineapple and Corporate divisions based on age and years of service. The projected benefit obligation for the pension plans and the net pension expense for 1998 increased by \$314,000 and the accumulated postretirement benefit obligation for other benefits and the corresponding net expense for 1998 increased by \$29,000 as a result of implementing this program.

The projected benefit obligation, accumulated benefit obligation and fair value of plan assets for the pension plans with accumulated benefits in excess of plan assets were \$846,000, \$471,000 and -0-, respectively, as of December 31, 1998, and \$1,663,000, \$1,309,000 and \$851,000, respectively, as of December 31, 1997.

The benefit obligations for pensions and other postretirement benefits were determined using discount rates of 7% and 7.5%, respectively, as of December 31, 1998 and 1997, and compensation increases ranging up to 4.5%. The expected long-term rate of return on assets was 8% for 1998 and 1997.

The accumulated postretirement benefit obligation for health care as of December 31, 1998 and 1997 was determined using a health care cost trend rate of 10% in 1995, decreasing by .5% each year from 1995 through 2004 and 5% thereafter. The effect of a 1% annual increase in these assumed cost trend rates would increase the accrued postretirement benefit obligation by approximately \$2,345,000 as of December 31, 1998, and the aggregate of the service and interest cost for 1998 by approximately \$203,000; a 1% annual decrease would reduce the

accrued postretirement benefit obligation by approximately \$1,351,000 as of December 31, 1998, and the aggregate of the service and interest cost for 1998 by approximately \$164,000.

On October 1, 1998, deferred compensation plans that provided for specified payments after retirement for certain management employees were terminated. At the termination date, these employees were given credit for existing years of service and future accruals were discontinued.

6. OTHER INCOME

Revenues attributable to real estate sales other than inventory held for sale were \$591,000, \$5.2 million and \$700,000, respectively, in 1998, 1997 and 1996, and were included in Other Income.

7. LEASES

LESSEE

The Company has capital leases, primarily on equipment used in pineapple operations, which expire at various dates through 2002. At December 31, 1998 and 1997, property included capital leases of \$1,699,000 and \$6,013,000, respectively (accumulated depreciation of \$684,000 and \$2,403,000, respectively). Future minimum rental payments under capital leases aggregate \$1,293,000 (including \$115,000 representing interest) and are payable as follows (1999 to 2002): \$562,000, \$298,000, \$272,000, \$161,000.

The Company has various operating leases, primarily for land used in pineapple operations, which expire at various dates through 2012. A major operating lease covering approximately 1,500 acres used primarily for pineapple operations expires on December 31, 1999. Total rental expense under operating leases was \$746,000 in 1998, \$804,000 in 1997 and \$736,000 in 1996. Future minimum rental payments under operating leases aggregate \$2,410,000 and are payable during the next five years (1999 to 2003) as follows: \$635,000, \$332,000, \$255,000, \$246,000, \$116,000, respectively, and \$826,000 thereafter.

LESSOR

The Company leases land and land improvements, primarily to hotels at Kapalua, and buildings, primarily to retail tenants. The leases generally provide for minimum rents and, in most cases, percentage rentals based on tenant revenues. In addition, the leases generally provide for reimbursement of common area maintenance and other expenses. Total rental income under these operating leases was as follows:

	1998	1997	1996
	(Dollars in Thousands)		
Minimum rentals	\$ 1,694	\$ 1,575	\$ 2,370
Percentage rentals	1,279	1,140	738

Total \$ 2,973 \$ 2,715 \$ 3,108

Property at December 31, 1998 and 1997 includes leased property of \$20,184,000 and \$19,043,000, respectively (accumulated depreciation of \$9,961,000 and \$8,770,000, respectively).

Future minimum rental income aggregates \$6,852,000 and is receivable during the next five years (1999 to 2003) as follows: \$1,243,000, \$1,072,000, \$776,000, \$543,000, \$443,000, respectively, and \$2,775,000 thereafter.

8. INCOME TAXES

The components of the income tax provision (credit) were as follows:

	1998	1997	1996
	(Dollars in Thousands)		
Current			
Federal	\$ 1,225	\$ 931	\$ 51
State	30	(119)	(38)
Total	1,255	812	13
Deferred			
Federal	(415)	(433)	(379)
State	(108)	120	(10)
Total	(523)	(313)	(389)
Total provision (credit)	\$ 732	\$ 499	\$ (376)

Reconciliation between the total provision (credit) and the amount computed using the statutory federal rate of 34% follows:

	1998	1997	1996
	(Dollars in Thousands)		
Federal provision (credit) at statutory rate	\$ 1,471	\$ 463	\$ (382)
Adjusted for			
State income taxes, net of effect on federal income taxes	(91)	(5)	(19)
Appreciated property donation	(721)	--	--
Other	73	41	25
Total income tax provision (credit)	\$ 732	\$ 499	\$ (376)

Deferred tax assets and liabilities were comprised of the following types of temporary differences as of December 31, 1998

and 1997:

	1998	1997
	(Dollars in Thousands)	
Accrued retirement benefits	\$ 7,216	\$ 7,358
Minimum tax credit carryforward	3,566	3,641
Accrued liabilities	1,279	1,215
Net operating loss carryforward	111	2,134
Allowance for doubtful accounts	176	211
Inventory	230	264
Total deferred tax assets	12,578	14,823
Deferred condemnation proceeds	(5,998)	(6,397)
Property net book value	(4,333)	(4,546)
Income from partnerships	(881)	(1,363)
Pineapple marketing costs	(409)	(685)
Charitable contributions	--	(1,410)
Other	(108)	(96)
Total deferred tax liabilities	(11,729)	(14,497)
Net deferred tax asset	\$ 849	\$ 326

At December 31, 1998, the Company had federal minimum tax credit carryforwards of \$3.6 million.

In December of 1998, issues regarding the charitable donation of appreciated property in 1989 and 1990 were settled with the Internal Revenue Service. Deferred tax liabilities that will not reverse in the future as a result of the settlement were recognized in 1998 as a credit in the income tax provision.

The Company's federal income tax returns for 1990 through 1994 are under examination by the Internal Revenue Service. The revenue agent's report on these years has not yet been issued and the Company presently cannot predict the outcome of these examinations.

9. INTEREST CAPITALIZATION

Interest cost incurred in 1998, 1997 and 1996 was \$3,179,000, \$3,214,000 and \$3,633,000, respectively, of which \$140,000, \$169,000 and \$58,000, respectively, was capitalized.

10. SUBSEQUENT EVENT

On February 12, 1999, the Company's Board of Directors declared a cash dividend of \$.125 per share payable on March 24, 1999.

