

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-8**REGISTRATION STATEMENT**

Under

The Securities Act of 1933**MATSON, INC.**

(Exact name of registrant as specified in its charter)

Hawaii
(State or other jurisdiction of
incorporation or organization)

99-0032630
(IRS Employer
Identification No.)

1411 Sand Island Parkway
Honolulu, Hawaii 96819
(Address of Principal Executive Offices) (Zip Code)

Matson, Inc. 2007 Incentive Compensation Plan
(Conformed to reflect the June 29, 2012 separation of Alexander & Baldwin, Inc.
from Matson, Inc. (formerly known as Alexander & Baldwin Holdings, Inc.))
(Full title of the plans)

Vicente S. Angoco, Jr.
Senior Vice President
Matson, Inc.
1411 Sand Island Parkway
Honolulu, Hawaii 96819
(Name and address of agent for service)

(808) 848-1211
(Telephone number, including area code, of agent for service)

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer (Do not check if a smaller reporting company)Smaller reporting company **CALCULATION OF REGISTRATION FEE**

Title of Securities to be Registered	Amount to be Registered(1)(2)	Proposed Maximum Offering Price Per Share(3)	Proposed Maximum Aggregate Offering Price(3)	Amount of Registration Fee
Common Stock, no par value	4,247,204 shares	\$ 20.53	\$ 87,195,099	\$ 11,894

- (1) This Registration Statement shall also cover any additional shares of Common Stock which become issuable under the Matson, Inc. 2007 Incentive Compensation Plan, as conformed to reflect the June 29, 2012 separation of Alexander & Baldwin, Inc. from Matson, Inc. (formerly known as Alexander & Baldwin Holdings, Inc.) (the "Plan") by reason of any stock dividend, stock split, recapitalization or other similar transaction effected without the Registrant's receipt of consideration which results in an increase in the number of the outstanding shares of Registrant's Common Stock.
- (2) Each share of Common Stock being registered hereunder, if issued prior to the termination of our Rights Agreement, dated as of June 8, 2012, will include one common stock purchase right. Prior to the occurrence of certain events, the common stock purchase rights will not be exercisable or evidenced separately from the Common Stock.
- (3) Calculated solely for purposes of this offering under Rule 457(h) of the Securities Act of 1933, as amended, on the basis of the average of the high and low selling prices per share of the Registrant's Common Stock on October 23, 2012, as reported by the New York Stock Exchange.

PART II**Information Required in the Registration Statement**

Item 3. Incorporation of Documents by Reference

The following documents, which have been filed with the Securities and Exchange Commission (the “SEC”) by the Registrant are incorporated by reference in this registration statement:

- (a) The Annual Report on Form 10-K for the fiscal year ended December 31, 2011, filed by Alexander & Baldwin, Inc. (the “**Predecessor Registrant**”) with the SEC on February 28, 2012;
- (b) The Quarterly Report on Form 10-Q for the period ended March 31, 2012, filed by the Predecessor Registrant with the SEC on May 9, 2012;
- (c) The Quarterly Report on Form 10-Q for the period ended June 30, 2012, filed by the Registrant with the SEC on August 9, 2012;
- (d) All other reports filed by the Registrant or the Predecessor Registrant pursuant to Section 13(a) or 15(d) of the Exchange Act since the end of the fiscal year covered by the Annual Report referred to in (a) above;
- (e) The Registrant’s Amended and Restated Articles of Incorporation filed with the SEC on August 9, 2012 as Exhibit 3.1 to the Registrant’s Quarterly Report on Form 10-Q, together with the Articles of Amendment to Change Corporate Name attached to this registration statement as Exhibit 4.2 (collectively, the “**Charter**”), in which there is described the terms, rights and provisions applicable to the Registrant’s outstanding Common Stock; and
- (f) The Registrant’s Registration Statement No. 001-34187 on Form 8-A filed with the SEC on June 13, 2012, in which there is described the terms, rights and provisions applicable to the Registrant’s Common Stock purchase rights.

All reports and definitive proxy or information statements filed by Registrant pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act subsequent to the date hereof and prior to the filing of a post-effective amendment which indicates that all securities offered hereby have been sold or which de-registers all securities then remaining unsold shall be deemed to be incorporated by reference herein and to be a part hereof from the date of filing of such documents. Notwithstanding the foregoing, a report furnished on Form 8-K shall not be incorporated by reference herein unless expressly done so. Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes hereof to the extent that a statement contained herein or in any subsequently filed document which also is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part hereof.

Item 4. Description of Securities

Not Applicable.

Item 5. Interests of Named Experts and Counsel

Not Applicable.

Item 6. Indemnification of Directors and Officers

The indemnity provisions of the Registrant’s Charter require the Registrant to indemnify its directors and officers to the fullest extent permitted by law. Section 414-242 of the Hawaii Business Corporation Act (the “**HBCA**”) provides that a corporation may indemnify a director, who is a party to a proceeding in his/her capacity as a director of the corporation, against liability incurred in the proceeding if the individual conducted himself or herself in good faith and the individual reasonably believed (i) in the case of conduct in the individual’s official capacity, that the individual’s conduct was in the best interests of the corporation, and (ii) in all other cases, that the individual’s conduct was at least not opposed to the best interests of the corporation and (A) in the case of any criminal proceeding, the individual had no reasonable cause to believe the individual’s conduct was unlawful, or (B) the individual engaged in conduct for which broader indemnification has been made permissible or obligatory under a provision of the articles of incorporation. To the extent that a director is wholly successful in the defense of any proceeding to which the director was a party in his/her capacity as director of the corporation, the corporation is required by Section 414-243 of the HBCA to indemnify such director for reasonable expenses incurred thereby.

Under Section 414-244 of the HBCA, a corporation, before final disposition of a proceeding, may advance funds to pay for or reimburse the reasonable expenses incurred by a director, who is a party to a proceeding in his/her capacity as a director of the corporation, if the director delivers certain written affirmations and certain undertakings. Under certain circumstances, under Section 414-245 of the HBCA a director may apply for and obtain indemnification or an advance for expenses to the court conducting the proceeding or to another court of competent jurisdiction.

Furthermore, under Section 414-246 of the HBCA, indemnification may be made only as authorized in a specific case upon a determination that indemnification is proper in the circumstances because a director has met the applicable standard, with such determination to be made: (i) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to the proceeding or who do not have a familial, financial, professional or employment relationship with the director whose indemnification is the subject of the decision being made, which relationship would reasonably be expected to influence the director’s judgment when voting on the decision being made; (ii) by special legal counsel; or (iii) by a majority vote of the shareholders.

Under Section 414-247 of the HBCA, a corporation may indemnify and advance expenses to an officer, who is a party to a proceeding because the officer is an officer of the corporation, to the same extent such indemnification may be provided to a director, and if the person is an officer, but not a director, to such extent as may be provided by the articles of incorporation, the bylaws, a resolution of the board of directors, or contract except for liability in connection with a proceeding by or in the right of the corporation other than for reasonable expenses incurred in connection with the proceeding, or liability arising out of conduct that constitutes (i) receipt by the officer of a financial benefit to which the officer is not entitled, (ii) an intentional infliction of harm on the corporation or the shareholders; or (iii) an intentional violation of criminal law.

The above described provision applies to an officer who is also a director if the basis on which the officer is made a party to the proceeding is an act or omission solely as an officer. Furthermore, an officer of a corporation who is not a director is entitled to mandatory indemnification under Section 414-243 of the HBCA and may apply to a court under Section 414-245 of the HBCA for indemnification or an advance for expenses, in each case to the same extent to which a director may be entitled to indemnification or advance for expenses.

The Registrant maintains policies that insure its directors and officers and those of its subsidiaries against certain liabilities they may incur in their capacity as directors and officers.

Item 7. Exemption from Registration Claimed

Not Applicable.

Item 8. Exhibits

<u>Exhibit Number</u>	<u>Exhibit</u>
4.1	Amended and Restated Articles of Incorporation of Matson, Inc. (incorporated by reference to Exhibit 3.1 of the Registrant's Quarterly Report on Form 10-Q filed with the SEC on August 9, 2012 (SEC file number 001-34187))
4.2	Articles of Amendment to Change Corporate Name
4.3	Registrant's Registration Statement No. 001-34187 on Form 8-A filed on June 13, 2012, together with any exhibits thereto (incorporated by reference)
5.1	Opinion and consent of Cades Schutte LLP
23.1	Consent of Deloitte & Touche LLP, Independent Registered Public Accounting Firm
23.2	Consent of Cades Schutte LLP is contained in Exhibit 5.1
24.1	Power of Attorney. Reference is made to page II-4 of this Registration Statement.
99.1	Matson, Inc. 2007 Incentive Compensation Plan (as assumed by Registrant and conformed)
99.2	Form of Notice of Stock Option Grant

II-2

99.3	Form of Stock Option Agreement for Non-Executive Employees
99.4	Form of Stock Option Agreement for Executive Employees
99.5	Form of Notice of Time-Based Restricted Stock Unit Grant
99.6	Form of Time-Based Restricted Stock Unit Agreement for Non-Executive Employees
99.7	Form of Time-Based Restricted Stock Unit Agreement for Executive Employees
99.8	Form of Restricted Stock Unit Agreement for Non-Employee Directors
99.9	Form of Restricted Stock Unit Agreement for Non-Employee Directors (Deferral Election)
99.10	Form of Anti-Dilution Adjustment Amendment to Restricted Stock Unit Award Agreements
99.11	Form of Anti-Dilution Adjustment Amendment to Stock Option Agreements
99.12	Form of Anti-Dilution Adjustment Amendment to 2012 Performance-Based Restricted Stock Unit Award Agreements

Item 9. Undertakings

A. The Registrant hereby undertakes: (1) to file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement: (i) to include any prospectus required by Section 10(a)(3) of the Securities Act, (ii) to reflect in the prospectus any facts or events arising after the effective date of this registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in this registration statement, and (iii) to include any material information with respect to the plan of distribution not previously disclosed in this registration statement or any material change to such information in this registration statement; *provided, however*, that clauses (1)(i) and (1)(ii) shall not apply if the information required to be included in a post-effective amendment by those clauses is contained in periodic reports filed with or furnished to the Commission by the Registrant pursuant to Section 13 or Section 15(d) of the Exchange Act that are incorporated by reference into this registration statement; (2) that, for the purpose of determining any liability under the Securities Act, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof; and (3) to remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the Plan.

B. The Registrant hereby undertakes that, for purposes of determining any liability under the Securities Act, each filing of the Registrant's annual report pursuant to Section 13(a) or Section 15(d) of the Exchange Act that is incorporated by reference in this registration statement shall be

deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial *bona fide* offering thereof.

C. Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the indemnification provisions summarized in Item 6 above, or otherwise, the Registrant has been advised that, in the opinion of the Commission, such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

II-3

SIGNATURES

The Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Oakland, State of California, on October 26, 2012.

MATSON, INC.

By: /s/ Matthew J. Cox
Matthew J. Cox
President and Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, the undersigned hereby constitute and appoint Matthew J. Cox and Joel M. Wine and each of them, his or her true and lawful attorney-in-fact and agent, each with full power of substitution and re-substitution, and in his or her name, place and stead, in any and all capacities, to sign any and all amendments (including post-effective amendments) to this Registration Statement, or any related registration statement filed pursuant to Rule 462(b) under the Securities Act, and to file the same, with exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite or necessary to be done in connection therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that each of said attorneys-in-fact and agents, or his or her substitute or substitutes, may lawfully do or cause to be done by virtue hereof. This Power of Attorney may be signed in several counterparts.

IN WITNESS WHEREOF, each of the undersigned has executed this Power of Attorney as of the date indicated.

<u>Signature</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Matthew J. Cox</u> Matthew J. Cox	President, Chief Executive Officer and Director (Principal Executive Officer)	October 26, 2012
<u>/s/ Joel M. Wine</u> Joel M. Wine	Senior Vice President and Chief Financial Officer (Principal Financial Officer)	October 26, 2012
<u>/s/ John E. Dennen</u> John E. Dennen	Vice President and Controller (Principal Accounting Officer)	October 26, 2012
<u>/s/ Walter A. Dods, Jr.</u> Walter A. Dods, Jr.	Chairman of the Board and Director	October 26, 2012
<u>/s/ W. Blake Baird</u> W. Blake Baird	Director	October 26, 2012
<u>/s/ Michael J. Chun</u> Michael J. Chun	Director	October 26, 2012
<u>/s/ Thomas B. Fargo</u> Thomas B. Fargo	Director	October 26, 2012
<u>/s/ Constance H. Lau</u> Constance H. Lau	Director	October 26, 2012
<u>/s/ Jeffrey N. Watanabe</u> Jeffrey N. Watanabe	Director	October 26, 2012

II-4

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- | Exhibit Number | Exhibit |
|----------------|--|
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| 5.1 | Opinion and consent of Cades Schutte LLP |
| 23.1 | Consent of Deloitte & Touche LLP, Independent Registered Public Accounting Firm |
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RVCN

FILED 06/29/2012 08:21 AM
Business Registration Division
DEPT. OF COMMERCE AND
CONSUMER AFFAIRS
State of Hawaii



STATE OF HAWAII
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
Business Registration Division
335 Merchant Street
Mailing Address: P.O. Box 40, Honolulu, Hawaii 96810
Phone No. (808) 586-2727

FORM DC-2
7/2008



235100 D1

ARTICLES OF AMENDMENT TO CHANGE CORPORATE NAME
(Section 414-266, Hawaii Revised Statutes)

PLEASE TYPE OR PRINT LEGIBLY IN BLACK INK

The undersigned, duly authorized officer of the corporation submitting these Articles of Amendment, certifies as follows:

- The present name of the corporation is:
Alexander & Baldwin Holdings, Inc.
- The name of the corporation is changed to:
Matson, Inc.
- The total number of shares outstanding is: 100
- The amendment to change the corporation name was adopted (check one):

o at a meeting of the shareholders held on _____ (Month _____ Day _____ Year)

Class/Series	Total Number of Votes Entitled to be Cast	Number of Votes Cast For Amendment	Number of Votes Cast Against Amendment

OR

x by written consent dated June 4, 2012 which all of the shareholders signed.
(Month Day Year)

The undersigned certifies under the penalties of Section 414-20, Hawaii Revised Statutes, that the undersigned has read the above statements, I/we are authorized to make this change, and that the statements are true and correct.

Signed this 4th day of June, 2012

Alyson J. Nakamura, Secretary
(Type/Print Name & Title)

/s/ Alyson J. Nakamura
(Signature of Officer)

SEE INSTRUCTIONS ON REVERSE SIDE. The articles must be signed by at least one officer of the corporation.



OPINION AND CONSENT OF CADES SCHUTTE LLP

October 26, 2012

Matson, Inc.
1411 Sand Island Parkway
Honolulu, Hawaii 96819

Re: Matson, Inc.—Registration Statement on Form S-8 of an aggregate of 4,247,204 Shares of Common Stock (the “Shares”)

Ladies and Gentlemen:

We have acted as special counsel to Matson, Inc., a Hawaii corporation (the “Company”), in connection with the registration on Form S-8 (the “Registration Statement”) under the Securities Act of 1933, as amended, of 4,247,204 shares of the Company’s common stock reserved for issuance under the Matson, Inc. Amended and Restated 2007 Incentive Compensation Plan, as assumed by the Company in connection with the recent reorganization of Alexander & Baldwin, Inc. and subsequently conformed to reflect the June 29, 2012, separation of Alexander & Baldwin, Inc. from Matson, Inc., formerly known as Alexander & Baldwin Holdings, Inc., (the “Plan”).

This opinion is being furnished in accordance with the requirements of Item 8 of Form S-8 and Item 601(b)(5)(i) of Regulation S-K.

We have reviewed the Company’s constituent documents and the corporate proceedings taken by the Company in connection with the assumption and implementation of the Plan. Based on such review, we are of the opinion that if, as and when the Shares are issued and sold (and the consideration therefor received) pursuant to duly authorized award agreements made from time to time under the Plan and in accordance with the Registration Statement, the Shares will be duly authorized, legally issued, fully paid and nonassessable.

We do not express any opinion as to the laws of any jurisdiction other than the corporate laws of the State of Hawaii, and we do not express any opinion as to the effect of any other laws on the opinion stated herein.

We consent to your filing this letter as Exhibit 5.1 to the Registration Statement. In giving the opinion set forth in this letter, we do not hereby admit that we are acting within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, as amended, or the rules or regulations of the Securities and Exchange Commission thereunder.

This opinion letter is rendered as of the date first written above and we disclaim any obligation to advise you of facts, circumstances, events or developments which hereafter may be brought to our attention and which may alter, affect or modify the opinion expressed herein. Our opinion is expressly limited to the matters set forth above and we render no opinion, whether by implication or otherwise, as to any other matters relating to the Company, the Plan or the Shares.

Very truly yours,

/s/ Cades Schutte LLP

CADES SCHUTTE LLP

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in this Registration Statement on Form S-8 on of our report dated February 28, 2012, relating to the consolidated financial statements of Alexander & Baldwin, Inc. and subsidiaries (the "Predecessor Registrant") and the effectiveness of Alexander & Baldwin, Inc. and subsidiaries' internal control over financial reporting, appearing in the Annual Report on Form 10-K of Alexander & Baldwin, Inc. for the year ended December 31, 2011.

/s/ Deloitte & Touche LLP

San Francisco, California

October 26, 2012

MATSON, INC.
2007 INCENTIVE COMPENSATION PLAN

**AS AMENDED AND RESTATED EFFECTIVE JANUARY 28, 2010,
AS ASSUMED BY ALEXANDER & BALDWIN HOLDINGS, INC.
EFFECTIVE JUNE 6, 2012,
AS RENAMED, EFFECTIVE JUNE 29, 2012
AND
AS AMENDED AND RESTATED EFFECTIVE OCTOBER 24, 2012 TO REFLECT
ADJUSTMENTS REQUIRED PURSUANT TO SECTION V.F OF ARTICLE ONE
IN CONNECTION WITH THE SPIN-OFF OF ALEXANDER & BALDWIN, INC.**

ARTICLE ONE

GENERAL PROVISIONS

I. PURPOSE OF THE PLAN

This 2007 Incentive Compensation Plan, as amended and restated, is intended to promote the interests of Alexander & Baldwin, Inc., a Hawaii corporation, by providing eligible persons in the Corporation's service with the opportunity to participate in one or more cash or equity incentive compensation programs designed to encourage them to continue their service relationship with the Corporation.

The Plan was assumed by Alexander & Baldwin Holdings, Inc. ("**Holdings**") on June 6, 2012 upon the consummation of the merger of Alexander & Baldwin, Inc. with a wholly-owned subsidiary of Holdings (the "**Merger**"), pursuant to which Holdings became the parent holding company of Alexander & Baldwin, Inc. in accordance with the terms of the Agreement and Plan of Merger by and among Holdings, Alexander & Baldwin, Inc. and A&B Merger Corporation dated February 13, 2012. On June 29, 2012 Holdings consummated a spin-off transaction by distributing all of the shares of Alexander & Baldwin, Inc. (formerly known as A&B II, Inc.) to its shareholders (the "**Spin-off**") and changed its name to Matson, Inc. ("**Matson**") and the Plan's name was changed, effective June 29, 2012 to be named the Matson, Inc. 2007 Incentive Compensation Plan.

Effective as of the Merger, the securities issuable pursuant to the provisions of the Plan as assumed by Matson (formerly known as Holdings) are shares of Matson common stock.

Capitalized terms shall have the meanings assigned to such terms in the attached Appendix, and those terms have been revised to reflect the assumption of the Plan by Matson and the status of Matson as the successor corporation to Alexander & Baldwin, Inc.

II. STRUCTURE OF THE PLAN

A. The Plan shall be divided into a series of separate incentive compensation programs:

- the Discretionary Grant Program under which eligible persons may, at the discretion of the Plan Administrator, be granted options to purchase shares of Common Stock or stock appreciation rights tied to the value of such Common Stock,
- the Stock Issuance Program under which eligible persons may, at the discretion of the Plan Administrator, be issued shares of Common Stock pursuant to restricted stock awards, restricted stock units, performance shares or other stock-based awards which vest upon the completion of a designated service period or the attainment of pre-established performance milestones, or such shares of Common Stock may be issued through direct purchase or as a bonus for services rendered the Corporation (or any Parent or Subsidiary),
- the Incentive Bonus Program under which eligible persons may, at the discretion of the Plan Administrator, be provided with incentive bonus opportunities through performance unit awards and special cash incentive programs tied to the attainment of pre-established performance milestones, and
- the Automatic Grant Program under which eligible non-employee Board members will automatically receive equity awards at designated intervals over their period of continued Board service.

B. The provisions of Articles One and Six shall apply to all incentive compensation programs under the Plan and shall govern the interests of all persons under the Plan.

III. ADMINISTRATION OF THE PLAN

A. The Compensation Committee (either acting directly or through a subcommittee of two or more members of the Compensation Committee) shall have sole and exclusive authority to administer the Discretionary Grant, Stock Issuance and Incentive Bonus Programs with respect to Section 16 Insiders. Administration of the Discretionary Grant, Stock Issuance and Incentive Bonus Programs with respect to all other persons eligible to participate in those programs may, at the Board's discretion, be vested in the Compensation Committee or a Secondary Board Committee, or the Board may retain the power to administer those programs with respect to all such persons. However, all Awards to non-employee Board members (other than pursuant to the Automatic Grant Program) shall be made by the Compensation Committee (or subcommittee thereof) which shall at the time of any such Award be comprised solely of independent directors, as determined in accordance with the governance standards established by the Stock Exchange on which the Common Stock is at the time primarily traded (the "**Independent Directors**"). In addition, any Awards for members of the Compensation Committee (other than pursuant to the Automatic Grant Program) must be authorized by a disinterested majority of the Independent Directors.

B. Members of the Compensation Committee or any Secondary Board Committee shall serve for such period of time as the Board may determine and may be removed by the Board at any time. The Board may also at any time terminate the functions of any Secondary Board Committee and reassume all powers and authority previously delegated to such committee.

C. Each Plan Administrator shall, within the scope of its administrative functions under the Plan, have full power and authority (subject to the provisions of the Plan) to establish such rules and regulations as it may deem appropriate for proper administration of the Discretionary Grant, Stock Issuance and Incentive Bonus Programs and to make such determinations under, and issue such interpretations of, the provisions of those programs and any outstanding Awards thereunder as it may deem necessary or advisable. Decisions of the Plan Administrator within the scope of its administrative functions under the Plan shall be final and binding on all parties who have an interest in the Discretionary Grant, Stock Issuance and Incentive Bonus Programs under its jurisdiction or any Award thereunder.

D. Service as a Plan Administrator by the members of the Compensation Committee or the Secondary Board Committee shall constitute service as Board members, and the members of each such committee shall accordingly be entitled to full indemnification and reimbursement as Board members for their service on such committee. No member of the Compensation Committee or the Secondary Board Committee shall be liable for any act or omission made in good faith with respect to the Plan or any Award thereunder.

E. Administration of the Automatic Grant Program shall be self-executing in accordance with the terms of that program, and no Plan Administrator shall exercise any discretionary functions with respect to any Awards made under that program, except that the Compensation Committee (or subcommittee thereof) shall have the express authority to establish from time to time the applicable dollar amount to be used to determine the specific number of shares of Common Stock for which the initial and annual Awards are to be made to the non-employee Board members in accordance with the dollar value formula set forth in Article Five.

IV. ELIGIBILITY

A. The persons eligible to participate in the Plan are as follows:

- (i) Employees,
- (ii) Non-employee members of the Board or the board of directors of any Parent or Subsidiary, and
- (iii) Consultants and other independent advisors who provide services to the Corporation (or any Parent or Subsidiary).

3

B. The Plan Administrator shall have full authority to determine, (i) with respect to Awards made under the Discretionary Grant Program, which eligible persons are to receive such Awards, the time or times when those Awards are to be made, the number of shares to be covered by each such Award, the time or times when the Award is to become exercisable, the vesting schedule (if any) applicable to the Award, the maximum term for which such Award is to remain outstanding and the status of a granted option as either an Incentive Option or a Non-Statutory Option; (ii) with respect to Awards under the Stock Issuance Program, which eligible persons are to receive such Awards, the time or times when the Awards are to be made, the number of shares subject to each such Award, the vesting and issuance schedules applicable to the shares which are the subject of such Award, the cash consideration (if any) payable for those shares and the form (cash or shares of Common Stock) in which the Award is to be settled; and (iii) with respect to Awards under the Incentive Bonus Program, which eligible persons are to receive such Awards, the time or times when the Awards are to be made, the performance objectives for each such Award, the amounts payable at designated levels of attained performance, any applicable service vesting requirements, the payout schedule for each such Award and the form (cash or shares of Common Stock) in which the Award is to be settled.

C. The Plan Administrator shall have the absolute discretion to grant options or stock appreciation rights in accordance with the Discretionary Grant Program, to effect stock issuances and other stock-based awards in accordance with the Stock Issuance Program and to grant incentive bonus awards in accordance with the Incentive Bonus Program.

D. The individuals who shall be eligible to participate in the Automatic Grant Program shall be limited to (i) those individuals who first become non-employee Board members on or after the Plan Effective Date, whether through appointment by the Board or election by the Corporation's stockholders, and (ii) those individuals who continue to serve as non-employee Board members on or after the Plan Effective Date. A non-employee Board member who has previously been in the employ of the Corporation (or any Parent or Subsidiary) shall not be eligible to receive a grant under the Automatic Grant Program at the time he or she first becomes a non-employee Board member, but shall be eligible to receive periodic grants under the Automatic Grant Program while he or she continues to serve as a non-employee Board member.

V. STOCK SUBJECT TO THE PLAN

A. The stock issuable under the Plan shall be shares of authorized but unissued or reacquired Common Stock, including shares repurchased by the Corporation on the open market. The number of shares of Common Stock reserved for issuance over the term of the Plan shall be limited to Eight Million Six Hundred Sixty-Two Thousand Two Hundred Four (8,662,204) shares. Such share reserve includes (i) the original Two Million Two Hundred Fifteen Thousand (2,215,000) shares of Common Stock authorized for issuance under the Plan, (ii) an additional Two Million Two Hundred Thousand (2,200,000) shares of Common Stock authorized by the Board on January 28, 2010 and approved by the stockholders at the 2010 Annual Meeting, (iii) an additional Five Hundred Sixty-Nine Thousand Eighty-Five (569,085) shares authorized pursuant to Section V.B of Article One below as of June 29, 2012 and (iv) an additional Three Million Six Hundred Seventy-Eight Thousand One Hundred Nineteen (3,678,119) shares of Common Stock authorized pursuant to Section V.F of Article One as a result of Spin-off.

4

B. The Plan shall serve as the successor to the Predecessor Plans, and no further stock option grants or unvested share awards shall be made under the Predecessor Plans on or after the Plan Effective Date. However, all option grants and unvested share awards outstanding under the Predecessor Plans on the Plan Effective Date shall continue in full force and effect in accordance with their terms, and no provision of this Plan shall be deemed to affect or otherwise modify the rights or obligations of the holders of those awards with respect to their acquisition of shares of Common Stock thereunder. To the extent any options outstanding under the Predecessor Plans on the Plan Effective Date expire or terminate unexercised or any unvested shares outstanding under the Predecessor Plans on the Plan Effective Date are forfeited or repurchased by the Corporation at the original issue price, the number of shares of Common Stock subject to those expired or terminated options at the time of expiration or termination and the number of such forfeited or repurchased shares shall be added to the share reserve under this Plan and shall accordingly be available for issuance hereunder, up to a maximum of an additional Nine Hundred Twenty-One Thousand Eight Hundred Thirty-Five (921,835) shares, as adjusted pursuant to Section V.F of Article One as a result of Spin-off.

