



# ALEXANDER & BALDWIN

## Matson Completes Historic Investment

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OAKLAND, Calif.--(BUSINESS WIRE)--July 12, 2006--Matson Navigation Company, Inc. (Matson) (NASDAQ:ALEX) announced today that its newest containership, MV Maunalei, has been delivered to the company by Aker Philadelphia Shipyard.

The delivery of the Maunalei represents the completion of a historic four ship modernization and replacement strategy, following the delivery of the Manukai in 2003, the Maunawili in 2004, and the Manulani in 2005. "Having added only one new ship to the Matson fleet between 1983 and 2002, the four new vessels with a capital cost of over \$500 million are essential to the current and future success of Matson," said W. Allen Doane, the Chairman of Matson and the Chairman and CEO of its parent company, Alexander & Baldwin. "The average age of Matson's ships was 25 years before the first ship was delivered in 2003. Today the age is a more youthful 14 years. I am pleased that this unparalleled investment has been completed and its objectives are being met or exceeded."

"Our first and foremost objective has been to ensure the reliability of Matson's customer service," noted James Andrasick, President and CEO of Matson. A recent global survey conducted by Drewry Container Shipper Insight ranked Matson as one of the world's most reliable carriers, with the third best on-time arrival record of all international liners. The report is the liner shipping industry's largest schedule reliability survey, based on the tracking of 3,300 vessel arrivals by 63 international carriers. "These new ships will ensure Hawaii, Guam and China will all be served by more modern and reliable vessels."

"A second objective in the modernization is the replacement of old technology with new, particularly in engine fuel consumption, where the new vessels are 25 percent or more efficient than the old," added Andrasick. "This comes during a period where oil prices have tripled."

"A third and significant objective has been the confidence these new ships have given us to enter China, the most significant and largest export market in the world," noted Andrasick. Matson's new China - Long Beach Express was launched in February 2006 and has consistently delivered premium service to customers in the Transpacific trade, offering the fastest transit times to Long Beach from Ningbo and Shanghai. The service has a 94 percent on-time arrival record. In fact, Matson's service has exceeded its performance goals; for example, Matson's average transit time from Shanghai has been 10.4 days versus its published 11 days, far ahead of any competitor in the trade lane.

The purchase of the Maunalei will be financed through a combination of cash balances in Matson's Capital Construction Fund (CCF), which allows Matson to significantly accelerate the tax depreciation of the vessel, and committed long-term financing at interest rates 38 basis points over LIBOR for the first five years of the facility.

The Maunalei will be christened on July 22 by Mary Mildred "Millie" Akaka, wife of Senator Daniel Akaka (D-Hawaii), at a formal ceremony at the shipyard. Among the speakers at the ceremony will be Allen Doane, General Norton Schwartz, Commander, U.S. Transportation Command, Representative Neil Abercrombie (D-Hawaii) and Congresswoman Madeleine Bordallo (D-Guam). The vessel will depart Philadelphia in August and begin service later that month. Maunalei is Hawaiian for mountain wreath or lei.

Matson provides ocean transportation, intermodal and logistics services. Matson is a wholly owned subsidiary of Alexander & Baldwin, Inc. of Honolulu (NASDAQ:ALEX).

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