11. ADVERTISING AND RESEARCH AND DEVELOPMENT

Advertising expense totaled \$1,397,000 in 1998, \$1,592,000 in 1997 and \$1,535,000 in 1996. Research and development

expenses totaled \$815,000 in 1998, \$601,000 in 1997 and \$543,000 in 1996.

12. CONTINGENCIES AND COMMITMENTS

The County of Maui has sued several chemical manufacturers claiming that they are responsible for the presence of a nematocide commonly known as DBCP in certain water wells on Maui. One of the manufacturers has claimed that the Company is required to indemnify it under the terms of a 1978 agreement for the sale of DBCP between the Company and the manufacturer. Another chemical manufacturer claims that if it is liable to the County of Maui, the manufacturer is entitled to indemnification or contribution from the Company, as a former user of the chemical. The Company presently is unable to estimate the range of potential effects of this litigation, if resolved adversely to the Company, on its financial position or its results of operations.

There are various other claims and legal actions pending against the Company. In the opinion of management, after consultation with legal counsel, the resolution of these matters will not have a material adverse effect on the Company's financial position or results of operations.

The Company has guaranteed the payment of up to \$10 million of debt service for Kaahumanu Center Associates. The lender will release the guaranty when Kaahumanu Center attains a defined level of net operating income.

Premium Tropicals International, LLC (PTI) is a joint venture between Royal Coast Tropical Fruit Company, Inc. (a wholly owned subsidiary of Maui Pineapple Company, Ltd.) and an Indonesian pineapple grower and canner. The joint venture markets and sells Indonesian canned pineapple in the United States. The Company is a guarantor of a \$3 million line of credit, which supports letters of credit to be issued on behalf of PTI for import trading purposes.

13. CONCENTRATIONS OF CREDIT RISK

A substantial portion of the Company's trade receivables results from sales of pineapple products, primarily to food distribution customers in the United States. Credit is extended after evaluating creditworthiness and no collateral generally is required from customers. Notes receivable result principally from sales of real estate in Hawaii and are collateralized by the property sold.

14. DISCLOSURE ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

Except as indicated below, the carrying amount is considered to be the fair value of financial instruments. The following methods and assumptions were used to estimate the fair value of certain financial instruments:

Notes Receivable:

The fair value of these assets was estimated based on rates currently available for similar types of transactions.

Long-Term Debt:

The fair value of these liabilities was estimated based on rates currently available to the Company for debt with similar terms and remaining maturities.

The estimated fair values for these financial instruments at December 31, 1998 and 1997 were as follows:

	1998		1997	
	(Dollars in Thousands)			
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Notes Receivable	\$ 255	\$ 272	\$ 727	\$ 688
Long-Term Debt	25,167	25,189	30,300	30,769

15. RECLASSIFICATIONS

Certain amounts for prior years have been reclassified to conform to the presentation for the current year.

16. BUSINESS SEGMENTS

The Company's reportable segments are Pineapple, Resort and Commercial & Property. Each segment is a line of business requiring different technical and marketing strategies.

Pineapple includes growing pineapple, canning pineapple in tin-plated steel containers fabricated by the Company, and marketing canned and fresh pineapple products.

Resort includes the development and sale of real estate, property management and the operation of recreational and retail facilities and utility companies at Kapalua on Maui.

Commercial & Property covers non-resort real estate activities, including the Company's investment in Kaahumanu Center Associates, Napili Plaza shopping center, non-resort property rentals and sales and the Company's land entitlement and management activities.

The accounting policies of the segments are the same as those described in Note 1, Summary of Significant Accounting Policies.

	Pineapple	Resort	Commercial & Property	Other	Consolidated
	(Dollars in Thousands)				
1998					
Revenues (1)	\$97,658	\$ 41,929	\$ 4,087	\$ 37	\$ 143,711
Operating profit					

(loss) (2) (3)	5,480	5,239	(1,085)	(1,067)	8,567
Interest expense	(1,543)	(1,089)	(167)	(240)	(3,039)
Income (loss) before income taxes and extraordinary loss	3,937	4,150	(1,252)	(1,307)	5,528
Depreciation	4,795	2,743	487	151	8,176
Equity in earnings (losses) of joint ventures	79	1	(1,240)	--	(1,160)
Investment in joint ventures	145	495	(7,969)	--	(7,329)
Segment assets (4)	62,384	53,323	6,780	13,760	136,247
Expenditures for segment assets	6,433	3,930	406	997	11,766
1997					
Revenues (1)	90,949	40,338	5,065	146	136,498
Operating profit (loss) (2) (3)	2,079	3,772	(479)	(965)	4,407
interest expense	(1,479)	(1,102)	(164)	(300)	(3,045)
Income (loss) before income taxes and extraordinary loss	600	2,670	(643)	(1,265)	1,362
Depreciation	4,562	2,898	415	166	8,041
Equity in losses of joint ventures	--	(56)	(1,155)	--	(1,211)
Investment in joint ventures	100	112	(6,655)	--	(6,443)
Segment assets (4)	64,443	52,437	6,922	11,705	135,507
Expenditures for segment assets	6,485	4,153	1,002	822	12,462
1996					
Revenues (1)	95,700	35,676	4,850	109	136,335
Operating profit (loss) (2) (3)	2,684	1,292	(508)	(1,016)	2,452
Interest expense	(1,777)	(1,381)	(181)	(236)	(3,575)
Income (loss) before income taxes and extraordinary loss	907	(89)	(689)	(1,252)	(1,123)
Depreciation	4,943	3,050	415	198	8,606
Equity in earnings (losses) of joint ventures	--	128	(1,010)	--	(882)
Investment in joint ventures	--	2,961	(6,256)	--	(3,295)
Segment assets (4)	61,969	53,731	7,943	9,208	132,851

Expenditures for segment assets	\$ 4,657	\$ 2,309	\$ 289	\$ 707	\$ 7,962
------------------------------------	----------	----------	--------	--------	----------

- (1) Amounts are principally revenues from external customers. Intersegment revenues and interest revenues were insignificant. Sales to any single customer did not exceed 10% of consolidated revenues. Revenues attributed to foreign countries were \$4.3 million, \$3.4 million and \$5.2 million, respectively, in 1998, 1997 and 1996. Foreign sales are attributed to countries based on the location of the customer.
- (2) "Operating profit (loss)" is total revenues less all expenses except allocated interest expenses and income taxes. Operating profit (loss) included in "Other" is primarily unallocated corporate expenses.
- (3) Resort includes gains on land sales of \$3.2 million in 1998 and \$4.2 million in 1997. Commercial & Property includes gains on land sales of \$221,000 in 1998, \$1 million in 1997 and \$700,000 in 1996.
- (4) Segment assets are located in the United States, primarily Maui. Other assets are corporate and non-segment assets.