C. The maximum number of shares of Common Stock that may be issued pursuant to Incentive Options granted under the Plan shall not exceed Eight Million Six Hundred Eight Thousand Four Hundred Seventeen (8,608,417) shares, as adjusted pursuant to Section V.F of Article One as a result of Spin-off.

D. Each person participating in the Plan shall be subject the following limitations:

· for Awards denominated in terms of shares of Common Stock (whether payable in Common Stock, cash or a combination of both), the maximum number of shares of Common Stock for which such Awards (including, without limitation, stock options, stock appreciation rights, restricted stock, restricted stock units and performance shares) may be made to such person in any calendar year shall not exceed Nine Hundred Seventy-Four Thousand Nine Hundred Five (974,905) shares of Common Stock in the aggregate, as adjusted pursuant to Section V.F of Article One as a result of Spin-off, and

· for Awards denominated in terms of cash dollars (whether payable in cash, Common Stock or a combination of both), the maximum dollar amount for which such Awards may be made to such person in any calendar year shall not exceed Five Million Dollars (\$5,000,000.00), with such limitation to be measured at the time the Award is made and not at the time the Award becomes payable.

5

E. Shares of Common Stock subject to outstanding Awards made under the Plan shall be available for subsequent issuance under the Plan to the extent those Awards expire or terminate for any reason prior to the issuance of the shares of Common Stock subject to those Awards. Unvested shares issued under the Plan and subsequently forfeited or repurchased by the Corporation, at a price per share not greater than the original issue price paid per share, pursuant to the Corporation's repurchase rights under the Plan shall be added back to the number of shares of Common Stock reserved for issuance under the Plan and shall accordingly be available for subsequent reissuance. Should the exercise price of an option under the Plan be paid with shares of Common Stock, then the authorized reserve of Common Stock under the Plan shall be reduced by the gross number of shares for which that option is exercised, and not by the net number of shares issued under the exercised stock option. Upon the exercise of any stock appreciation right under the Plan, the share reserve shall be reduced by the gross number of shares as to which such right is exercised, and not by the net number of shares actually issued by the Corporation upon such exercise. If shares of Common Stock otherwise issuable under the Plan are withheld by the Corporation in satisfaction of the withholding taxes incurred in connection with the issuance, vesting or exercise of an Award or the issuance of Common Stock thereunder, then the number of shares of Common Stock available for issuance under the Plan shall be reduced on the basis of the gross number of shares issued, vested or exercised under such Award, calculated in each instance prior to any such share withholding.

F. Should any change be made to the Common Stock by reason of any stock split, stock dividend, recapitalization, combination of shares, exchange of shares, spin-off transaction or other change affecting the outstanding Common Stock as a class without the Corporation's receipt of consideration, or should the value of outstanding shares of Company Stock be substantially reduced as a result of a spin-off transaction or an extraordinary dividend or distribution, or should there occur any merger, consolidation or other reorganization, then equitable adjustments shall be made by the Plan Administrator to (i) the maximum number and/or class of securities issuable under the Plan, (ii) the maximum number and/or class of securities by which the share reserve under the Plan may increase by reason of the expiration or termination of unexercised options or the forfeiture or repurchase of shares under the Predecessor Plans, (iii) the maximum number and/or class of securities that may be issued pursuant to Incentive Options granted under the Plan, (iv) the maximum number and/or class of securities for which any one person may be granted Common Stock-denominated Awards under the Plan per calendar year, (v) the number and/or class of securities and the exercise or base price per share in effect under each outstanding Award under the Discretionary Grant Program, (vi) the number and/or class of securities subject to each outstanding Award under the Stock Issuance Program and the cash consideration (if any) payable per share, (vii) the number and/or class of securities subject to each outstanding Award under the Automatic Grant Program, (viii) the number and/or class of securities for which Awards may subsequently be made to new and continuing non-employee Board members under the Automatic Grant Program, (ix) the number and/or class of securities subject to each outstanding Award under the Incentive Bonus Program denominated in shares of Common Stock and (x) the number and/or class of securities subject to the Corporation's outstanding repurchase rights under the Plan and the repurchase price payable per share. The adjustments shall be made in such manner as the Plan Administrator deems appropriate in order to prevent the dilution or enlargement of benefits under the Plan and the outstanding Awards thereunder, and such adjustments shall be final, binding and conclusive. In the event of a Change in Control, however, the adjustments (if any) shall be made solely in accordance with the applicable provisions of the Plan governing Change in Control transactions.

6

G. Outstanding Awards granted pursuant to the Plan shall in no way affect the right of the Corporation to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

7

DISCRETIONARY GRANT PROGRAM

I. **OPTION TERMS**

Each option shall be evidenced by one or more documents in the form approved by the Plan Administrator; provided, however, that each such document shall comply with the terms specified below. Each document evidencing an Incentive Option shall, in addition, be subject to the provisions of the Plan applicable to such options.

A. **Exercise Price.**

1. The exercise price per share shall be fixed by the Plan Administrator; **provided, however**, that such exercise price shall not be less than one hundred percent (100%) of the Fair Market Value per share of Common Stock on the grant date.
2. The exercise price shall become immediately due upon exercise of the option and shall, subject to the provisions of the documents evidencing the option, be payable in one or more of the forms specified below:
 - (i) cash or check made payable to the Corporation,
 - (ii) shares of Common Stock (whether delivered in the form of actual stock certificates or through attestation of ownership) held for the requisite period (if any) necessary to avoid any resulting charge to the Corporation's earnings for financial reporting purposes and valued at Fair Market Value on the Exercise Date,
 - (iii) shares of Common Stock otherwise issuable under the option but withheld by the Corporation in satisfaction of the exercise price, with such withheld shares to be valued at Fair Market Value on the Exercise Date, and
 - (iv) to the extent the option is exercised for vested shares, through a special sale and remittance procedure pursuant to which the Optionee shall concurrently provide instructions to (a) a brokerage firm (reasonably satisfactory to the Corporation for purposes of administering such procedure in compliance with the Corporation's pre-clearance/pre-notification policies) to effect the immediate sale of the purchased shares and remit to the Corporation, out of the sale proceeds available on the settlement date, sufficient funds to cover the aggregate exercise price payable for the purchased shares plus all applicable income and employment taxes required to be withheld by the Corporation by reason of such exercise and (b) the Corporation to deliver the certificates for the purchased shares directly to such brokerage firm on such settlement date in order to complete the sale.

8

Except to the extent such sale and remittance procedure is utilized, payment of the exercise price for the purchased shares must be made on the Exercise Date.

B. **Exercise and Term of Options.**

1. Each option shall be exercisable at such time or times, during such period and for such number of shares as shall be determined by the Plan Administrator and set forth in the documents evidencing the option. However, no option shall have a term in excess of ten (10) years measured from the option grant date.
2. The Plan Administrator shall also have the discretionary authority, consistent with Code Section 162(m), to structure one or more Awards under the Discretionary Grant Program so that those Awards shall vest and become exercisable only after the achievement of pre-established corporate performance objectives based on one or more Performance Goals and measured over the performance period specified by the Plan Administrator at the time of the Award.
3. Notwithstanding the foregoing, the following limitations shall apply with respect to the vesting schedules established for the Awards made under the Discretionary Grant Program, subject to the acceleration provisions in Paragraph C.2 below and Section IV of this Article Two:
 - (i) for any such Award which is to vest on the basis of Service, the minimum vesting period shall be three (3) years, with the rate of vesting over that period to be determined by the Plan Administrator; and
 - (ii) for any such Award which is to vest on the basis of performance objectives, the performance period shall have a duration of at least one year.

C. **Effect of Termination of Service.**

1. The following provisions shall govern the exercise of any options granted pursuant to the Discretionary Grant Program that are outstanding at the time of the Optionee's cessation of Service or death:
 - (i) Any option outstanding at the time of the Optionee's cessation of Service for any reason shall remain exercisable for such period of time thereafter as shall be determined by the Plan Administrator and set forth in the documents evidencing the option, but no such option shall be exercisable after the expiration of the option term.
 - (ii) Any option held by the Optionee at the time of the Optionee's death and exercisable in whole or in part at that time may be subsequently exercised by the personal representative of the Optionee's estate or by the person or persons to whom the option is transferred pursuant to the Optionee's will or the laws of inheritance or by the Optionee's designated beneficiary or beneficiaries of that option.

9

(iii) Should the Optionee's Service be terminated for Cause or should the Optionee otherwise engage in conduct constituting grounds for a termination for Cause while holding one or more outstanding options granted under this Article Two, then all of those options shall terminate immediately and cease to be outstanding.

(iv) During the applicable post-Service exercise period, the option may not be exercised for more than the number of vested shares for which the option is at the time exercisable; **provided, however**, that one or more options under the Discretionary Grant Program may be structured so that those options continue to vest in whole or part during the applicable post-Service exercise period. Upon the expiration of the applicable exercise period or (if earlier) upon the expiration of the option term, the option shall terminate and cease to be outstanding for any shares for which the option has not been exercised.

2. The Plan Administrator shall have complete discretion, exercisable either at the time an option is granted or at any time while the option remains outstanding, to:

(i) extend the period of time for which the option is to remain exercisable following the Optionee's cessation of Service from the limited exercise period otherwise in effect for that option to such greater period of time as the Plan Administrator shall deem appropriate, but in no event beyond the expiration of the option term,

(ii) include an automatic extension provision whereby the specified post-Service exercise period in effect for any option granted under this Article Two shall automatically be extended by an additional period of time equal in duration to any interval within the specified post-Service exercise period during which the exercise of that option or the immediate sale of the shares acquired under such option could not be effected in compliance with applicable federal and state securities laws, but in no event shall such an extension result in the continuation of such option beyond the expiration date of the term of that option, and/or

(iii) permit the option to be exercised, during the applicable post-Service exercise period, not only with respect to the number of vested shares of Common Stock for which such option is exercisable at the time of the Optionee's cessation of Service but also with respect to one or more additional installments in which the Optionee would have vested had the Optionee continued in Service.

D. Stockholder Rights. The holder of an option shall have no stockholder rights with respect to the shares subject to the option until such person shall have exercised the option, paid the exercise price and become a holder of record of the purchased shares.

10

E. Repurchase Rights. The Plan Administrator shall have the discretion to grant options which are exercisable for unvested shares of Common Stock. Should the Optionee cease Service while such shares are unvested, the Corporation shall have the right to repurchase any or all of those unvested shares at a price per share equal to the **lower** of (i) the exercise price paid per share or (ii) the Fair Market Value per share of Common Stock at the time of repurchase. The terms upon which such repurchase right shall be exercisable (including the period and procedure for exercise and the appropriate vesting schedule for the purchased shares) shall be established by the Plan Administrator and set forth in the document evidencing such repurchase right.

F. Transferability of Options. The transferability of options granted under the Plan shall be governed by the following provisions:

(i) **Incentive Options.** During the lifetime of the Optionee, Incentive Options shall be exercisable only by the Optionee and shall not be assignable or transferable other than by will or the laws of inheritance following the Optionee's death.

(ii) **Non-Statutory Options.** Non-Statutory Options shall be subject to the same limitation on transfer as Incentive Options, except that the Plan Administrator may structure one or more Non-Statutory Options so that the option may be assigned in whole or in part during the Optionee's lifetime to one or more Family Members of the Optionee or to a trust established exclusively for the Optionee and/or such Family Members, to the extent such assignment is in connection with the Optionee's estate plan or pursuant to a domestic relations order. The assigned portion may only be exercised by the person or persons who acquire a proprietary interest in the option pursuant to the assignment. The terms applicable to the assigned portion shall be the same as those in effect for the option immediately prior to such assignment and shall be set forth in such documents issued to the assignee as the Plan Administrator may deem appropriate.

(iii) **Beneficiary Designations.** Notwithstanding the foregoing, the Optionee may designate one or more persons as the beneficiary or beneficiaries of his or her outstanding options under this Article Two (whether Incentive Options or Non-Statutory Options), and those options shall, in accordance with such designation, automatically be transferred to such beneficiary or beneficiaries upon the Optionee's death while holding those options. Such beneficiary or beneficiaries shall take the transferred options subject to all the terms and conditions of the applicable agreement evidencing each such transferred option, including (without limitation) the limited time period during which the option may be exercised following the Optionee's death.

II. INCENTIVE OPTIONS

The terms specified below shall be applicable to all Incentive Options. Except as modified by the provisions of this Section II, all the provisions of Articles One, Two and Six shall be applicable to Incentive Options. Options which are specifically designated as Non-Statutory Options when issued under the Plan shall not be subject to the terms of this Section II.

11

A. **Eligibility.** Incentive Options may only be granted to Employees.

B. **Dollar Limitation.** The aggregate Fair Market Value of the shares of Common Stock (determined as of the respective date or dates of grant) for which one or more options granted to any Employee under the Plan (or any other option plan of the Corporation or any Parent or Subsidiary) may

for the first time become exercisable as Incentive Options during any one calendar year shall not exceed the sum of One Hundred Thousand Dollars (\$100,000).

To the extent the Employee holds two (2) or more such options which become exercisable for the first time in the same calendar year, then for purposes of the foregoing limitations on the exercisability of those options as Incentive Options, such options shall be deemed to become first exercisable in that calendar year on the basis of the chronological order in which they were granted, except to the extent otherwise provided under applicable law or regulation.

C. **10% Stockholder.** If any Employee to whom an Incentive Option is granted is a 10% Stockholder, then the exercise price per share shall not be less than one hundred ten percent (110%) of the Fair Market Value per share of Common Stock on the option grant date, and the option term shall not exceed five (5) years measured from the option grant date.

III. STOCK APPRECIATION RIGHTS

A. **Authority.** The Plan Administrator shall have full power and authority, exercisable in its sole discretion, to grant stock appreciation rights in accordance with this Section III to selected Optionees or other individuals eligible to receive option grants under the Discretionary Grant Program.

B. **Types.** Two types of stock appreciation rights shall be authorized for issuance under this Section III: (i) tandem stock appreciation rights ("Tandem Rights") and (ii) stand-alone stock appreciation rights ("Stand-alone Rights").

C. **Tandem Rights.** The following terms and conditions shall govern the grant and exercise of Tandem Rights.

1. One or more Optionees may be granted a Tandem Right, exercisable upon such terms and conditions as the Plan Administrator may establish, to elect between the exercise of the underlying option for shares of Common Stock or the surrender of that option in exchange for a distribution from the Corporation in an amount equal to the excess of (i) the Fair Market Value (on the option surrender date) of the number of shares in which the Optionee is at the time vested under the surrendered option (or surrendered portion thereof) over (ii) the aggregate exercise price payable for such vested shares.

2. Any distribution to which the Optionee becomes entitled upon the exercise of a Tandem Right may be made in (i) shares of Common Stock valued at Fair Market Value on the option surrender date, (ii) cash or (iii) a combination of cash and shares of Common Stock, as specified in the applicable Award agreement.

12

D. **Stand-Alone Rights.** The following terms and conditions shall govern the grant and exercise of Stand-Alone Rights:

1. One or more individuals eligible to participate in the Discretionary Grant Program may be granted a Stand-Alone Right not tied to any underlying option under this Discretionary Grant Program. The Stand-Alone Right shall relate to a specified number of shares of Common Stock and shall be exercisable upon such terms and conditions as the Plan Administrator may establish. In no event, however, may the Stand-Alone Right have a maximum term in excess of ten (10) years measured from the grant date. The provisions and limitations of Paragraphs B.2 and B.3 of Section I of this Article Two shall also be applicable to any Stand-Alone Right awarded under the Plan.

2. Upon exercise of the Stand-Alone Right, the holder shall be entitled to receive a distribution from the Corporation in an amount equal to the excess of (i) the aggregate Fair Market Value (on the exercise date) of the shares of Common Stock underlying the exercised right over (ii) the aggregate base price in effect for those shares.

3. The number of shares of Common Stock underlying each Stand-Alone Right and the base price in effect for those shares shall be determined by the Plan Administrator in its sole discretion at the time the Stand-Alone Right is granted. In no event, however, may the base price per share be less than the Fair Market Value per underlying share of Common Stock on the grant date.

4. Stand-Alone Rights shall be subject to the same transferability restrictions applicable to Non-Statutory Options and may not be transferred during the holder's lifetime, except if such assignment is in connection with the holder's estate plan and is to one or more Family Members of the holder or to a trust established for the holder and/or one or more such Family Members or pursuant to a domestic relations order covering the Stand-Alone Right as marital property. In addition, one or more beneficiaries may be designated for an outstanding Stand-Alone Right in accordance with substantially the same terms and provisions as set forth in Section I.F of this Article Two.

5. The distribution with respect to an exercised Stand-Alone Right may be made in (i) shares of Common Stock valued at Fair Market Value on the exercise date, (ii) cash or (iii) a combination of cash and shares of Common Stock, as specified in the applicable Award agreement.

6. The holder of a Stand-Alone Right shall have no stockholder rights with respect to the shares subject to the Stand-Alone Right unless and until such person shall have exercised the Stand-Alone Right and become a holder of record of the shares of Common Stock issued upon the exercise of such Stand-Alone Right.

E. **Post-Service Exercise.** The provisions governing the exercise of Tandem and Stand-Alone Rights following the cessation of the recipient's Service shall be substantially the same as those set forth in Section I.C.1 of this Article Two for the options granted under the Discretionary Grant Program, and the Plan Administrator's discretionary authority under Section I.C.2 of this Article Two shall also extend to any outstanding Tandem or Stand-Alone Appreciation Rights.

13

IV. CHANGE IN CONTROL

A. In the event of an actual Change in Control transaction, each outstanding Award under the Discretionary Grant Program shall automatically accelerate so that each such Award shall, immediately prior to the effective date of that Change in Control, become exercisable as to all the shares of Common Stock at the time subject to such Award and may be exercised as to any or all of those shares as fully vested shares of Common Stock. However, an outstanding Award under the Discretionary Grant Program shall **not** become exercisable on such an accelerated basis if and to the extent: (i) such Award is to be assumed by the successor corporation (or parent thereof) or is otherwise to continue in full force and effect pursuant to the terms of the Change in Control transaction or (ii) such Award is to be replaced with a cash incentive program of the successor corporation which preserves the spread existing at the time of the Change in Control on any shares as to which the Award is not otherwise at that time exercisable and provides for subsequent vesting and payout of that spread in accordance with the same exercise/vesting schedule in effect for that Award or (iii) the acceleration of such Award is subject to other limitations imposed by the Plan Administrator. Notwithstanding the foregoing, any Award outstanding under the Discretionary Grant Program on the date of such Change in Control shall be subject to cancellation and termination, without cash payment or other consideration due the Award holder, if the Fair Market Value per share of Common Stock on the date of such Change in Control (or any earlier date specified in the definitive agreement for the Change in Control transaction) is less than the per share exercise or base price in effect for such Award.

B. All outstanding repurchase rights under the Discretionary Grant Program shall automatically terminate, and the shares of Common Stock subject to those terminated rights shall immediately vest in full, immediately prior to the effective date of an actual Change in Control transaction, except to the extent: (i) those repurchase rights are to be assigned to the successor corporation (or parent thereof) or are otherwise to continue in full force and effect pursuant to the terms of the Change in Control transaction or (ii) such accelerated vesting is precluded by other limitations imposed by the Plan Administrator.

C. Immediately following the consummation of the Change in Control, all outstanding Awards under the Discretionary Grant Program shall terminate and cease to be outstanding, except to the extent assumed by the successor corporation (or parent thereof) or are otherwise continued in full force and effect pursuant to the terms of the Change in Control transaction.

D. Each Award which is assumed in connection with a Change in Control or otherwise continued in effect shall be appropriately adjusted, immediately after such Change in Control, to apply to the number and class of securities into which the shares of Common Stock subject to that Award would have been converted in consummation of such Change in Control had those shares actually been outstanding at that time. Appropriate adjustments to reflect such Change in Control shall also be made to (i) the exercise or base price per share in effect under each outstanding Award, provided the aggregate exercise or base price in

14

effect for such securities shall remain the same, (ii) the maximum number and/or class of securities available for issuance over the remaining term of the Plan (iii) the maximum number and/or class of securities by which the share reserve under the Plan may increase by reason of the expiration or termination of unexercised options or the forfeiture or repurchase of shares under the Predecessor Plan, (iv) the maximum number and/or class of securities that may be issued pursuant to Incentive Options granted under the Plan, (v) the maximum number and/or class of securities for which any one person may be granted Common Stock-denominated Awards under the Plan per calendar year, (vi) the number and/or class of securities and the exercise or base price per share in effect under each outstanding Award under the Discretionary Grant Program, (vii) the number and/or class of securities subject to each outstanding Award under the Stock Issuance Program and the cash consideration (if any) payable per share, (viii) the number and/or class of securities subject to each outstanding Award under the Incentive Bonus Program denominated in shares of Common Stock, (ix) the number and/or class of securities subject to each outstanding Award under the Automatic Grant Program, (x) the number and/or class of securities for which Awards may subsequently be made to new and continuing non-employee Board members under the Automatic Grant Program and (xi) the number and/or class of securities subject to the Corporation's outstanding repurchase rights under the Plan and the repurchase price payable per share. To the extent the actual holders of the Corporation's outstanding Common Stock receive cash consideration for their Common Stock in consummation of the Change in Control, the successor corporation may, in connection with the assumption or continuation of the outstanding Awards under the Discretionary Grant Program, substitute, for the securities underlying those assumed rights, one or more shares of its own common stock with a fair market value equivalent to the cash consideration paid per share of Common Stock in such Change in Control transaction, provided such common stock is readily traded on an established U.S. securities exchange or market.

E. The Plan Administrator shall have the discretionary authority to structure one or more outstanding Awards under the Discretionary Grant Program so that those Awards shall, immediately prior to the effective date of an actual Change in Control transaction, become exercisable as to all the shares of Common Stock at the time subject to those Awards and may be exercised as to any or all of those shares as fully vested shares of Common Stock, whether or not those Awards are to be assumed in the Change in Control transaction or otherwise continued in effect. In addition, the Plan Administrator shall have the discretionary authority to structure one or more of the Corporation's repurchase rights under the Discretionary Grant Program so that those rights shall terminate immediately prior to the effective date of an actual Change in Control transaction, and the shares subject to those terminated rights shall thereupon vest in full.

F. The Plan Administrator shall have full power and authority to structure one or more outstanding Awards under the Discretionary Grant Program so that those Awards shall become exercisable as to all the shares of Common Stock at the time subject to those Awards in the event the Optionee's Service is subsequently terminated by reason of an Involuntary Termination within a designated period following the effective date of any Change in Control transaction in which those Awards do not otherwise fully accelerate. In addition, the Plan Administrator may structure one or more of the Corporation's repurchase rights so that those rights shall immediately terminate with respect to any shares held by the Optionee at the time of such Involuntary Termination, and the shares subject to those terminated repurchase rights shall accordingly vest in full at that time.

15

G. The portion of any Incentive Option accelerated in connection with a Change in Control shall remain exercisable as an Incentive Option only to the extent the applicable One Hundred Thousand Dollar (\$100,000) limitation is not exceeded. To the extent such dollar limitation is exceeded, the accelerated portion of such option shall be exercisable as a Non-Statutory Option under the Federal tax laws.

V. PROHIBITION ON REPRICING PROGRAMS

The Plan Administrator shall not (i) implement any cancellation/regrant program pursuant to which outstanding options or stock appreciation rights under the Plan are cancelled and new options or stock appreciation rights are granted in replacement with a lower exercise price per share,

(ii) cancel outstanding options or stock appreciation rights under the Plan with exercise or base prices per share in excess of the then current Fair Market Value per share of Common Stock for consideration payable in cash, equity securities of the Corporation or in the form of any other Award under the Plan, except in connection with a Change in Control transaction, or (iii) otherwise directly reduce the exercise price in effect for outstanding options or stock appreciation rights under the Plan, without in each such instance obtaining stockholder approval.

ARTICLE THREE

STOCK ISSUANCE PROGRAM

I. STOCK ISSUANCE TERMS

Shares of Common Stock may be issued under the Stock Issuance Program, either as vested or unvested shares, through direct and immediate issuances. Each such stock issuance shall be evidenced by a Stock Issuance Agreement which complies with the terms specified below. Shares of Common Stock may also be issued under the Stock Issuance Program pursuant to performance shares or restricted stock units which entitle the recipients to receive the shares underlying those Awards upon the attainment of designated performance goals or the satisfaction of specified Service requirements or upon the expiration of a designated time period following the vesting of those Awards.

A. Issue Price.

1. The issue price per share shall be fixed by the Plan Administrator, but shall not be less than one hundred percent (100%) of the Fair Market Value per share of Common Stock on the Award date.

2. Shares of Common Stock may be issued under the Stock Issuance Program for any of the following items of consideration which the Plan Administrator may deem appropriate in each individual instance:

- (i) cash or check made payable to the Corporation;
- (ii) past services rendered to the Corporation (or any Parent or Subsidiary); or
- (iii) any other valid consideration under the State in which the Corporation is at the time incorporated.

B. Vesting Provisions.

1. Shares of Common Stock issued under the Stock Issuance Program may, in the discretion of the Plan Administrator, be fully and immediately vested upon issuance as a bonus for Service rendered or may vest in one or more installments over the Participant's period of Service or upon the attainment of specified performance objectives. The elements of the vesting schedule applicable to any unvested shares of Common Stock issued under the Stock Issuance Program shall be determined by the Plan Administrator and incorporated into the Stock Issuance Agreement. Shares of Common Stock may also be issued under the Stock Issuance Program pursuant to performance shares or restricted stock units which entitle the recipients to receive the shares underlying those Awards upon the attainment of designated performance goals or the satisfaction of specified Service requirements or upon the expiration of a designated time period following the vesting of those Awards, including (without limitation) a deferred distribution date following the

termination of the Participant's Service. Notwithstanding the foregoing, the following limitations shall apply with respect to the vesting schedules established for the Awards made under the Stock Issuance Program, subject to the acceleration provisions in Paragraphs B.6 and B.7 below and Section II of this Article Three:

- (i) for any such Award which is to vest on the basis of Service, the minimum vesting period shall be three (3) years, with the rate of vesting over that period to be determined by the Plan Administrator; and
- (ii) for any such Award which is to vest on the basis of performance objectives, the performance period shall have a duration of at least one year.

The foregoing minimum vesting requirements shall not be applicable to any Awards made under the Stock Issuance Program to an individual who is at the time of such Award serving solely in the capacity of a non-employee Board member; provided, however, that any Award made under the Stock Issuance Program to such non-employee Board member must have a minimum vesting period of at least one year, with not greater than monthly pro-rated vesting over that period.

2. The Plan Administrator shall also have the discretionary authority, consistent with Code Section 162(m), to structure one or more Awards under the Stock Issuance Program so that the shares of Common Stock subject to those Awards shall vest (or vest and become issuable) upon the achievement of pre-established corporate performance objectives based on one or more Performance Goals and measured over the performance period specified by the Plan Administrator at the time of the Award.

