# UNITED STATES
# SECURITIES AND EXCHANGE COMMISSION
**Washington, D. C. 20549**

# FORM 8-K

**CURRENT REPORT**
**Pursuant to Section 13 or 15(d) of the**
**Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **June 28, 2012**

# MATSON, INC.
(Exact name of registrant as specified in its charter)

| | | |
|---|---|---|
| **Hawaii** | **000-00565** | **99-0032630** |
| (State or other jurisdiction of incorporation) | (Commission File Number) | (I.R.S. Employer Identification No.) |

**1411 Sand Island Parkway**
**Honolulu, Hawaii 96803**
(Address of principal executive office and zip code)

**(808) 848-1211**
(Registrant's telephone number, including area code)

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2.):

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 1.01. Entry into a Material Definitive Agreement.**

On June 28, 2012, Matson, Inc., formerly known as Alexander & Baldwin Holdings, Inc. (the "Company") entered into an Assignment, Assumption and Release Agreement (the "Credit Agreement Assignment and Assumption") with Bank of America, N.A. ("BofA") and Matson Navigation Company, Inc. ("Matson Nav.") pursuant to which Matson Nav. assigned to the Company and the Company accepted the assignment of all of Matson Nav.'s rights, interests, duties, obligations and liabilities under that certain Credit Agreement dated as of June 4, 2012 (as supplemented by the Credit Agreement Assignment and Assumption, the "Credit Agreement"), by and among Matson Nav., BofA and the other lender and agent parties thereto. In connection with the Credit Agreement Assignment and Assumption, Matson Nav. and certain other subsidiaries of the Company entered into that certain Guaranty Agreement dated as of June 28, 2012 (the "Credit Agreement Guaranty") pursuant to which Matson Nav. and such subsidiaries guaranteed all of the obligations of the Company under the Credit Agreement.

On June 29, 2012, the Company entered into an Assignment, Assumption and Release Agreement (the "NPA Assignment and Assumption," and, collectively with the Credit Agreement Assignment and Assumption, the "Assignments") with Matson Nav., the Prudential Insurance Company of America, Pruco Life Insurance Company, The Prudential Life Insurance Company, Ltd., Gibraltar Life Insurance Co. Ltd., Prudential Annuities Life Assurance Corporation and Prudential Arizona Reinsurance Universal Company (collectively the "Note Holders") pursuant to which Matson Nav. assigned to the Company and the Company accepted the assignment of all of Matson Nav.'s rights, interests, duties, obligations and liabilities under that certain Note Purchase Agreement dated as of June 4, 2012 (as supplemented by the NPA Assignment and Assumption, the "Note Purchase Agreement"), by and among Matson Nav. and the Note Holders. In connection with the NPA Assignment and Assumption, Matson Nav. and certain other subsidiaries of the Company entered into that certain Multiparty Guaranty dated as of June 29, 2012 (the "NPA Guaranty") pursuant to which Matson Nav. and such subsidiaries guaranteed all of the obligations of the Company under the Note Purchase Agreement and with the Company, a related Indemnity, Contribution and Subordination Agreement also dated June 29, 2012. In addition, in connection with the execution of the Assignments, The Prudential Insurance Company of America, as Collateral Agent, released the First Preferred Ship Mortgage, dated May 19, 2005, which had been collateral to the original Amended and Restated Note Purchase Agreement, dated May 19, 2005, which was superseded by the Note Purchase Agreement.

For a more detailed description of the terms of the Credit Agreement and the Note Purchase Agreement, please see the Form 8-K filed by Alexander & Baldwin, Inc. on June 7, 2012, which summary is incorporated in its entirety by reference herein. The descriptions set forth above are qualified in their entirety by the BofA Assignment Agreement, the NPA Assignment Agreement, the Credit Agreement Guaranty, and the NPA Guaranty (in each case, attached as Exhibits hereto), and the Credit Agreement and the Note Purchase Agreement, in each case as in effect prior to the Assignments (attached as Exhibits to the Form 8-K referenced above and incorporated herein by reference).