COMMON STOCK

In compliance with the terms of certain borrowing arrangements, the Company did not declare any dividends in 1998 and 1997. As of December 31, 1998, the declaration and payment of cash dividends are restricted by the terms of borrowing arrangements to 30% of prior year's net income.

At February 4, 1999, there were 372 shareholders of record.

On May 1, 1998, the Company effected a four-for-one split of its common stock. All references to the number of shares of common stock and per share amounts have been restated to reflect the split. Also on May 1, 1998, the Company's common stock was listed and began trading on the American Stock Exchange under the symbol "MLP."

Prior to May 1, 1998, the stock was traded over the counter nationally. The following chart reflects high and low sales prices after April 1998 and high and low bid prices as supplied by the National Quotation Bureau Incorporated for periods before May 1998. The quotes from the National Quotation Bureau reflect inter-dealer prices and do not include retail markup, markdown or commission and may not necessarily represent actual transactions.

		First Quarter	Second Quarter	Third Quarter	Fourth Quarter
1998	High	\$ 11 1/4	\$ 21 5/8	\$ 14 7/8	\$ 10 3/8
	Low	10 15/16	10 7/8	9 1/4	8 13/16
1997	High	10 5/8	9 1/4	10 1/8	10 15/16

<TABLE>

SELECTED FINANCIAL DATA

<CAPTION>

	1998	1997	1996	1995	1994
	(Dollars in Thousands Except Per Share Amounts)				
<S>	<C>	<C>	<C>	<C>	<C>
FOR THE YEAR					
Summary of Operations					
Revenues	\$ 143,711	\$ 136,498	\$ 136,335	\$ 125,577	\$ 125,882
Cost of goods sold	76,049	72,200	75,279	69,314	67,321
Operating expenses	26,168	26,027	24,030	24,315	23,853
Shipping and marketing	16,673	18,053	19,185	16,793	16,568
General and administrative	15,094	14,600	14,507	15,160	14,352
Equity in (earnings) losses of joint ventures (1)	1,160	1,211	882	(4,001)	4,844
Interest expense	3,039	3,045	3,575	7,021	5,682
Income tax expense (credit)	1,188	499	(376)	(1,466)	(2,829)
Income (loss) before extraordinary loss	4,340	863	(747)	(1,559)	(3,909)
Extraordinary loss, net of income tax credit	(744)	--	--	--	--
Net income (loss)	3,596	863	(747)	(1,559)	(3,909)
Per Common Share (2)					
Income (loss) before extraordinary loss	.60	.12	(.10)	(.22)	(.54)
Extraordinary loss, net of income tax credit	(.10)	--	--	--	--
Net income (loss)	.50	.12	(.10)	(.22)	(.54)
Other Data					
Cash dividends					
Amount	--	--	90	--	--
Per common share (2)	--	--	.01	--	--
Depreciation	\$ 8,176	\$ 8,041	\$ 8,606	\$ 10,202	\$ 10,851
Return on beginning stockholders' equity	6.1%	1.5%	(1.3%)	(2.6%)	(6.1%)
Percent of net income (loss) to revenues	2.5%	.6%	(.5%)	(1.2%)	(3.1%)
AT YEAR END					
Current assets less current liabilities (3)					
	\$18,985	\$ 20,283	\$ 19,467	\$ 23,428	\$ (1,097)
Ratio of current assets to current liabilities (3)	2.14	2.20	2.23	2.78	.97

Property, net of depreciation (4)	\$89,921	\$ 88,047	\$ 86,610	\$ 88,557	\$ 180,194
Total assets (4)	136,247	135,507	132,851	137,085	235,411
Long-term debt and capital leases (4)	23,592	29,435	28,898	36,227	99,180
Stockholders' equity					
Amount	62,492	58,896	58,033	58,870	60,429
Per common share (2)	\$ 8.69	\$ 8.19	\$ 8.07	\$ 8.19	\$ 8.41
Common shares outstanding	7,188,500	7,188,500	7,188,500	7,188,500	7,188,500

</TABLE>

- (1) Equity in (earnings) losses of joint ventures for 1995 includes earnings of \$4,990,000, representing the reversal of the Company's previous equity in losses of Kaptel Associates.
- (2) All references to the number of shares of common stock and per share amounts have been restated to reflect the four-for-one common stock split as of May 1, 1998.
- (3) At December 31, 1994, current liabilities exceeded current assets because borrowings totaling \$27.8 million on a revolving credit commitment were classified as current. After the amendment to the commitment in July of 1995, borrowings under this line have been classified as noncurrent.
- (4) Property, net of depreciation, total assets and long-term debt and capital leases decreased in 1995 primarily because, as of April 30, 1995, the Company no longer consolidated Kaahumanu Center Associates (see Note 3 to Consolidated Financial Statements).

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

RESULTS OF OPERATIONS

1998 vs. 1997

CONSOLIDATED

The Company reported consolidated net income of \$3.6 million for 1998 compared to \$863,000 for 1997. The increase in net income for 1998 resulted from higher operating profits from Pineapple and Kapalua Resort operations that more than offset lower results from the Commercial & Property segment. Included in Resort operating profit for 1998 is the gain from the sale of a 75-acre parcel in Plantation Estates Phase II in December of 1998. Land sales contributed approximately \$2.9 million to net income for 1998 compared to \$3.3 million in 1997. In December of 1998, the Company retired \$20 million of 8.86% senior unsecured notes. The prepayment penalty of \$1.2 million has been accounted for as an extraordinary loss of \$744,000 (net of income tax

credit of \$456,000).

General and administrative expenses increased by 3% in 1998 compared to 1997. The increase primarily was due to higher expense for postretirement health and life insurance benefits because of a .5% discount rate reduction as of December 31, 1997, accruals for incentive awards for the Company's non-bargaining salaried personnel and charges for an enhanced early retirement package offered to employees in the Pineapple and Corporate divisions. The increase in expense in these categories was partially offset by lower expenses in the land management area and reductions in insurance costs.

Interest expense in 1998 was comparable to 1997.

PINEAPPLE

Pineapple revenues of \$97.7 million in 1998 increased \$6.8 million over 1997. Approximately 38% of the increase was the result of higher case sales volume (the number of cases sold) of canned pineapple and about 16% was due to higher average prices. A change in the product mix sold (fruit, juice, concentrate) and a higher volume of fresh product sales accounted for most of the remaining revenue increase. Operating profit was \$5.5 million in 1998 compared to \$2.1 million in 1997.

Pineapple cost of sales increased as a result of higher sales volume. However, the average cost per case decreased in 1998 compared to 1997. In 1998, a partial liquidation of LIFO inventories resulted in lower costs from prior years being included in cost of sales. Cost of sales would have been higher by \$1,636,000 based on current production costs for 1998. Per unit production costs were slightly lower in 1998 compared to 1997 as a result of improved recoveries (the amount of saleable product per ton of fruit processed), reduction of personnel costs through an early retirement program, job consolidations and other production efficiencies.