3. Any new, substituted or additional securities or other property (including money paid other than as a regular cash dividend) which the Participant may have the right to receive with respect to the Participant's unvested shares of Common Stock by reason of any stock dividend, stock split, recapitalization, combination of shares, exchange of shares, spin-off transaction, extraordinary dividend or distribution or other change affecting the outstanding Common Stock as a class without the Corporation's receipt of consideration shall be issued subject to (i) the same vesting requirements applicable to the Participant's unvested shares of Common Stock and (ii) such escrow arrangements as the Plan Administrator shall deem appropriate. Equitable adjustments to reflect each such transaction shall also be made by the Plan Administrator to the repurchase price payable per share by

the Corporation for any unvested securities subject to its existing repurchase rights under the Plan; provided the aggregate repurchase price shall in each instance remain the same.

4. The Participant shall have full stockholder rights with respect to any shares of Common Stock issued to the Participant under the Stock Issuance Program, whether or not the Participant's interest in those shares is vested. Accordingly, the Participant shall have the right to vote such shares and to receive any dividends paid on such shares, subject to any applicable vesting requirements, including (without limitation) the requirement that any dividends paid on shares subject to performance-vesting conditions shall be held in escrow by the Corporation and shall not vest or actually be paid to the Award

18

holder prior to the time those shares vest. The Participant shall not have any stockholder rights with respect to the shares of Common Stock subject to a performance share or restricted stock unit Award until that Award vests and the shares of Common Stock are actually issued thereunder. However, dividend-equivalent units may be paid or credited, either in cash or in actual or phantom shares of Common Stock, on outstanding performance share or restricted stock unit Awards, subject to such terms and conditions as the Plan Administrator may deem appropriate; provided, however, that no such dividend-equivalent units relating to Awards subject to performance-vesting conditions shall vest or otherwise become payable prior to the time the underlying Award (or portion thereof to which such dividend-equivalent units relate) vests upon the attainment of the applicable performance goals and shall accordingly be subject to cancellation and forfeiture to the same extent as the underlying Award.

5. Should the Participant cease to remain in Service while holding one or more unvested shares of Common Stock issued under the Stock Issuance Program or should the performance objectives not be attained with respect to one or more such unvested shares of Common Stock, then those shares shall be immediately surrendered to the Corporation for cancellation, and the Participant shall have no further stockholder rights with respect to those shares. To the extent the surrendered shares were previously issued to the Participant for consideration paid in cash or cash equivalent, the Corporation shall repay to the Participant the *lower* of (i) the cash consideration paid for the surrendered shares or (ii) the Fair Market Value of those shares at the time of cancellation.

6. The Plan Administrator may in its discretion waive the surrender and cancellation of one or more unvested shares of Common Stock which would otherwise occur upon the cessation of the Participant's Service or the non-attainment of the performance objectives applicable to those shares, but only to the extent such waiver is effected in connection with (i) the Participant's cessation of Service by reason of death, Permanent Disability, Retirement or Involuntary Termination or (ii) the consummation of a Change in Control transaction. Any such waiver shall result in the immediate vesting of the Participant's interest in the shares of Common Stock as to which the waiver applies. However, no vesting requirements tied to the attainment of performance objectives may be waived with respect to shares which were intended at the time of issuance to qualify as performance-based compensation under Code Section 162(m), except in the event of the Participant's cessation of Service by reason of death or Permanent Disability or as otherwise provided in Section II of this Article Three.

7. Outstanding performance shares or restricted stock units under the Stock Issuance Program shall automatically terminate, and no shares of Common Stock shall actually be issued in satisfaction of those Awards, if the performance goals or Service requirements established for those Awards are not attained or satisfied. The Plan Administrator, however, shall have the discretionary authority to issue vested shares of Common Stock under one or more outstanding Awards of performance shares or restricted stock units as to which the designated performance goals or Service requirements have not been attained or satisfied, but only in connection with (i) the Participant's cessation of Service by reason of death, Permanent Disability, Retirement or Involuntary Termination or (ii) the consummation of a Change in Control transaction. However, no vesting requirements

19

tied to the attainment of performance goals may be waived with respect to Awards which were intended, at the time those Awards were made, to qualify as performance-based compensation under Code Section 162(m), except in the event of the Participant's death or Permanent Disability or as otherwise provided in Section II of this Article Three.

8. The following additional requirements shall be in effect for any performance shares awarded under this Article Three:

(i) At the end of the performance period, the Plan Administrator shall determine the actual level of attainment for each performance objective and the extent to which the performance shares awarded for that period are to vest and become payable based on the attained performance levels.

(ii) The performance shares which so vest shall be paid as soon as practicable following the end of the performance period, unless such payment is to be deferred for the period specified by the Plan Administrator at the time the performance shares are awarded or the period selected by the Participant in accordance with the applicable requirements of Code Section 409A.

(iii) Performance shares may be paid in (i) cash, (ii) shares of Common Stock or (iii) any combination of cash and shares of Common Stock, as determined by the Plan Administrator in its sole discretion.

(iv) Performance shares may also be structured so that the shares are convertible into shares of Common Stock, but the rate at which each performance share is to so convert shall be based on the attained level of performance for each applicable performance objective.

II. CHANGE IN CONTROL

A. Each Award outstanding under the Stock Issuance Program on the effective date of an actual Change in Control transaction may be (i) assumed by the successor corporation (or parent thereof) or otherwise continued in full force and effect pursuant to the terms of the Change in Control transaction or (ii) replaced with a cash incentive program of the successor corporation which preserves the Fair Market Value of the underlying shares of Common Stock at the time of the Change in Control and provides for the subsequent vesting and payment of that value in accordance with the same vesting schedule in effect for those shares at the time of such Change in Control. To the extent any such Award is at the time subject to performance-vesting

requirements tied to the attainment of one or more specified performance goals and the Plan Administrator does not at the time provide otherwise, those performance-vesting requirements shall upon the assumption, continuation or replacement of that Award be cancelled, and such Award shall thereupon be converted into a Service-vesting Award, based on an assumed attainment of the applicable performance goals at target level, that will vest in one or more increments over the Service-vesting period in effect for that Award immediately prior to the effective date of the Change in Control. However, to the

extent any Award outstanding under the Stock Issuance Program on the effective date of such Change in Control Transaction is not to be so assumed, continued or replaced, that Award shall vest in full immediately prior to the effective date of the actual Change in Control transaction, and the shares of Common Stock underlying the portion of the Award that vests on such accelerated basis shall be issued in accordance with the applicable Award Agreement, unless such accelerated vesting is precluded by other limitations imposed in the Stock Issuance Agreement.

B. Each outstanding Award under the Stock Issuance Program which is assumed in connection with a Change in Control or otherwise continued in effect shall be adjusted immediately after the consummation of that Change in Control so as to apply to the number and class of securities into which the shares of Common Stock subject to that Award immediately prior to the Change in Control would have been converted in consummation of such Change in Control had those shares actually been outstanding at that time, and appropriate adjustments shall also be made to the cash consideration (if any) payable per share thereunder, provided the aggregate amount of such consideration shall remain the same. To the extent the actual holders of the Corporation's outstanding Common Stock receive cash consideration for their Common Stock in consummation of the Change in Control, the successor corporation may, in connection with the assumption or continuation of the outstanding Awards, substitute one or more shares of its own common stock with a fair market value equivalent to the cash consideration paid per share of Common Stock in such Change in Control transaction, provided such common stock is readily traded on an established U.S. securities exchange or market.

C. The Plan Administrator shall have the discretionary authority to structure one or more unvested Awards under the Stock Issuance Program so that the shares of Common Stock subject to those Awards shall automatically vest (or vest and become issuable) in whole or in part immediately prior to the effective date of an actual Change in Control transaction or upon the subsequent termination of the Participant's Service by reason of an Involuntary Termination within a designated period following the effective date of that Change in Control transaction. The Plan Administrator's authority under this Section II.C shall also extend to any Awards intended to qualify as performance-based compensation under Code Section 162(m), even though the automatic vesting of those Awards pursuant to this Section II.C may result in their loss of performance-based status under Code Section 162(m).

ARTICLE FOUR

INCENTIVE BONUS PROGRAM

I. INCENTIVE BONUS TERMS

The Plan Administrator shall have full power and authority to implement one or more of the following incentive bonus programs under the Plan:

- (i) cash bonus awards ("**Cash Awards**"),
- (ii) performance unit awards ("**Performance Unit Awards**"), and
- (iii) dividend equivalent rights ("**DER Awards**").

A. **Cash Awards.** The Plan Administrator shall have the discretionary authority under the Plan to make Cash Awards which are to vest in one or more installments over the Participant's continued Service with the Corporation or upon the attainment of specified performance goals. Each such Cash Award shall be evidenced by one or more documents in the form approved by the Plan Administrator; **provided however**, that each such document shall comply with the terms specified below.

1. The elements of the vesting schedule applicable to each Cash Award shall be determined by the Plan Administrator and incorporated into the Incentive Bonus Award Agreement.
2. The Plan Administrator shall also have the discretionary authority, consistent with Code Section 162(m), to structure one or more Cash Awards so that those Awards shall vest upon the achievement of pre-established corporate performance objectives based upon one or more Performance Goals.
3. Should the Participant cease to remain in Service while holding one or more unvested Cash Awards or should the performance objectives not be attained with respect to one or more such Cash Awards, then those Awards shall be immediately terminate, and the Participant shall not be entitled to any cash payment or other consideration with respect to those terminated Awards.
4. Outstanding Cash Awards shall automatically terminate, and no cash payment or other consideration shall be due the holders of those Awards, if the performance goals or Service requirements established for the Awards are not attained or satisfied. The Plan Administrator may in its discretion waive the cancellation and termination of one or more unvested Cash Awards which would otherwise occur upon the cessation of the Participant's Service or the non-attainment of the performance objectives applicable to those Awards. Any such waiver shall result in the immediate vesting of the Participant's interest in the Cash Award as to which the waiver applies. Such wavier may be effected at any time, whether before or after the Participant's cessation of Service or the attainment or non-attainment of the applicable performance objectives. However, no vesting requirements

tied to the attainment of performance goals may be waived with respect to awards which were intended, at the time those awards were granted, to qualify as performance-based compensation under Code Section 162(m), except in the event of the Participant's death or Permanent Disability or as otherwise provided in Section II of this Article Four.

5. Cash Awards which become due and payable following the attainment of the applicable performance goals or satisfaction of the applicable Service requirement (or the waiver of such goals or Service requirement) may be paid in (i) cash, (ii) shares of Common Stock valued at Fair Market Value on the payment date or (iii) a combination of cash and shares of Common Stock as the Plan Administrator shall determine.

B. Performance Unit Awards. The Plan Administrator shall have the discretionary authority to make Performance Unit Awards in accordance with the terms of this Article Four. Each such Performance Unit Award shall be evidenced by one or more documents in the form approved by the Plan Administrator; **provided however**, that each such document shall comply with the terms specified below.

1. A Performance Unit shall represent a participating interest in a special bonus pool tied to the attainment of pre-established corporate performance objectives based on one or more Performance Goals. The amount of the bonus pool may vary with the level at which the applicable performance objectives are attained, and the value of each Performance Unit which becomes due and payable upon the attained level of performance shall be determined by dividing the amount of the resulting bonus pool (if any) by the total number of Performance Units issued and outstanding at the completion of the applicable performance period.

2. Performance Units may also be structured to include a Service requirement which the Participant must satisfy following the completion of the performance period in order to vest in the Performance Units awarded with respect to that performance period.

3. Performance Units which become due and payable following the attainment of the applicable performance objectives and the satisfaction of any applicable Service requirement may be paid in (i) cash, (ii) shares of Common Stock valued at Fair Market Value on the payment date or (iii) a combination of cash and shares of Common Stock as the Plan Administrator shall determine.

C. DER Awards. The Plan Administrator shall have the discretionary authority to make DER Awards in accordance with the terms of this Article Four. Each such DER Award shall be evidenced by one or more documents in the form approved by the Plan Administrator; **provided however**, that each such document shall comply with the terms specified below.

1. The DER Awards may be made as stand-alone awards or in tandem with other Awards made under the Plan. The term of each such DER Award shall be established by the Plan Administrator at the time of grant, but no DER Award shall have a term in excess of ten (10) years.

23

2. Each DER shall represent the right to receive the economic equivalent of each dividend or distribution, whether in cash, securities or other property (other than shares of Common Stock), which is made per issued and outstanding share of Common Stock during the term the DER remains outstanding. A special account on the books of the Corporation shall be maintained for each Participant to whom a DER Award is made, and that account shall be credited per DER with each such dividend or distribution made per issued and outstanding share of Common Stock during the term of that DER remains outstanding.

3. Payment of the amounts credited to such book account may be made to the Participant either concurrently with the actual dividend or distribution made per issued and outstanding share of Common Stock or may be deferred for a period specified by the Plan Administrator at the time the DER Award is made or selected by the Participant in accordance with the requirements of Code Section 409A. In no event, however, shall any DER Award made with respect to an Award subject to performance-vesting conditions under the Stock Issuance or Incentive Bonus Program vest or become payable prior to the vesting of that Award (or the portion thereof to which the DER Award relates) upon the attainment of the applicable performance goals and shall accordingly be subject to cancellation and forfeiture to the same extent as the underlying Award.

4. Payment may be paid in (i) cash, (ii) shares of Common Stock or (iii) a combination of cash and shares of Common Stock as the Plan Administrator shall determine. If payment is to be made in the form of Common Stock, the number of shares of Common Stock into which the cash dividend or distribution amounts are to be converted for purposes of the Participant's book account may be based on the Fair Market Value per share of Common Stock on the date of conversion, a prior date or an average of the Fair Market Value per share of Common Stock over a designated period, as the Plan Administrator shall determine in its sole discretion.

5. The Plan Administrator shall also have the discretionary authority, consistent with Code Section 162(m), to structure one or more DER Awards so that those Awards shall vest only after the achievement of pre-established corporate performance objectives based upon one or more Performance Goals.

II. CHANGE IN CONTROL

A. The Plan Administrator shall have the discretionary authority to structure one or more Awards under the Incentive Bonus Program so that those Awards shall automatically vest in whole or in part immediately prior to the effective date of an actual Change in Control transaction or upon the subsequent termination of the Participant's Service by reason of an Involuntary Termination within a designated period following the effective date of such Change in Control. To the extent any such Award is, at the time of such Change in Control, subject to performance vesting upon the attainment of one or more performance goals and the Plan Administrator does not at that time provide otherwise, the performance-vesting condition shall automatically be cancelled on the effective date of such Change in Control, and such Award shall thereupon be converted into a Service-vesting Award, based on an assumed attainment of the applicable performance goals at target level, that will vest in one or more installments over the Service-vesting period in effect for that Award immediately prior to the Change in Control.

24

B. The Plan Administrator's authority under Section II.A shall also extend to any performance bonus awards intended to qualify as performance-based compensation under Code Section 162(m), even though the automatic vesting of those awards pursuant to such Paragraph A may result in their loss of performance-based status under Code Section 162(m).

ARTICLE FIVE

AUTOMATIC GRANT PROGRAM

I. AWARD TERMS

A. **Automatic Grants.** The Automatic Grant Program has, as of the Plan Effective Date, superseded and replaced the Corporation's 1998 Non-Employee Director Stock Option Plan and the Non-Employee Director Stock Retainer Plan. The Awards for the non-employee Board members at the 2007 Annual Meeting were made pursuant to the Automatic Grant Program in effect under this Article Five, and no further option grants or stock issuances shall be made to the non-employee Board members under the 1998 Non-Employee Director Stock Option Plan or the Non-Employee Director Stock Retainer Plan on or after the 2007 Annual Meeting. The Awards to be made pursuant to the Automatic Grant Program shall be as follows:

1. Each individual who is first elected or appointed as a non-employee Board member at any time on or after the date of the 2007 Annual Meeting shall automatically be granted, on the date of such initial election or appointment, an Award in the form of restricted stock units covering that number of shares of Common Stock (rounded up to the next whole share) determined by dividing the Applicable Dollar Amount by the Fair Market Value per share on such date, provided that individual has not been in the employ of the Corporation or any Parent or Subsidiary during the preceding twelve (12) months (the "**Initial Grant**"). The Applicable Dollar Amount shall be determined by the Plan Administrator at the time of each such grant, but in no event shall such amount exceed Three Hundred Thousand Dollars (\$300,000.00) per non-employee Board member.

2. On the date of each annual stockholders meeting, beginning with the 2007 Annual Meeting, each individual who is to continue to serve as a non-employee Board member, whether or not that individual is standing for re-election to the Board at that particular annual meeting, shall automatically be granted an Award in the form of restricted stock units covering that number of shares of Common Stock (rounded up to the next whole share) determined by dividing the Applicable Annual Amount by the Fair Market Value per share on such date (the "**Annual Grant**"), provided that such individual has served as a non-employee Board member for a period of at least six (6) months. There shall be no limit on the number of such Annual Grants any one continuing non-employee Board member may receive over his or her period of Board service, and non-employee Board members who have previously been in the employ of the Corporation (or any Parent or Subsidiary) shall be eligible to receive one or more such Annual Grants over their period of continued Board service. The Applicable Annual Amount shall be determined by the Plan Administrator on or before the date of the annual stockholders meeting at which those Annual Grants are to be made, but in no event shall exceed Three Hundred Thousand Dollars (\$300,000.00).

3. Each restricted unit awarded under this Article Five shall entitle the non-employee Board member to one share of Common Stock on the applicable issuance date following the vesting of that unit.

B. **Vesting of Awards and Issuance of Shares.** Each Initial and Annual Grant made under this Article Five shall vest in a series of three (3) successive equal annual installments upon the non-employee Board member's completion of each year of Board service over the three (3)-year period measured from the Award date; **provided, however**, that should such non-employee Board member cease Board service by reason of (i) death or Permanent Disability or (ii) retirement at or after age seventy two (72), then each Initial and Annual Grant made to such individual under this Article Five and outstanding at the time of such cessation of Board service shall immediately vest in full. The shares of Common Stock underlying each Initial or Annual Grant which vests in accordance with the foregoing vesting provisions shall be issued as they vest; **provided, however**, that the Plan Administrator may allow one or more non-employee Board members to defer, in accordance with the applicable requirements of Code Section 409A and the regulations thereunder, the issuance of the shares beyond the vesting date to a designated date or until cessation of Board service or an earlier Change in Control.

C. **Dividend Equivalent Rights.** Each restricted stock unit shall include a dividend equivalent right pursuant to which a book account shall be established for the non-employee Board member and credited from time to time with each dividend or distribution, whether in cash, securities or other property (other than shares of Common Stock) which is made per issued and outstanding share of Common Stock during the period the share of Common Stock underlying that restricted stock unit remains unissued. The amount credited to the book account with respect to such restricted stock unit shall be paid to the non-employee Board member concurrently with the issuance of the share of Common Stock underlying that unit, subject to the Corporation's collection of any applicable withholding taxes.

II. CHANGE IN CONTROL

Should the non-employee Board member continue in Board service until the effective date of an actual Change in Control transaction, then the shares of Common Stock subject to each outstanding Initial and Annual Award made to such Board member shall, immediately prior to the effective date of that Change in Control transaction, vest in full and shall be issued to him or her as soon as administratively practicable thereafter, but in no event more than fifteen (15) business days after such effective date, except to the extent such issuance is subject to a deferred distribution date under Code Section 409A, or shall otherwise be converted into the right to receive the same consideration per share of Common Stock payable to the other stockholders in the Change in Control and distributed at the same time as such stockholder payments, subject to any applicable deferred distribution date under Code Section 409A.

MISCELLANEOUS

I. DEFERRED COMPENSATION

A. The Plan Administrator may, in its sole discretion, structure one or more Awards under the Stock Issuance or Incentive Bonus Programs so that the Participants may be provided with an election to defer the compensation associated with those Awards for federal income tax purposes. Any such deferral opportunity shall comply with all applicable requirements of Code Section 409A.

B. The Plan Administrator may implement a non-employee Board member retainer fee deferral program under the Plan that allows the non-employee Board members the opportunity to elect, prior to the start of each calendar year, to convert the Board and Board committee retainer fees to be earned for that year into restricted stock units under the Stock Issuance Program that will defer the issuance of the shares of Common Stock that vest under those restricted stock units to a permissible date or event under Code Section 409A. If such program is implemented, the Plan Administrator shall have the authority to establish such rules and procedures as it deems appropriate for the filing of such deferral elections and the designation of the permissible distribution events under Code Section 409A.

C. To the extent the Corporation maintains one or more separate non-qualified deferred compensation arrangements which allow the participants the opportunity to make notional investments of their deferred account balances in shares of Common Stock, the Plan Administrator may authorize the share reserve under the Plan to serve as the source of any shares of Common Stock that become payable under those deferred compensation arrangements. In such event, the share reserve under the Plan shall be reduced on a share-for-one-share basis for each share of Common Stock issued under the Plan in settlement of the deferred compensation owed under those separate arrangements.

D. To the extent there is any ambiguity as to whether any provision of any Award made under the Plan that is deemed to constitute a deferred compensation arrangement under Code Section 409A would otherwise contravene one or more requirements or limitations of such Code Section 409A and the Treasury Regulations thereunder, such provision shall be interpreted and applied in a manner that complies with the applicable requirements of Code Section 409A and the Treasury Regulations thereunder.

II. TAX WITHHOLDING

A. The Corporation's obligation to deliver shares of Common Stock upon the exercise, issuance or vesting of an Award under the Plan shall be subject to the satisfaction of all applicable income and employment tax withholding requirements.

28

B. The Plan Administrator may, in its discretion, structure one or more Awards so that shares of Common Stock may be used as follows to satisfy all or part of the Withholding Taxes to which such holders of those Awards may become subject in connection with the issuance, exercise, vesting or settlement of those Awards:

1. Stock Withholding. The Corporation may be provided with the right to withhold, from the shares of Common Stock otherwise issuable upon the issuance, exercise or vesting of such Award or the issuance of shares of Common Stock thereunder, a portion of those shares with an aggregate Fair Market Value equal to the applicable Withholding Taxes. The shares of Common Stock so withheld shall reduce the number of shares of Common Stock authorized for issuance under the Plan.

2. Stock Delivery. The Award holder may be provided with the right to deliver to the Corporation, at the time of the issuance, exercise or vesting of such Award or the issuance of shares of Common Stock thereunder, one or more shares of Common Stock previously acquired by such individual (other than in connection with the exercise, share issuance or share vesting triggering the Withholding Taxes) with an aggregate Fair Market Value equal to the percentage of the Withholding Taxes (not to exceed one hundred percent (100%)) designated by the individual. The shares of Common Stock so delivered shall neither reduce the number of shares of Common Stock authorized for issuance under the Plan nor be added to the number of shares of Common Stock authorized for issuance under the Plan.

III. SHARE ESCROW/LEGENDS

Unvested shares may, in the Plan Administrator's discretion, be held in escrow by the Corporation until the Participant's interest in such shares vests or may be issued directly to the Participant with restrictive legends on the certificates evidencing those unvested shares.

IV. EFFECTIVE DATE AND TERM OF THE PLAN

A. The Plan shall become effective on the Plan Effective Date. The Plan was assumed by Alexander & Baldwin Holdings, Inc. on June 6, 2012 upon the consummation of the Merger and Alexander & Baldwin Holdings, Inc. changed its name to Matson, Inc. on June 29, 2012 effective as of the consummation of the Spin-off.

B. The Plan was amended on January 28, 2010 to increase the number of shares of Common Stock authorized for issuance under the Plan by an additional Two Million Two Hundred Thousand (2,200,000) shares. Such share increase was approved by the stockholders at the 2010 Annual Meeting. The Plan was amended on October 24, 2012 to (i) reflect an increase in the number of shares of Common Stock authorized for issuance under the Plan by an additional Five Hundred Sixty-Nine Thousand Eighty-Five (569,085) shares, as of June 29, 2012, pursuant to Section V.B of Article One, and (ii) reflect various adjustments to the share limits contained in the Plan pursuant to Section V.F of Article One as a result of Spin-off.

29

C. The Plan shall serve as the successor to each of the Predecessor Plans, and no further option grants or unvested share issuances shall be made under the Predecessor Plans. The implementation of the Plan shall not affect the option grants and unvested share awards that were outstanding under the Predecessor Plans at the time the Plan was approved by the stockholders at the 2007 Annual Meeting, and those option grants and unvested share awards

shall continue in full force and effect in accordance with their terms. However, should any of those options expire or terminate unexercised or those unvested shares be forfeited or repurchased by the Corporation at the original issue price, the shares of Common Stock subject to those options at the time of expiration or termination and those forfeited or repurchased shares shall be added to the share reserve of this Plan, up to the maximum number of additional shares permissible hereunder.

D. The Plan shall terminate upon the *earliest* to occur of (i) April 26, 2017, (ii) the date on which all shares available for issuance under the Plan shall have been issued as fully vested shares or (iii) the termination of all outstanding Awards in connection with a Change in Control. Should the Plan terminate on April 26, 2017, then all Awards outstanding at that time shall continue to have force and effect in accordance with the provisions of the documents evidencing those Awards.

V. AMENDMENT OF THE PLAN

A. The Board shall have complete and exclusive power and authority to amend or modify the Plan in any or all respects; *provided, however*, that stockholder approval shall be required for any amendment to the Plan which materially increases the number of shares of Common Stock authorized for issuance under the Plan (other than pursuant to Section V.F of Article One), materially increases the benefits accruing to Optionees or Participants, materially expands the class of individuals eligible to participate in the Plan, expands the types of awards which may be made under the Plan or extends the term of the Plan or to the extent such stockholder approval may otherwise be required under applicable law or regulation or pursuant to the listing standards of the Stock Exchange on which the Common Stock is at the time primarily traded. However, no such amendment or modification shall adversely affect the rights and obligations with respect to Awards at the time outstanding under the Plan unless the Optionee or the Participant consents to such amendment or modification.

B. The Compensation Committee shall have the discretionary authority to adopt and implement from time to time such addenda or subplans to the Plan as it may deem necessary in order to bring the Plan into compliance with applicable laws and regulations of any foreign jurisdictions in which grants or awards are to be made under the Plan and/or to obtain favorable tax treatment in those foreign jurisdictions for the individuals to whom the grants or awards are made.

C. Except as otherwise provided in Section IV.B of this Article Six, Awards may be made under the Plan that involve shares of Common Stock in excess of the number of shares then available for issuance under the Plan, provided no shares shall actually be issued pursuant to those Awards until the number of shares of Common Stock available for issuance under the Plan is sufficiently increased by stockholder approval of an amendment of the Plan authorizing such increase. If such stockholder approval is not obtained within twelve (12) months after the date the first excess Award is made, then all Awards granted on the basis of such excess shares shall terminate and cease to be outstanding.

30

VI. USE OF PROCEEDS

Any cash proceeds received by the Corporation from the sale of shares of Common Stock under the Plan shall be used for general corporate purposes.

VII. REGULATORY APPROVALS

A. The implementation of the Plan, the granting of any Award under the Plan and the issuance of any shares of Common Stock in connection with the issuance, exercise or vesting of any Award under the Plan shall be subject to the Corporation's procurement of all approvals and permits required by regulatory authorities having jurisdiction over the Plan, the Awards made under the Plan and the shares of Common Stock issuable pursuant to those Awards.

B. No shares of Common Stock or other assets shall be issued or delivered under the Plan unless and until there shall have been compliance with all applicable requirements of applicable securities laws, including the filing and effectiveness of the Form S-8 registration statement for the shares of Common Stock issuable under the Plan, and all applicable listing requirements of any Stock Exchange on which Common Stock is then listed for trading.

