



# ALEXANDER & BALDWIN

## Matson to Convert C-9 Containership to Combination Ro-ro/container Vessel

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OAKLAND, Calif.--(BUSINESS WIRE)--Feb. 9, 2006--Matson Navigation Company, Inc. (Matson) announced today that it is proceeding with the first conversion of one of its C-9 containerships, MV Mokihana, to a combination roll-on/roll-off (ro-ro) and container vessel to further strengthen its Hawaii service capabilities. With the conversion, the vessel will have ro-ro and container capacity comparable to two vessels in Matson's service today, the dedicated ro-ro vessel Great Land and the containership S.S. Lihue. The new garage will have the capacity to carry 1,350 vehicles. The plan is part of a multi-phase program that began in 2003 and is designed to provide Matson's auto customers with the two service features they prefer: frequency of service and ro-ro capacity. The total cost for this phase of the project, which includes construction of the garage, expansion of the company's interisland barge capacity, shoreside facility improvements and investments in new information technology for auto shipments, is estimated to be \$45 million, with completion by mid-2007. Matson is a wholly owned subsidiary of Alexander & Baldwin, Inc. of Honolulu (Nasdaq:ALEX).

"Matson's C-9s are the largest vessels in our fleet and are diesel-powered, making them more fuel efficient," said Dave Hoppes, senior vice president, ocean services. "By adding garage capacity, the combination vessel will provide the fastest and most economical method of shipping vehicles, with one vessel transporting the equivalent capacity of two ships in our service today. The new garage units will have all of the features of a pure car carrier, including a fully enclosed garage, ventilation, lighting and various safety components to minimize damage in transit." The converted ship will join Matson's two other combination ro-ro/containerships in the company's Hawaii service in 2007. The Mokihana is one of three C-9s in Matson's Hawaii fleet.

Matson, which introduced ro-ro service to Hawaii in 1973, is the state's leading carrier for both containers and automobiles. "Matson is particularly gratified that it has continued to receive the support of most of the major auto manufacturers," said Hoppes. Matson has new multi-year agreements with Ford Motor Company and General Motors for the carriage of their vehicles to and from Hawaii. While the specifics of the agreements are confidential, they encompass service to all of Hawaii, including the Neighbor Islands. The Ford agreement includes Volvo Cars, Jaguar and Land Rover. In addition to these agreements, Matson has multi-year agreements with Dollar Thrifty Group, BMW, Mercedes Benz, Toyota and Nissan.

Matson's previously stated long-term strategy is to continue to add state-of-the-art ro-ro capacity to meet the Hawaii auto market's demands. Since 2003, Matson has more than tripled its ro-ro capacity, as a result of chartering the dedicated ro-ro vessel Great Land and adding an above deck garage to the S.S. Lurline. The conversion of the Mokihana will further that progress.

"Matson has done a great deal of research and evaluation pertaining to the value of operating a pure car carrier versus a combination ro-ro/container vessel," said Hoppes. "We're confident that the combination approach is best from both an economic and service perspective. By having multiple combination ro-ro/container vessels, Matson can offer greater frequency of service than it could with a single car carrier. In addition, because the auto market in Hawaii is prone to volume fluctuations, the vessel's capacity and associated revenue are not tied solely to vehicle shipments."

Other recent Matson initiatives that have enhanced the company's auto carriage capabilities include direct ro-ro service to and from Maui and the Big Island of Hawaii and the West Coast, reducing transit time and eliminating the transshipment process. The Mokihana will also make direct calls to and from the Neighbor Islands.

Matson is also investing in new information technologies for auto shippers. Matson's new auto management system, VINsight, has been fully implemented on the West Coast and in Hawaii, providing customers with real-time information on the status of all autos in Matson's transportation network. It also improves the efficiency of processing vehicles at Matson facilities by utilizing barcode technology, eliminating a number of manual procedures under the former system. In 2005, Matson introduced a new system, Navigator, for auto manufacturers. The first release involved Ford and its Hawaii supply chain partners. The web-based system will allow customers to more effectively view and manage the end-to-end movement of their shipments. It also has a delivery mechanism that notifies customers immediately of any disruption to the shipment process, so that corrective actions can be taken. In 2006, this system will be expanded to all auto manufacturers.

Hoppes also emphasized that reliability is another service advantage for Matson. "With our fleet of active Hawaii service vessels, as well as reserve ships, Matson is fully capable of ensuring reliability for all of our customers, including the auto market," said Hoppes. "If a Matson ship needs to be temporarily taken out of service, we have enough reserve capacity to prevent any disruption or delay in our scheduled service."

He also added: "In addition to continuing to receive the support of most auto manufacturers, we are also proud of the fact that our efforts have been formally recognized by these valued customers. Matson continues to be certified under Ford's prestigious Q1 program. In addition, Toyota presented Matson with its Toyota Logistics Partners Excellence Award in 2005 for marine services on-time performance."

Beyond providing auto manufacturers with premium service, Matson is equally committed to remaining the state's premier carrier of privately owned vehicles. The company's website has a special section for individuals shipping vehicles called "Ship Matson for the Wheels You Love." The website has been designed for consumers to book a vehicle in four easy steps.

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

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