Shipping and selling costs were higher in 1998 compared to 1997 due to higher volume of cases sold and increases in warehousing and transportation costs.

RESORT

Revenues from the Kapalua Resort were \$41.9 million in 1998 compared to \$40.3 million in 1997. Resort operating profit was \$5.2 million in 1998 compared to \$3.8 million in 1997. Operating profit for 1998 included \$3.2 million from land sales at the Resort. In December of 1998, a 75-acre parcel in Plantation Estates Phase II was sold, which contributed \$2.8 million to Resort operating profit. This large parcel, originally planned for 26 lots, was consolidated by the buyer into a single lot for family use that may be subdivided into a maximum of eight lots. In 1997, the sale of a 50% interest in a 12 acre beachfront parcel at Kapalua contributed \$4.2 million to Resort revenues and operating profit.

Excluding land sales, Resort operating profit was \$2 million

in 1998 compared to an operating loss of \$452,000 in 1997. The improved results are partially due to the re-opening of The Kapalua Bay Hotel, which was closed during part of 1997. Ground rents for the hotel were suspended until September of 1997 while restoration work took place. In 1998, revenues from commercial leases increased by 23%.

Revenues from Resort golf operations increased by 6% in 1998 due to an increase in the number of paid rounds and higher average rates for green and cart fees. Gross rental income and management fees from The Kapalua Villas rental program increased by 12% in 1998 as a result of higher occupancies and higher average room rates. Kapalua Realty contributed a 62% increase in commission revenues. Merchandise sales declined in 1998 by 2% compared to 1997.

Marketing expenses were lower in 1998 compared to 1997 primarily because Kapalua did not host a major golf tournament in 1998. Cost of sales was lower in 1998 as a result of the lower volume of merchandise sales. Increases in other operating and administrative expenses offset these reductions. However, overall expenses for 1998 exceeded 1997 by less than 1%.

COMMERCIAL & PROPERTY

Revenues from Commercial & Property were \$4.1 million in 1998 compared to \$5.1 million in 1997. This segment produced an operating loss of \$1.1 million in 1998 compared to \$479,000 in 1997. The reduction in revenue and the increase in operating loss was principally due to a decrease in land sales attributable to this segment. Land sales contributed gains of \$221,000 in 1998 compared to \$1 million in 1997.

Costs and expenses for this segment were \$5.2 million in 1998 compared to \$5.5 million in 1997. Lower expense in 1998 was primarily due to lower insurance and other costs for land management. The Company's equity in losses of Kaahumanu Center Associates was \$1,240,000 in 1998 compared to \$1,155,000 in 1997. The increase in the loss reflects reductions in minimum rents and lower recoveries of common area costs from tenants.

1997 vs. 1996

CONSOLIDATED

The Company reported consolidated net income of \$863,000 for 1997 compared to a net loss of \$747,000 for 1996. The improved results were due to land sales that contributed \$3.3 million to net income in 1997. In the second quarter of 1997, the Resort segment recorded the sale of a 50% interest in the 12-acre parcel of land adjacent to The Kapalua Bay Hotel. In the third quarter of 1997, the Commercial & Property division recorded the sale of two land parcels.

General and administrative expenses increased by about 1% in 1997 compared to 1996 as increases due to wage adjustments and

the use of outside consultants were partially offset by lower expenses for pensions, postretirement benefits and insurance.

Interest expense decreased by 15% in 1997 compared to 1996. The decrease is a result of lower average borrowings in 1997 and lower average interest rates. The rate reduction is the result of moving borrowings into lower fixed rate loans at the end of 1996 and during 1997, and renewing the Company's revolving credit lines at lower rates in 1997.

PINEAPPLE

Revenues from Pineapple operations were \$90.9 million in 1997 compared to \$95.7 million in 1996. Operating profits from Pineapple were \$2.1 million in 1997 compared to \$2.7 million in 1996. Lower case sales volume (the number of cases sold) and a change in the mix of products sold (fruit, juice, concentrate) resulted in a \$6.8 million decline in revenue from Pineapple operations. This decline was partially offset by higher average sales prices and higher fresh fruit and other sales.

Pineapple cost of sales decreased with the reduction in sales volume. The average cost of sales per case sold in 1997 was higher than 1996 because in 1996 there was a partial liquidation of LIFO inventories that resulted in lower costs from prior years being included in cost of sales. Cost of sales for 1996 would have been higher by \$1,281,000 based on current production costs for that year. In 1997, recoveries (the amount of saleable product per ton of fruit processed) were better than in 1996, resulting in a lower unit production cost of canned pineapple product. In 1996, unfavorable weather conditions resulted in poor yield (tons per acre) and lower recoveries and, in turn, an increase in unit production costs.

Pineapple shipping and marketing costs were lower in 1997 compared to 1996 as a result of the lower volume of cases sold and changes in marketing programs.

RESORT

Revenues from the Kapalua Resort operations were \$40.3 million in 1997 compared to \$35.7 million in 1996. Operating profits from this segment were \$3.8 million in 1997 compared to \$1.3 million in 1996. Revenues and operating profits for 1997 included the sale to the owners of The Kapalua Bay Hotel of a 50% interest in the 12-acre parcel of land adjacent to the Hotel. This transaction added \$4.2 million to Resort revenues and operating profits.

Excluding land sales, the Resort operating loss was \$452,000 in 1997 compared to an operating profit of \$1.3 million in 1996. Lower results in 1997 largely reflect a 30% decline in income from commercial leases and an 8% reduction in merchandise sales. The most significant lease rent reduction was attributable to The Kapalua Bay Hotel, which was closed during part of 1997 for restoration work. The ground lease for The Kapalua Bay Hotel was renegotiated as of September 1996 to include a one year

moratorium on ground rent and two years of reduced rents. Closure of the hotel also affected Kapalua's other operations, including merchandise sales and percentage rents from other commercial leases.

In 1997, The Kapalua Villas consolidated villa management on the resort by increasing the number of units in the program by 55%. As a result, both gross rental income and management fees increased by 44% in 1997. This expansion of The Villas rental program resulted in significantly higher operating expenses in 1997, which offset increased revenue.

Resort golf operations contributed a 5% increase in revenues in 1997 due to an increase in the number of paid rounds. Commission income from Kapalua Realty increased by 40% in 1997 and Resort membership income increased over 60%. However, these gains were more than offset by increased legal expenses, resort maintenance and repairs and administration costs.

