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Matson 2005 Hawaii Service Rates to Increase by 3.5 Percent

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OAKLAND, Calif., Nov 12, 2004 (BUSINESS WIRE) -- Matson Navigation Company, Inc. (Matson) announced today that it will raise its rates for the company's Hawaii service by an average of 3.5 percent, effective January 3, 2005. Rates will increase by \$100 per container and \$25 per vehicle. The increase will be filed with the Surface Transportation Board. In addition, the company will increase its terminal handling charge by \$40 per westbound container and \$20 per eastbound container, also effective January 3, 2005.

"This rate increase will help offset rises in contractual operating costs and support a number of investments in our Hawaii service," said James Andrasick, Matson president and CEO. "Given the essential role ocean transportation has in supporting the state's economic activities, Matson's primary business objective remains focused on ensuring the company's services are among the best in the world. In addition to having built two new ships for our Hawaii service, at a cost of \$220 million, Matson is investing in new container equipment, terminal upgrades, information technology, increased security and enhancements to our Neighbor Island service. This rate increase is consistent with our longstanding philosophy of implementing modest, incremental increases annually in order to continue to reinvest in our Hawaii service."

The flat fee per container rate increase, which Matson implemented last year, recognizes that increases in costs and investments tend to be on a per container basis regardless of the commodity that is in a container. Percent increases result in customers shipping higher rated commodities to bear the greatest cost burdens.

In 2004, Matson raised its rates by \$125 per westbound container or approximately 4.4 percent. There was no general rate increase in 2003.

Matson's terminal handling charge is a separate line item that appears at the bottom of the company's freight bills. The charge helps Matson recover a portion of its terminal handling costs, which comprise about 40 percent of Matson's total operating expenses, and is standard in today's industry. The current terminal handling charge is \$225 per westbound container and \$115 per eastbound container; the increase will bring the charges to \$265 and \$135, respectively. The terminal handling charge for vehicles will increase by \$5, to a total of \$40 per auto.

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

SOURCE: Matson Navigation Company, Inc.

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