**Item 1.02. Termination of a Material Definitive Agreement.**

On June 28, 2012, Matson Nav. terminated its Credit Agreement dated as of August 5, 2011 (the "Prior Revolving Credit Agreement") by and among Matson Nav., First Hawaiian Bank, as Agent, and the other lender and agent parties thereto. At the time of termination of the Prior Revolving Credit Agreement, all loans outstanding thereunder were repaid in full by the Company. On June 29, 2012, the First Preferred Ship Mortgage, dated May 19, 2005, which had been collateral to the original Amended and Restated Note Purchase Agreement, dated May 19, 2005, was released by The Prudential Insurance Company of America, as Collateral Agent, in connection with the execution of the Assignments.



**Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.**

The information set forth above in Item 1.01 is hereby incorporated into this Item 2.03 by reference.

On June 28, 2012, the Company borrowed a total of $230.3 million in revolving loans under its new Credit Agreement. $72.0 of the total borrowing was used to pay off all loans outstanding under the Prior Revolving Credit Agreement and $158.3 million of the total borrowing was used to make the "A&B Capital Contribution" (as defined in the new Credit Agreement) and to pay Matson's portion of shared separation expenses. On June 28, 2012, a total of $7.0 million in letters of credit under the Matson Prior Credit Agreement were deemed to be issued under the new Credit Agreement.

Pursuant to the Note Purchase Agreement, on June 29, 2012, the Company issued new senior unsecured Notes in an aggregate amount of $170 million at the interest rates set forth in the Note Purchase Agreement and modified its existing Series B Notes to effect a collateral release and increase the interest rate on such Series B Notes as set forth in the Note Purchase Agreement. The proceeds from such issuance were used (i) to pay off $158.3 million of the Company's revolving borrowing under the Credit Agreement from June 28, 2012 and (ii) for general corporate purposes.

**Item 5.02 Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.**

(e) Material Compensatory Plan, Contract or Arrangement.

A form of Executive Change of Control Agreement (the "Change of Control Agreement") was adopted by the Board that will be entered into by Matthew Cox, Joel Wine, Kevin O'Rourke, David Hoppes, Ron Forest, Vic Angoco, Peter Weis, Yolanda Gonzalez, and Rusty Rolfe of Matson, Inc. (the "Company"). The Change of Control Agreement will replace any existing similar agreement for each such executive officer.

The Letter Agreements are intended to encourage the executives' continued employment with the Company by providing them with greater security in the event of termination of their employment following a change in control of the Company. Each Letter Agreement will expire on December 31, 2013, subject to automatic one-year extensions unless terminated by the Company; provided that the agreement will continue for twenty-four months if a change in control occurs during the term of the agreement. Each Letter Agreement provides for certain severance benefits if, during the term of the agreement, the executive's employment is terminated by the Company without "cause" or by the executive for "good reason" following a "change in control event" of the Company, as defined by Internal Revenue Code Section 409A. Upon such a termination of employment, the executive will be entitled to receive (i) a lump-sum severance payment equal to two times the sum of the executive's base salary and target bonus, (ii) certain awards and amounts under various incentive and deferred compensation plans, (iii) an amount in connection with the cancellation of the executive's outstanding Company stock options equal to the spread between the fair market value of the Company's stock subject to such options at the time of



termination and the exercise price of such options and (iv) any legal fees incurred as a result of the termination. In addition, the Company will provide health and welfare benefits for the executive's continued benefit for a period of two years after termination. The Company will also reimburse the executive for individual outplacement counseling services. Each Letter Agreement is "double trigger", so no payments are made and long-term incentives do not accelerate unless both a change in control and a qualifying termination of employment occur. There are no tax gross-ups under these agreements; payments may be reduced to the extent necessary to avoid the excise tax imposed by Section 4999 of the Internal Revenue Code. If there is a potential change in control of the Company, the executive agrees to remain in the employ of the Company until the earliest of (i) a date six months after the occurrence of the potential change in control, (ii) the termination of the executive's employment by reason of disability or retirement, or (iii) the occurrence of a change in control of the Company.

The Board of Directors of the Company approved an increase in the annual rate of base salary for Matthew J. Cox, the Company's principal executive officer, from $433,000 to $602,000, effective as of July 2, 2012. In addition, Mr. Cox's target bonus for the 2012 fiscal year was increased from 60% of annual base salary to 80% annual base salary to be applied to his increased rate of base salary, effective as of July 2, 2012. The Board of Directors also approved reimbursing Mr. Cox for the rental costs of an apartment or condominium unit for his use while he is in Hawaii.