COMMERCIAL & PROPERTY

Revenues from the Commercial & Property division were \$5.1 million in 1997 compared to \$4.9 million in 1996. Operating losses attributable to this segment were \$479,000 in 1997 compared to \$508,000 in 1996. Improved revenues and operating profits in 1997 were due to two land sales in the third quarter of 1997. Land sales in 1997 added \$1 million to revenues and operating profits compared to \$700,000 in 1996.

Costs and expenses charged to Commercial & Property were \$5.5 million in 1997 compared to \$5.4 million in 1996. Included in costs and expenses is the Company's equity in the losses of Kaahumanu Center Associates, which was \$1.2 million in 1997 compared to \$1 million in 1996. Increased revenues at Kaahumanu Center were more than offset by higher expenses, most significantly higher payroll and related costs and bad debt expense.

LIQUIDITY, CAPITAL RESOURCES AND OTHER

At December 31, 1998, the Company's total debt, including capital leases, was \$26.3 million, a reduction of \$6.2 million from year-end 1997. Total debt was reduced as a result of cash flows from operating activities. Unused short- and long-term credit lines available to the Company at December 31, 1998 totaled \$35.4 million. Included in this amount is a \$15 million development line of credit for construction of The Village Course Clubhouse and Kapalua Golf Academy. Ground breaking for this capital project took place in January of 1999.

Resort capital expenditures for projects other than the clubhouse and golf academy are expected to be \$2.5 million in 1999, of which 66% are for replacement of existing equipment. Pineapple capital expenditures are expected to be \$7 million in 1999, including \$5.2 million for equipment replacement. In addition to these capital expenditures, the Company expects to

invest approximately \$1.4 million in other investments for its Pineapple and Resort operations. The credit lines currently available to the Company are expected to be sufficient to fund seasonal cash requirements as well as the planned capital expenditures and investments.

Antidumping duties were in effect on canned pineapple fruit imported from Thailand throughout 1998 as a result of an antidumping petition in 1994 to which the Company was a party. In 1997, both the Company and the Department of Commerce appealed a November 1996 decision by the United States Court of International Trade (USCIT) regarding the appropriate method to allocate cost to canned pineapple. The USCIT decision required the Department of Commerce to recalculate the antidumping duties using accounting methods not normally used by Thai producers. The Company and the Department of Commerce believe this method understates the magnitude of canned pineapple dumping by Thai producers. In April of 1998, the United States Court of Appeals for the Federal Circuit heard the appeals of Maui Pineapple Company, Ltd. and the Department of Commerce. A final decision is expected sometime in 1999.

The amount of duties on pineapple imports from Thailand is subject to annual administrative reviews by the Department of Commerce. Either the Company or the Thai producers may request these reviews. If the cost of production changes relative to the selling price of the product in the U.S., the duties would be adjusted. Some of the Thai pineapple companies have significantly reduced their antidumping duties through the annual review process. The U.S. Department of Commerce has begun the third annual review and preliminary margins are expected to be announced in April 1999, with final results in July 1999. Present antidumping duties on imports of canned pineapple fruit from Thailand range from less than 1% up to 51%.

The Company is a party to litigation related to the County of Maui's claim against certain chemical manufacturers because of contamination by a nematocide commonly known as DBCP in certain water wells on Maui (see Note 12 to Consolidated Financial Statements).

The Company, as a partner in various partnerships, may under particular circumstances be called upon to make additional capital contributions (see Note 3 to Consolidated Financial Statements).

YEAR 2000

The Company has evaluated its information technology (IT) and non-IT systems with respect to Year 2000 capability and has set target dates for compliance of all systems. Several of the Company's data processing applications use software programs purchased from outside vendors. Except as mentioned in the discussion that follows, all applications requiring upgrades are now Year 2000 compliant.

The Company has received the vendor-provided software

upgrades for its Human Resource system. Installation and testing of this upgrade is scheduled for completion by the end of the first quarter 1999. The Year 2000 software upgrade for the Resort merchandise inventory control and golf reservations application will be received in March 1999. Installation and testing will follow and is targeted for May 1999. The upgrade to the operating system used by this application is presently available and will be installed after the software application is installed, tested and in use. The target date for completion is July 1, 1999.

All of the Company's custom data processing applications require modification to be Year 2000 compliant. Among them, the Pineapple sales system and the Pineapple warehouse system are critical to the Company's operations. Modification and testing of both systems were complete by year-end 1998 and the remaining custom data processing applications are scheduled to be compliant by the end of the second quarter of 1999.

It is anticipated the Company's Information Services personnel will spend approximately 90% of their time on Year 2000 compliance through the second quarter of 1999 and approximately 50% of their time on non-critical Year 2000 programming issues during the second half of 1999 and the first quarter of 2000. It appears that the Company's present Information Services personnel will be able to complete all program modifications, installations and testing, and that no outside resources will be required. The Company has not incurred any material expenditures of Year 2000 compliance and, based on current information, no material future expenditures have been identified. The Company does not separately track internal costs incurred for Year 2000 issues. Such costs are principally payroll and related costs for the Company's Information Services personnel.

The Company initiated correspondence with vendors, suppliers and trading partners during 1998 and January 1999 to assess risk of business interruption by noncompliance of third parties. Through early March 1999, the Company received responses to approximately 40% of its inquiries, including all of those whose noncompliance would have a material impact on the Company. The responses indicate that these companies' data processing systems are either Year 2000 compliant or are expected to be compliant by the end of the first quarter of 1999.

The most reasonably likely worst case scenario involves installation of the upgrade for the Resort merchandise inventory control system. This system accumulates and processes data for approximately 150,000 items sold in ten retail outlets at the Kapalua Resort. Delay in the installation and testing of this software upgrade could affect merchandise purchase order procedures, resulting in decreased control over inventory levels. Reorder lead times range from four to seven months and proper reorder control requires that active purchase orders be recorded in the inventory control system.

The Company has obtained a commitment for delivery and

installation of an alternate merchandise inventory control system that is Year 2000 compliant. Contingency plans include beginning installation of the alternate system in May 1999 if it does not appear that the June 1 target date for Year 2000 compliance of the present system will be met. Should it become necessary to install an alternate system for the Resort merchandise inventory control, the expected cost for software, hardware and installation is estimated to be \$250,000.

MARKET RISK

The Company's primary market risk exposure with regard to financial instruments is to changes in interest rates. The Company manages this risk by monitoring interest rates and future cash requirements, and evaluating opportunities to refinance borrowings at various maturities and interest rates. At December 31, 1998, 77% of the Company's short- and long-term borrowing commitments carried interest rates that were periodically adjustable to the prime rate or to a LIBOR rate and 23% carried interest at fixed rates. Based on debt outstanding at the end of 1998, a hypothetical 100 basis point increase in interest rates would result in a reduction to annual pretax income of approximately \$150,000. A hypothetical decrease in interest rates of 100 basis points would increase the fair value of the Company's long-term debt by approximately \$400,000. At December 31, 1998, the fair value of the Company's long-term debt exceeded the carrying amount by approximately \$22,000 as a result of a general decline in quoted interest rates.

