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Matson to Implement Terminal Handling Charge in its Pacific Coast -- Hawaii Service in January 2003

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SAN FRANCISCO--(BUSINESS WIRE)--Nov. 26, 2002--Matson Navigation Company, Inc. (Matson) is implementing a terminal handling charge in its Pacific Coast -- Hawaii service, effective January 12, 2003. The charge will become part of the company's permanent rate structure 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 initial charge will be \$200 per container for westbound freight and \$100 per container for eastbound freight.

"Terminal handling costs comprise approximately 40 percent of Matson's operating costs and today exceed \$200 million annually," said James Andrasick, president and chief executive officer. "While Matson has made significant investments in terminal enhancements in recent years, with the objective of improving security, efficiency and customer service, there continues to be a large cost component of these operations that Matson cannot control. In the past four years, Matson's terminal handling costs have risen over 23 percent. This does not include any cost increases that may result from new labor contracts currently being negotiated on the West Coast and in Hawaii. This terminal handling charge will allow us to recover only a small portion of the dollar amount of moving cargo through West Coast and Hawaii terminal facilities and will be adjusted periodically as conditions dictate.

"While we recognize that this new charge will affect some businesses more than others, we feel that one uniform fee for terminal handling is the most equitable overall approach to this cost issue," said Andrasick. "Matson's terminal handling costs are the same for all cargo, regardless of the size of the container or commodity moved."

Traditionally, Matson has implemented modest, incremental rate increases on an annual basis. While the company will continue to review its rate structure on a regular basis, Matson has no plans to implement a general rate increase in 2003.

"Matson will continue to look for ways to make its terminal operations more efficient and cost effective," said Andrasick. "In Hawaii, we have recently completed a \$36 million terminal improvement project and introduced new technologies that have improved our ability to efficiently track the movement of cargo in our facility. On the West Coast, we are moving forward with the consolidation of terminal operations, as well as modernizing the facilities. The decision to implement this terminal handling charge was a difficult one, but is necessary if we are to continue to make significant investments in our Hawaii service."

Terminal handling charges are commonplace today in international trades. Matson's charge is relatively modest in comparison with fees in place throughout the world.

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

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