



November 22, 2011

Subject: Matson's 2012 Westbound Hawaii Service Rates to Increase by \$175 per Container

Dear Matson Customer:

Matson announced today that it will raise its rates for the company's Hawaii service by \$175 per westbound container and \$85 per eastbound container, effective January 1, 2012. The increase will be filed with the Surface Transportation Board. In addition, Matson will raise its terminal handling charge by \$50 per westbound container and \$25 per eastbound container, also effective January 1, 2012. Matson estimates that the combined increase of both the rate adjustment and terminal handling charge will result in shipping costs rising by an average of 5.6 percent. Historically, Matson has announced average percentage increases based solely on the rate increase, excluding terminal handling increases. In the interest of greater transparency, the company has decided to combine both numbers for the average percent increase.

"This rate increase reflects the rise in operating costs that Matson – like almost every other business – is experiencing, and helps support ongoing investments in our Hawaii service," said Dave Hoppes, senior vice president, ocean services. "While Matson recognizes this is a difficult time economically, this rate adjustment is consistent with our longstanding philosophy of implementing modest, incremental increases as necessary to maintain the highest level of service to our customers. Over the past several years, Matson has been diligently implementing cost reduction measures across-the-board, without undercutting the quality of its service. In addition, Matson remains committed to making long term investments that will provide the state of Hawaii with a strong ocean transportation infrastructure. Since 2003, Matson has invested over \$700 million in four new containerships, fleet enhancements, new container equipment, information technology and upgrades to its terminal facilities – all of which allow us to deliver frequent and reliable service for the people of Hawaii."

With regard to Matson's terminal handling charge, which appears as a separate line item on the company's freight bills, Hoppes added: "Terminal handling costs comprise over 40 percent of Matson's operating costs. Matson continues to absorb a substantial portion of the costs associated with terminal operations, the majority of which are driven by factors that are outside of our control, but needs to pass on some of the expenses to our customers."

If you have any questions, please contact your local account executive or our Customer Support Center. Thank you for shipping with Matson.