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Matson Holds General Rate Increase to Lowest in Three Years

March 1, 2002

SAN FRANCISCO--(BUSINESS WIRE)--March 1, 2002--Matson Navigation Company, Inc. (Matson) has filed a 2.75 percent general rate increase in its U.S. Pacific Coast -- Hawaii Service, effective April 14. The increase was filed today with the Surface Transportation Board. Though Matson experienced a 90 percent decline in operating profit in the fourth quarter of 2001, the company is holding the general rate increase at the lowest level in three years. The modest increase will help offset rises in operating costs and support ongoing investments.

"Matson recognizes that Hawaii is still recovering from the negative impact September 11 had on the state's economy, particularly the visitor industry," said C. Bradley Mulholland, president and chief executive officer. "In response, Matson communicated last fall our intention to defer taking a general rate increase in the first quarter of 2002, the period when the company has historically initiated across-the-board rate increases. In addition, the company has implemented a number of cost control measures, the most significant being the reduction, from eight to seven, in the number of vessels operating in Matson's Pacific Coast -- Hawaii service. This 2.75 percent increase is consistent with our longstanding philosophy of implementing small, incremental increases as necessary. It will allow us to continue to make the investments needed to provide our customers with an efficient, reliable service of superior quality and value. 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."

Matson's last general rate increase was 3.5 percent and was implemented in February 2001. Prior to that, a 3.9 percent general rate increase was implemented in February 2000.

In November 2001, Matson reduced its fuel surcharge by one point, from 4.25 to 3.25 percent, resulting in a 23 percent reduction in the dollar amount customers pay for the surcharge. The surcharge is based on trends in fuel prices.

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

CONTACT:

Matson

Jeff Hull, 415/957-4534