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Matson to Increase 2004 Westbound Hawaii Service Rates by \$125 Per Container

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SAN FRANCISCO--(BUSINESS WIRE)--Nov. 14, 2003--Matson Navigation Company, Inc. (Matson) announced today that it will raise its rates for the company's Hawaii service by \$125 per westbound container and \$60 per eastbound container, effective January 11, 2004. The increase will be filed with the Surface Transportation Board. In addition, the company will increase its terminal handling charge by \$25 per westbound container and \$15 per eastbound container, also effective January 11, 2004.

"This rate increase will help offset rises in contractual operating costs and support a number of investments in our Hawaii service that will deliver value and provide the state with modern, reliable ocean transportation services in the future," said James Andrasick, Matson president and CEO. "This rate increase is consistent with our longstanding philosophy of implementing modest, incremental increases as necessary. 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," Andrasick further noted that international container rates in the Pacific have risen by \$700 per container during the past 12 months.

Current investments in Matson's Hawaii service include two new containerships, at a cost \$220 million, \$90 million in enhancements to the company's ro-ro service, terminal improvements, new container equipment, and greatly enhanced security measures.

Historically, Matson has taken across-the-board percent rate increases. The flat fee per container rate increase recognizes that increases in costs and investments tend to be on a per container basis regardless of the commodity that is in a container. Percent increases result in customers shipping higher rated commodities to bear the greatest cost burdens. Matson estimates that this increase will raise rates by an average of 4.4 percent.

"While we understand that this new charge will affect some businesses more than others, we feel that one uniform increase per container is the most equitable overall approach to address our cost and reinvestment issues," said Andrasick.

Matson's last rate increase was 2.9 percent and was implemented in April 2002. No general rate increase was implemented in 2003.

In addition to the per container rate increase, rates for moving vehicles will increase \$25, both westbound and eastbound.

Matson will also increase its terminal handling charge, which is a separate line item that appears at the bottom of the company's freight bills, by \$25 westbound and \$15 eastbound. The charge, first implemented last year, helps Matson recover a portion of its terminal handling costs, which comprise about 40 percent of Matson's total operating expenses. The current terminal handling charge is \$200 westbound and \$100 eastbound. The terminal handling charge for vehicles will increase from \$25 to \$30 per vehicle.

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

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