VIII. NO EMPLOYMENT/SERVICE RIGHTS

Nothing in the Plan shall confer upon the Optionee or the Participant any right to continue in Service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Corporation (or any Parent or Subsidiary employing or retaining such person) or of the Optionee or the Participant, which rights are hereby expressly reserved by each, to terminate such person's Service at any time for any reason, with or without cause.

31

APPENDIX

The following definitions shall be in effect under the Plan:

A. **2007 Annual Meeting** shall mean the 2007 annual meeting of the Alexander & Baldwin, Inc. stockholders.

B. **2010 Annual Meeting** shall mean the 2010 annual meeting of the Alexander & Baldwin, Inc. stockholders.

C. **Automatic Grant Program** shall mean the automatic grant program in effect for non-employee Board members under

Article Five of the Plan.

D. **Award** shall mean any of the following awards authorized for issuance or grant under the Plan: stock options, stock appreciation rights, direct stock issuances, restricted stock or restricted stock unit awards, performance shares, performance units, dividend-equivalent rights and cash incentive awards.

E. **Award Agreement** shall mean the agreement(s) between the Corporation and the Optionee or Participant evidencing a particular Award made to that individual under the Plan, as such agreement(s) may be in effect from time to time.

F. **Board** shall mean the Corporation's Board of Directors.

G. **Cause** shall, with respect to each Award made under the Plan, be defined in accordance with the following provisions:

· Cause shall have the meaning assigned to such term in the Award Agreement for the particular Award or in any other agreement incorporated by reference into the Award Agreement for purposes of defining such term.

· In the absence of any other Cause definition in the Award Agreement for a particular Award (or in any other agreement incorporated by reference into the Award Agreement), an individual's termination of Service shall be deemed to be for Cause if such termination occurs by reason his or her commission of any act of fraud, embezzlement or dishonesty, any unauthorized use or disclosure by such person of confidential information or trade secrets of the Corporation (or any Parent or Subsidiary), or any other intentional misconduct by such person adversely affecting the business or affairs of the Corporation (or any Parent or Subsidiary) in a material manner.

H. **Change in Control** shall, with respect to each Award made under the Plan, be defined in accordance with the following provisions:

· Change in Control shall have the meaning assigned to such term in the Award Agreement for the particular Award or in any other agreement incorporated by reference into the Award Agreement for purposes of defining such term.

A-1

· In the absence of any other Change in Control definition in the Award Agreement (or in any other agreement incorporated by reference into the Award Agreement), Change in Control shall mean a change in ownership or control of the Corporation effected through any of the following transactions:

(i) a merger, consolidation or other reorganization approved by the Corporation's stockholders, unless securities representing more than fifty percent (50%) of the total combined voting power of the voting securities of the successor corporation are immediately thereafter beneficially owned, directly or indirectly and in substantially the same proportion, by the persons who beneficially owned the Corporation's outstanding voting securities immediately prior to such transaction,

(ii) a sale, transfer or other disposition of all or substantially all of the Corporation's assets,

(iii) the closing of any transaction or series of related transactions pursuant to which any person or any group of persons comprising a "group" within the meaning of Rule 13d-5(b)(1) of the 1934 Act (other than the Corporation or a person that, prior to such transaction or series of related transactions, directly or indirectly controls, is controlled by or is under common control with, the Corporation) acquires directly or indirectly (whether as a result of a single acquisition or by reason of one or more acquisitions within the twelve (12)-month period ending with the most recent acquisition) beneficial ownership (within the meaning of Rule 13d-3 of the 1934 Act) of securities possessing (or convertible into or exercisable for securities possessing) thirty-five percent (35%) of the total combined voting power of the Corporation's securities (as measured in terms of the power to vote with respect to the election of Board members) outstanding immediately after the consummation of such transaction or series of related transactions, whether such transaction involves a direct issuance from the Corporation or the acquisition of outstanding securities held by one or more of the Corporation's existing stockholders, or

(iv) a change in the composition of the Board over a period of twelve (12) consecutive months or less such that a majority of the Board members ceases, by reason of one or more contested elections for Board membership, to be comprised of individuals who either (A) have been Board members continuously since the beginning of such period or (B) have been elected or nominated for election as Board members during such period by at least a majority of the Board members described in clause (A) who were still in office at the time the Board approved such election or nomination.

I. **Code** shall mean the Internal Revenue Code of 1986, as amended.

J. **Common Stock** shall mean the Corporation's common stock.

A-2

K. **Compensation Committee** shall mean the Compensation Committee of the Board comprised of two (2) or more non-employee Board members.

L. **Corporation** shall mean Matson, Inc., a Hawaii corporation (formerly known as Alexander & Baldwin Holdings, Inc.) that is the successor to Alexander & Baldwin, Inc. and that has by appropriate action assumed this Plan in connection with the Merger, and any subsequent corporate successor to all or substantially all of the assets or voting stock of Matson, Inc. which has by appropriate action assumed the Plan.

M. **Discretionary Grant Program** shall mean the discretionary grant program in effect under Article Two of the Plan pursuant to which stock options and stock appreciation rights may be granted to one or more eligible individuals.

N. **Employee** shall mean an individual who is in the employ of the Corporation (or any Parent or Subsidiary, whether now existing or subsequently established), subject to the control and direction of the employer entity as to both the work to be performed and the manner and method of performance.

O. **Exercise Date** shall mean the date on which the Corporation shall have received written notice of the option exercise.

P. **Fair Market Value** per share of Common Stock on any relevant date shall be the closing selling price per share of Common Stock at the close of regular hours trading (i.e., before after-hours trading begins) on date on question on the Stock Exchange serving as the primary market for the Common Stock, as such price is reported by the National Association of Securities Dealers (if primarily traded on the Nasdaq Global Select Market) or as officially quoted in the composite tape of transactions on any other Stock Exchange on which the Common Stock is then primarily traded. If there is no closing selling price for the Common Stock on the date in question, then the Fair Market Value shall be the closing selling price on the last preceding date for which such quotation exists.

Q. **Family Member** means, with respect to a particular Optionee or Participant, any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law.

R. **Good Reason** shall, with respect to each Award made under the Plan, be defined in accordance with the following provisions:

· Good Reason shall have the meaning assigned to such term in the Award Agreement for the particular Award or in any other agreement incorporated by reference into the Award Agreement for purposes of defining such term.

· In the absence of any other Good Reason definition in the Award Agreement (or in any other agreement incorporated by reference into the Award Agreement), Good Reason shall mean an individual's voluntary resignation following the occurrence of any of the following events effected without such individual's consent: (A) a change in his or her position with the Corporation (or any Parent or Subsidiary) which

A-3

materially reduces his or her duties and responsibilities or the level of management to which he or she reports, (B) a reduction in his or her level of compensation (including base salary, fringe benefits and target bonus under any corporate-performance based bonus or incentive programs) by more than fifteen percent (15%) or (C) a relocation of such individual's place of employment by more than fifty (50) miles or (D) the failure by the Corporation to continue in effect any stock option or other equity-based plan in which such individual is participating, or in which such individual is entitled to participate, immediately prior to a change in control of the Corporation, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan; or the failure by the Corporation to continue such individual's participation therein (or in such substitute or alternative plan) on a substantially equivalent basis, both in terms of the amount or timing of payment of benefits provided and the level of such individual's participation relative to other participants, as existed immediately prior to the change in control of the Corporation.

S. **Incentive Bonus Program** shall mean the incentive bonus program in effect under Article Four of the Plan.

T. **Incentive Option** shall mean an option which satisfies the requirements of Code Section 422.

U. **Involuntary Termination** shall mean the termination of the Service of any individual which occurs by reason of:

(i) such individual's involuntary dismissal or discharge by the Corporation (or any Parent or Subsidiary) for reasons other than for Cause, or

(ii) such individual's voluntary resignation for Good Reason.

V. **Merger** shall mean the merger of Alexander & Baldwin, Inc. with a wholly-owned subsidiary of the Corporation, pursuant to which the Corporation has become the parent holding company of Alexander & Baldwin, Inc. in accordance with the terms of the Agreement and Plan of Merger by and among Holdings, Alexander & Baldwin, Inc. and A&B Merger Corporation dated February 13, 2012.

W. **1934 Act** shall mean the Securities Exchange Act of 1934, as amended.

X. **Non-Statutory Option** shall mean an option not intended to satisfy the requirements of Code Section 422.

Y. **Optionee** shall mean any person to whom an option is granted under the Discretionary Grant or Automatic Grant Program.

Z. **Parent** shall mean any corporation (other than the Corporation) in an unbroken chain of corporations ending with the Corporation, provided each corporation in the unbroken chain (other than the Corporation) owns, at the time of the determination, stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

A-4

AA. **Participant** shall mean any person who is issued (i) shares of Common Stock, restricted stock units, performance shares, performance units or other stock-based awards under the Stock Issuance Program or (ii) an incentive bonus award under the Incentive Bonus Program.

BB. **Permanent Disability or Permanently Disabled** shall mean the inability of the Optionee or the Participant to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment expected to result in death or to be of continuous duration of twelve (12) months or more. However, solely for purposes of the Automatic Grant Program, Permanent Disability or Permanently Disabled shall mean the inability of the non-employee Board member to perform his or her usual duties as a Board member by reason of any medically determinable physical or mental impairment expected to result in death or to be of continuous duration of twelve (12) months or more.

CC. **Performance Goals** shall mean any of the following performance criteria upon which the vesting of one or more Awards under the Plan may be based: (i) cash flow; (ii) earnings (including gross margin, earnings before interest and taxes, earnings before taxes, earnings before interest, taxes, depreciation, amortization and charges for stock-based compensation, earnings before interest, taxes, depreciation and amortization, and net earnings); (iii) earnings per share; (iv) growth in earnings or earnings per share; (v) stock price; (vi) return on equity or average stockholder equity; (vii) total stockholder return or growth in total stockholder return either directly or in relation to a comparative group; (viii) return on capital; (ix) return on assets or net assets; (x) invested capital, required rate of return on capital or return on invested capital; (xi) revenue, growth in revenue or return on sales; (xii) income or net income; (xiii) operating income, net operating income or net operating income after tax; (xiv) operating profit or net operating profit; (xv) operating margin; (xvi) return on operating revenue or return on operating profit; (xvii) collections and recoveries; (xviii) property purchases, sales, investments and construction goals; (xix) application approvals; (xx) litigation and regulatory resolution goals; (xxi) occupancy or occupancy rates; (xxii) leases, contracts or financings, including renewals; (xxiii) overhead, savings, G&A and other expense control goals; (xxiv) budget comparisons; (xxv) growth in stockholder value relative to the growth of the S&P 400 or S&P 400 Index, the S&P Global Industry Classification Standards (“GICS”) or GICS Index, or another peer group or peer group index; (xxvi) credit rating; (xxvii) development and implementation of strategic plans and/or organizational restructuring goals; (xxviii) development and implementation of risk and crisis management programs; (xxix) improvement in workforce diversity; (xxx) net cost per ton; (xxxii) price per container or average price of container; (xxxiii) voyage days or vessel scheduling; (xxxiii) lift volume per container, volume per container, number of units or size of units; (xxxiv) compliance requirements and compliance relief; (xxxv) safety goals; (xxxvi) productivity goals; (xxxvii) workforce management and succession planning goals; (xxxviii) economic value added (including typical adjustments consistently applied from generally accepted accounting principles required to determine economic value added performance measures); (xxxix) measures of customer satisfaction, employee satisfaction or

A-5

staff development; (xl) development or marketing collaborations, formations of joint ventures or partnerships or the completion of other similar transactions intended to enhance the Corporation’s revenue or profitability or enhance its customer base; (xli) merger and acquisitions; and (xlii) other similar criteria consistent with the foregoing. In addition, such performance criteria may be based upon the attainment of specified levels of the Corporation’s performance under one or more of the measures described above relative to the performance of other entities and may also be based on the performance of any of the Corporation’s business units or divisions or any Parent or Subsidiary. Each applicable Performance Goal may include a minimum threshold level of performance below which no Award will be earned, levels of performance at which specified portions of an Award will be earned and a maximum level of performance at which an Award will be fully earned. Each applicable performance goal may be structured at the time of the Award to provide for appropriate adjustment for one or more of the following items: (A) asset impairments or write-downs; (B) litigation judgments or claim settlements; (C) the effect of changes in tax law, accounting principles or other such laws or provisions affecting reported results; (D) accruals for reorganization and restructuring programs; (E) any extraordinary nonrecurring items; (F) the operations of any business acquired by the Corporation; (G) the divestiture of one or more business operations or the assets thereof; and (H) any other adjustment consistent with the operation of the Plan.

DD. **Plan** shall mean the Alexander & Baldwin, Inc. 2007 Incentive Compensation Plan, as amended and restated in this document and assumed by the Corporation upon the consummation of the Merger.

EE. **Plan Administrator** shall mean the particular entity, whether the Compensation Committee (or subcommittee thereof), the Board or the Secondary Board Committee, which is authorized to administer the Discretionary Grant and Stock Issuance Programs with respect to one or more classes of eligible persons, to the extent such entity is carrying out its administrative functions under the Plan with respect to the persons under its jurisdiction.

FF. **Plan Effective Date** shall mean the April 26, 2007 date on which the Plan was approved by the Alexander & Baldwin, Inc. stockholders at the 2007 Annual Meeting.

GG. **Predecessor Plans** shall mean (i) the Alexander & Baldwin, Inc. 1998 Stock Option/Stock Incentive Plan, (ii) the Alexander & Baldwin, Inc. 1998 Non-Employee Director Stock Option Plan, (iii) the Alexander & Baldwin, Inc. Restricted Stock Bonus Plan and (iv) the Alexander & Baldwin, Inc. Non-Employee Director Stock Retainer Plan, as each such plan is in effect immediately prior to the 2007 Annual Meeting.

HH. **Retirement** shall mean (i) the Participant’s termination of Service on or after attainment of age sixty-five (65) or (ii) the Participant’s early retirement, with the prior approval of the Corporation (or Parent or Subsidiary employing Participant), on or after attainment of age fifty-five (55) and completion of at least five (5) years of Service.

A-6

II. **Secondary Board Committee** shall mean a committee of one or more Board members appointed by the Board to administer the Plan with respect to eligible persons other than Section 16 Insiders.

JJ. **Section 16 Insider** shall mean an officer or director of the Corporation subject to the short-swing profit liabilities of Section 16 of the 1934 Act.

KK. **Service** shall mean the performance of services for the Corporation (or any Parent or Subsidiary, whether now existing or subsequently established) by a person in the capacity of an Employee, a non-employee member of the board of directors or a consultant or independent advisor, except to the extent otherwise specifically provided in the documents evidencing the option grant or stock issuance. For purposes of the Plan, an Optionee or Participant shall be deemed to cease Service immediately upon the occurrence of either of the following events: (i) the Optionee or Participant no longer performs services in any of the foregoing capacities for the Corporation or any Parent or Subsidiary or (ii) the entity for which the Optionee or Participant is performing such services ceases to remain a Parent or Subsidiary of the Corporation, even though the Optionee or Participant may subsequently continue to perform services for that entity. However, should the Corporation effect a distribution of all of the outstanding common stock of any wholly-owned subsidiary (the “Spun-off Subsidiary”) to the holders of the outstanding Common Stock in a spin-off transaction, then the provisions of each applicable Award Agreement as assumed or otherwise replaced by the Spun-off Subsidiary shall thereafter be applied so that the Optionee or Participant shall be deemed to continue in service status for so long as that individual performs services following such spin-off distribution in one or more of the foregoing capacities with the Spun-off Subsidiary (or any Parent (other than Matson, Inc.) or Subsidiary of the Spun-off Subsidiary), if such individual’s employee or service relationship is with any of those entities immediately prior to the spin-off distribution. In addition, the individual will be given appropriate Service-vesting credit under each Award Agreement assumed or replaced by the Spun-off Subsidiary for his or her period of continuous service with the Corporation

or its Subsidiaries in one or more of the foregoing capacities through the date of the spin-off distribution. However, should the Optionee or Participant be a member of the Board of Directors of both the Corporation and the Spun-Off Subsidiary immediately prior to the spin-off distribution, then the Optionee or Participant shall, for purposes of the foregoing provisions of this Service definition, be deemed to be solely in the service of the Corporation immediately prior to the spin-off transaction, unless the Optionee or Participant is also serving as the lead independent director of the Spun-off Subsidiary's Board of Directors immediately prior to the spin-off transaction, in which event such individual shall be deemed hereunder to be solely in the service of the Spun-off Subsidiary immediately prior to the spin-off distribution. Service shall not be deemed to cease during a period of military leave, sick leave or other personal leave approved by the Corporation; **provided, however**, that should such leave of absence exceed three (3) months, then for purposes of determining the period within which an Incentive Option may be exercised as such under the federal tax laws, the Optionee's Service shall be deemed to cease on the first day immediately following the expiration of such three (3)-month period, unless Optionee is provided with the right to return to Service following such leave either by statute or by written contract. Except to the extent otherwise required by law or expressly authorized by the Plan Administrator or by the Corporation's written policy on leaves of absence, no Service credit shall be given for vesting purposes for any period the Optionee or Participant is on a leave of absence.

A-7

LL. **Stock Exchange** shall mean the American Stock Exchange, the Nasdaq Global Market or the New York Stock Exchange.

MM. **Stock Issuance Agreement** shall mean the agreement entered into by the Corporation and the Participant at the time of issuance of shares of Common Stock under the Stock Issuance Program.

NN. **Stock Issuance Program** shall mean the stock issuance program in effect under Article Three of the Plan.

OO. **Subsidiary** shall mean any corporation (other than the Corporation) in an unbroken chain of corporations beginning with the Corporation, provided each corporation (other than the last corporation) in the unbroken chain owns, at the time of the determination, stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain. The term **Subsidiary** shall also include any wholly-owned limited liability company within the applicable chain of subsidiaries that is a disregarded entity for U.S. federal income tax purposes.

PP. **10% Stockholder** shall mean the owner of stock (as determined under Code Section 424(d)) possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Corporation (or any Parent or Subsidiary).

QQ. **Withholding Taxes** shall mean the applicable federal and state income and employment withholding taxes to which the holder of an Award under the Plan may become subject in connection with the issuance, exercise or vesting of that Award or the issuance of shares of Common Stock thereunder.

A-8

MATSON, INC.

NOTICE OF GRANT OF STOCK OPTION

Notice is hereby given of the following option grant (the "Option") to purchase shares of the Common Stock of Matson, Inc. (the "Corporation"):

Optionee:

Grant Date: , 201

Exercise Price: \$ per share

Number of Option Shares: shares

Expiration Date: , 20

Type of Option: Non-Statutory Stock Option

Exercise Schedule:

Number of Option Shares:	First Date Exercisable:
	, 201
	, 201
	, 201

The Option shall become exercisable in a series of three (3) successive equal annual installments, as set forth above, upon Optionee's completion of each successive year of Service over the three (3)-year period measured from the Grant Date. Except as provided in Paragraph 5 of the form Stock Option Agreement, the Option shall not become exercisable for any additional Option Shares after Optionee's cessation of Service.

Optionee understands and agrees that the Option is granted subject to and in accordance with the terms of the Matson, Inc. 2007 Incentive Compensation Plan (the "Plan"). Optionee further agrees to be bound by the terms of the Plan and the terms of the Option as set forth in the form Stock Option Agreement attached hereto as Exhibit A. A copy of the Plan is available upon request made to the Human Resources Department at the Corporation's principal offices at 1411 Sand Island Parkway, Honolulu, Hawaii 96819.

Coverage under Recoupment Policy. By accepting this Option, Optionee hereby agrees that should Optionee at this time be, or at any time hereafter become, either an executive officer of the Corporation subject to Section 16 of the Securities Exchange Act of 1934, as amended, or a participant in the Corporation's Performance Improvement Incentive Plan, then:

- (a) Optionee shall be subject to the Matson, Inc. Policy Regarding Recoupment of Certain Compensation, effective as of January 1, 2011, the terms of which are hereby incorporated herein by reference and receipt of a copy of which Optionee hereby acknowledges; and
- (b) any incentive compensation that is paid or granted to, or received by, Optionee on or after January 1, 2011 (including any incentive compensation that is paid to, or received by, Optionee on or after January 1, 2011 pursuant to an incentive compensation award made to Optionee prior to January 1, 2011, whether the award was made by the Corporation or any predecessor entity) and during the three-year period preceding the date on which the Corporation is required to prepare an accounting restatement due to material non-compliance with any applicable financial reporting requirements under the federal securities laws shall, accordingly, be subject to recovery and recoupment pursuant to the terms of such policy.

For purposes of such recoupment policy, "incentive compensation" means any cash or equity-based award (e.g., any stock award, restricted stock unit award or stock option grant or shares of Common Stock issued thereunder) or any profit sharing payment or distribution that is based upon the achievement of financial performance metrics. An additional copy of the recoupment policy is available upon request made to the Corporate Secretary at the Corporation's principal offices.

Continuing Consent. Optionee further acknowledges and agrees that, except to the extent the Plan Administrator notifies Optionee in writing to the contrary, each subsequent option grant made to him or her under the Plan shall be subject to the same terms and conditions set forth in the form Stock Option Agreement attached hereto as Exhibit A, and Optionee hereby accepts those terms and conditions for each such subsequent option grant that may be made to him or her under the Plan and hereby agrees to be bound by those terms and conditions for any such option grants, without any further consent or acceptance required on his or her part at the time or times when those option grants may be made. However, Optionee may, at any time he or she holds an outstanding option under the Plan, request a written copy of the form Stock Option Agreement from the Corporation by contacting the Corporation's Human Resources Department at the Corporation's principal offices.

Employment at Will. Nothing in this Notice or in the form Stock Option Agreement or in the Plan shall confer upon Optionee any right to continue in Service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Corporation (or any Parent or Subsidiary employing or retaining Optionee) or of Optionee, which rights are hereby expressly reserved by each, to terminate Optionee's Service at any time for any reason, with or without cause.

Definitions. All capitalized terms in this Notice shall have the meaning assigned to them in this Notice or in the form Stock Option Agreement attached hereto as Exhibit A.

DATED: _____, 201

MATSON, INC.

By: _____

Title: _____

OPTIONEE

Address:

MATSON, INC.
STOCK OPTION AGREEMENT

RECITALS

A. The Corporation has implemented the Plan for the purpose of providing eligible persons in the Corporation's service with the opportunity to participate in one or more cash or equity incentive compensation programs designed to encourage them to continue their service relationship with the Corporation.

B. Optionee is to render valuable services to the Corporation (or any Parent or Subsidiary), and this Agreement is executed pursuant to, and is intended to carry out the purposes of, the Plan in connection with the Corporation's grant of an option to Optionee.

C. All capitalized terms in this Agreement, to the extent not otherwise defined in one or more provisions of this Agreement, shall have the meaning assigned to them in the attached Appendix A.

NOW, THEREFORE, it is hereby agreed as follows:

1. **Grant of Option.** The Corporation hereby grants to Optionee, as of the Grant Date, an option to purchase up to the number of Option Shares specified in the Grant Notice. The Option Shares shall be purchasable from time to time during the option term specified in Paragraph 2 at the Exercise Price.

2. **Option Term.** The term of this option shall commence on the Grant Date and continue in effect until the close of business on the Expiration Date, unless sooner terminated in accordance with Paragraph 5 or 6.

3. **Limited Transferability.**

(a) Except to the limited extent provided in Paragraph 3(b), this option shall be neither transferable nor assignable by Optionee other than by will or the laws of inheritance following Optionee's death and may be exercised, during Optionee's lifetime, only by Optionee. However, Optionee may designate one or more persons as the beneficiary or beneficiaries of this option, and this option shall, in accordance with such designation, automatically be transferred to such beneficiary or beneficiaries upon the Optionee's death while holding this option. Such beneficiary or beneficiaries shall take the transferred option subject to all the terms and conditions of this Agreement, including (without limitation) the limited time period during which this option may, pursuant to Paragraph 5, be exercised following Optionee's death.

1

(b) This option may be assigned in whole or in part during Optionee's lifetime to a revocable living trust established for the exclusive benefit of Optionee or Optionee and his or her spouse (the "Trust"). The assigned portion shall be exercisable only by the Trust, and the terms applicable to that assigned portion shall be the same as those in effect for this option immediately prior to such assignment.

4. **Dates of Exercise.** This option shall become exercisable for the Option Shares in one or more installments in accordance with the Exercise Schedule set forth in the Grant Notice. As the option becomes exercisable for such installments, those installments shall accumulate, and the option shall remain exercisable for the accumulated installments until the Expiration Date or sooner termination of the option term under Paragraph 5 or 6.

5. **Cessation of Service.** The option term specified in Paragraph 2 shall terminate (and this option shall cease to be outstanding) prior to the Expiration Date should any of the following provisions become applicable:

(a) Except as otherwise expressly provided in subparagraphs (b) through (e) of this Paragraph 5, should Optionee cease to remain in Service for any reason while this option is outstanding, then Optionee (or any Trust to which this option is transferred pursuant to a permitted transfer under Paragraph 3) shall have a three (3)-month period measured from the date of such cessation of Service during which to exercise this option for any or all of the Option Shares for which this option is vested and exercisable at the time of Optionee's cessation of Service, but in no event shall this option be exercisable at any time after the Expiration Date.

(b) Should Optionee's Service terminate by reason of his or her death while this option is outstanding, then this option, to the extent not otherwise at that time vested and exercisable for all the Option Shares, shall immediately vest and become exercisable for all the Option Shares. Upon Optionee's death (whether before or after termination of Service) this option may be exercised, for any or all of the Option Shares for which this option is vested and exercisable at the time of Optionee's cessation of Service (including any Option Shares which vest on an accelerated basis should such cessation of Service occur by reason of Optionee's death), by (i) the personal representative of Optionee's estate or (ii) the person or persons to whom the option is transferred pursuant to Optionee's will or the laws of inheritance following Optionee's death or (iii) any Trust to which the option is transferred during Optionee's lifetime pursuant to a permitted transfer under Paragraph 3, as the case may be. However, if Optionee dies while holding this option and has an effective beneficiary designation in effect for this option at the time of his or her death, then the designated beneficiary or beneficiaries shall have the exclusive right to exercise this option following Optionee's death. Any right to exercise this option in accordance with the foregoing provisions of this Paragraph 5(b) shall lapse, and this option shall cease to be outstanding, upon the **earlier** of (i) the expiration of the twelve (12)-month period measured from the date of Optionee's death or (ii) the Expiration Date. Upon the expiration of such limited exercise period or (if earlier) upon the Expiration Date, this option shall terminate and cease to be outstanding for any exercisable Option Shares for which the option has not otherwise been exercised.

2

(c) Should Optionee cease Service by reason of Early Retirement, Normal Retirement or Permanent Disability while this option is outstanding, then Optionee (or any Trust to which this option is transferred pursuant to a permitted transfer under Paragraph 3) shall have a thirty-six (36)-month period measured from the date of such cessation of Service during which to exercise this option for (i) any or all Option Shares for which this option is vested and exercisable at the time of such cessation of Service and (ii) any additional Option Shares for which this option vests and becomes exercisable during such thirty-six (36)-month period. In no event, however, shall this option be exercisable at any time after the Expiration Date. To the extent this option is not otherwise vested and exercisable for all of the Option Shares at the time of Optionee's cessation of Service by reason of Early Retirement, Normal Retirement or Permanent Disability, this option shall, during the limited period of post-Service exercisability following such cessation of Service, continue to vest and become exercisable for one or more additional Option Shares in accordance with the Exercise Schedule specified in the Grant Notice or the special vesting acceleration provisions of Paragraph 6, as if Optionee continued in Service throughout that limited exercise period. Upon the expiration of such limited exercise period or (if earlier) upon the Expiration Date, this option shall terminate and cease to be outstanding for any exercisable Option Shares for which the option has not otherwise been exercised.

