



August 8, 2011

Matson to Discontinue CLX2 Service; Commitment to CLX1 Reaffirmed

OAKLAND, CA -- Citing sustained high fuel prices, downward rate pressure and overcapacity in the Transpacific trade, Matson announced today that it is discontinuing in late August its expanded China – Long Beach Express service (CLX2), which includes service to and from Hong Kong, Yantian, Shanghai and Long Beach. Discontinuing the CLX2 service will have no impact on Matson's original China – Long Beach Express service (CLX1), which was launched in 2006 and has consistently delivered premium expedited service from Xiamen, Ningbo and Shanghai to Long Beach over the past five years.

The cost model for the two services is considerably different, with the CLX1 service benefiting from round trip economics, generating revenue for both westbound and eastbound voyages. The CLX2 provided direct service from Long Beach to China, resulting in a cost model entirely dependent on the market conditions of the Transpacific trade, which is currently challenging for most carriers as a result of chronic high fuel costs and aggressive rate actions in the trade.

“Matson's expanded service that was launched last year succeeded in achieving our service goals and building on our customer base,” said Matt Cox, president. “Unfortunately, the economics of the Transpacific trade have shifted dramatically in the relatively short time since we developed the model. Sustained high fuel prices, rate volatility and overcapacity in the Asia market have made this growth initiative unprofitable. Unlike Matson's first China – Long Beach Express, which includes calls in Hawaii and Guam en route to China, resulting in revenue for both westbound and eastbound voyages, the second string sailed directly from Long Beach to China, making the economics of the service during this period exceptionally difficult. Since its inception, Matson's CLX1 service has weathered comparable negative operating environments in the Transpacific trade; we are confident in the long term viability of that service and remain committed to delivering a premium service for our customers, distinguished by fast transit times, industry leading on time arrivals and next day cargo availability.”

The CLX2's last eastbound sailing from Shanghai will depart on August 21. Westbound service from Long Beach to China will continue until September 3. Discontinuing the CLX2 will not affect Matson's CLX1 service schedule, nor the company's Hawaii and Guam services.

“Matson appreciates the support our customers gave to this expansion of our China service,” Cox added. “As an organization, Matson succeeded in extending the quality of our service to new China markets, with an emphasis on exceptional customer service, on time arrivals and next day cargo availability. The decision to discontinue the service was difficult but necessary, and was due entirely to the financial component of the expansion.”

Matson provides ocean transportation services to Hawaii, Guam, China and Micronesia, as well as logistics services through its subsidiary, Matson Logistics. Matson is a wholly owned subsidiary of Alexander & Baldwin, Inc. of Honolulu (NYSE: ALEX).

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