



# ALEXANDER & BALDWIN

## **Matson Files 3.5 Percent Rate Increase in U.S. Pacific Coast/Hawaii Service**

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SAN FRANCISCO--(BUSINESS WIRE)--Nov. 22, 2000--Matson Navigation Company has filed a 3.5 percent rate increase in its U.S. Pacific Coast -- Hawaii Service, effective February 14, 2001. The increase was filed with the Surface Transportation Board today. Matson Navigation Company is a wholly-owned subsidiary of Alexander & Baldwin, Inc. of Honolulu (NASDAQ:ALEX).

The increase is needed to help offset rises in operating costs and support ongoing investments. The most significant rise in operating costs pertains to the three-year ILWU contracts on the West Coast and in Hawaii, which were implemented last year and provided double-digit increases in benefits and pension, as well as an eight percent increase in wages over the life of the contract. Other operating expenses include the addition of two vessels in 2000, bringing the Matson Hawaii Service fleet to a total of eight ships. With the additional fleet units, Matson now provides four weekly direct arrivals in Hawaii from the West Coast. Prominent investments include \$32 million for terminal improvements at the company's facility at Sand Island, \$22 million in new container equipment, \$15 million in fleet improvements and \$8 million in information technology.

"While Matson is encouraged by the positive trends seen in the state's economic activity, we nevertheless continue to experience increases in operating costs," C. Bradley Mulholland, president and chief executive officer, said. "This 3.5 rate increase is consistent with our longstanding philosophy of implementing modest, incremental increases as necessary. It will allow us to continue to make the investments needed for a 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 rate increase was 3.9 percent and was implemented in February 2000. Prior to that, a 2.5 percent increase was implemented in February 1999. A rate increase in 1998 was deferred in recognition of the government's efforts to revitalize the state's economy.

A 4.25 percent fuel surcharge is also currently in place. The surcharge, which is based on trends in fuel prices and adjusted accordingly, is not expected to increase in the near future.

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