**Item 5.03 Amendments to Articles of Incorporation or Bylaws; Change in Fiscal Year**

In connection with the Separation, the Company filed an amendment to its Amended and Restated Articles of Incorporation with the Department of Commerce and Consumer Affairs of the State of Hawaii to change its name from "Alexander & Baldwin Holdings, Inc." to "Matson, Inc." effective as of

June 29, 2012.

**Item 9.01. Financial Statements and Exhibits**

(b) Pro Forma Financial Information

Attached hereto as Exhibit 99.1 are unaudited pro forma condensed consolidated financial statements that give effect to the Separation. Specifically, the unaudited pro forma condensed consolidated financial statements exclude the results of the real estate development, real estate leasing and agricultural businesses. Additional information concerning the unaudited pro forma condensed consolidated financial statements is contained in Exhibit 99.1.

(d) Exhibits

99.1 Unaudited Pro Forma Condensed Consolidated Financial Statements



SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: July 5, 2012

MATSON, INC.

/s/ Matthew J. Cox
Matthew J. Cox
President, Chief Executive Officer

## UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

On June 29, 2012, Matson, Inc. (the "Company" or "Matson"), formerly known as Alexander & Baldwin Holdings, Inc. (the "Former Parent Company" or "A&B"), completed the separation of its businesses into two publicly traded companies (the "Separation"). The transportation business (ocean transportation and logistics) continues to be owned and operated by the Company and the land business (real estate and agriculture) is now owned and operated by Alexander & Baldwin, Inc., formerly known as A & B II, Inc. ("New A&B").

The Company effected the Separation through a pro rata distribution (the "Distribution") of one share of common stock of New A&B for each share of common stock of the Company held of record by shareholders as of June 18, 2012, the record date for the Distribution. As a result of the Distribution, shareholders of the Company received 100% of the outstanding common stock of New A&B and New A&B became an independent public company trading under the symbol "ALEX" on the New York Stock Exchange (the "NYSE").

The unaudited pro forma condensed consolidated financial statements are derived from the historical consolidated financial statements of the Former Parent Company. The unaudited pro forma condensed consolidated financial statements are being presented to give effect to the Separation, as a result of which, the Former Parent Company's real estate development, real estate leasing and agricultural businesses will be excluded from the pro forma condensed consolidated balance sheet. The Company will operate the ocean transportation and logistics businesses. The following unaudited pro forma condensed consolidated financial statements should be read in conjunction with the Former Parent Company's annual reports on Form 10-K and other filings with the Securities and Exchange Commission. The presentation of the unaudited pro forma condensed consolidated financial statements assumes that the Separation occurred on March 31, 2012 for the condensed consolidated balance sheet and at January 1, 2009 for the condensed consolidated statements of income for the three months ended March 31, 2012 and 2011 and for the year ended December 31, 2011. For the years ended December 31, 2010 and 2009, the unaudited pro forma condensed consolidated statements of income give effect to the Separation and exclude the results of New A&B. The unaudited pro forma condensed consolidated financial statements are not intended to be a complete presentation of Matson's financial position or results of operations had the Separation and related transactions contemplated by the Agreement and Plan of Merger and related agreements occurred for the period indicated. In addition, the unaudited pro forma condensed consolidated financial statements are provided for illustrative and informational purposes only and are not necessarily indicative of Matson's future results of operations or financial condition had the Separation been completed on the dates assumed. The pro forma adjustments are based on available information and assumptions that Matson management believes are reasonable, reflect the impacts of events directly attributable to the Separation, are factually supportable, and for purposes of the statements of income, are expected to have a continuing impact on Matson.

The unaudited pro forma condensed consolidated statement of income for the three months ended March 31, 2012 and 2011 and the year ended December 31, 2011 reflect Matson's results as if the Separation and related transactions described below had occurred as of January 1, 2011. The unaudited pro forma condensed consolidated balance sheet as of March 31, 2012 reflects Matson's results as if the Separation and related transactions described belowhad occurred on March 31, 2012. The unaudited pro forma consolidated condensed financial statements give effect to the following:

- the distribution, upon the Separation, of the assets, liabilities and equity of New A&B;
- the issuance of debt, the related debt issuance costs and interest for the period required for the tax-free contribution of cash from Matson to New A&B;
- a tax-free contribution of cash from Matson to New A&B.

