To Our Shareholders

We strive toward our mission by remaining flexible in our thinking, decisive in our actions, and always committed to superior customer service.

2015 was an exceptional year for Matson, strategically and financially. We substantially grew our ocean transportation platform with the opening of our Alaska trade, we maintained our leadership position in Hawaii and we strengthened our standing as the service leader from China.

These actions led to 2015 financial results that significantly outpaced the strong results posted in 2014. In 2015 we earned net income of $103.0 million or $2.34 per diluted share, and our return on invested capital was 14.1 percent on a capital base of $808.9 million. Our business generated EBITDA of $302.1 million and free cash flow per share of $4.03.

In June 2015, our Board of Directors authorized the third consecutive annual increase in our quarterly dividend, from $0.17 to $0.18 per share. And, in November 2015, the Board authorized a share repurchase program for up to three million shares over the next three years, representing approximately 7 percent of our current shares outstanding. We view share repurchases as another important capital efficiency tool and we expect to make repurchases at a steady, measured pace. We made our first repurchases in 2015 and continue in 2016. Since our debut as an independent public company in July 2012, we have returned over $100 million via dividends and share repurchases and achieved total shareholder return of 65.9 percent.

These positive results come from a single focus on moving freight better than any other carrier. And while this goal sounds simple, it requires mastering a complex network on an ever-changing market stage. We strive toward our mission by remaining flexible in our thinking, decisive in our actions, and always committed to superior customer service. Year to year results may vary, but our continued focus on cash flow generation and conservative financial leverage provides the foundation from which we pursue investments to grow our business, invest in new markets, renew our fleet, and enhance shareholder value.

With that in mind, let's review some of the major developments of 2015 and trends we see on the horizon.

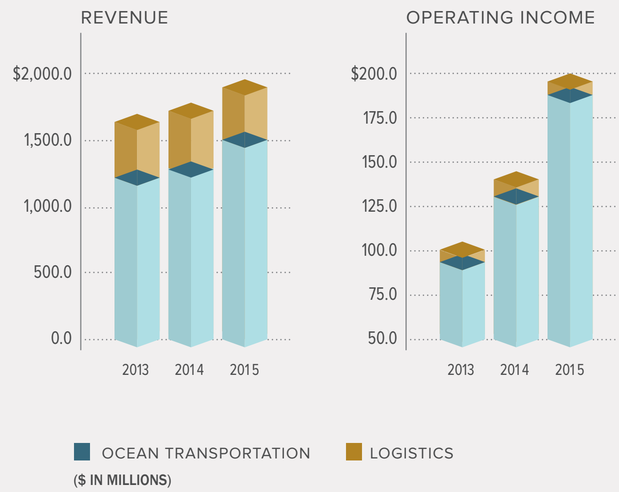
FIRST CALL ALASKA

Opportunities to meaningfully grow our business into attractive new markets come along only so often and typically require sizeable investments. Over the last 20 years, Matson has made three such long term investments: first we expanded our Hawaii service to Guam in 1996, then we opened our industry leading expedited service from China in 2006, and in May 2015, we completed our $495 million acquisition of Horizon Lines' Alaska operations.

The Alaska business fits well culturally and operationally with our other trades. Like Hawaii and Guam, Alaska is a geographically remote market with a stable population base that depends on reliable containership service, and there is considerable customer overlap between the markets. Container freight in the Alaska market is characterized by a northbound trade heavily weighted towards consumables, freight forwarders, building materials and retail goods, and a robust, but seasonal southbound seafood trade. There is of course some variability in volume associated with energy industry activity, but much of the material for energy development and certainly all of the product is carried in bulk or by special-purpose vessels.

We made several follow-on investments in Alaska to improve operating efficiencies and service reliability, including a new 65-ton gantry crane at the Kodiak Terminal, new ground equipment and a fleet of new dry and insulated containers. In addition, we completed the first of three exhaust gas scrubber installations for our Alaska fleet to meet new environmental regulation thresholds. The *Matson Kodiak*,

MATTHEW J. COX | PRESIDENT AND CHIEF EXECUTIVE OFFICER, MATSON, INC.



our first ship to receive a scrubber, returned to service in January 2016 and our two other Alaska vessels will undergo similar installations in 2016.