IMPACT OF INFLATION AND CHANGING PRICES

The Company uses the LIFO method of accounting for its pineapple inventories. Under this method, the cost of products sold approximates current cost and during periods of rising prices the ending inventory is reflected at an amount below current cost. The replacement cost of pineapple inventory was \$19 million at December 31, 1998, which was \$11 million more than the amount reflected in the financial statements.

Most of the land owned by the Company was acquired from 1911 to 1932 and is carried at cost. A small portion of "Real Estate Held for Sale" represents land cost. Replacements and additions to the Pineapple operations occur every year and some of the assets presently in use were placed in service in 1934. At Kapalua, some of the fixed assets were constructed and placed in service in the mid-to-late 1970s. Depreciation expense would be considerably higher if fixed assets were stated at current cost.

FORWARD-LOOKING STATEMENTS

The Company's Annual Report to Shareholders contains forward-looking statements (within the meaning of Private Securities Litigation Reform Act of 1995) as to the Company's expectations concerning 1999 profitability, the future of new products and new business development, distribution of pineapple through Premium

Tropicals International LLC and under the Royal Coast label, the appeal of a decision affecting antidumping duties, a continuing relationship with Mercedes-Benz and the PGA TOUR, management changes at The Kapalua Bay Hotel, success of The Village Course Clubhouse and Kapalua Golf Academy, and development and sale of condominiums comprising Coconut Grove on Kapalua Bay. In addition, from time to time, the Company may publish forward-looking statements as to those matters or other aspects of the Company's anticipated financial performance, business prospects, new products, marketing initiatives, or similar matters.

Forward-looking statements contained in the Annual Report to Shareholders or otherwise made by the Company are subject to numerous factors (in addition to those otherwise noted in the Company's Annual Report or in its filings with the Securities and Exchange Commission) that could cause the Company's actual results and experience to differ materially from expectations expressed by the Company. Factors that might cause such differences, among others, include (1) changes in domestic, foreign or local economic conditions that affect availability or cost of funds, or the number, length of stay or expenditure levels of eastbound or westbound visitors, or agricultural production and transportation costs of the Company and its competitors, or Maui retail or real estate activity; (2) the effect of weather conditions on agricultural operations of the Company and its competitors; (3) the success of the Company in obtaining land use entitlements and timely resolution of contested case proceedings or other actions that could delay or prevent the Company's development activities or public projects that may affect its operations (such as the expansion of Kahului Airport runway); (4) the possibility of an adverse ruling on appeal of the antidumping decision; (5) events in the airline industry affecting passenger or freight capacity or cost; (6) possible shifts in market demand; (7) the impact of competing products, competing resort destinations, and competitors' pricing; and (8) the Company's assessment of the time and resources required with respect to Year 2000 compliance.

MAUI LAND & PINEAPPLE COMPANY, INC.
Officers

President & Chief Executive Officer
Gary L. Gifford

Executive Vice President/Finance
Paul J. Meyer

Executive Vice President/Pineapple
Douglas R. Schenk

Executive Vice President/Resort
Donald A. Young

Vice President/Retail Property
Scott A. Crockford

Vice President/Land Management & Development
Warren A. Suzuki

Treasurer
Darryl Y. H. Chai

Secretary
Adele H. Sumida

Controller & Assistant Treasurer
Ted L. Proctor

Directors

Mary C. Sanford--Chairman
Chairman of the Board
Maui Publishing Company, Ltd.

Richard H. Cameron--Vice Chairman
Publisher
Maui Publishing Company, Ltd.

Peter D. Baldwin
President
Baldwin Pacific Corporation

Samuel K. Himmelrich, Sr.
President
Windsor Terminal, Inc.

Randolph G. Moore
Chief Executive Officer
Kaneohe Ranch

Fred E. Trotter III
President
F. E. Trotter, Inc.

Audit and Compensation Committees

Peter D. Baldwin

Richard H. Cameron
Samuel K. Himmelrich, Sr.
Randolph G. Moore--Chairman, Audit
Mary C. Sanford
Fred E. Trotter III--Chairman, Compensation

PRINCIPAL SUBSIDIARIES

MAUI PINEAPPLE COMPANY, LTD.

Officers

President & Chief Executive Officer
Douglas R. Schenk

Executive Vice President/Sales & Marketing
James B. McCann

Executive Vice President/Finance
Paul J. Meyer

Vice President/Cannery
Eduardo E. Chenchin

Vice President/Plantations
L. Douglas MacCluer

Treasurer
Darryl Y. H. Chai

Secretary
Adele H. Sumida

Controller
Stacey M. Jio

Assistant Treasurer
Ted L. Proctor

Directors

Mary C. Sanford--Chairman
Richard H. Cameron--Vice Chairman
Peter D. Baldwin
Douglas B. Cameron
Gary L. Gifford
Paul J. Meyer
Randolph G. Moore
Claire C. Sanford
Douglas R. Schenk
Fred E. Trotter III

KAPALUA LAND COMPANY, LTD.

Officers

President & Chief Executive Officer

Donald A. Young

Executive Vice President/Finance

Paul J. Meyer

Vice President/Administration

Caroline P. Egli

Vice President/Development

Robert M. McNatt

Vice President/Resort Operations

Gary M. Planos

Treasurer

Darryl Y. H. Chai

Secretary

Adele H. Sumida

Controller

Russell E. Johnson

Assistant Treasurer

Ted L. Proctor

Directors

Mary C. Sanford--Chairman

Richard H. Cameron--Vice Chairman

Peter D. Baldwin

Gary L. Gifford

Paul J. Meyer

Randolph G. Moore

Jared B. H. Sanford

Fred E. Trotter III

Donald A. Young

Andrew T. F. Ing, died March 6, 1999. Director Emeritus of Maui Land & Pineapple Company, Inc., Director of Maui Pineapple Company, Ltd. and Kapalua Land Company, Ltd.

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE MAUI LAND & PINEAPPLE COMPANY, INC. BALANCE SHEET AS OF DECEMBER 31, 1998 AND THE STATEMENT OF OPERATIONS FOR THE YEAR THEN ENDED, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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INDEPENDENT AUDITORS' REPORT

To the Partners of Kaahumanu Center Associates:

We have audited the accompanying balance sheets of Kaahumanu Center Associates (a Hawaii limited partnership) as of December 31, 1998 and 1997, and the related statements of operations, changes in partners' capital (deficit) and cash flows for each of the three years in the period ended December 31, 1998. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Partnership at December 31, 1998 and 1997, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 1998 in conformity with generally accepted accounting principles.