Matson estimates that additional administrative expenses, not included in the pro forma financial statements, amounting to approximately $8 to $10 million annually, will be incurred in future periods related directly to costs associated with operating as a publicly traded company. These costs include incremental employee related costs for additional headcount, higher external audit fees and expenses, Board of Director fees and expenses and other costs required to operate as an independent publicly traded company.

See the notes to the unaudited pro forma consolidated financial information for a more detailed discussion of these transactions.

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## UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF INCOME
## THREE MONTHS ENDED MARCH 31, 2012

| (in millions, except per share amounts) | A&B Historical | Pro forma Adjustments: Distribution of New A&B (a) | Pro forma Adjustments: Issuance of debt | Matson Pro forma for the Separation |
|---|---|---|---|---|
| Revenue | $ 405.0 | $ (39.0) | $ — | $ 366.0 |
| Operating Costs and Expenses: | | | | |
| Operating costs | 351.3 | (21.6) | — | 329.7 |
| Equity in income of terminal joint venture | (0.8) | — | — | (0.8) |
| Selling, general and administrative | 39.0 | (10.2) | — | 28.8 |
| Separation Costs | 3.3 | (3.3)(c) | — | — |
| Total operating costs and expenses | 392.8 | (35.1) | — | 357.7 |
| Operating Income | 12.2 | (3.9) | — | 8.3 |
| Other Income and (Expense): | | | | |
| Interest expense | (6.1) | 4.1 | (1.9)(d) | (3.9) |
| Other income and (expense) | (1.5) | 1.5 | — | — |
| Income From Continuing Operations Before Income Taxes (e) | 4.6 | 1.7 | (1.9) | 4.4 |
| Income taxes | 1.8 | 0.7 | (0.7)(f) | 1.8 |
| Income From Continuing Operations | $ 2.8 | $ 1.0 | $ (1.2) | $ 2.6 |
| | | | | |
| Basic Earnings per Share of Common Stock: | | | | |
| Continuing operations | $ 0.07 | | | $ 0.06 |

| | | |
|---|---|---|
| Diluted Earnings per Share of Common Stock: | | |
| Continuing operations | $ 0.07 | $ 0.06 |
| Weighted Average Number of Shares Outstanding: | | |
| Basic | 41.9 | 41.9 |
| Diluted | 42.3 | 42.3 |

**UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF INCOME**
**THREE MONTHS ENDED MARCH 31, 2011**

| (in millions, except per share amounts) | A&B Historical | Pro forma Adjustments: Distribution of New A&B (a) | Pro forma Adjustments: Issuance of debt | Matson Pro forma for the Separation |
|---|---|---|---|---|
| Revenue | $ 373.3 | $ (43.3) | $ — | $ 330.0 |
| Operating Costs and Expenses: | | | | |
| Operating costs | 321.9 | (25.7) | — | 296.2 |
| Equity in income of terminal joint venture | (1.2) | — | — | (1.2) |
| Selling, general and administrative | 37.7 | (9.5) | 0.5(b) | 28.7 |
| Separation Costs | — | — | — | — |
| Total operating costs and expenses | 358.4 | (35.2) | 0.5 | 323.7 |
| Operating Income | 14.9 | (8.1) | (0.5) | 6.3 |
| Other Income and (Expense): | | | | |
| Interest expense | (6.2) | 4.3 | (1.9)(d) | (3.8) |
| Other income and (expense) | 5.7 | (5.7) | — | — |
| Income From Continuing Operations Before Income Taxes | 14.4 | (9.5) | (2.4) | 2.5 |
| Income taxes | 5.3 | (3.3) | (0.9)(f) | 1.1 |
| Income From Continuing Operations | $ 9.1 | $ (6.2) | $ (1.5) | $ 1.4 |
| Basic Earnings per Share of Common Stock: | | | | |
| Continuing operations | $ 0.22 | | | $ 0.03 |
| Diluted Earnings per Share of Common Stock: | | | | |
| Continuing operations | $ 0.22 | | | $ 0.03 |
| Weighted Average Number of Shares Outstanding: | | | | |
| Basic | 41.5 | | | 41.5 |
| Diluted | 41.8 | | | 41.8 |

**UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF INCOME**
**YEAR ENDED DECEMBER 31, 2011**

| (in millions, except per share amounts) | A&B Historical | Pro forma Adjustments: Distribution of New A&B (a) | Pro forma Adjustments: Issuance of debt | Matson Pro forma for the Separation |
|---|---|---|---|---|
| Revenue | $ 1,722.4 | $ (259.7) | $ — | $ 1,462.7 |
| Operating Costs and Expenses: | | | | |
| Operating costs | 1,463.5 | (182.1) | — | 1,281.4 |
| Equity in income of terminal joint venture | (8.6) | — | — | (8.6) |
| Selling, general and administrative | 154.0 | (41.5) | 0.5(b) | 113.0 |
| Total operating costs and expenses | 1,608.9 | (223.6) | 0.5 | 1,385.8 |
| Operating Income | 113.5 | (36.1) | (0.5) | 76.9 |
| Other Income and (Expense): | | | | |
| Other income and (expense) | (1.5) | 2.8 | — | 1.3 |
| Interest expense | (24.8) | 17.1 | (7.7)(d) | (15.4) |
| Income From Continuing Operations Before Income Taxes | 87.2 | (16.2) | (8.2) | 62.8 |
| Income taxes (e) | 32.3 | (7.2) | (3.0)(f) | 22.1 |
| Income From Continuing Operations | $ 54.9 | $ (9.0) | (5.2) | $ 40.7 |
| Basic Earnings per Share of Common Stock: | | | | |
| Continuing operations | $ 1.32 | | | $ 0.98 |
| Diluted Earnings per Share of Common Stock: | | | | |
| Continuing operations | $ 1.31 | | | $ 0.97 |
| Weighted Average Number of Shares Outstanding: | | | | |
| Basic | 41.6 | | | 41.6 |
| Diluted | 42.0 | | | 42.0 |

## UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF INCOME
## YEAR ENDED DECEMBER 31, 2010

| (in millions, except per share amounts) | A&B Historical | Pro forma Adjustments Distribution of New A&B (a) | Matson Pro forma for the Separation |
|---|---|---|---|
| Revenue | $ 1,613.5 | $ (242.9) | $ 1,370.6 |
| Operating Costs and Expenses: | | | |
| Operating costs | 1,342.2 | (196.1) | 1,146.1 |
| Equity in income of terminal joint venture | (12.8) | — | (12.8) |
| Selling, general and administrative | 157.9 | (44.6) | 113.3 |
| Total operating costs and expenses | 1,487.3 | (240.7) | 1,246.6 |
| Operating Income | 126.2 | (2.2) | 124.0 |
| Other Income and (Expense): | | | |
| Other income and (expense) | 13.6 | (12.1) | 1.5 |
| Interest expense | (25.5) | 17.3 | (8.2) |
| Income From Continuing Operations Before Income Taxes | 114.3 | 3.0 | 117.3 |
| Income taxes | 44.9 | 1.8 | 46.7 |
| Income From Continuing Operations | $ 69.4 | $ 1.2 | $ 70.6 |
| Basic Earnings per Share of Common Stock: | | | |
| Continuing operations | $ 1.68 | | $ 1.71 |
| Diluted Earnings per Share of Common Stock: | | | |
| Continuing operations | $ 1.67 | | $ 1.70 |
| Weighted Average Number of Shares Outstanding: | | | |
| Basic | 41.2 | | 41.2 |
| Diluted | 41.5 | | 41.5 |

## UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF INCOME
## YEAR ENDED DECEMBER 31, 2009

| (in millions, except per share amounts) | A&B Historical | Pro forma Adjustments Distribution of New A&B (a) | Matson Pro forma for the Separation |
|---|---|---|---|
| Revenue | $ 1,392.4 | $ (183.3) | $ 1,209.1 |
| Operating Costs and Expenses: | | | |
| Operating costs | 1,209.5 | (172.5) | 1,037.0 |
| Equity in income of terminal joint venture | (6.2) | — | (6.2) |
| Selling, general and administrative | 154.2 | (40.0) | 114.2 |
| Total operating costs and expenses | 1,357.5 | (212.5) | 1,145.0 |
| Operating Income | 34.9 | 29.2 | 64.1 |
| Other Income and (Expense): | | | |
| Other income and (expense) | 3.6 | (3.2) | 0.4 |
| Interest expense | (25.9) | 17.0 | (8.9) |
| Income From Continuing Operations Before Income Taxes | 12.6 | 43.0 | 55.6 |
| Income taxes | 5.0 | 17.5 | 22.5 |
| Income From Continuing Operations | $ 7.6 | $ 25.5 | $ 33.1 |
| Basic Earnings per Share of Common Stock: | | | |
| Continuing operations | $ 0.19 | | $ 0.81 |
| Diluted Earnings per Share of Common Stock: | | | |
| Continuing operations | $ 0.19 | | $ 0.81 |
| Weighted Average Number of Shares Outstanding: | | | |
| Basic | 41.0 | | 41.0 |
| Diluted | 41.1 | | 41.1 |

## UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET
## AS OF MARCH 31, 2012

| | | Pro forma Adjustments | | |
|---|---|---|---|---|
| (in millions) | A&B Historical | Distribution of New A&B | Issuance of debt and contribution of cash | Matson Pro forma for the Separation |
| **ASSETS** | | | | |
| **Current Assets** | | | | |

| | | | | |
|---|---|---|---|---|
| Cash and cash equivalents | $ 19.0 | $ (9.5) | $ 8.5(g) | $ 18.0 |
| Accounts and note receivable | 168.0 | (5.2) | — | 162.8 |
| Inventories | 62.0 | (57.9) | — | 4.1 |
| Real Estate held for sale | 2.0 | (2.0) | — | — |
| Deferred income taxes | 5.0 | (3.7) | — | 1.3 |
| Prepaid expense and other current assets | 33.0 | (7.7) | 2.0(h) | 27.3 |
| Total current assets | 289.0 | (86.0) | 10.5 | 213.5 |
| **Investments in Affiliates** | 353.0 | (295.7) | — | 57.3 |
| **Real Estate Developments** | 154.0 | (154.0) | — | — |
| **Property - net** | 1,614.0 | (823.8) | — | 790.2 |
| **Employee Benefit Plan Assets** | — | — | — | — |
| **Other Assets** | 164.0 | (59.9) | — | 104.1 |
| Total Assets | $ 2,574.0 | $ (1,419.4)(a) | $ 10.5 | $ 1,165.1 |
| | | | | |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | | |
| **Current Assets** | | | | |
| Notes payable and current portion of long-term debt | $ 55.0 | $ (33.6) | $ — | $ 21.4 |
| Accounts payable | 147.0 | (20.7) | — | 126.3 |
| Payroll and vacation benefits | 19.0 | (0.6) | — | 18.4 |
| Uninsured claims | 8.0 | (1.6) | — | 6.4 |
| Due to affiliate | — | 2.1 | — | 2.1 |
| Accrued and other liabilities | 47.0 | (31.1) | — | 15.9 |
| Total current liabilities | 276.0 | (85.5) | — | 190.5 |
| **Long-term Liabilities** | | | | |
| Long-term debt | 541.0 | (363.1) | 170.0(i) | 347.9 |
| Deferred income taxes | 419.0 | (163.9) | — | 255.1 |
| Employee benefit plans | 160.0 | (54.7) | — | 105.3 |
| Due to affiliate | — | 0.4 | — | 0.4 |
| Uninsured claims and other liabilities | 51.0 | (23.7) | — | 27.3 |
| Total long-term liabilities | 1,171.0 | (605.0) | 170.0 | 736.0 |
| | | | | |
| **Stockholders' Equity** | | | | |
| **Total Shareholders' Equity** | 1,127.0 | (728.9) | (159.5)(j) | 238.6 |
| Total | $ 2,574.0 | $ (1,419.4) | $ 10.5 | $ 1,165.1 |

## NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(a) Reflects the operations, assets, liabilities and equity of New A&B which were distributed to shareholders upon Separation on the June 29, 2012, and other adjustments as shown below.

| | Three months ended March 31, | | The year ended December 31, | | |
|---|---|---|---|---|---|
| **(in millions)** | **2012** | **2011** | **2011** | **2010** | **2009** |
| **Revenue** | | | | | |
| Revenue (A&B Historical) | $ 405.0 | $ 373.3 | $ 1,722.4 | $ 1,613.5 | $ 1,392.4 |
| Effect of New A&B Distribution | | | | | |
| Real estate leasing revenue (1) | (25.4) | (24.7) | (96.9) | (83.6) | (75.3) |
| Real estate sales revenue (1) | (2.5) | (5.5) | (14.3) | (13.8) | (15.9) |
| Agribusiness revenue (1) | (13.6) | (15.8) | (157.5) | (165.6) | (99.6) |
| Add back elim. interco rev. from A&B historical (2) | 1.9 | 1.5 | 6.2 | 16.5 | 5.8 |
| Other | 0.6 | 1.2 | 2.8 | 3.6 | 1.7 |
| **Matson Pro forma Revenue** | $ 366.0 | $ 330.0 | $ 1,462.7 | $ 1,370.6 | $ 1,209.1 |

| | Three months ended March 31, | | The year ended December 31, | | |
|---|---|---|---|---|---|
| **(in millions)** | **2012** | **2011** | **2011** | **2010** | **2009** |
| **Operating Costs and Expenses** | | | | | |
| Total Operating Costs and Expenses (A&B Historical) | $ 392.8 | $ 358.4 | $ 1,608.9 | $ 1,487.3 | $ 1,357.5 |
| Effect of New A&B Distribution | | | | | |
| Real estate sales and leasing expense (1) | (15.3) | (17.7) | (66.8) | (60.0) | (53.3) |
| Agribusiness expense (1) | (10.1) | (13.2) | (135.0) | (164.2) | (132.7) |
| Real estate and corporate selling, general and administrative expenses | (9.7) | (7.1) | (32.7) | (37.3) | (34.5) |
| Add back elim. interco costs from A&B historical | 0.9 | 0.8 | 3.9 | 14.4 | 2.2 |
| Other | (0.9) | 2.0 | 7.0 | 6.4 | 5.8 |
| Pro forma debt issuance costs (b) | — | 0.5 | 0.5 | — | — |
| **Matson Pro forma Operating Costs and Expenses** | $ 357.7 | $ 323.7 | $ 1,385.8 | $ 1,246.6 | $ 1,145.0 |

| | Three months ended March 31, | The year ended December 31, |
|---|---|---|

| (in millions) | 2012 | 2011 | 2011 | 2010 | 2009 |
|---|---|---|---|---|---|
| **Other Income and (Expense)** | | | | | |
| Other Income and (Expense) (A&B Historical) | $ (1.5) | $ 5.7 | $ (1.5) | $ 13.6 | $ 3.6 |
| Effect of New A&B Distribution | | | | | |
| Equity in (income) losses of real estate affiliates (1) | 1.6 | (5.7) | 7.9 | (2.0) | — |
| Gain on investments and other (1) | — | — | (6.2) | (3.4) | — |
| Agriculture disaster relief payment (1) | — | — | — | (4.9) | — |
| Impairment loss on investment (1) | — | — | — | 0.8 | 2.3 |
| Gain on consolidation of HS&TC (1) | — | — | — | — | (5.4) |
| Interest income | (0.1) | — | — | (2.0) | — |
| Other | — | — | 1.1 | (0.6) | (0.1) |
| **Matson Pro forma Other Income and (Expense)** | $ 0.0 | $ 0.0 | $ 1.3 | $ 1.5 | $ 0.4 |