(d) The applicable period of post-Service exercisability in effect pursuant to the foregoing provisions of this Paragraph 5 shall automatically be extended by an additional period of time equal in duration to any interval within such post-Service exercise period during which the exercise of this option or the immediate sale of the Option Shares acquired under this option cannot be effected in compliance with applicable federal and state securities laws, but in no event shall such an extension result in the continuation of this option beyond the Expiration Date.

(e) Should Optionee's Service be terminated for Cause, or should Optionee (i) engage in any post-Service activity, whether as an Employee, consultant or advisor or in any other capacity, that is competitive with the business operations of the Corporation (or any Subsidiary or Parent) or (ii) engage in any other conduct, while in Service or following cessation of Service, that is materially detrimental to the business or affairs of the Corporation (or any Subsidiary or Parent), as determined in the sole discretion of the Plan Administrator, then this option, whether or not vested and exercisable, shall terminate immediately and cease to be outstanding.

(f) Except as otherwise expressly provided in the preceding subparagraphs of this Paragraph 5, during the limited period of post-Service exercisability, this option may not be exercised in the aggregate for more than the number of Option Shares for which this option is, at the time of Optionee's cessation of Service, vested and exercisable pursuant to the Exercise Schedule specified in the Grant Notice or the special vesting acceleration provisions of Paragraph 6. Except as otherwise provided in this Paragraph 5 or except to the extent (if any) specifically authorized by the Plan Administrator pursuant to an express written agreement with the Optionee, this option shall not vest or become exercisable for any additional Option Shares, whether pursuant to the normal Exercise Schedule specified in the Grant Notice or the special vesting acceleration provisions of Paragraph 6, following the Optionee's cessation of Service. Upon the expiration of such limited exercise period or (if earlier) upon the Expiration Date, this option shall terminate and cease to be outstanding for any exercisable Option Shares for which the option has not otherwise been exercised.

3

6. Special Acceleration of Option.

(a) This option, to the extent outstanding at the time of an actual Change in Control but not otherwise fully exercisable, shall automatically accelerate so that this option shall, immediately prior to the effective date of such Change in Control, become exercisable for all of the Option Shares at the time subject to this option and may be exercised for any or all of those Option Shares as fully vested shares of Common Stock. However, this option shall **not** become exercisable on such an accelerated basis, if and to the extent: (i) this option is to be assumed by the successor corporation (or parent thereof) or is otherwise to be continued in full force and effect pursuant to the terms of the Change in Control transaction or (ii) this option is to be replaced with a cash retention program of the successor corporation which preserves the spread existing at the time of the Change in Control on any Option Shares for which this option is not otherwise at that time vested and exercisable (the excess of the Fair Market Value of those Option Shares over the aggregate Exercise Price payable for such shares) and provides for the subsequent vesting and concurrent payout of that spread, over Optionee's period of continued Service, at the same time or times as this option would have vested and become exercisable for those Option Shares in accordance with the Exercise Schedule set forth in the Grant Notice. Notwithstanding the foregoing, no such cash retention program shall be established for this option (or any other option granted to Optionee under the Plan) to the extent such program would otherwise be deemed to constitute a deferred compensation arrangement subject to the requirements of Code Section 409A and the Treasury Regulations thereunder.

(b) Immediately following the Change in Control, this option shall terminate and cease to be outstanding, except to the extent assumed by the successor corporation (or parent thereof) or otherwise continued in effect pursuant to the terms of the Change in Control transaction.

(c) If this option is assumed in connection with a Change in Control or otherwise continued in effect, then this option shall be appropriately adjusted, immediately after such Change in Control, to apply to the number and class of securities into which the shares of Common Stock subject to this option would have been converted in consummation of such Change in Control had those shares actually been outstanding at the time. Appropriate adjustments shall also be made to the Exercise Price, provided the aggregate Exercise Price shall remain the same. To the extent the actual holders of the Corporation's outstanding Common Stock receive cash consideration for their Common Stock in consummation of the Change in Control, the successor corporation may, in connection with the assumption or continuation of this option but subject to the Plan Administrator's approval prior to the Change in Control, substitute one or more shares of its own common stock with a fair market value equivalent to the cash consideration paid per share of Common Stock in such Change in Control, provided such common stock is readily tradable on an established U.S. securities exchange or market.

4

(d) Immediately upon an Involuntary Termination of Optionee's Service as an Employee within twelve (12) months following a Change in Control in which this option is assumed or otherwise continued in effect, this option, to the extent outstanding at the time but not otherwise fully exercisable, shall automatically accelerate so that this option shall become immediately exercisable for all the Option Shares at the time subject to the option and may be exercised for any or all of those Option Shares as fully vested shares. Should this option be replaced with a cash retention program in accordance with Paragraph 6(a), then the balance credited to Optionee under that program at the time of such Involuntary Termination shall vest and be immediately paid to Optionee in a lump sum, subject to the Corporation's collection of all applicable withholding taxes; **provided, however**, that Optionee shall be entitled to such payment only if the Optionee's Involuntary Termination occurs within twelve (12) months following the Change in Control.

(e) This Agreement shall not in any way affect the right of the Corporation to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

7. **Adjustment in Option Shares.** Should any change be made to the Common Stock by reason of any stock split, stock dividend, recapitalization, combination of shares, exchange of shares, spin-off transaction, extraordinary dividend or distribution or other change affecting the outstanding Common Stock as a class without the Corporation's receipt of consideration, or should the value of the outstanding shares of Common Stock be substantially reduced as a result of a spin-off transaction or an extraordinary dividend or distribution, or should there occur any merger, consolidation or other reorganization, then equitable adjustments shall be made by the Plan Administrator to (i) the total number and/or class of securities subject to this option and (ii) the Exercise Price. The adjustments shall be made in such manner as the Plan Administrator deems appropriate in order to reflect such change and thereby prevent the dilution or enlargement of benefits hereunder, and those adjustments shall be final, binding and conclusive upon Optionee and any other person or persons having an interest in the option. In the event of any Change in Control transaction, the adjustment provisions of Paragraph 6(c) shall be controlling.

8. **Stockholder Rights.** The holder of this option shall not have any stockholder rights with respect to the Option Shares until such person shall have exercised the option, paid the Exercise Price and become a holder of record of the purchased shares.

9. **Manner of Exercising Option.**

(a) In order to exercise this option with respect to all or any part of the Option Shares for which this option is at the time exercisable, Optionee (or any other person or persons exercising the option) must take the following actions:

5

(i) Execute and deliver to the Corporation a Notice of Exercise as to the Option Shares for which the option is exercised or comply with such other procedures as the Corporation may establish for notifying the Corporation of the exercise of this option for one or more Option Shares.

(ii) Pay the aggregate Exercise Price for the purchased shares in one or more of the following forms:

(A) cash or check made payable to the Corporation;

(B) shares of Common Stock (whether delivered in the form of actual stock certificates or through attestation of ownership in a manner reasonably satisfactory to the Corporation) held for the requisite period (if any) necessary to avoid any resulting charge to the Corporation's earnings for financial reporting purposes and valued at Fair Market Value on the Exercise Date; or

(C) through a special sale and remittance procedure pursuant to which Optionee (or any other person or persons exercising the option) shall concurrently provide irrevocable instructions (i) to a brokerage firm (reasonably satisfactory to the Corporation for purposes of administering such procedure in accordance with the Corporation's pre-clearance/pre-notification policies) to effect the immediate sale of the purchased shares and remit to the Corporation, out of the sale proceeds available on the settlement date, sufficient funds to cover the aggregate Exercise Price payable for the purchased shares plus all applicable Withholding Taxes required to be withheld by the Corporation by reason of such exercise and (ii) to the Corporation to deliver the certificates for the purchased shares directly to such brokerage firm on such settlement date in order to complete the sale.

Except to the extent the sale and remittance procedure is utilized in connection with the option exercise, payment of the Exercise Price must accompany the Notice of Exercise (or other notification procedure) delivered to the Corporation in connection with the option exercise.

(iii) Furnish to the Corporation appropriate documentation that the person or persons exercising the option (if other than Optionee) have the right to exercise this option.

(b) As soon as practical after the Exercise Date, the Corporation shall issue to or on behalf of Optionee (or any other person or persons exercising this option) a certificate for the purchased Option Shares (either in paper or electronic form), with the appropriate legends affixed thereto: ***provided, however,*** that in the event this option is exercised

6

other than pursuant to the sale and remittance procedure described in Paragraph 9(a)(ii)(C), ownership of the purchased Option Shares shall only be noted as a book entry, and no certificates for the purchased shares shall actually be issued unless and until expressly requested by Optionee or any other person having an interest at the time in those shares.

(c) In no event may this option be exercised for any fractional shares.

10. **Compliance with Laws and Regulations.**

(a) The exercise of this option and the issuance of the Option Shares upon such exercise shall be subject to compliance by the Corporation and Optionee with all applicable requirements of law relating thereto and with all applicable regulations of any Stock Exchange on which the Common Stock may be listed for trading at the time of such exercise and issuance.

(b) The inability of the Corporation to obtain approval from any regulatory body having authority deemed by the Corporation to be necessary to the lawful issuance and sale of any Common Stock pursuant to this option shall relieve the Corporation of any liability with respect to the non-issuance or sale of the Common Stock as to which such approval shall not have been obtained. The Corporation, however, shall use its best efforts to obtain all such approvals.

11. **Successors and Assigns.** Except to the extent otherwise provided in Paragraphs 3 and 6, the provisions of this Agreement shall inure to the benefit of, and be binding upon, the Corporation and its successors and assigns and Optionee, Optionee's assigns, the legal representatives, heirs and legatees of Optionee's estate and any beneficiaries of this option designated by Optionee.

12. **Change in Control Benefits Agreement.** Notwithstanding anything to the contrary in this Agreement, if Optionee is, at the time of a change in control or ownership of the Corporation (whether or not that transaction constitutes a Change in Control hereunder), a party to a Change in Control Benefits Agreement with the Corporation, then the provisions of that agreement shall (to the extent applicable to this option) govern Optionee's rights and benefits with respect to the option evidenced by this Agreement, and in the event of any conflict between the provisions of that Change in Control Benefits Agreement and this Agreement, the provisions of the Change in Control Benefits Agreement shall be controlling.

13. **Notices.** Any notice required to be given or delivered to the Corporation under the terms of this Agreement shall be in writing and addressed to the Corporation at its principal corporate offices. Any notice required to be given or delivered to Optionee shall be in writing and addressed to Optionee at the address indicated below Optionee's signature line on the Grant Notice. All notices shall be deemed effective upon personal delivery or upon deposit in the U.S. mail, postage prepaid and properly addressed to the party to be notified.

7

14. **Construction.** This Agreement and the option evidenced hereby are made and granted pursuant to the Plan and are in all respects limited by and subject to the terms of the Plan and any applicable Change in Control Benefits Agreement. All decisions of the Plan Administrator with respect to any question or issue arising under the Plan or this Agreement shall be conclusive and binding on all persons having an interest in this option.

15. **Governing Law.** The interpretation, performance and enforcement of this Agreement shall be governed by the laws of the State of Hawaii without resort to that State's conflict-of-laws rules.

16. **Excess Shares.** If the Option Shares covered by this Agreement exceed, as of the Grant Date, the number of shares of Common Stock which may without stockholder approval be issued under the Plan, then this option shall be void with respect to those excess shares, unless stockholder approval of an amendment sufficiently increasing the number of shares of Common Stock issuable under the Plan is obtained in accordance with the provisions of the Plan. In no event shall the Option be exercisable with respect to any of the excess Option Shares unless and until such stockholder approval is obtained.

17. **Withholding Taxes.**

(a) The Corporation's obligation to deliver shares of Common Stock upon the exercise of this option shall be subject to the Corporation's collection of all applicable Withholding Taxes.

(b) Unless Optionee (i) otherwise makes satisfactory arrangements with the Corporation's Human Resources Department, on or before the expiration of the designated notification period preceding the exercise of this option, to pay the applicable Withholding Taxes through the delivery of a check or wire transfer payable to the Corporation in the amount of such Withholding Taxes and (ii) in fact delivers such check or wire transfer to the Corporation not later than the exercise date of the option, the Corporation shall collect the applicable Withholding Taxes through the following automatic share withholding method:

The Corporation shall withhold, at the time of the option exercise, a portion of the purchased Option Shares with an aggregate Fair Market Value (measured on the exercise date) equal to the applicable Withholding Taxes; **provided, however**, that the number of the Option Shares so withheld shall not exceed in Fair Market Value the amount necessary to satisfy the Corporation's required tax withholding obligations using the minimum statutory withholding rates for federal and state tax purposes, including payroll taxes, that are applicable to supplemental taxable income.

18. **Coverage under Recoupment Policy.** If Optionee is on the Grant Date, or at any time thereafter becomes, either an executive officer of the Corporation subject to Section 16 of the 1934 Act, or a participant in the Corporation's Performance Improvement Incentive Plan, then Optionee shall be subject to the Matson, Inc. Policy Regarding Recoupment of Certain Compensation, effective as of January 1, 2011 (the "Recoupment Policy"), the terms of which are hereby incorporated herein by reference and receipt of a copy of which Optionee hereby acknowledges. If Optionee is subject to the Recoupment Policy, then any incentive compensation that is paid or granted to, or received by, Optionee on or after January 1, 2011

8

(including, without limitation, any incentive compensation that the Corporation pays to Optionee on or after January 1, 2011 pursuant to an incentive compensation award made to Optionee prior to January 1, 2011, whether that award was made by the Corporation or any predecessor entity) and during the three-year period preceding the date on which the Corporation is required to prepare an accounting restatement due to material non-compliance with any applicable financial reporting requirements under the federal securities laws shall be subject to recovery and recoupment pursuant to the terms of such policy. For purposes of such Recoupment Policy, "incentive compensation" means any cash or equity-based award (e.g., stock award, restricted stock unit award or stock option grant or shares of Common Stock issued thereunder) or any profit sharing payment or distribution that is based upon the achievement of financial performance metrics. An additional copy of the Recoupment Policy is available upon request made to the Corporate Secretary at the Corporation's principal offices.

9

APPENDIX A

DEFINITIONS

The following definitions shall be in effect under the Agreement:

A. **Agreement** shall mean this Stock Option Agreement.

B. **Board** shall mean the Corporation's Board of Directors.

C. **Cause** shall mean the commission of any act of fraud, embezzlement or dishonesty by Optionee, any unauthorized use or disclosure by Optionee of confidential information or trade secrets of the Corporation (or any Parent or Subsidiary), or any other intentional misconduct by Optionee adversely affecting the business or affairs of the Corporation (or any Parent or Subsidiary) in a material manner; **provided, however**, that in the event Optionee is, at the time the Corporation (or any Parent or Subsidiary) purports to terminate Optionee's Employee status for Cause, a party to a Change in Control Benefits Agreement applicable to the option evidenced by this Agreement, the term **Cause** shall have the meaning ascribed to that term in such Change in Control Benefits Agreement. The foregoing definition shall not in any way preclude or restrict the right of the Corporation (or any Parent or Subsidiary) to discharge or dismiss Optionee or any other person in the Service of the Corporation (or any Parent or Subsidiary) for any other acts or omissions, but such other acts or omissions shall not be deemed, for purposes of the Plan or this Agreement, to constitute grounds for termination for Cause.

D. **Change in Control** shall mean a change in ownership or control of the Corporation effected through any of the following transactions:

(i) a merger, consolidation or other reorganization approved by the Corporation's stockholders, unless securities representing fifty percent (50%) or more of the total combined voting power of the voting securities of the successor corporation are immediately thereafter beneficially owned, directly or indirectly, by the persons who beneficially owned the Corporation's outstanding voting securities immediately prior to such transaction,

(ii) a sale, transfer or other disposition of all or substantially all of the Corporation's assets,

(iii) the closing of any transaction or series of related transactions pursuant to which any person or any group of persons comprising a "group" within the meaning of Rule 13d-5(b)(1) of the 1934 Act (other than the Corporation or a person that, prior to such transaction or series of related transactions, directly or indirectly controls, is controlled by or is under common control with, the Corporation) acquires directly or indirectly (whether as a result of a single acquisition or by reason of one or more acquisitions within the twelve (12)-month period ending with the most recent acquisition) beneficial ownership (within the meaning of Rule 13d-3 of the 1934 Act) of securities possessing (or

A-1

convertible into or exercisable for securities possessing) thirty-five percent (35%) or more of the total combined voting power of the Corporation's securities (as measured in terms of the power to vote with respect to the election of Board members) outstanding immediately after the consummation of such transaction or series of related transactions, whether such transaction involves a direct issuance from the Corporation or the acquisition of outstanding securities held by one or more of the Corporation's existing stockholders, or

(iv) a change in the composition of the Board over a period of twelve (12) consecutive months or less such that a majority of the Board members ceases, by reason of one or more contested elections for Board membership, to be comprised of individuals who either (A) have been Board members continuously since the beginning of such period or (B) have been elected or nominated for election as Board members during such period by at least a majority of the Board members described in clause (A) who were still in office at the time the Board approved such election or nomination;

provided, however, that in the event Optionee is a party to a Change in Control Benefits Agreement applicable to the option evidenced by this Agreement, the term **Change in Control** shall have the meaning ascribed to that term in such Change in Control Benefits Agreement.

E. **Change in Control Benefits Agreement** shall mean any separate agreement between Optionee and the Corporation which provides Optionee with special vesting acceleration and/or other special benefits with respect to one or more option grants made to Optionee to purchase shares of Common Stock, including (to the extent applicable) the option evidenced by this Agreement, in the event of a change in control or ownership of the Corporation (whether or not constituting a Change in Control hereunder).

F. **Code** shall mean the Internal Revenue Code of 1986, as amended.

G. **Common Stock** shall mean shares of the Corporation's common stock.

H. **Corporation** shall mean Matson, Inc., a Hawaii corporation (formerly known as Alexander & Baldwin Holdings, Inc.), and any successor corporation to all or substantially all of the assets or voting stock of Matson, Inc. which shall by appropriate action adopt the Plan.

I. **Early Retirement** shall mean Optionee's retirement from Service, with the prior approval of the Corporation (or the Parent or Subsidiary employing Optionee), on or after the attainment of age fifty-five (55) and the completion of at least five (5) years of Service.

J. **Employee** shall mean an individual who is in the employ of the Corporation (or any Parent or Subsidiary), subject to the control and direction of the employer entity as to both the work to be performed and the manner and method of performance.

A-2

K. **Exercise Date** shall mean the date on which the option shall have been exercised in accordance with Paragraph 9 of the Agreement.

L. **Exercise Price** shall mean the exercise price per Option Share as specified in the Grant Notice.

M. **Exercise Schedule** shall mean the schedule set forth in the Grant Notice pursuant to which the option is to vest and become exercisable for the Option Shares in one or more installments over the Optionee's period of Service.

N. **Expiration Date** shall mean the date on which the option expires as specified in the Grant Notice.

O. **Fair Market Value** per share of Common Stock on any relevant date shall be the closing selling price per share of Common Stock at the close of regular hours trading (i.e., before after-hours trading beings) on date in question on the Stock Exchange serving as the primary market for the Common Stock, as such price is reported by the National Association of Securities Dealers (if primarily traded on the Nasdaq Global Select Market) or as officially quoted in the composite tape of transactions on any other Stock Exchange on which the Common Stock is then primarily traded. If there is no closing selling price for the Common Stock on the date in question, then the Fair Market Value shall be the closing selling price on the last preceding date for which such quotation exists.

P. **Good Reason** shall mean the occurrence of any of the following events effected without Optionee's consent: (A) a change in Optionee's position with the Corporation (or any Parent or Subsidiary employing Optionee) which materially reduces Optionee's duties and responsibilities or the level of management to which Optionee reports, (B) a relocation of Optionee's principal place of employment by more than fifty (50) miles, (C) a reduction in Optionee's level of compensation, as measured in terms of base salary, fringe benefits, target annual incentive payment, by more than ten percent (10%) or (D) the failure by the Corporation to continue in effect any stock option or other equity-based plan in which Optionee is participating, or in which Optionee is entitled to participate, immediately prior to a change in control of the Corporation, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan; or the failure by the Corporation to continue Optionee's participation therein (or in such substitute or alternative plan) on a substantially equivalent basis, both in terms of the amount or timing of payment of benefits provided and the level of Optionee's participation relative to other participants, as existed immediately prior to the change in control of the Corporation.

However, in the event Optionee is at the time of his or her cessation of Employee status a party to a Change in Control Benefits Agreement applicable to the Award evidenced by this Agreement, the term **Good Reason** shall have the meaning ascribed to that term in such Change in Control Benefits Agreement.

Q. **Grant Date** shall mean the date of grant of the option as specified in the Grant Notice.

A-3

R. **Grant Notice** shall mean the Notice of Grant of Stock Option informing Optionee of the basic terms of the option subject to this Agreement.

S. **Involuntary Termination** shall mean the termination of Optionee's Service as an Employee by reason of:

- (i) Optionee's involuntary dismissal or discharge by the Corporation for reasons other than for Cause, or
- (ii) Optionee's voluntary resignation for Good Reason.

T. **1934 Act** shall mean the Securities Exchange Act of 1934, as amended from time to time.

U. **Non-Statutory Option** shall mean an option not intended to satisfy the requirements of Code Section 422.

V. **Normal Retirement** shall mean the cessation of Service by reason of retirement at or after the attainment of age sixty-five (65).

W. **Notice of Exercise** shall mean the notice of option exercise in the form prescribed by the Corporation.

X. **Option Shares** shall mean the number of shares of Common Stock subject to the option as specified in the Grant Notice.

Y. **Optionee** shall mean the person to whom the option is granted as specified in the Grant Notice.

Z. **Parent** shall mean any corporation (other than the Corporation) in an unbroken chain of corporations ending with the Corporation, provided each corporation in the unbroken chain (other than the Corporation) owns, at the time of the determination, stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

AA. **Permanent Disability** shall mean the inability of Optionee to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which is expected to result in death or to be of continuous duration of twelve (12) months or more.

BB. **Plan** shall mean the Corporation's 2007 Incentive Compensation Plan.

CC. **Plan Administrator** shall mean either the Board or a committee of the Board acting in its capacity as administrator of the Plan.

A-4

DD. **Service** shall mean Optionee's performance of services for the Corporation (or any Parent or Subsidiary, whether now existing or subsequently established) in the capacity of an Employee, a non-employee member of the board of directors or a consultant or independent advisor. However, Optionee shall be deemed to cease Service immediately upon the occurrence of either of the following events: (i) Optionee no longer performs services in any of the foregoing capacities for the Corporation or any Parent or Subsidiary or (ii) the entity for which Optionee is performing such services ceases to remain a Parent or Subsidiary of the Corporation, even though the Optionee may subsequently continue to perform services for that entity. Service shall not be deemed to cease during a period of military leave, sick leave or other personal leave approved by the Corporation. However, except to the extent otherwise required by law or expressly authorized by the Plan Administrator or by the Corporation's written policy on leaves of absence, no Service credit shall be given for vesting purposes for any period the Optionee is on a leave of absence.

EE. **Stock Exchange** shall mean the American Stock Exchange, the Nasdaq Global or Global Select Market or the New York Stock Exchange.

FF. **Subsidiary** shall mean any corporation (other than the Corporation) in an unbroken chain of corporations beginning with the Corporation, provided each corporation (other than the last corporation) in the unbroken chain owns, at the time of the determination, stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain. The term **Subsidiary** shall also include any wholly-owned limited liability company in such chain of subsidiaries that is disregarded for U.S. federal income tax purposes.

GG. **Withholding Taxes** shall mean the federal, state and local income taxes and the employee portion of the federal, state and local employment taxes required to be withheld by the Corporation in connection with the exercise of the option.

MATSON, INC.
STOCK OPTION AGREEMENT

RECITALS

A. The Corporation has implemented the Plan for the purpose of providing eligible persons in the Corporation's service with the opportunity to participate in one or more cash or equity incentive compensation programs designed to encourage them to continue their service relationship with the Corporation.

B. Optionee is to render valuable services to the Corporation (or any Parent or Subsidiary), and this Agreement is executed pursuant to, and is intended to carry out the purposes of, the Plan in connection with the Corporation's grant of an option to Optionee.

C. All capitalized terms in this Agreement, to the extent not otherwise defined in one or more provisions of this Agreement, shall have the meaning assigned to them in the attached Appendix A.

NOW, THEREFORE, it is hereby agreed as follows:

1. **Grant of Option.** The Corporation hereby grants to Optionee, as of the Grant Date, an option to purchase up to the number of Option Shares specified in the Grant Notice. The Option Shares shall be purchasable from time to time during the option term specified in Paragraph 2 at the Exercise Price.

2. **Option Term.** The term of this option shall commence on the Grant Date and continue in effect until the close of business on the Expiration Date, unless sooner terminated in accordance with Paragraph 5 or 6.

3. **Limited Transferability.**

(a) Except to the limited extent provided in Paragraph 3(b), this option shall be neither transferable nor assignable by Optionee other than by will or the laws of inheritance following Optionee's death and may be exercised, during Optionee's lifetime, only by Optionee. However, Optionee may designate one or more persons as the beneficiary or beneficiaries of this option, and this option shall, in accordance with such designation, automatically be transferred to such beneficiary or beneficiaries upon the Optionee's death while holding this option. Such beneficiary or beneficiaries shall take the transferred option subject to all the terms and conditions of this Agreement, including (without limitation) the limited time period during which this option may, pursuant to Paragraph 5, be exercised following Optionee's death.

(b) This option may be assigned in whole or in part during Optionee's lifetime to a revocable living trust established for the exclusive benefit of Optionee or Optionee and his or her spouse (the "Trust"). The assigned portion shall be exercisable only by the Trust, and the terms applicable to that assigned portion shall be the same as those in effect for this option immediately prior to such assignment.

4. **Dates of Exercise.** This option shall become exercisable for the Option Shares in one or more installments in accordance with the Exercise Schedule set forth in the Grant Notice. As the option becomes exercisable for such installments, those installments shall accumulate, and the option shall remain exercisable for the accumulated installments until the Expiration Date or sooner termination of the option term under Paragraph 5 or 6.

5. **Cessation of Service.** The option term specified in Paragraph 2 shall terminate (and this option shall cease to be outstanding) prior to the Expiration Date should any of the following provisions become applicable:

(a) Except as otherwise expressly provided in subparagraphs (b) through (e) of this Paragraph 5, should Optionee cease to remain in Service for any reason while this option is outstanding, then Optionee (or any Trust to which this option is transferred pursuant to a permitted transfer under Paragraph 3) shall have a three (3)-month period measured from the date of such cessation of Service during which to exercise this option for any or all of the Option Shares for which this option is vested and exercisable at the time of Optionee's cessation of Service, but in no event shall this option be exercisable at any time after the Expiration Date.

