



ALEXANDER & BALDWIN

Matson Inks Contract with Kvaerner for Two New Containerships

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PHILADELPHIA, May 29, 2002 (BUSINESS WIRE) -- Matson Navigation Company, Inc.'s (Matson) (Nasdaq:ALEX) today signed a contract with Kvaerner Philadelphia Shipyard Inc. (KPSI) for the purchase of two new containerships. The diesel-powered vessels, with a capacity for 2,600 containers (twenty-foot equivalent units) each, will cost approximately \$110 million per ship, including owner's costs, and will be deployed in the company's Hawaii service when construction is completed in late 2003 and in 2004, respectively.

"These two new ships will help ensure that Matson continues to provide Hawaii with efficient, dependable ocean transportation services of superior quality and value," said C. Bradley Mulholland, Matson president and chief executive officer. "This significant investment in our Hawaii service underscores our long-term commitment to remaining the state's leading ocean carrier. The vessels are similar in size and speed to Matson's flagship MV R. J. Pfeiffer, the fastest and biggest containership currently operating in the U.S. domestic offshore trades. They will be equipped with a number of features specifically designed to meet Hawaii's current and projected market requirements, particularly bigger container sizes for both refrigerated and dry containers. This will allow us to efficiently accommodate the diversified mix of cargo needed to support the state's island economy."

In addition to being a good match for the Matson fleet, the Kvaerner ships offer the company a unique opportunity to purchase high quality, U.S.-built Jones Act vessels at a relatively low cost. The two ship construction project has been underway since 1999 and is part of an overall plan by Aker Kvaerner Yards, the Philadelphia Shipyard Development Corporation (PSDC), the Delaware River Port Authority (DRPA), the Commonwealth of Pennsylvania, and the City of Philadelphia to rebuild the former Philadelphia Naval Yard as a world class commercial shipyard.

"We are pleased to be working with Matson Navigation on its fleet renewal program," Ron McAlear, president and CEO of KPSI said, "and we are proud to have the historic name of Matson on the side of the first ships built at Kvaerner Philadelphia Shipyard. This contract confirms Matson's confidence in Kvaerner's ability to build high quality ships. The Kvaerner Philadelphia Shipyard was built to provide U.S. ship-owners with robust ships at realistic prices for the dedicated trades of the U.S. Jones Act. This contract will be the first of many for those trades and proves the value of combining European shipbuilding technology with American management."

"The acquisition of these two new vessels is part of Matson's overall strategy of maximizing the value of our investments in our Hawaii service by providing superior and continuously improving service levels to our customers," Mulholland added. "Matson historically has modified and enhanced its fleet to meet the changing needs of our customers. Examples of this include the SSs Lurline and Matsonia mid-body replacements, which increased their capacity, and conversion of the SSs Maui and Kauai to open-top vessels. We have also purchased suitable Jones Act vessels as opportunities have arisen. These measures have allowed Matson to maintain a high level of service while concurrently maximizing the overall value of these assets."

In a separate news release distributed today by Matson's parent company, Alexander & Baldwin, Inc. (Nasdaq:ALEX), the aspects of the vessel purchase are discussed in the context of A&B's future performance.

Matson provides ocean transportation, intermodal and logistics services in U.S. domestic markets. For more information, please visit Matson's Web site at www.matson.com. Matson is a wholly owned subsidiary of Alexander & Baldwin, Inc. of Honolulu (Nasdaq:ALEX).

Statements in this news release that are not historical facts are "forward-looking" statements that involve a number of risks and uncertainties such as those described on page 19 of A&B's Annual Report on Form 10-K, which is incorporated in the Company's 2001 annual report to shareholders. These factors could cause actual results to differ materially from those projected in the statements.

Note to editors: Kvaerner is a world-class international oil services, engineering and construction, and shipbuilding Group, with the capability and resources to undertake the world's most challenging projects. Today's Kvaerner is an industrial technology provider. It meets the needs of its customers by adding value to their business -- through the provision of innovative, cost-effective solutions -- for challenges in the hydrocarbons, process, and maritime industries. The Group's activities are organized in four core business areas: Oil & Gas, E&C (Engineering & Construction), Pulp & Paper, and Shipbuilding. In early 2002 Kvaerner and Norway's Aker RGI agreed to establish a joint management company for their shipyards. Including the yards owned by Kvaerner, the management company Aker Kvaerner Yards AS operate a total of 12 shipyards in Europe (Norway, Finland, Germany and Romania) and one in the USA and Brazil.

The shipyards in the Aker Kvaerner Yards portfolio have a total of some 13,500 employees -- with combined annual revenues in the magnitude NOK 20 billion and thereby rank top among European shipyard groups and fourth in the world.

Following the merger between Aker Maritime and Kvaerner's Oil & Gas business, the Kvaerner Group expects to have revenues in 2002 approaching US\$6 billion, with some 42,000 permanent staff located in more than 30 countries throughout Europe, Africa, Asia and the Americas.

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