| | Three months ended March 31, | | The year ended December 31, | | |
|---|---|---|---|---|---|
| (in millions) | 2012 | 2011 | 2011 | 2010 | 2009 |
| **Interest Expense** | | | | | |
| Interest Expense (A&B Historical) | $ (6.1) | $ (6.2) | $ (24.8) | $ (25.5) | $ (25.9) |
| Effect of New A&B Distribution | | | | | |
| Real estate interest expense | 0.2 | 0.4 | 1.4 | 1.6 | 1.7 |
| Corporate interest expense | 3.9 | 3.9 | 15.7 | 15.7 | 15.3 |
| Pro forma interest expense (d) | (1.9) | (1.9) | (7.7) | — | — |
| **Matson Pro forma Interest Expense** | $ (3.9) | $ (3.8) | $ (15.4) | $ (8.2) | $ (8.9) |

| | Three months ended March 31, | | The year ended December 31, | | |
|---|---|---|---|---|---|
| (in millions) | 2012 | 2011 | 2011 | 2010 | 2009 |
| **Income Taxes** | | | | | |
| Income taxes (A&B Historical) | $ 1.8 | $ 5.3 | $ 32.3 | $ 44.9 | $ 5.0 |
| Effect of New A&B Distribution | | | | | |
| Real estate income tax expense | (2.9) | (5.5) | 11.6 | 16.2 | 12.5 |
| Agribusiness income tax expense | (1.5) | (0.9) | (19.9) | (32.2) | (32.0) |
| Corporate income tax expense | 5.1 | 3.1 | (7.8) | (1.9) | 14.3 |
| Real estate income tax effect of discontinued operations | | | 8.9 | 19.7 | 22.7 |
| Pro forma income taxes (e) | (0.7) | (0.9) | (3.0) | — | — |
| **Matson Pro forma Income Taxes** | $ 1.8 | $ 1.1 | $ 22.1 | $ 46.7 | $ 22.5 |

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| (in millions) | 2012 |
|---|---|
| **Identifiable Assets** | |
| Total Identifiable Assets (A&B Historical) | $ 2,574.0 |
| Effect of New A&B Distribution | |
| Real estate leasing assets | (763.4) |
| Real estate sales assets | (477.2) |
| Agribusiness assets | (175.5) |
| Other assets | (3.2) |
| Adjustment to reclassify Matson income tax receivable offset against income tax payables in the consolidated financial statements | (0.1) |
| Pro forma adjustments (e) (f) | 10.5 |
| **Matson Pro forma Assets** | $ 1,165.1 |

(1) Information as disclosed in the New A&B Form 10 Amendment No.4.

(2) Represents revenue earned from services provided to New A&B for transportation and other services.

(3) Represents lease rent and equipment and repair services expenses for services provided by New A&B affiliates.

(b) Represents $0.5 million of expensed debt issuance costs related to the new credit facilities as discussed in Note (i).

(c) Reflects the removal of Separation costs directly related to the Separation that were incurred during the historical period of $3.3 million.

(d) Reflects increased interest expense of $1.7 million quarterly and $6.7 million annually on borrowings of $170.0 under the new fixed long-term debt, $0.1 million quarterly and $0.3 million annually related to the new interest rate on the existing Prudential Notes, $0.1 million quarterly and $0.3 million annually related to the revolver and $0.1 million quarterly and $0.4 million annually of amortization for the expected issuance costs of these facilities.

(e) The income from continuing operations before income taxes includes $0.4 million and $7.1 million in shutdown expenses related to Matson's second China Service which did not qualify for discontinued operations treatment for the three months ended March 31, 2012 and the year ended December 31, 2011, respectively.

(f) Represents the federal and state combined statutory tax rate of 38.8%.

(g) The amount includes cash debt issuance costs amounting to $2.5 million associated with the new credit Facilities discussed in note (i).

(h) The amount includes the capitalized debt issuance costs of $2.0 million associated with the new credit facilities.

(i) Reflects $170.0 in new fixed long-term debt. Matson executed new fixed long-term debt of $77.5 million at an interest rate of 3.66%, $55.0 million at an interest rate of 4.16%, and $37.5 million at an interest rate of 4.31%, for a total of $170.0 million with a weighted average interest rate of 3.97%. The cash received from the issuance debt was partially utilized for the tax-free contribution of cash from Matson to New A&B as discussed in note (j).

(j) Reflects the tax-free contribution of cash and payment of separation costs from Matson amounting to $159.0 million and $0.5 million of expensed debt issuance costs related to the new fixed long term debt as discussed in Note (i).