(b) Should Optionee's Service terminate by reason of his or her death while this option is outstanding, then this option, to the extent not otherwise at that time vested and exercisable for all the Option Shares, shall immediately vest and become exercisable for all the Option Shares. Upon Optionee's death (whether before or after termination of Service) this option may be exercised, for any or all of the Option Shares for which this option is vested and exercisable at the time of Optionee's cessation of Service (including any Option Shares which vest on an accelerated basis should such cessation of Service occur by reason of Optionee's death), by (i) the personal representative of Optionee's estate or (ii) the person or persons to whom the option is transferred pursuant to Optionee's will or the laws of inheritance following Optionee's death or (iii) any Trust to which the option is transferred during Optionee's lifetime pursuant to a permitted transfer under Paragraph 3, as the case may be. However, if Optionee dies while holding this option and has an effective beneficiary designation in effect for this option at the time of his or her death, then the designated beneficiary or beneficiaries shall have the exclusive right to exercise this option following Optionee's death. Any right to exercise this option in accordance with the foregoing provisions of this Paragraph 5(b) shall lapse, and this option shall cease to be outstanding, upon the **earlier** of (i) the expiration of the twelve (12)-month period measured from the date of Optionee's death or (ii) the Expiration Date. Upon the expiration of such limited exercise period or (if earlier) upon the Expiration Date, this option shall terminate and cease to be outstanding for any exercisable Option Shares for which the option has not otherwise been exercised.

(c) Should Optionee cease Service by reason of Early Retirement, Normal Retirement or Permanent Disability while this option is outstanding, then Optionee (or any Trust to which this option is transferred pursuant to a permitted transfer under Paragraph 3) shall have a thirty-six

(36)-month period measured from the date of such cessation of Service during which to exercise this option for (i) any or all Option Shares for which this option is vested and exercisable at the time of such cessation of Service and (ii) any additional Option Shares for which this option vests and becomes exercisable during such thirty-six (36)-month period. In no event, however, shall this option be exercisable at any time after the Expiration Date. To the extent this option is not otherwise vested and exercisable for all of the Option Shares at the time of Optionee's cessation of Service by reason of Early Retirement, Normal Retirement or Permanent Disability, this option shall, during the limited period of post-Service exercisability following such cessation of Service, continue to vest and become exercisable for one or more additional Option Shares in accordance with the Exercise Schedule specified in the Grant Notice or the special vesting acceleration provisions of Paragraph 6, as if Optionee continued in Service throughout that limited exercise period. Upon the expiration of such limited exercise period or (if earlier) upon the Expiration Date, this option shall terminate and cease to be outstanding for any exercisable Option Shares for which the option has not otherwise been exercised.

(d) The applicable period of post-Service exercisability in effect pursuant to the foregoing provisions of this Paragraph 5 shall automatically be extended by an additional period of time equal in duration to any interval within such post-Service exercise period during which the exercise of this option or the immediate sale of the Option Shares acquired under this option cannot be effected in compliance with applicable federal and state securities laws, but in no event shall such an extension result in the continuation of this option beyond the Expiration Date.

(e) Should Optionee's Service be terminated for Cause, or should Optionee (i) engage in any post-Service activity, whether as an Employee, consultant or advisor or in any other capacity, that is competitive with the business operations of the Corporation (or any Subsidiary or Parent) or (ii) engage in any other conduct, while in Service or following cessation of Service, that is materially detrimental to the business or affairs of the Corporation (or any Subsidiary or Parent), as determined in the sole discretion of the Plan Administrator, then this option, whether or not vested and exercisable, shall terminate immediately and cease to be outstanding.

(f) Except as otherwise expressly provided in the preceding subparagraphs of this Paragraph 5, during the limited period of post-Service exercisability, this option may not be exercised in the aggregate for more than the number of Option Shares for which this option is, at the time of Optionee's cessation of Service, vested and exercisable pursuant to the Exercise Schedule specified in the Grant Notice or the special vesting acceleration provisions of Paragraph 6. Except as otherwise provided in this Paragraph 5 or except to the extent (if any) specifically authorized by the Plan Administrator pursuant to an express written agreement with the Optionee, this option shall not vest or become exercisable for any additional Option Shares, whether pursuant to the normal Exercise Schedule specified in the Grant Notice or the special vesting acceleration provisions of Paragraph 6, following the Optionee's cessation of Service. Upon the expiration of such limited exercise period or (if earlier) upon the Expiration Date, this option shall terminate and cease to be outstanding for any exercisable Option Shares for which the option has not otherwise been exercised.

3

6. Special Acceleration of Option.

(a) This option, to the extent outstanding at the time of an actual Change in Control but not otherwise fully exercisable, shall automatically accelerate so that this option shall, immediately prior to the effective date of such Change in Control, become exercisable for all of the Option Shares at the time subject to this option and may be exercised for any or all of those Option Shares as fully vested shares of Common Stock. However, this option shall **not** become exercisable on such an accelerated basis, if and to the extent: (i) this option is to be assumed by the successor corporation (or parent thereof) or is otherwise to be continued in full force and effect pursuant to the terms of the Change in Control transaction or (ii) this option is to be replaced with a cash retention program of the successor corporation which preserves the spread existing at the time of the Change in Control on any Option Shares for which this option is not otherwise at that time vested and exercisable (the excess of the Fair Market Value of those Option Shares over the aggregate Exercise Price payable for such shares) and provides for the subsequent vesting and concurrent payout of that spread, over Optionee's period of continued Service, at the same time or times as this option would have vested and become exercisable for those Option Shares in accordance with the Exercise Schedule set forth in the Grant Notice. Notwithstanding the foregoing, no such cash retention program shall be established for this option (or any other option granted to Optionee under the Plan) to the extent such program would otherwise be deemed to constitute a deferred compensation arrangement subject to the requirements of Code Section 409A and the Treasury Regulations thereunder.

(b) Immediately following the Change in Control, this option shall terminate and cease to be outstanding, except to the extent assumed by the successor corporation (or parent thereof) or otherwise continued in effect pursuant to the terms of the Change in Control transaction.

(c) If this option is assumed in connection with a Change in Control or otherwise continued in effect, then this option shall be appropriately adjusted, immediately after such Change in Control, to apply to the number and class of securities into which the shares of Common Stock subject to this option would have been converted in consummation of such Change in Control had those shares actually been outstanding at the time. Appropriate adjustments shall also be made to the Exercise Price, provided the aggregate Exercise Price shall remain the same. To the extent the actual holders of the Corporation's outstanding Common Stock receive cash consideration for their Common Stock in consummation of the Change in Control, the successor corporation may, in connection with the assumption or continuation of this option but subject to the Plan Administrator's approval prior to the Change in Control, substitute one or more shares of its own common stock with a fair market value equivalent to the cash consideration paid per share of Common Stock in such Change in Control, provided such common stock is readily tradable on an established U.S. securities exchange or market.

4

(d) Immediately upon an Involuntary Termination of Optionee's Service as an Employee within twenty-four (24) months following a Change in Control in which this option is assumed or otherwise continued in effect, this option, to the extent outstanding at the time but not otherwise fully exercisable, shall automatically accelerate so that this option shall become immediately exercisable for all the Option Shares at the time subject to the option and may be exercised for any or all of those Option Shares as fully vested shares. Should this option be replaced with a cash retention program in accordance with Paragraph 6(a), then the balance credited to Optionee under that program at the time of such Involuntary Termination shall vest and be immediately paid to Optionee in a lump sum, subject to the Corporation's collection of all applicable withholding taxes; **provided, however**, that Optionee shall be entitled to such payment only if the Optionee's Involuntary Termination occurs within twenty-four (24) months following the Change in Control.

(e) This Agreement shall not in any way affect the right of the Corporation to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

7. **Adjustment in Option Shares.** Should any change be made to the Common Stock by reason of any stock split, stock dividend, recapitalization, combination of shares, exchange of shares, spin-off transaction, extraordinary dividend or distribution or other change affecting the outstanding Common Stock as a class without the Corporation's receipt of consideration, or should the value of the outstanding shares of Common Stock be substantially reduced as a result of a spin-off transaction or an extraordinary dividend or distribution, or should there occur any merger, consolidation or other reorganization, then equitable adjustments shall be made by the Plan Administrator to (i) the total number and/or class of securities subject to this option and (ii) the Exercise Price. The adjustments shall be made in such manner as the Plan Administrator deems appropriate in order to reflect such change and thereby prevent the dilution or enlargement of benefits hereunder, and those adjustments shall be final, binding and conclusive upon Optionee and any other person or persons having an interest in the option. In the event of any Change in Control transaction, the adjustment provisions of Paragraph 6(c) shall be controlling.

8. **Stockholder Rights.** The holder of this option shall not have any stockholder rights with respect to the Option Shares until such person shall have exercised the option, paid the Exercise Price and become a holder of record of the purchased shares.

9. **Manner of Exercising Option.**

(a) In order to exercise this option with respect to all or any part of the Option Shares for which this option is at the time exercisable, Optionee (or any other person or persons exercising the option) must take the following actions:

5

(i) Execute and deliver to the Corporation a Notice of Exercise as to the Option Shares for which the option is exercised or comply with such other procedures as the Corporation may establish for notifying the Corporation of the exercise of this option for one or more Option Shares.

(ii) Pay the aggregate Exercise Price for the purchased shares in one or more of the following forms:

(A) cash or check made payable to the Corporation;

(B) shares of Common Stock (whether delivered in the form of actual stock certificates or through attestation of ownership in a manner reasonably satisfactory to the Corporation) held for the requisite period (if any) necessary to avoid any resulting charge to the Corporation's earnings for financial reporting purposes and valued at Fair Market Value on the Exercise Date; or

(C) through a special sale and remittance procedure pursuant to which Optionee (or any other person or persons exercising the option) shall concurrently provide irrevocable instructions (i) to a brokerage firm (reasonably satisfactory to the Corporation for purposes of administering such procedure in accordance with the Corporation's pre-clearance/pre-notification policies) to effect the immediate sale of the purchased shares and remit to the Corporation, out of the sale proceeds available on the settlement date, sufficient funds to cover the aggregate Exercise Price payable for the purchased shares plus all applicable Withholding Taxes required to be withheld by the Corporation by reason of such exercise and (ii) to the Corporation to deliver the certificates for the purchased shares directly to such brokerage firm on such settlement date in order to complete the sale.

Except to the extent the sale and remittance procedure is utilized in connection with the option exercise, payment of the Exercise Price must accompany the Notice of Exercise (or other notification procedure) delivered to the Corporation in connection with the option exercise.

(iii) Furnish to the Corporation appropriate documentation that the person or persons exercising the option (if other than Optionee) have the right to exercise this option.

(b) As soon as practical after the Exercise Date, the Corporation shall issue to or on behalf of Optionee (or any other person or persons exercising this option) a certificate for the purchased Option Shares (either in paper or electronic form), with the appropriate legends affixed thereto: ***provided, however,*** that in the event this option is exercised other than pursuant to the sale and remittance procedure described in Paragraph 9(a)(ii)(C),

6

ownership of the purchased Option Shares shall only be noted as a book entry, and no certificates for the purchased shares shall actually be issued unless and until expressly requested by Optionee or any other person having an interest at the time in those shares.

(c) In no event may this option be exercised for any fractional shares.

10. **Compliance with Laws and Regulations.**

(a) The exercise of this option and the issuance of the Option Shares upon such exercise shall be subject to compliance by the Corporation and Optionee with all applicable requirements of law relating thereto and with all applicable regulations of any Stock Exchange on which the Common Stock may be listed for trading at the time of such exercise and issuance.

(b) The inability of the Corporation to obtain approval from any regulatory body having authority deemed by the Corporation to be necessary to the lawful issuance and sale of any Common Stock pursuant to this option shall relieve the Corporation of any liability with respect to the non-issuance or sale of the Common Stock as to which such approval shall not have been obtained. The Corporation, however, shall use its best efforts to obtain all such approvals.

11. **Successors and Assigns.** Except to the extent otherwise provided in Paragraphs 3 and 6, the provisions of this Agreement shall inure to the benefit of, and be binding upon, the Corporation and its successors and assigns and Optionee, Optionee's assigns, the legal representatives, heirs

and legatees of Optionee's estate and any beneficiaries of this option designated by Optionee.

12. **Change in Control Benefits Agreement.** Notwithstanding anything to the contrary in this Agreement, if Optionee is, at the time of a change in control or ownership of the Corporation (whether or not that transaction constitutes a Change in Control hereunder), a party to a Change in Control Benefits Agreement with the Corporation, then the provisions of that agreement shall (to the extent applicable to this option) govern Optionee's rights and benefits with respect to the option evidenced by this Agreement, and in the event of any conflict between the provisions of that Change in Control Benefits Agreement and this Agreement, the provisions of the Change in Control Benefits Agreement shall be controlling.

13. **Notices.** Any notice required to be given or delivered to the Corporation under the terms of this Agreement shall be in writing and addressed to the Corporation at its principal corporate offices. Any notice required to be given or delivered to Optionee shall be in writing and addressed to Optionee at the address indicated below Optionee's signature line on the Grant Notice. All notices shall be deemed effective upon personal delivery or upon deposit in the U.S. mail, postage prepaid and properly addressed to the party to be notified.

14. **Construction.** This Agreement and the option evidenced hereby are made and granted pursuant to the Plan and are in all respects limited by and subject to the terms of the Plan and any applicable Change in Control Benefits Agreement. All decisions of the Plan Administrator with respect to any question or issue arising under the Plan or this Agreement shall be conclusive and binding on all persons having an interest in this option.

7

15. **Governing Law.** The interpretation, performance and enforcement of this Agreement shall be governed by the laws of the State of Hawaii without resort to that State's conflict-of-laws rules.

16. **Excess Shares.** If the Option Shares covered by this Agreement exceed, as of the Grant Date, the number of shares of Common Stock which may without stockholder approval be issued under the Plan, then this option shall be void with respect to those excess shares, unless stockholder approval of an amendment sufficiently increasing the number of shares of Common Stock issuable under the Plan is obtained in accordance with the provisions of the Plan. In no event shall the Option be exercisable with respect to any of the excess Option Shares unless and until such stockholder approval is obtained.

17. **Withholding Taxes.**

(a) The Corporation's obligation to deliver shares of Common Stock upon the exercise of this option shall be subject to the Corporation's collection of all applicable Withholding Taxes.

(b) Unless Optionee (i) otherwise makes satisfactory arrangements with the Corporation's Human Resources Department, on or before the expiration of the designated notification period preceding the exercise of this option, to pay the applicable Withholding Taxes through the delivery of a check or wire transfer payable to the Corporation in the amount of such Withholding Taxes and (ii) in fact delivers such check or wire transfer to the Corporation not later than the exercise date of the option, the Corporation shall collect the applicable Withholding Taxes through the following automatic share withholding method:

The Corporation shall withhold, at the time of the option exercise, a portion of the purchased Option Shares with an aggregate Fair Market Value (measured on the exercise date) equal to the applicable Withholding Taxes; **provided, however**, that the number of the Option Shares so withheld shall not exceed in Fair Market Value the amount necessary to satisfy the Corporation's required tax withholding obligations using the minimum statutory withholding rates for federal and state tax purposes, including payroll taxes, that are applicable to supplemental taxable income.

18. **Coverage under Recoupment Policy.** If Optionee is on the Grant Date, or at any time thereafter becomes, either an executive officer of the Corporation subject to Section 16 of the 1934 Act, or a participant in the Corporation's Performance Improvement Incentive Plan, then Optionee shall be subject to the Matson, Inc. Policy Regarding Recoupment of Certain Compensation, effective as of January 1, 2011 (the "Recoupment Policy"), the terms of which are hereby incorporated herein by reference and receipt of a copy of which Optionee hereby acknowledges. If Optionee is subject to the Recoupment Policy, then any incentive compensation that is paid or granted to, or received by, Optionee on or after January 1, 2011 (including, without limitation, any incentive compensation that the Corporation pays to Optionee

8

on or after January 1, 2011 pursuant to an incentive compensation award made to Optionee prior to January 1, 2011, whether that award was made by the Corporation or any predecessor entity) and during the three-year period preceding the date on which the Corporation is required to prepare an accounting restatement due to material non-compliance with any applicable financial reporting requirements under the federal securities laws shall be subject to recovery and recoupment pursuant to the terms of such policy. For purposes of such Recoupment Policy, "incentive compensation" means any cash or equity-based award (e.g., stock award, restricted stock unit award or stock option grant or shares of Common Stock issued thereunder) or any profit sharing payment or distribution that is based upon the achievement of financial performance metrics. An additional copy of the Recoupment Policy is available upon request made to the Corporate Secretary at the Corporation's principal offices.

9

Executive Officer

APPENDIX A

DEFINITIONS

The following definitions shall be in effect under the Agreement:

A. **Agreement** shall mean this Stock Option Agreement.

B. **Board** shall mean the Corporation's Board of Directors.

C. **Cause** shall mean the commission of any act of fraud, embezzlement or dishonesty by Optionee, any unauthorized use or disclosure by Optionee of confidential information or trade secrets of the Corporation (or any Parent or Subsidiary), or any other intentional misconduct by Optionee adversely affecting the business or affairs of the Corporation (or any Parent or Subsidiary) in a material manner; **provided, however**, that in the event Optionee is, at the time the Corporation (or any Parent or Subsidiary) purports to terminate Optionee's Employee status for Cause, a party to a Change in Control Benefits Agreement applicable to the option evidenced by this Agreement, the term **Cause** shall have the meaning ascribed to that term in such Change in Control Benefits Agreement. The foregoing definition shall not in any way preclude or restrict the right of the Corporation (or any Parent or Subsidiary) to discharge or dismiss Optionee or any other person in the Service of the Corporation (or any Parent or Subsidiary) for any other acts or omissions, but such other acts or omissions shall not be deemed, for purposes of the Plan or this Agreement, to constitute grounds for termination for Cause.

D. **Change in Control** shall mean a change in ownership or control of the Corporation effected through any of the following transactions:

(i) a merger, consolidation or other reorganization approved by the Corporation's stockholders, unless securities representing fifty percent (50%) or more of the total combined voting power of the voting securities of the successor corporation are immediately thereafter beneficially owned, directly or indirectly, by the persons who beneficially owned the Corporation's outstanding voting securities immediately prior to such transaction,

(ii) a sale, transfer or other disposition of all or substantially all of the Corporation's assets,

(iii) the closing of any transaction or series of related transactions pursuant to which any person or any group of persons comprising a "group" within the meaning of Rule 13d-5(b)(1) of the 1934 Act (other than the Corporation or a person that, prior to such transaction or series of related transactions, directly or indirectly controls, is controlled by or is under common control with, the Corporation) acquires directly or indirectly (whether as a result of a single acquisition or by reason of one or more acquisitions within the twelve (12)-month period ending with the most recent acquisition) beneficial ownership (within the meaning of Rule 13d-3 of the 1934 Act) of securities possessing (or

convertible into or exercisable for securities possessing) thirty-five percent (35%) or more of the total combined voting power of the Corporation's securities (as measured in terms of the power to vote with respect to the election of Board members) outstanding immediately after the consummation of such transaction or series of related transactions, whether such transaction involves a direct issuance from the Corporation or the acquisition of outstanding securities held by one or more of the Corporation's existing stockholders, or

(iv) a change in the composition of the Board over a period of twelve (12) consecutive months or less such that a majority of the Board members ceases, by reason of one or more contested elections for Board membership, to be comprised of individuals who either (A) have been Board members continuously since the beginning of such period or (B) have been elected or nominated for election as Board members during such period by at least a majority of the Board members described in clause (A) who were still in office at the time the Board approved such election or nomination;

provided, however, that in the event Optionee is a party to a Change in Control Benefits Agreement applicable to the option evidenced by this Agreement, the term **Change in Control** shall have the meaning ascribed to that term in such Change in Control Benefits Agreement.

E. **Change in Control Benefits Agreement** shall mean any separate agreement between Optionee and the Corporation which provides Optionee with special vesting acceleration and/or other special benefits with respect to one or more option grants made to Optionee to purchase shares of Common Stock, including (to the extent applicable) the option evidenced by this Agreement, in the event of a change in control or ownership of the Corporation (whether or not constituting a Change in Control hereunder).

F. **Code** shall mean the Internal Revenue Code of 1986, as amended.

G. **Common Stock** shall mean shares of the Corporation's common stock.

H. **Corporation** shall mean Matson, Inc., a Hawaii corporation (formerly known as Alexander & Baldwin Holdings, Inc.), and any successor corporation to all or substantially all of the assets or voting stock of Matson, Inc. which shall by appropriate action adopt the Plan.

I. **Early Retirement** shall mean Optionee's retirement from Service, with the prior approval of the Corporation (or the Parent or Subsidiary employing Optionee), on or after the attainment of age fifty-five (55) and the completion of at least five (5) years of Service.

J. **Employee** shall mean an individual who is in the employ of the Corporation (or any Parent or Subsidiary), subject to the control and direction of the employer entity as to both the work to be performed and the manner and method of performance.

A-2

K. **Exercise Date** shall mean the date on which the option shall have been exercised in accordance with Paragraph 9 of the Agreement.

L. **Exercise Price** shall mean the exercise price per Option Share as specified in the Grant Notice.

M. **Exercise Schedule** shall mean the schedule set forth in the Grant Notice pursuant to which the option is to vest and become exercisable for the Option Shares in one or more installments over the Optionee's period of Service.

N. **Expiration Date** shall mean the date on which the option expires as specified in the Grant Notice.

O. **Fair Market Value** per share of Common Stock on any relevant date shall be the closing selling price per share of Common Stock at the close of regular hours trading (i.e., before after-hours trading begins) on date in question on the Stock Exchange serving as the primary market for the Common Stock, as such price is reported by the National Association of Securities Dealers (if primarily traded on the Nasdaq Global Select Market) or as officially quoted in the composite tape of transactions on any other Stock Exchange on which the Common Stock is then primarily traded. If there is no closing selling price for the Common Stock on the date in question, then the Fair Market Value shall be the closing selling price on the last preceding date for which such quotation exists.

P. **Good Reason** shall mean the occurrence of any of the following events effected without Optionee's consent: (A) a change in Optionee's position with the Corporation (or any Parent or Subsidiary employing Optionee) which materially reduces Optionee's duties and responsibilities or the level of management to which Optionee reports, (B) a relocation of Optionee's principal place of employment by more than fifty (50) miles, (C) a reduction in Optionee's level of compensation, as measured in terms of base salary, fringe benefits, target annual incentive payment, by more than ten percent (10%) or (D) the failure by the Corporation to continue in effect any stock option or other equity-based plan in which Optionee is participating, or in which Optionee is entitled to participate, immediately prior to a change in control of the Corporation, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan; or the failure by the Corporation to continue Optionee's participation therein (or in such substitute or alternative plan) on a substantially equivalent basis, both in terms of the amount or timing of payment of benefits provided and the level of Optionee's participation relative to other participants, as existed immediately prior to the change in control of the Corporation.

However, in the event Optionee is at the time of his or her cessation of Employee status a party to a Change in Control Benefits Agreement applicable to the Award evidenced by this Agreement, the term **Good Reason** shall have the meaning ascribed to that term in such Change in Control Benefits Agreement.

Q. **Grant Date** shall mean the date of grant of the option as specified in the Grant Notice.

A-3

R. **Grant Notice** shall mean the Notice of Grant of Stock Option informing Optionee of the basic terms of the option subject to this Agreement.

S. **Involuntary Termination** shall mean the termination of Optionee's Service as an Employee by reason of:

- (i) Optionee's involuntary dismissal or discharge by the Corporation for reasons other than for Cause, or
- (ii) Optionee's voluntary resignation for Good Reason.

T. **1934 Act** shall mean the Securities Exchange Act of 1934, as amended from time to time.

U. **Non-Statutory Option** shall mean an option not intended to satisfy the requirements of Code Section 422.

V. **Normal Retirement** shall mean the cessation of Service by reason of retirement at or after the attainment of age sixty-five (65).

W. **Notice of Exercise** shall mean the notice of option exercise in the form prescribed by the Corporation.

X. **Option Shares** shall mean the number of shares of Common Stock subject to the option as specified in the Grant Notice.

Y. **Optionee** shall mean the person to whom the option is granted as specified in the Grant Notice.

Z. **Parent** shall mean any corporation (other than the Corporation) in an unbroken chain of corporations ending with the Corporation, provided each corporation in the unbroken chain (other than the Corporation) owns, at the time of the determination, stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

AA. **Permanent Disability** shall mean the inability of Optionee to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which is expected to result in death or to be of continuous duration of twelve (12) months or more.

BB. **Plan** shall mean the Corporation's 2007 Incentive Compensation Plan.

CC. **Plan Administrator** shall mean either the Board or a committee of the Board acting in its capacity as administrator of the Plan.

A-4

DD. **Service** shall mean Optionee's performance of services for the Corporation (or any Parent or Subsidiary, whether now existing or subsequently established) in the capacity of an Employee, a non-employee member of the board of directors or a consultant or independent advisor. However, Optionee shall be deemed to cease Service immediately upon the occurrence of either of the following events: (i) Optionee no longer performs services in any of the foregoing capacities for the Corporation or any Parent or Subsidiary or (ii) the entity for which Optionee is performing such services ceases to remain a Parent or Subsidiary of the Corporation, even though the Optionee may subsequently continue to perform services for that entity. Service shall not be deemed to cease during a period of military leave, sick leave or other personal leave approved by the Corporation. However, except to the extent otherwise required by law or expressly authorized by the Plan Administrator or by the Corporation's written policy on leaves of absence, no Service credit shall be given for vesting purposes for any period the Optionee is on a leave of absence.

EE. **Stock Exchange** shall mean the American Stock Exchange, the Nasdaq Global or Global Select Market or the New York Stock Exchange.

FF. **Subsidiary** shall mean any corporation (other than the Corporation) in an unbroken chain of corporations beginning with the Corporation, provided each corporation (other than the last corporation) in the unbroken chain owns, at the time of the determination, stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain. The term **Subsidiary** shall also include any wholly-owned limited liability company in such chain of subsidiaries that is disregarded for U.S. federal income tax purposes.

GG. **Withholding Taxes** shall mean the federal, state and local income taxes and the employee portion of the federal, state and local employment taxes required to be withheld by the Corporation in connection with the exercise of the option.

MATSON, INC.
NOTICE OF AWARD OF TIME-BASED RESTRICTED STOCK UNITS

The Corporation hereby awards to Participant, as of the Award Date indicated below, an award (the "Award") of restricted stock units under the Corporation's 2007 Incentive Compensation Plan (the "Plan"). Each restricted stock unit represents the right to receive one share of Common Stock on the applicable issuance date following the vesting of that unit. The number of shares of Common Stock subject to the awarded restricted stock units and the applicable vesting schedule for those units and the underlying shares are set forth below. The remaining terms and conditions governing the Award, including the issuance date or dates for the shares of Common Stock that vest under the Award, shall be as set forth in the form Time-Based Restricted Stock Unit Award Agreement for service-vesting Awards.

AWARD SUMMARY

Participant

Award Date: _____, 201

Number of Shares Subject to Award: _____ shares of Common Stock (the "Shares")

Vesting Schedule: The Shares shall vest in a series of three (3) successive equal annual installments upon Participant's completion of each successive year of Service over the three (3)-year period measured from the Award Date. Each such installment vesting date is hereby designated a "Vesting and Issuance Date." However, one or more Shares may be subject to accelerated vesting in accordance with the provisions of Paragraph 3 or Paragraph 5 of the form Time-Based Restricted Stock Unit Award Agreement.