/S/ DELOITTE & TOUCHE
DELOITTE & TOUCHE LLP
Honolulu, Hawaii
February 8, 1999

<TABLE>
KAAHUMANU CENTER ASSOCIATES

BALANCE SHEETS
DECEMBER 31, 1998 AND 1997
<CAPTION>

ASSETS

<S>	1998 <C>	1997 <C>
Current Assets		
Cash	\$ 404,688	\$ 552,879
Accounts receivable - less allowance of \$206,402 and \$247,624 for doubtful accounts	558,272	318,404
Prepaid expenses	76,084	51,225
 Total Current Assets	 1,039,044	 922,508
Property		
Land and land improvements	6,050,064	6,016,855
Building	81,529,259	81,080,876
Furniture, fixtures and equipment	5,047,416	4,381,473
Construction in process	60,227	646,626
 Total Property	 92,686,966	 92,125,830
Accumulated depreciation	18,826,086	15,586,843
 Net Property	 73,860,880	 76,538,987
 Other Assets	 2,310,999	 2,493,210
 Total Assets	 \$77,210,923	 \$79,954,705

LIABILITIES AND PARTNERS' CAPITAL

Current Liabilities		
Current portion of long-term debt	\$ 948,517	\$ 803,142
Accounts payable	825,831	188,426
Due to Maui Land & Pineapple Company, Inc.	333,290	429,675
Other current liabilities	92,312	32,274
 Total Current Liabilities	 2,199,950	 1,453,517
Long-Term Liabilities		
Long-term debt	61,284,878	62,300,253
Other long-term liabilities	80,688	76,188
 Total Long-Term Liabilities	 61,365,566	 62,376,441
 Partners' Capital	 13,645,407	 16,124,747
 Total Liabilities and Partners' Capital	 \$77,210,923	 \$79,954,705

See notes to financial statements.

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KAAHUMANU CENTER ASSOCIATES

STATEMENTS OF OPERATIONS

YEARS ENDED DECEMBER 31, 1998, 1997 AND 1996

<CAPTION>

	1998	1997	1996
<S>	<C>	<C>	<C>
Revenues			
Rental income - minimum	\$7,235,108	\$7,521,860	\$7,721,398
Rental income - percentage	1,029,760	874,362	672,790
Other operating income - primarily recoveries from tenants	5,359,743	5,548,824	5,283,092
Total Revenues	13,624,611	13,945,046	13,677,280
Costs and Expenses			
Utilities	2,427,054	2,689,715	2,707,707
Payroll and related costs	1,976,969	1,938,328	1,843,850
Depreciation and amortization	3,452,639	3,349,654	3,277,602
Interest	5,447,733	5,522,235	5,603,074
Repairs and maintenance	652,390	545,817	508,892
General excise taxes	530,313	547,949	538,472
Real property taxes	314,181	305,842	288,938
Insurance	278,605	320,284	281,276
Provision for doubtful accounts	327,914	360,788	33,868
Advertising and promotions	158,493	148,972	106,425
Management fee	258,275	262,380	262,319
Professional fees	175,971	191,915	174,779
Other expenses	103,414	71,305	70,298
Total Costs and Expenses	16,103,951	16,255,184	15,697,500
Net Loss	\$ (2,479,340)	\$ (2,310,138)	\$ (2,020,220)

See notes to financial statements.

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KAAHUMANU CENTER ASSOCIATES

STATEMENTS OF CHANGES IN PARTNERS' CAPITAL (DEFICIT)
YEARS ENDED DECEMBER 31, 1998, 1997 AND 1996

<CAPTION>

	Maui Land & Pineapple Company, Inc.	State of Hawaii Employees' Retirement System	TOTAL
<S>	<C>	<C>	<C>
Partners' Capital (Deficit), December 31, 1995	\$ (5,582,080)	\$24,910,499	\$19,328,419
Adjustment to prior year conversion of payable balance	(533,314)	--	(533,314)
Net Loss - 1996	(1,010,110)	(1,010,110)	(2,020,220)
Partners' Capital (Deficit), December 31, 1996	(7,125,504)	23,900,389	16,774,885
Cash Calls	830,000	830,000	1,660,000
Net Loss - 1997	(1,155,069)	(1,155,069)	(2,310,138)
Partners' Capital (Deficit), December 31, 1997	(7,450,573)	23,575,320	16,124,747
Net Loss - 1998	(1,239,670)	(1,239,670)	(2,479,340)
Partners' Capital (Deficit), December 31, 1998	\$ (8,690,243)	\$22,335,650	\$13,645,407

See notes to financial statements.

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KAAHUMANU CENTER ASSOCIATES

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 1998, 1997 AND 1996

<CAPTION>

	1998	1997	1996
<S>	<C>	<C>	<C>
Operating Activities:			

Net Loss	\$ (2,479,340)	\$ (2,310,138)	\$ (2,020,220)
Adjustments to reconcile net loss to cash provided by operating activities:			
Depreciation and amortization	3,452,639	3,349,654	3,277,602
(Increase) decrease in accounts receivable	(239,868)	161,743	336,498
Increase (decrease) in accounts payable	548,765	(337,831)	(359,679)
Increase in noncurrent accounts receivable	(192,282)	(139,743)	(359,705)
Net change in other operating assets and liabilities	77,282	(9,734)	34,936
Net Cash Provided by Operating Activities	1,167,196	713,951	909,432
Investing Activities:			
Purchases of property	(414,746)	(1,344,934)	(777,527)
Payments for deferred costs	--	--	(44,084)
(Increase) decrease in restricted cash	(30,641)	144,669	631,500
Net Cash Used in Investing Activities	(445,387)	(1,200,265)	(190,111)
Financing Activities:			
Payments of long-term debt	(870,000)	(797,799)	(716,488)
Payment to ML&P for adjustment of prior year payable conversion	--	--	(328,476)
Proceeds from cash calls	--	1,660,000	--
Net Cash Provided by (Used in) Financing Activities	(870,000)	862,201	(1,044,964)
Net Increase (Decrease) in Cash	(148,191)	375,887	(325,643)
Cash, Beginning of Year	552,879	176,992	502,635
Cash, End of Year	\$404,688	\$552,879	\$176,992

See notes to financial statements.

</TABLE>

KAAHUMANU CENTER ASSOCIATES

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 1998, 1997 AND 1996

ORGANIZATION

Kaahumanu Center Associates (the Partnership) was formed on June 23, 1993 as a limited partnership between Maui Land & Pineapple Company, Inc. (ML&P), as general partner, and the Employees' Retirement System of the State of Hawaii (ERS), as limited partner. The purpose of the partnership is to finance the expansion and renovation of and to own and operate the Kaahumanu Shopping Center (the Center).