We are pleased by the warm reception we have received from our Alaska customers and our new associates. We are also pleased by the performance of the Alaska operations, and made our investment based on the attractive cash flow and earnings generation potential of this market over the long haul. Our integration of the Alaska operations is going better than originally expected, and while there is still much to do, we expect to complete the integration by the third quarter of this year. Needless to say, our Alaska operations remain a top priority in 2016.

THE ONLY CONSTANT IS CHANGE

The markets in which we operate are largely shaped by underlying economic activity and vessel capacity dynamics.

In Hawaii, we saw our container volume increase by 8.1 percent in 2015 as we benefited from continued economic growth and the progression of several high-rise construction projects in urban Honolulu. In May 2015 our primary competitor in Hawaii, Pasha Hawaii, completed its acquisition of Horizon's Hawaii operations and subsequently reconfigured its fleet deployment, withdrawing from the Pacific Northwest to add a second weekly call in L.A./Long Beach. The overall market growth in Hawaii combined with Pasha's service changes and start-up issues resulted in additional freight to Matson, which required the activation of additional vessels for much of the second half of the year.

In 2016, we expect moderate growth in our Hawaii container volume as the economy remains healthy and the construction cycle continues to progress.

On Guam, economic activity remained stable; however, there were two significant developments that I expect to influence the market going forward. First, a new competitor, APL, launched a bi-weekly U.S. flagged containership service to Guam at the beginning of 2016. While this service is significantly slower and less frequent than Matson's weekly service, we do expect to experience some competitive volume losses in 2016. Looking further out, the long-awaited Record of Decision for relocating U.S. Marine Corps forces to Guam was signed by the Department of the Navy at the end of August 2015. This project is expected to begin in 2017, so we will not see the benefit this year, but it is good news for Guam and Matson.

Matson's expedited transpacific service from China had an extraordinarily strong year, achieving rates significantly higher than 2014 and continuing strong execution. Demand for our reliable service was amplified by cargo availability delays experienced by the international carriers in the first quarter of 2015 due to port congestion along the U.S. West Coast. More important, our highly differentiated service, which provides a 5-10 day transit advantage over the international carriers, efficient cargo off-loading at our dedicated terminal in Long Beach, Our continued focus on cash flow generation and conservative financial leverage provides the foundation from which we pursue investments to grow our business, invest in new markets, renew our fleet and enhance shareholder value.

and superior on-time performance allowed us to sustain premium rates throughout the year.

While I expect Matson's service differential to endure in 2016, endemic international vessel overcapacity and softening Chinese demand will put downward pressure on Matson's freight rates, especially when compared to the extraordinary levels achieved in 2015.

RISE OF THE MEGA-CONTAINERSHIP

Our U.S. West Coast terminal joint venture, SSAT, yielded strong results in 2015, buoyed by increased terminal throughput related to the clearing of the international carrier cargo backlog. Looking ahead, SSAT is well-positioned to benefit from two major trends impacting U.S. West Coast terminals: larger containerships and the outsourcing of terminal operations. This past December an 18,000 TEU mega-containership made its first call on the U.S. West Coast, and the expectation is that carriers will continue to focus on larger vessels to consolidate cargo that was previously spread across multiple terminals onto a single ship with a single port of call. These behemoths require significant port-side investments in larger cranes, and the international carriers are reluctant to makes these large bets, preferring to work with terminal operators like SSAT.

LOGISTICS

Our Logistics business, where consistent progress in the warehouse space has been a real bright spot, also made significant investments in technology to improve efficiency and enable new services in 2015. We will continue to focus on organic growth and cost efficiencies while also considering disciplined acquisitions to expand our service offering and enhance operating margins. We look for more from this business in the coming year.

In closing, I want to thank our Board of Directors for their continuing support and dedication. And to our shareholders, employees, customers and community stakeholders, I offer my heartfelt gratitude for another good year at Matson and my commitment to our continued success going forward.

Sincerely,

Matthew J. Cox
Chief Executive Officer