Participant understands and agrees that the Award is granted subject to and in accordance with the terms of the Plan and hereby agrees to be bound by the terms of the Plan and the terms of the Award as set forth in the form Time-Based Restricted Stock Unit Award Agreement attached hereto as Exhibit A. Participant hereby acknowledges the receipt of a copy of the official prospectus for the Plan. A copy of the Plan is available upon request made to the Human Resources Department at the Corporation's principal offices at 1411 Sand Island Parkway, Honolulu, Hawaii 96819.

Coverage under Recoupment Policy. By accepting this Award, Participant hereby agrees that should Participant at this time be, or at any time hereafter become, either an executive officer of the Corporation subject to Section 16 of the Securities Exchange Act of 1934, as amended, or a participant in the Corporation's Performance Improvement Incentive Plan, then:

(a) Participant shall be subject to the Matson, Inc. Policy Regarding Recoupment of Certain Compensation, effective as of January 1, 2011, the terms of which are hereby incorporated herein by reference and receipt of a copy of which Participant hereby acknowledges; and

(b) any incentive compensation that is paid or granted to, or received by, Participant on or after January 1, 2011 (including any incentive compensation that is paid to, or received by, Participant on or after January 1, 2011 pursuant to an incentive compensation award made to Participant prior to January 1, 2011, whether the award was made by the Corporation or any other predecessor entity) and during the three-year period preceding the date on which the Corporation is required to prepare an accounting restatement due to material non-compliance with any applicable financial reporting requirements under the federal securities laws shall, accordingly, be subject to recovery and recoupment pursuant to the terms of such policy.

For purposes of such recoupment policy, "incentive compensation" means any cash or equity-based award (e.g., any stock award, restricted stock unit award or stock option grant or shares of Common Stock issued thereunder) or any profit sharing payment or distribution that is based upon the achievement of financial performance metrics. An additional copy of the recoupment policy is available upon request made to the Corporate Secretary at the Corporation's principal offices.

Continuing Consent. Participant further acknowledges and agrees that, except to the extent the Plan Administrator notifies Participant in writing to the contrary, each subsequent award of service-vesting restricted stock units made to him or her under the Plan shall be subject to the same terms and conditions set forth in the Time-Based Restricted Stock Unit Award Agreement attached hereto as Exhibit A, and Participant hereby accepts those terms and conditions for each such subsequent service-vesting restricted stock unit award that may be made to him or her under the Plan and hereby agrees to be bound by those terms and conditions for any such restricted stock unit awards, without any further consent or acceptance required on his or her part at the time or times when those awards may be made. However, Participant may, at any time he or she holds an outstanding service-vesting restricted stock unit award under the Plan, request a written copy of the form Time-Based Restricted Stock Unit Award Agreement from the Corporation by contacting the Corporation's Human Resources Department at the Corporation's principal offices.

Employment at Will. Nothing in this Notice or in the form Time-Based Restricted Stock Unit Award Agreement or in the Plan shall confer upon Participant any right to continue in Service for any period of specific duration or interfere with or otherwise restrict in any way the rights of the Corporation (or any Parent or Subsidiary employing or retaining Participant) or of Participant, which rights are hereby expressly reserved by each, to terminate Participant's Service at any time for any reason, with or without cause.

Remainder of page intentionally left blank.

Definitions. All capitalized terms in this Notice shall have the meaning assigned to them in this Notice or in the form Time-Based Restricted Stock Unit Award Agreement for service-vesting Awards.

DATED: _____, 201

MATSON, INC.

By: _____

Title: _____

PARTICIPANT

Address:

MATSON, INC.

**TIME-BASED RESTRICTED STOCK UNIT
AWARD AGREEMENT****RECITALS**

- A. The Corporation has implemented the Plan for the purpose of providing eligible persons in the Corporation's service with the opportunity to participate in one or more cash or equity incentive compensation programs designed to encourage them to continue their service relationship with the Corporation.
- B. Participant is to render valuable services to the Corporation (or any Parent or Subsidiary), and this Agreement is executed pursuant to, and is intended to carry out the purposes of, the Plan in connection with the Corporation's issuance of shares of Common Stock to Participant under the Stock Issuance Program.
- C. All capitalized terms in this Agreement shall have the meaning assigned to them in the attached Appendix A.

NOW, THEREFORE, it is hereby agreed as follows:

1. **Grant of Restricted Stock Units.** The Corporation hereby awards to Participant, as of the Award Date, restricted stock units under the Plan. The number of shares of Common Stock underlying the awarded restricted stock units and the applicable service vesting requirements for those units and the underlying Shares are set forth in the Award Notice. The remaining terms and conditions governing the Award shall be as set forth in this Agreement.
2. **Limited Transferability.** Prior to the actual issuance of the Shares which vest hereunder, Participant may not transfer any interest in the restricted stock units subject to the Award or the underlying Shares or pledge or otherwise hedge the sale of those units or Shares, including (without limitation) any short sale or any acquisition or disposition of any put or call option or other instrument tied to the value of those Shares. However, any Shares which vest hereunder but otherwise remain unissued at the time of Participant's death may be transferred pursuant to the provisions of Participant's will or the laws of inheritance or to Participant's designated beneficiary or beneficiaries of this Award. Participant may also direct the Corporation to record the ownership of any Shares which in fact vest and become issuable hereunder in the name of a revocable living trust established for the exclusive benefit of Participant or Participant and his or her spouse. Participant may make such a beneficiary designation or ownership directive at any time by filing the appropriate form with the Plan Administrator or its designee.

3. **Cessation of Service.**

- (a) Except to the extent otherwise provided in this Paragraph 3 or Paragraph 5 below, should Participant cease Service for any reason prior to vesting in one or more Shares subject to this Award, then the Award shall be immediately cancelled with respect to those unvested Shares, and the number of restricted stock units shall be reduced accordingly. Participant shall thereupon cease to have any right or entitlement to receive any Shares under those cancelled units.
- (b) Should Participant's Service terminate by reason of his or her death or Permanent Disability prior to vesting in one or more Shares subject to this Award, then the restricted stock units shall vest in full upon Participant's termination of Service. The Shares subject to those vested units shall be issued in accordance with the applicable provisions of Paragraph 7.
- (c) Should Participant's Service terminate by reason of his or her Early Retirement or Normal Retirement prior to vesting in all the Shares subject to this Award in accordance with the annual installment vesting schedule set forth in the Award Notice, then Participant shall immediately vest in that number of additional Shares (if any) in which Participant would have otherwise been vested at the time of such termination had the Shares subject to this Award vested in a series of successive equal monthly installments over the duration of the vesting schedule set forth in the Award Notice. The Shares which are deemed to vest on the basis of such monthly installment vesting schedule shall, together with any other Shares which are at the time vested but unissued, be issued in accordance with the applicable provisions of Paragraph 7. The balance of the Award shall be immediately cancelled and cease to be outstanding upon such termination of Service.

4. **Stockholder Rights and Dividend Equivalents**

- (a) The holder of this Award shall not have any stockholder rights, including voting, dividend or liquidation rights, with respect to the Shares subject to the Award until Participant becomes the record holder of those Shares following their actual issuance upon the Corporation's collection of the applicable Withholding Taxes.
- (b) Notwithstanding the foregoing, should any dividend or other distribution payable other than in shares of Common Stock be declared and paid on the Corporation's outstanding Common Stock at a time when one or more Shares remain subject to this Award (i.e., those Shares are not otherwise issued and outstanding for purposes of entitlement to the dividend or distribution), then a special book account shall be established for Participant and credited with a phantom dividend equivalent to the actual dividend or distribution which would have been paid on those Shares had they been issued and outstanding and entitled to that dividend or distribution. The phantom dividend equivalents so credited to the Participant's book account for each calendar quarter this Award remains outstanding in whole or in part shall be distributed to Participant (in cash or such other form as the Plan Administrator may deem appropriate in its sole discretion) on the last business day of that calendar quarter. However, each such distribution shall be subject to the Corporation's collection of the Withholding Taxes applicable to that distribution.

5. **Change in Control**

(a) This Award, to the extent outstanding at the time of a Change in Control, may be assumed by the successor entity or otherwise continued in full force and effect or may be replaced with a cash retention account established by the successor entity. Any such assumption or continuation of this Award shall be effected in accordance with Paragraph 5(b) below. Any cash retention account established in replacement of this Award shall initially be credited with the Fair Market Value (at the effective time of the Change in Control) of the Shares subject to the Award at that time, and interest shall accrue on the outstanding balance of such account, for the period commencing with the closing date of the Change in Control and continuing through the date of the final payment of the account, including any deferred payment date under Paragraph 8, at a variable per annum rate, compounded semi-annually, equal to the prime rate of interest as in effect from time to time during such period, as determined on the basis of the prime rate quotations published in *The Wall Street Journal*. The cash retention account shall vest and be paid out in accordance with the same vesting and payment schedule applicable to the Award, as set forth in Paragraphs 1 and 7, and the Participant's interest in such account shall at all times be that of a general, unsecured creditor. In the event of such assumption or continuation of this Award or such replacement of the Award with a cash retention account, no accelerated vesting of the restricted stock units subject to this Award or the underlying Shares shall occur at the time of the Change in Control, and the Service-vesting provisions set forth in the Award Notice shall continue in full force and effect.

(b) In the event this Award is assumed or otherwise continued in effect, the restricted stock units subject to the Award shall be adjusted immediately after the consummation of the Change in Control so as to apply to the number and class of securities into which the Shares subject to those units immediately prior to the Change in Control would have been converted in consummation of that Change in Control had those Shares actually been issued and outstanding at that time. To the extent the actual holders of the outstanding Common Stock receive cash consideration for their Common Stock in consummation of the Change in Control, the successor corporation (or parent entity) may, in connection with the assumption or continuation of the restricted stock units subject to the Award at that time, but subject to the Plan Administrator's approval prior to the Change in Control, substitute one or more shares of its own common stock with a fair market value equivalent to the cash consideration paid per share of Common Stock in the Change in Control transaction, provided such common stock is readily tradable on an established U.S. securities exchange or market.

(c) Upon Participant's Separation from Service due to an Involuntary Termination occurring within twelve (12) months after a Change in Control in which this Award is assumed or continued in effect, all of the restricted stock units at the time subject to this Award shall vest, and the Shares underlying those units shall be issued to Participant in accordance with the applicable provisions of Paragraph 7. Should the restricted stock units be replaced with a cash retention account in accordance with Paragraph 5(a), then the balance credited to Participant under that account at the time of his or her Separation from Service due to

3

an Involuntary Termination shall immediately vest and shall be distributed to Participant in accordance with the applicable provisions of Paragraph 7; **provided, however**, that Participant shall vest and be entitled to such distribution only if such Involuntary Termination occurs within twelve (12) months following the Change in Control.

(d) If the restricted stock units subject to this Award at the time of the Change in Control are not assumed or otherwise continued in effect or replaced with a cash retention account in accordance with Paragraph 5(a), then those units shall vest immediately prior to the closing of the Change in Control, and Participant shall become entitled to a vested distribution in accordance with the applicable provisions of Paragraph 7.

(e) This Agreement shall not in any way affect the right of the Corporation to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

6. **Adjustment in Shares.** Should any change be made to the Common Stock by reason of any stock split, stock dividend, recapitalization, combination of shares, exchange of shares, spin-off transaction, extraordinary dividend or distribution or other change affecting the outstanding Common Stock as a class without the Corporation's receipt of consideration, or should the value of the outstanding shares of Common Stock be substantially reduced as a result of a spin-off transaction or an extraordinary dividend or distribution, or should there occur any merger, consolidation or other reorganization, then equitable adjustments shall be made by the Plan Administrator to the total number and/or class of securities issuable pursuant to this Award in order to reflect such change and thereby prevent a dilution or enlargement of benefits hereunder. In making such equitable adjustments, the Plan Administrator shall take into account any amounts credited to Participant's book account under Paragraph 4(b) in connection with the transaction, and the determination of the Plan Administrator shall be final, binding and conclusive. In the event of any Change in Control transaction, the adjustment provisions of Paragraph 5(b) shall be controlling.

7. **Issuance or Distribution of Shares or Other Vested Amounts.**

(a) The following provisions shall govern the issuance of the Shares (or any replacement or substitute amounts under Paragraph 5) which vest in accordance with the provisions of this Agreement:

(i) On each Vesting and Issuance Date specified in the Award Notice, the Shares which vest at that time or which are otherwise deemed to have vested during the twelve (12)-month period ending with that date but have not otherwise been issued in accordance with any other applicable provision of this Paragraph 7(a) shall be issued.

(ii) Shares which vest on an accelerated basis upon the Participant's cessation of Service under Paragraph 3(b) or 3(c) or his or her Involuntary Termination under Paragraph 5(c) shall be issued on the date of

4

Participant's Separation from Service due to such cessation of Service or Involuntary Termination. Any distribution from the cash retention account to which Participant is entitled under Paragraph 5(c) upon his or her Involuntary Termination shall be paid in a lump sum on the date of his or her

Separation from Service due to such Involuntary Termination. However, any issuance or distribution pursuant to the provisions of this subparagraph (ii) shall be subject to the deferred issuance provisions of Paragraph 8, to the extent applicable.

(iii) Shares which vest under Paragraph 5(d) shall be converted into the right to receive the same consideration per share of Common Stock payable to the other stockholders of the Corporation in consummation of the Change in Control transaction, and such consideration per Share shall be distributed to Participant upon the **earliest** to occur of (i) the Vesting and Issuance Date on which the particular Shares to which such consideration relates would have been issued in the absence of such Change in Control, (ii) the date of Participant's Separation from Service or (iii) the first date following a Qualifying Change in Control on which the distribution can be made without contravention of any applicable provisions of Code Section 409A.

(iv) To the extent the consideration payable per share of Common Stock in the Change in Control is in the form of cash, a fully-vested cash retention account shall be established by the successor entity at the time of such Change in Control for any Shares subject to this Award that vest on an accelerated basis under Paragraph 5(d). Such account shall be credited with the cash consideration payable for the Shares, and interest shall accrue on the outstanding balance of that account, for the period commencing with the closing date of the Change in Control and continuing through the date of the final payment of the account, including any deferred payment date under Paragraph 8, at a variable per annum rate, compounded semi-annually, equal to the prime rate of interest as in effect from time to time during such period, as determined on the basis of the prime rate quotations published in **The Wall Street Journal**. The cash retention account, together with all accrued interest thereon through the actual payment date, shall be distributed in accordance with the same distribution provisions in effect under Paragraph 7(a)(iii), and the Participant's interest in the account shall at all times be that of a general, unsecured creditor.

(v) Any issuance or distribution to be made pursuant to the foregoing provisions of this Paragraph 7(a) shall be made on the designated issuance or distribution date or as soon as administratively practicable thereafter. In no event, however, shall such issuance or distribution be made later than the fifteenth (15th) day of the third (3rd) calendar month following that date.

(vi) Each issuance or distribution to be made pursuant to this Paragraph 7(a) shall be subject to the Corporation's collection of all applicable Withholding Taxes, in accordance with the provisions of Paragraphs 7(b) and 7(c).

5

(vii) Any Shares to be issued to Participant in accordance with the foregoing provisions of this Paragraph 7(a) shall in the form of a book entry evidencing ownership of those Shares. Actual certificates for any vested Shares evidenced by book entry ownership shall be promptly delivered upon the request of Participant or any other person having an interest at the time in those Shares.

(b) The Corporation shall collect the Withholding Taxes with respect to each non-Share distribution by withholding a portion of that distribution equal to the amount of the applicable Withholding Taxes, with the cash portion of the distribution to be the first portion so withheld.

(c) Unless Participant (i) otherwise makes satisfactory arrangements with the Corporation's Human Resources Department, on or before the expiration of the designated notification period preceding each applicable issuance date of the Shares, to pay the applicable Withholding Taxes through the delivery of a check payable to the Corporation in the amount of such Withholding Taxes and (ii) in fact delivers such check to the Corporation not later than that issuance date, the Corporation shall collect the Withholding Taxes applicable to the Share issuance through the following automatic share withholding method:

On each applicable issuance date, the Corporation shall withhold, from the vested Shares otherwise issuable to Participant at that time, a portion of those Shares with a Fair Market Value (measured as of the issuance date) equal to the applicable Withholding Taxes; **provided, however**, that the number of Shares which the Corporation shall be required to so withhold shall not exceed in Fair Market Value the amount necessary to satisfy the Corporation's required tax withholding obligations using the minimum statutory withholding rates for federal and state tax purposes, including payroll taxes, that are applicable to supplemental taxable income.

(d) Notwithstanding the foregoing provisions of this Paragraph 7, the employee portion of the federal, state and local employment taxes required to be withheld by the Corporation in connection with the vesting of the Shares or any other amounts hereunder (the "Employment Taxes") shall in all events be collected from the Participant no later than the last business day of the calendar year in which the Shares or other amounts vest hereunder. Accordingly, to the extent the applicable issuance date for one or more vested Shares or the distribution date for such other amounts is to occur in a year subsequent to the calendar year in which those Shares or other amounts vest, the Participant shall, on or before the last business day of the calendar year in which the Shares or other amounts vest, deliver to the Corporation a check payable to its order in the dollar amount equal to the Employment Taxes required to be withheld with respect to those Shares or other amounts. The provisions of this Paragraph 7(d) shall be applicable only to the extent necessary to comply with the applicable tax withholding requirements of Code Section 3121(v).

(e) Except as otherwise provided in Paragraph 5 or this Paragraph 7, the settlement of all restricted stock units which vest under the Award shall be made solely in shares of Common Stock. In no event, however, shall any fractional shares be issued. Accordingly, the total number of shares of Common Stock to be issued at the time the Award vests shall, to the extent necessary, be rounded down to the next whole share in order to avoid the issuance of a fractional share.

6

8. **Deferred Issue Date.** Notwithstanding any provision to the contrary in this Agreement, to the extent this Award may be deemed to create a deferred compensation arrangement under Code Section 409A, then the following limitation shall apply:

No Shares or other amounts which become issuable or distributable under this Agreement upon Participant's Separation from Service shall actually be issued or distributed to Participant prior to the **earlier** of (i) the first (1st) day of the seventh (7th) month following the date of such Separation from Service or (ii) the date of Participant's death, if Participant is deemed at the time of such Separation from Service to be a specified employee under Section 1.409A-1(i) of the Treasury Regulations issued under Code Section 409A, as determined by the Plan Administrator in accordance with consistent and uniform standards applied to all other Code Section 409A arrangements of the Corporation, and

such delayed commencement is otherwise required in order to avoid a prohibited distribution under Code Section 409A(a)(2). The deferred Shares or other distributable amount shall be issued or distributed in a lump sum on the first (1st) day of the seventh (7th) month following the date of Participant's Separation from Service or, if earlier, the first day of the month immediately following the date the Corporation receives proof of Participant's death.

Participant's right to receive each installment of Shares or other installment distribution pursuant to the terms of this Agreement shall, for purposes of Code Section 409A, be treated as a right to receive a series of separate payments.

9. **Compliance with Laws and Regulations.** The issuance of shares of Common Stock pursuant to the Award shall be subject to compliance by the Corporation and Participant with all applicable requirements of law relating thereto and with all applicable regulations of any Stock Exchange on which the Common Stock may be listed for trading at the time of such issuance.

10. **Change in Control Benefits Agreement.** Notwithstanding anything to the contrary in this Agreement, if Participant is, at the time of a change in control or ownership of the Corporation (whether or not that transaction constitutes a Change in Control hereunder), a party to a Change in Control Benefits Agreement with the Corporation, then the provisions of that agreement shall, to the extent applicable to this Award, govern Participant's rights and benefits with respect to the restricted stock units and underlying Shares subject to this Agreement, and in the event of any conflict between the provisions of that Change in Control Benefits Agreement and this Agreement, the provisions of the Change in Control Benefits Agreement shall be controlling; **provided, however**, that in the event there is any conflict between the issuance or distribution provisions of this Agreement and the issuance or distribution provisions of the Change in Control Benefits Agreement, the issuance and distribution provisions of this Agreement shall be controlling.

7

11. **Notices.** Any notice required to be given or delivered to the Corporation under the terms of this Agreement shall be in writing and addressed to the Corporation at its principal corporate offices. Any notice required to be given or delivered to Participant shall be in writing and addressed to Participant at the address indicated below Participant's signature line on the Award Notice. All notices shall be deemed effective upon personal delivery or upon deposit in the U.S. mail, postage prepaid and properly addressed to the party to be notified.

12. **Successors and Assigns.** Except to the extent otherwise provided in this Agreement, the provisions of this Agreement shall inure to the benefit of, and be binding upon, the Corporation and its successors and assigns and Participant, Participant's assigns, the legal representatives, heirs and legatees of Participant's estate and any beneficiaries of the Award designated by Participant.

13. **Construction.**

(a) This Agreement and the Award evidenced hereby are made and granted pursuant to the Plan and are in all respects limited by and subject to the terms of the Plan and any applicable Change in Control Benefits Agreement. All decisions of the Plan Administrator with respect to any question or issue arising under the Plan or this Agreement shall be conclusive and binding on all persons having an interest in the Award.

(b) To the extent there is any ambiguity as to whether any provision of this Agreement would otherwise contravene one or more applicable requirements or limitations of Section 409A of the Internal Revenue Code and the Treasury Regulations thereunder, such provision shall be interpreted and applied in a manner that complies with the applicable requirements of Section 409A of the Internal Revenue Code and the Treasury Regulations thereunder.

(c) Participant hereby acknowledges the receipt of a copy of the official prospectus for the Plan. A copy of the Plan is available upon request made to the Human Resources Department at the Corporation's principal offices (1411 Sand Island Parkway, Honolulu, Hawaii 96819).

14. **Governing Law.** The interpretation, performance and enforcement of this Agreement shall be governed by the laws of the State of Hawaii without resort to that State's conflict-of-laws rules.

15. **Coverage under Recoupment Policy.** If Participant is on the Award Date, or at any time thereafter becomes, either an executive officer of the Corporation subject to Section 16 of the 1934 Act, or a participant in the Corporation's Performance Improvement Incentive Plan, then Participant shall be subject to the Matson, Inc. Policy Regarding Recoupment of Certain Compensation, effective as of January 1, 2011 (the "**Recoupment Policy**"), the terms of which are hereby incorporated herein by reference and receipt of a copy of which Participant hereby acknowledges. If Participant is subject to the Recoupment Policy, then any incentive compensation that is paid or granted to, or received by, Participant on or after January 1, 2011 (including, without limitation, any incentive compensation that the Corporation

8

pays to Participant on or after January 1, 2011 pursuant to an incentive compensation award made to Participant prior to January 1, 2011, whether by the Corporation or any predecessor entity) and during the three-year period preceding the date on which the Corporation is required to prepare an accounting restatement due to material non-compliance with any applicable financial reporting requirements under the federal securities laws shall be subject to recovery and recoupment pursuant to the terms of such policy. For purposes of such Recoupment Policy, "**incentive compensation**" means any cash or equity-based award (e.g., stock award, restricted stock unit award or stock option grant or shares of Common Stock issued thereunder) or any profit sharing payment or distribution that is based upon the achievement of financial performance metrics. An additional copy of the Recoupment Policy is available upon request made to the Corporate Secretary at the Corporation's principal offices.

9

DEFINITIONS

The following definitions shall be in effect under the Agreement:

A. **Agreement** shall mean this Restricted Stock Unit Award Agreement.

B. **Award** shall mean the award of restricted stock units made to Participant pursuant to the terms of this Agreement.

C. **Award Date** shall mean the date the restricted stock units are awarded to Participant pursuant to the Agreement and shall be the date specified in the Award Notice.

D. **Award Notice** shall mean the Notice of Award of Time-Based Restricted Stock Units delivered to Participant in which there is set forth the basic terms of the restricted stock units subject to this Agreement, including (without limitation) the applicable vesting schedule for those units.

E. **Board** shall mean the Corporation's Board of Directors.

F. **Cause** shall mean the commission of any act of fraud, embezzlement or dishonesty by Participant, any unauthorized use or disclosure by Participant of confidential information or trade secrets of the Corporation (or any Parent or Subsidiary), or any other intentional misconduct by Participant adversely affecting the business or affairs of the Corporation (or any Parent or Subsidiary) in a material manner; **provided, however**, that in the event Participant is, at the time the Corporation (or any Parent or Subsidiary) purports to terminate Participant's Employee status for Cause, a party to a Change in Control Benefits Agreement applicable to the Award, the term **Cause** shall have the meaning ascribed to that term in such Change in Control Benefits Agreement. The foregoing definition shall not in any way preclude or restrict the right of the Corporation (or any Parent or Subsidiary) to discharge or dismiss Participant or any other person in the Service of the Corporation (or any Parent or Subsidiary) for any other acts or omissions, but such other acts or omissions shall not be deemed, for purposes of the Plan and this Agreement, to constitute grounds for termination for Cause.

G. **Change in Control** shall mean a change of ownership or control of the Corporation effected through any of the following transactions:

(i) a merger, consolidation or other reorganization approved by the Corporation's stockholders, unless securities representing fifty percent (50%) or more of the total combined voting power of the voting securities of the successor corporation are immediately thereafter beneficially owned, directly or indirectly, by the persons who beneficially owned the Corporation's outstanding voting securities immediately prior to such transaction,

(ii) a sale, transfer or other disposition of all or substantially all of the Corporation's assets,

(iii) the closing of any transaction or series of related transactions pursuant to which any person or any group of persons comprising a "group" within the meaning of Rule 13d-5(b)(1) of the 1934 Act (other than the Corporation or a person that, prior to such transaction or series of related transactions, directly or indirectly controls, is controlled by or is under common control with, the Corporation) acquires directly or indirectly (whether as a result of a single acquisition or by reason of one or more acquisitions within the twelve (12)-month period ending with the most recent acquisition) beneficial ownership (within the meaning of Rule 13d-3 of the 1934 Act) of securities possessing (or convertible into or exercisable for securities possessing) thirty-five percent (35%) or more of the total combined voting power of the Corporation's securities (as measured in terms of the power to vote with respect to the election of Board members) outstanding immediately after the consummation of such transaction or series of related transactions, whether such transaction involves a direct issuance from the Corporation or the acquisition of outstanding securities held by one or more of the Corporation's existing stockholders, or

(iv) a change in the composition of the Board over a period of twelve (12) consecutive months or less such that a majority of the Board members ceases, by reason of one or more contested elections for Board membership, to be comprised of individuals who either (A) have been Board members continuously since the beginning of such period or (B) have been elected or nominated for election as Board members during such period by at least a majority of the Board members described in clause (A) who were still in office at the time the Board approved such election or nomination;

provided, however, that in the event Participant is a party to a Change in Control Benefits Agreement applicable to the Award, the term **Change in Control** shall have the meaning ascribed to that term in such Change in Control Benefits Agreement.

H. **Change in Control Benefits Agreement** shall mean any separate agreement between Participant and the Corporation which provides Participant with special vesting acceleration and/or other special benefits with respect to one or more awards of restricted stock units made to Participant for shares of Common Stock, including (to the extent applicable) the restricted stock units evidenced by this Agreement, in the event of a change in control or ownership of the Corporation (whether or not constituting a Change in Control hereunder).

I. **Code** shall mean the Internal Revenue Code of 1986, as amended.

J. **Common Stock** shall mean shares of the Corporation's common stock.

K. **Corporation** shall mean Matson, Inc., a Hawaii corporation (formerly known as Alexander & Baldwin Holdings, Inc.), and any successor corporation to all or substantially all of the assets or voting stock of Matson, Inc. which shall by appropriate action adopt the Plan.

