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Matson 2007 Westbound Hawaii Service Rates to Increase by \$100 Per Container

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OAKLAND, Calif.--(BUSINESS WIRE)--Nov. 17, 2006--Matson Navigation Company announced today that it will raise its rates for the company's Hawaii service by \$100 per westbound container and \$50 per eastbound container, effective January 1, 2007. Matson estimates that this increase will raise rates by an average of 3.3 percent. The increase will be filed with the Surface Transportation Board. In addition, the company will raise its terminal handling charge by \$150 per westbound container and \$75 per eastbound container, also effective January 1, 2007.

"This rate increase will help offset rises in operating costs and support a number of investments in our Hawaii service," said Dave Hoppes, senior vice president, ocean services. "Given the essential role ocean transportation has in supporting Hawaii's economy, Matson has made its fleet replacement program a high priority in recent years. Since 2002, the company has invested over \$500 million in new containerships, reducing the average age of its fleet from 25 years to 14. These new vessels, with their more fuel-efficient diesel engines, will provide Hawaii with modern, reliable service for decades to come. Matson is also investing in new container equipment, information technology and enhancements to its Neighbor Island service. This rate increase is consistent with our longstanding philosophy of implementing modest, incremental increases annually in order to reinvest in our Hawaii service."

Matson's terminal handling charge was first implemented in 2003 and is designed to recover a portion of the costs associated with the movement of cargo through terminal facilities on the West Coast and in Hawaii. The charge, which is standard in the industry, is a separate line item that appears at the bottom of the company's freight bills.

"Terminal handling costs comprise approximately 40 percent of Matson's operating expenses and today represents nearly \$300 million annually," said Hoppes. "In the past five years, terminal handling costs, which are driven by many factors that are outside of our control, have risen by 34 percent. Matson continues to absorb the vast majority of these increases, but needs to pass on some of the costs to our customers. Matson recognizes that this year's increase in its terminal handling charge is higher than past years, but knows it is a necessary measure to help offset cost increases primarily resulting from increased labor costs. Some of the increased costs actually went into effect in July 2006, with another increase scheduled for July 2007."

Matson's current terminal handling charge is \$325 westbound and \$165 per eastbound container.

Matson is a wholly owned subsidiary of Alexander & Baldwin, Inc. of Honolulu (NASDAQ:ALEX).

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