The Center is a regional shopping mall located in Kahului, Maui. Prior to the expansion, the Center consisted of approximately 315,000 square feet of gross leasable area. The expansion and renovation which was completed in November 1994, increased the Center to approximately 573,000 square feet of gross leasable area.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The Partnership's policy is to prepare its financial statements using the accrual basis of accounting.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting periods. Future actual amounts could differ from those estimates.

Property - Property which was contributed to the partnership by ML&P is stated at ML&P's net book value at the date of contribution; subsequent additions are stated at cost. Depreciation is computed using the straight-line method.

Noncurrent Accounts Receivable - The excess of minimum rental income recognized on a straight-line basis over amounts receivable according to provisions of the lease are classified as noncurrent accounts receivable, after deducting an estimated amount for amounts not recoverable. Noncurrent accounts receivable are included in Other Assets on the Balance Sheets.

Advertising and Promotion - The cost of advertising and sales promotion activities is expensed as incurred.

Income Taxes - The Partnership is not subject to federal and state income taxes. The distributive shares of income or loss and other tax attributes from the Partnership are reportable by the individual partners.

PARTNERSHIP AGREEMENTS

Capital Contributions - ML&P contributed the land and the shopping center improvements as they existed prior to the expansion and renovation project, subject to the existing first mortgage, together with approximately nine acres of adjacent land which became part of the expanded shopping center, for a 99% interest in the Partnership. Effective April 30, 1995, an amount of \$1,332,000 owing to ML&P was considered a capital contribution. This amount was reduced in 1996 by \$533,000 for items which would have impacted the previous amount owing, including a payment of \$328,000 to ML&P in 1996.

ERS originally contributed \$312,000 for a one-percent interest in the Partnership and made a loan of \$30.6 million to the Partnership. Effective April 30, 1995, after completion of the expansion and renovation and the satisfaction of certain conditions, ERS converted its loan to capital for an additional 49% interest and became a 50% partner with ML&P.

In 1997 the Partnership received cash of \$1,660,000 from the partners pursuant to cash calls.

Allocations and Distributions - Profit and loss allocations and cash distributions of the partnership are based on the ownership interests of the partners.

ERS and ML&P each have a 9% cumulative, non-compounded priority right to cash distributions based on their net contributions to the partnership (preferred return). The ML&P preferred return is subordinate to the ERS preferred return. For the purpose of calculating the preferred returns, each partner's capital contribution had an agreed upon value of \$30.9 million on April 30, 1995. The accumulated unpaid preferred returns at December 31, 1998 were \$8.8 million each for ML&P and ERS.

Management and Operations - The Partnership has an Operating Agreement with ML&P for the operation of the Center. The Operating Agreement has an initial term of 15 years, which commenced when ERS became a 50% partner, with options to renew for four additional 10-year periods. It provides for certain performance tests, which if not met could result in termination of the agreement.

ML&P as managing partner, is responsible for the day-to-day management of the Partnership's business affairs. Major decisions, as defined in the partnership agreement, require the unanimous approval of the partners.

SUPPLEMENTAL CASH FLOW INFORMATION

Supplemental Disclosure of Cash Flow Information and Non-Cash Investing and Financing Activities:

1. Interest paid during 1998, 1997 and 1996 was \$5,448,000, \$5,522,000 and \$5,603,000, respectively.
2. In 1996, \$533,000 of partners' capital was adjusted, as discussed in "Capital Contributions" above.

RELATED PARTY TRANSACTIONS

Pursuant to the Partnership Operating Agreement, the Partnership pays to ML&P an operator's fee equal to 3% of gross revenues, as defined. In 1998, 1997 and 1996, ML&P charged the Partnership \$258,000, \$262,000 and \$262,000, respectively, for management fees.

The Partnership does not have any employees. As such, ML&P provides all on-site and administrative personnel and also incurs other costs and expenses, primarily insurance, which are reimbursable by the Partnership. In 1998, 1997, and 1996 ML&P charged the Partnership \$2,303,000, \$2,240,000 and \$2,391,000, respectively, for payroll and other costs and expenses. Prior to 1997, real property taxes were paid on behalf of the Partnership by ML&P and were included in the reimbursable amounts.

ML&P generates a portion of the electricity which is used by the Center. In 1998, 1997, and 1996 ML&P charged the Partnership \$2,144,000, \$2,312,000 and \$2,359,000, respectively, for electricity.

Amounts due to ML&P for management fees, electricity and reimbursable costs were \$333,000 and \$430,000 as of December 31, 1998 and 1997, respectively.

OTHER ASSETS

Other Assets at December 31, 1998 and 1997 consisted of the following:

	1998	1997
Deferred costs	\$ 856,321	\$ 994,227
Restricted cash	758,398	727,757
Noncurrent accounts receivable	696,280	771,226
Total Other Assets	\$2,310,999	\$2,493,210

Deferred costs are primarily leasing consultation costs and are net of amortization of \$721,000 and \$708,000, respectively, at December 31, 1998 and 1997. In 1998, \$3,048,000 of deferred costs, primarily amounts paid to tenants for infrastructure improvements, were reclassified to property. Restricted cash represents proceeds from the mortgage loan which are reserved for additional expansion costs (see BORROWING ARRANGEMENTS), as well as a percentage of revenues retained for capital improvements as set forth in the Partnership Operating Agreement.

BORROWING ARRANGEMENTS

The Partnership has a mortgage loan which bears interest at 8.57% and is payable in monthly installments of \$526,000, including interest, through 2005 when the entire balance is payable. The loan is collateralized by the Center and is nonrecourse except for the first \$10 million which is guaranteed by ML&P until the Center attains a defined level of net operating income.

Scheduled principal maturities for the next five years from 1999 through 2003 are as follows: \$949,000, \$1,019,000, \$1,126,000, 1,228,000 and \$1,339,000.

LEASES

Tenant leases of the Center provide for monthly base rent plus percentage rents and reimbursement for common area maintenance and other costs. Future minimum rental income to be received under non-cancelable operating leases aggregates \$56,588,000 and is receivable during the next five years (1999 to 2003) as follows: \$6,675,000, \$6,576,000, \$6,509,000, \$6,176,000, \$6,035,000, respectively, and \$24,617,000 thereafter.

CONCENTRATION OF CREDIT RISK

The Partnership extends credit to its tenants in the course of its leasing operations. The creditworthiness of existing and potential tenants is evaluated and under certain circumstances a security deposit is required.

RECLASSIFICATIONS

Certain amounts for prior years have been reclassified to conform to the presentation for the current year.

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