L. **Early Retirement** shall mean the Participant's retirement from Service, with the prior approval of the Corporation (or Parent or Subsidiary employing Participant), on or after the attainment of age fifty-five (55) and the completion of at least five (5) years of Service.

M. **Employee** shall mean an individual who is in the employ of the Corporation (or any Parent or Subsidiary), subject to the control and direction of the employer entity as to both the work to be performed and the manner and method of performance.

N. **Fair Market Value** per share of Common Stock on any relevant date shall be the closing selling price per share of Common Stock at the close of regular hours trading (i.e., before after-hours trading beings) on date in question on the Stock Exchange serving as the primary market for the Common Stock, as such price is reported by the National Association of Securities Dealers (if primarily traded on the Nasdaq Global Select Market) or as officially quoted in the composite tape of transactions on any other Stock Exchange on which the Common Stock is then primarily traded. If there is no closing selling price for the Common Stock on the date in question, then the Fair Market Value shall be the closing selling price on the last preceding date for which such quotation exists.

O. **Good Reason** shall mean the occurrence of any of the following events effected without Participant's consent: (A) a change in Participant's position with the Corporation (or any Parent or Subsidiary employing Participant) which materially reduces Participant's duties and responsibilities or the level of management to which Participant reports, (B) a relocation of Participant's principal place of employment by more than fifty (50) miles, (C) a reduction in Participant's level of compensation, as measured in terms of base salary, fringe benefits and target annual incentive payment, by more than ten percent (10%) or (D) the failure by the Corporation to continue in effect any stock option or other equity-based plan in which Participant is participating, or in which Participant is entitled to participate, immediately prior to a change in control of the Corporation, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan; or the failure by the Corporation to continue Participant's participation therein (or in such substitute or alternative plan) on a substantially equivalent basis, both in terms of the amount or timing of payment of benefits provided and the level of Participant's participation relative to other participants, as existed immediately prior to the change in control of the Corporation.

However, in the event Participant is at the time of his or her cessation of Employee status a party to a Change in Control Benefits Agreement applicable to the Award evidenced by this Agreement, the term **Good Reason** shall have the meaning ascribed to that term in such Change in Control Benefits Agreement.

A-3

P. **Involuntary Termination** shall mean the Participant's Separation from Service by reason of:

- (i) Participant's involuntary dismissal or discharge by the Corporation for reasons other than for Cause, or
- (ii) Participant's voluntary resignation for Good Reason.

Q. **1934 Act** shall mean the Securities Exchange Act of 1934, as amended from time to time.

R. **Normal Retirement** shall mean shall mean the cessation of Service by reason of retirement at or after the attainment of age sixty-five (65).

S. **Participant** shall mean the person to whom the Award is made pursuant to the Agreement.

T. **Parent** shall mean any corporation (other than the Corporation) in an unbroken chain of corporations ending with the Corporation, provided each corporation in the unbroken chain (other than the Corporation) owns, at the time of the determination, stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

U. **Permanent Disability** shall mean the inability of Participant to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment expected to result in death or to be of continuous duration of twelve (12) months or more.

V. **Plan** shall mean the Corporation's 2007 Incentive Compensation Plan.

W. **Plan Administrator** shall mean either the Board or a committee of the Board acting in its capacity as administrator of the Plan.

X. **Qualifying Change in Control** shall mean the date on which there occurs a Change in Control that also qualifies as: (i) a change in the ownership of the Corporation, as determined in accordance with Section 1.409A-3(i)(5)(v) of the Treasury Regulations, (ii) a change in the effective control of the Corporation, as determined in accordance with Section 1.409A-3(i)(5)(vi) of the Treasury Regulations, or (iii) a change in the ownership of a substantial portion of the assets of the Corporation, as determined in accordance with Section 1.409A-3(i)(5)(vii) of the Treasury Regulations.

Y. **Separation from Service** shall mean the Participant's cessation of Employee status by reason of his or her death, retirement or termination of employment. The Participant shall be deemed to have terminated employment for such purpose at such time as the level of his or her bona fide services to be performed as an Employee (or as a consultant or independent contractor) permanently decreases to a level that is less than fifty percent (50%) of the average level of services he or she rendered as an Employee during the immediately preceding thirty-six (36) months (or such shorter period for which he or she may have rendered such services). Solely for purposes of determining when a Separation from Service occurs,

A-4

Participant will be deemed to continue in "Employee" status for so long as he or she remains in the employ of one or more members of the Employer Group, subject to the control and direction of the employer entity as to both the work to be performed and the manner and method of performance. "Employer Group" means the Corporation and any Parent or Subsidiary and any other corporation or business controlled by, controlling or under common control with, the Corporation, as determined in accordance with Sections 414(b) and (c) of the Code and the Treasury Regulations thereunder, except that in applying Sections 1563(1), (2) and (3) of the Code for purposes of determining the controlled group of corporations under Section 414(b), the phrase "at least 50 percent" shall be used instead of "at least 80 percent" each place the latter phrase appears in such sections and in applying Section 1.414(c)-2 of the Treasury Regulations for purposes of determining trades or businesses that are under common control for purposes of Section 414(c), the phrase "at least 50 percent" shall be used instead of "at least 80 percent" each place the latter phrase appears in Section 1.414(c)-2 of the Treasury Regulations. Any such determination

as to Separation from Service, however, shall be made in accordance with the applicable standards of the Treasury Regulations issued under Section 409A of the Code.

Z. **Service** shall mean Participant's performance of services for the Corporation (or any Parent or Subsidiary) in the capacity of an Employee, a non-employee member of the board of directors or a consultant or independent advisor. In addition, the following provisions shall govern the determination of Participant's period of Service:

(i) Participant shall be deemed to continue in Service for so long as Participant performs services for the Corporation (or any Parent or Subsidiary) in the capacity of an Employee, a non-employee member of the board of directors or a consultant or independent advisor.

(ii) Participant shall be deemed to cease Service immediately upon the occurrence of either of the following events: (a) Participant no longer performs services in any of the foregoing capacities for the Corporation (or any Parent or Subsidiary) or (b) the entity for which Participant performs such services ceases to remain a Parent or Subsidiary of the Corporation, even though Participant may subsequently continue to perform services for that entity.

(iii) Service as an Employee shall not be deemed to cease during a period of military leave, sick leave or other personal leave approved by the Corporation (or any Parent or Subsidiary) employing Participant; provided, however, that the following special provisions shall be in effect for any such leave:

a. Should the period of such leave (other than a disability leave) exceed six (6) months, then Participant shall be deemed to cease Service and to incur a Separation from Service upon the expiration of the initial six (6)-month period of that leave, unless Participant retains a right to re-employment under applicable law or by contract with the Corporation (or any Parent or Subsidiary) employing Participant.

A-5

b. Should the period of a disability leave exceed twenty-nine (29) months, then Participant shall be deemed to cease Service and to incur a Separation from Service upon the expiration of the initial twenty-nine (29)-month period of that leave, unless Participant retains a right to re-employment under applicable law or by contract with the Corporation. For such purpose, a disability leave shall be a leave of absence due to any medically determinable physical or mental impairment that can be expected to result in death or to last for a continuous period of not less than six (6) months and causes Participant to be unable to perform the duties of his or her position of employment (or any substantially similar position of employment) with the Corporation (or any Parent or Subsidiary).

c. Except to the extent otherwise required by law or expressly authorized by the Plan Administrator or by the written policy on leaves of absence of the Corporation no Service credit shall be given for vesting purposes for any period Participant is on a leave of absence.

(iv) Notwithstanding anything to the contrary in the foregoing provisions of this Service definition, the Participant shall in all events be deemed to cease Service for all purposes of this Award immediately upon Participant's incurrence of a Separation from Service.

AA. **Stock Exchange** shall mean the American Stock Exchange, the Nasdaq Global or Global Select Market or the New York Stock Exchange.

BB. **Subsidiary** shall mean any corporation (other than the Corporation) in an unbroken chain of corporations beginning with the Corporation, provided each corporation (other than the last corporation) in the unbroken chain owns, at the time of the determination, stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain. The term **Subsidiary** shall also include any wholly-owned limited liability company in such chain of subsidiaries that is disregarded for U.S. federal income tax purposes.

CC. **Withholding Taxes** shall mean the federal, state and local income taxes and the employee portion of the federal, state and local employment taxes required to be withheld by the Corporation in connection with the issuance of the shares of Common Stock which vest under the Award and any phantom dividend equivalents distributed with respect to those shares.

A-6

EXHIBIT A

MATSON, INC.

**TIME-BASED RESTRICTED STOCK UNIT
AWARD AGREEMENT****RECITALS**

A. The Corporation has implemented the Plan for the purpose of providing eligible persons in the Corporation's service with the opportunity to participate in one or more cash or equity incentive compensation programs designed to encourage them to continue their service relationship with the Corporation.

B. Participant is to render valuable services to the Corporation (or any Parent or Subsidiary), and this Agreement is executed pursuant to, and is intended to carry out the purposes of, the Plan in connection with the Corporation's issuance of shares of Common Stock to Participant under the Stock Issuance Program.

C. All capitalized terms in this Agreement shall have the meaning assigned to them in the attached Appendix A.

NOW, THEREFORE, it is hereby agreed as follows:

1. **Grant of Restricted Stock Units.** The Corporation hereby awards to Participant, as of the Award Date, restricted stock units under the Plan. The number of shares of Common Stock underlying the awarded restricted stock units and the applicable service vesting requirements for those units and the underlying Shares are set forth in the Award Notice. The remaining terms and conditions governing the Award shall be as set forth in this Agreement.

2. **Limited Transferability.** Prior to the actual issuance of the Shares which vest hereunder, Participant may not transfer any interest in the restricted stock units subject to the Award or the underlying Shares or pledge or otherwise hedge the sale of those units or Shares, including (without limitation) any short sale or any acquisition or disposition of any put or call option or other instrument tied to the value of those Shares. However, any Shares which vest hereunder but otherwise remain unissued at the time of Participant's death may be transferred pursuant to the provisions of Participant's will or the laws of inheritance or to Participant's designated beneficiary or beneficiaries of this Award. Participant may also direct the Corporation to record the ownership of any Shares which in fact vest and become issuable hereunder in the name of a revocable living trust established for the exclusive benefit of Participant or Participant and his or her spouse. Participant may make such a beneficiary designation or ownership directive at any time by filing the appropriate form with the Plan Administrator or its designee.

3. **Cessation of Service.**

(a) Except to the extent otherwise provided in this Paragraph 3 or Paragraph 5 below, should Participant cease Service for any reason prior to vesting in one or more Shares subject to this Award, then the Award shall be immediately cancelled with respect to those unvested Shares, and the number of restricted stock units shall be reduced accordingly. Participant shall thereupon cease to have any right or entitlement to receive any Shares under those cancelled units.

(b) Should Participant's Service terminate by reason of his or her death or Permanent Disability prior to vesting in one or more Shares subject to this Award, then the restricted stock units shall vest in full upon Participant's termination of Service. The Shares subject to those vested units shall be issued in accordance with the applicable provisions of Paragraph 7.

(c) Should Participant's Service terminate by reason of his or her Early Retirement or Normal Retirement prior to vesting in all the Shares subject to this Award in accordance with the annual installment vesting schedule set forth in the Award Notice, then Participant shall immediately vest in that number of additional Shares (if any) in which Participant would have otherwise been vested at the time of such termination had the Shares subject to this Award vested in a series of successive equal monthly installments over the duration of the vesting schedule set forth in the Award Notice. The Shares which are deemed to vest on the basis of such monthly installment vesting schedule shall, together with any other Shares which are at the time vested but unissued, be issued in accordance with the applicable provisions of Paragraph 7. The balance of the Award shall be immediately cancelled and cease to be outstanding upon such termination of Service.

4. **Stockholder Rights and Dividend Equivalents**

(a) The holder of this Award shall not have any stockholder rights, including voting, dividend or liquidation rights, with respect to the Shares subject to the Award until Participant becomes the record holder of those Shares following their actual issuance upon the Corporation's collection of the applicable Withholding Taxes.

(b) Notwithstanding the foregoing, should any dividend or other distribution payable other than in shares of Common Stock be declared and paid on the Corporation's outstanding Common Stock at a time when one or more Shares remain subject to this Award (i.e., those Shares are not otherwise issued and outstanding for purposes of entitlement to the dividend or distribution), then a special book account shall be established for Participant and credited with a phantom dividend equivalent to the actual dividend or distribution which would have been paid on those Shares had they been issued and outstanding and entitled to that dividend or distribution. The phantom dividend equivalents so credited to the Participant's book account for each calendar quarter this Award remains outstanding in whole or in part shall be distributed to Participant (in cash or such other form as the Plan Administrator may deem appropriate in its sole discretion) on the last business day of that calendar quarter. However, each such distribution shall be subject to the Corporation's collection of the Withholding Taxes applicable to that distribution.

5. Change in Control

(a) This Award, to the extent outstanding at the time of a Change in Control, may be assumed by the successor entity or otherwise continued in full force and effect or may be replaced with a cash retention account established by the successor entity. Any such assumption or continuation of this Award shall be effected in accordance with Paragraph 5(b) below. Any cash retention account established in replacement of this Award shall initially be credited with the Fair Market Value (at the effective time of the Change in Control) of the Shares subject to the Award at that time, and interest shall accrue on the outstanding balance of such account, for the period commencing with the closing date of the Change in Control and continuing through the date of the final payment of the account, including any deferred payment date under Paragraph 8, at a variable per annum rate, compounded semi-annually, equal to the prime rate of interest as in effect from time to time during such period, as determined on the basis of the prime rate quotations published in *The Wall Street Journal*. The cash retention account shall vest and be paid out in accordance with the same vesting and payment schedule applicable to the Award, as set forth in Paragraphs 1 and 7, and the Participant's interest in such account shall at all times be that of a general, unsecured creditor. In the event of such assumption or continuation of this Award or such replacement of the Award with a cash retention account, no accelerated vesting of the restricted stock units subject to this Award or the underlying Shares shall occur at the time of the Change in Control, and the Service-vesting provisions set forth in the Award Notice shall continue in full force and effect.

(b) In the event this Award is assumed or otherwise continued in effect, the restricted stock units subject to the Award shall be adjusted immediately after the consummation of the Change in Control so as to apply to the number and class of securities into which the Shares subject to those units immediately prior to the Change in Control would have been converted in consummation of that Change in Control had those Shares actually been issued and outstanding at that time. To the extent the actual holders of the outstanding Common Stock receive cash consideration for their Common Stock in consummation of the Change in Control, the successor corporation (or parent entity) may, in connection with the assumption or continuation of the restricted stock units subject to the Award at that time, but subject to the Plan Administrator's approval prior to the Change in Control, substitute one or more shares of its own common stock with a fair market value equivalent to the cash consideration paid per share of Common Stock in the Change in Control transaction, provided such common stock is readily tradable on an established U.S. securities exchange or market.

(c) Upon Participant's Separation from Service due to an Involuntary Termination occurring within twenty-four (24) months after a Change in Control in which this Award is assumed or continued in effect, all of the restricted stock units at the time subject to this Award shall vest, and the Shares underlying those units shall be issued to Participant in accordance with the applicable provisions of Paragraph 7. Should the restricted stock units be replaced with a cash retention account in accordance with Paragraph 5(a), then the balance credited to Participant under that account at the time of his or her Separation from Service due to

an Involuntary Termination shall immediately vest and shall be distributed to Participant in accordance with the applicable provisions of Paragraph 7; **provided, however**, that Participant shall vest and be entitled to such distribution only if such Involuntary Termination occurs within twenty-four (24) months following the Change in Control.

(d) If the restricted stock units subject to this Award at the time of the Change in Control are not assumed or otherwise continued in effect or replaced with a cash retention account in accordance with Paragraph 5(a), then those units shall vest immediately prior to the closing of the Change in Control, and Participant shall become entitled to a vested distribution in accordance with the applicable provisions of Paragraph 7.

(e) This Agreement shall not in any way affect the right of the Corporation to adjust, reclassify, reorganize or otherwise change its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its business or assets.

6. **Adjustment in Shares.** Should any change be made to the Common Stock by reason of any stock split, stock dividend, recapitalization, combination of shares, exchange of shares, spin-off transaction, extraordinary dividend or distribution or other change affecting the outstanding Common Stock as a class without the Corporation's receipt of consideration, or should the value of the outstanding shares of Common Stock be substantially reduced as a result of a spin-off transaction or an extraordinary dividend or distribution, or should there occur any merger, consolidation or other reorganization, then equitable adjustments shall be made by the Plan Administrator to the total number and/or class of securities issuable pursuant to this Award in order to reflect such change and thereby prevent a dilution or enlargement of benefits hereunder. In making such equitable adjustments, the Plan Administrator shall take into account any amounts credited to Participant's book account under Paragraph 4(b) in connection with the transaction, and the determination of the Plan Administrator shall be final, binding and conclusive. In the event of any Change in Control transaction, the adjustment provisions of Paragraph 5(b) shall be controlling.

7. Issuance or Distribution of Shares or Other Vested Amounts.

(a) The following provisions shall govern the issuance of the Shares (or any replacement or substitute amounts under Paragraph 5) which vest in accordance with the provisions of this Agreement:

(i) On each Vesting and Issuance Date specified in the Award Notice, the Shares which vest at that time or which are otherwise deemed to have vested during the twelve (12)-month period ending with that date but have not otherwise been issued in accordance with any other applicable provision of this Paragraph 7(a) shall be issued.

(ii) Shares which vest on an accelerated basis upon the Participant's cessation of Service under Paragraph 3(b) or 3(c) or upon his or her Involuntary Termination under Paragraph 5(c) shall be issued on the date of

Participant's Separation from Service due to such cessation of Service or Involuntary Termination. Any distribution from the cash retention account to which Participant is entitled under Paragraph 5(c) upon his or her Involuntary Termination shall be paid in a lump sum on the date of his or her Separation from Service due to such Involuntary Termination. However, any issuance or distribution pursuant to the provisions of this subparagraph (ii) shall be subject to the deferred issuance provisions of Paragraph 8, to the extent applicable.

(iii) Shares which vest under Paragraph 5(d) shall be converted into the right to receive the same consideration per share of Common Stock payable to the other stockholders of the Corporation in consummation of the Change in Control transaction, and such consideration per Share shall be distributed to Participant upon the **earliest** to occur of (i) the Vesting and Issuance Date on which the particular Shares to which such consideration relates would have been issued in the absence of such Change in Control, (ii) the date of Participant's Separation from Service or (iii) the first date following a Qualifying Change in Control on which the distribution can be made without contravention of any applicable provisions of Code Section 409A.

(iv) To the extent the consideration payable per share of Common Stock in the Change in Control is in the form of cash, a fully-vested cash retention account shall be established by the successor entity at the time of such Change in Control for any Shares subject to this Award that vest on an accelerated basis under Paragraph 5(d). Such account shall be credited with the cash consideration payable for the Shares, and interest shall accrue on the outstanding balance of that account, for the period commencing with the closing date of the Change in Control and continuing through the date of the final payment of the account, including any deferred payment date under Paragraph 8, at a variable per annum rate, compounded semi-annually, equal to the prime rate of interest as in effect from time to time during such period, as determined on the basis of the prime rate quotations published in *The Wall Street Journal*. The cash retention account, together with all accrued interest thereon through the actual payment date, shall be distributed in accordance with the same distribution provisions in effect under Paragraph 7(a)(iii), and the Participant's interest in the account shall at all times be that of a general, unsecured creditor.

(v) Any issuance or distribution to be made pursuant to the foregoing provisions of this Paragraph 7(a) shall be made on the designated issuance or distribution date or as soon as administratively practicable thereafter. In no event, however, shall such issuance or distribution be made later than the fifteenth (15th) day of the third (3rd) calendar month following that date.

(vi) Each issuance or distribution to be made pursuant to this Paragraph 7(a) shall be subject to the Corporation's collection of all applicable Withholding Taxes, in accordance with the provisions of Paragraphs 7(b) and 7(c).

5

(vii) Any Shares to be issued to Participant in accordance with the foregoing provisions of this Paragraph 7(a) shall in the form of a book entry evidencing ownership of those Shares. Actual certificates for any vested Shares evidenced by book entry ownership shall be promptly delivered upon the request of Participant or any other person having an interest at the time in those Shares.

(b) The Corporation shall collect the Withholding Taxes with respect to each non-Share distribution by withholding a portion of that distribution equal to the amount of the applicable Withholding Taxes, with the cash portion of the distribution to be the first portion so withheld.

(c) Unless Participant (i) otherwise makes satisfactory arrangements with the Corporation's Human Resources Department, on or before the expiration of the designated notification period preceding each applicable issuance date of the Shares, to pay the applicable Withholding Taxes through the delivery of a check payable to the Corporation in the amount of such Withholding Taxes and (ii) in fact delivers such check to the Corporation not later than that issuance date, the Corporation shall collect the Withholding Taxes applicable to the Share issuance through the following automatic share withholding method:

On each applicable issuance date, the Corporation shall withhold, from the vested Shares otherwise issuable to Participant at that time, a portion of those Shares with a Fair Market Value (measured as of the issuance date) equal to the applicable Withholding Taxes; **provided, however**, that the number of Shares which the Corporation shall be required to so withhold shall not exceed in Fair Market Value the amount necessary to satisfy the Corporation's required tax withholding obligations using the minimum statutory withholding rates for federal and state tax purposes, including payroll taxes, that are applicable to supplemental taxable income.

(d) Notwithstanding the foregoing provisions of this Paragraph 7, the employee portion of the federal, state and local employment taxes required to be withheld by the Corporation in connection with the vesting of the Shares or any other amounts hereunder (the "Employment Taxes") shall in all events be collected from the Participant no later than the last business day of the calendar year in which the Shares or other amounts vest hereunder. Accordingly, to the extent the applicable issuance date for one or more vested Shares or the distribution date for such other amounts is to occur in a year subsequent to the calendar year in which those Shares or other amounts vest, the Participant shall, on or before the last business day of the calendar year in which the Shares or other amounts vest, deliver to the Corporation a check payable to its order in the dollar amount equal to the Employment Taxes required to be withheld with respect to those Shares or other amounts. The provisions of this Paragraph 7(d) shall be applicable only to the extent necessary to comply with the applicable tax withholding requirements of Code Section 3121(v).

(e) Except as otherwise provided in Paragraph 5 or this Paragraph 7, the settlement of all restricted stock units which vest under the Award shall be made solely in shares of Common Stock. In no event, however, shall any fractional shares be issued. Accordingly, the total number of shares of Common Stock to be issued at the time the Award vests shall, to the extent necessary, be rounded down to the next whole share in order to avoid the issuance of a fractional share.

6

8. **Deferred Issue Date.** Notwithstanding any provision to the contrary in this Agreement, to the extent this Award may be deemed to create a deferred compensation arrangement under Code Section 409A, then the following limitation shall apply:

No Shares or other amounts which become issuable or distributable under this Agreement upon Participant's Separation from Service shall actually be issued or distributed to Participant prior to the **earlier** of (i) the first (1st) day of the seventh (7th) month following the date of such Separation from Service or (ii) the date of Participant's death, if Participant is deemed at the time of such Separation from Service to be

a specified employee under Section 1.409A-1(i) of the Treasury Regulations issued under Code Section 409A, as determined by the Plan Administrator in accordance with consistent and uniform standards applied to all other Code Section 409A arrangements of the Corporation, and such delayed commencement is otherwise required in order to avoid a prohibited distribution under Code Section 409A(a)(2). The deferred Shares or other distributable amount shall be issued or distributed in a lump sum on the first (1st) day of the seventh (7th) month following the date of Participant's Separation from Service or, if earlier, the first day of the month immediately following the date the Corporation receives proof of Participant's death.

Participant's right to receive each installment of Shares or other installment distribution pursuant to the terms of this Agreement shall, for purposes of Code Section 409A, be treated as a right to receive a series of separate payments.

9. **Compliance with Laws and Regulations.** The issuance of shares of Common Stock pursuant to the Award shall be subject to compliance by the Corporation and Participant with all applicable requirements of law relating thereto and with all applicable regulations of any Stock Exchange on which the Common Stock may be listed for trading at the time of such issuance.

10. **Change in Control Benefits Agreement.** Notwithstanding anything to the contrary in this Agreement, if Participant is, at the time of a change in control or ownership of the Corporation (whether or not that transaction constitutes a Change in Control hereunder), a party to a Change in Control Benefits Agreement with the Corporation, then the provisions of that agreement shall, to the extent applicable to this Award, govern Participant's rights and benefits with respect to the restricted stock units and underlying Shares subject to this Agreement, and in the event of any conflict between the provisions of that Change in Control Benefits Agreement and this Agreement, the provisions of the Change in Control Benefits Agreement shall be controlling; **provided, however**, that in the event there is any conflict between the issuance or distribution provisions of this Agreement and the issuance or distribution provisions of the Change in Control Benefits Agreement, the issuance and distribution provisions of this Agreement shall be controlling.

7

11. **Notices.** Any notice required to be given or delivered to the Corporation under the terms of this Agreement shall be in writing and addressed to the Corporation at its principal corporate offices. Any notice required to be given or delivered to Participant shall be in writing and addressed to Participant at the address indicated below Participant's signature line on the Award Notice. All notices shall be deemed effective upon personal delivery or upon deposit in the U.S. mail, postage prepaid and properly addressed to the party to be notified.

12. **Successors and Assigns.** Except to the extent otherwise provided in this Agreement, the provisions of this Agreement shall inure to the benefit of, and be binding upon, the Corporation and its successors and assigns and Participant, Participant's assigns, the legal representatives, heirs and legatees of Participant's estate and any beneficiaries of the Award designated by Participant.

13. **Construction.**

(a) This Agreement and the Award evidenced hereby are made and granted pursuant to the Plan and are in all respects limited by and subject to the terms of the Plan and any applicable Change in Control Benefits Agreement. All decisions of the Plan Administrator with respect to any question or issue arising under the Plan or this Agreement shall be conclusive and binding on all persons having an interest in the Award.

(b) To the extent there is any ambiguity as to whether any provision of this Agreement would otherwise contravene one or more applicable requirements or limitations of Section 409A of the Internal Revenue Code and the Treasury Regulations thereunder, such provision shall be interpreted and applied in a manner that complies with the applicable requirements of Section 409A of the Internal Revenue Code and the Treasury Regulations thereunder.

(c) Participant hereby acknowledges the receipt of a copy of the official prospectus for the Plan. A copy of the Plan is available upon request made to the Human Resources Department at the Corporation's principal offices (1411 Sand Island Parkway, Honolulu, Hawaii 96819).

14. **Governing Law.** The interpretation, performance and enforcement of this Agreement shall be governed by the laws of the State of Hawaii without resort to that State's conflict-of-laws rules.

15. **Coverage under Recoupment Policy.** If Participant is on the Award Date, or at any time thereafter becomes, either an executive officer of the Corporation subject to Section 16 of the 1934 Act, or a participant in the Corporation's Performance Improvement Incentive Plan, then Participant shall be subject to the Matson, Inc. Policy Regarding Recoupment of Certain Compensation, effective as of January 1, 2011 (the "**Recoupment Policy**"), the terms of which are hereby incorporated herein by reference and receipt of a copy of which Participant hereby acknowledges. If Participant is subject to the Recoupment Policy, then any incentive compensation that is paid or granted to, or received by, Participant on or after January 1, 2011 (including, without limitation, any incentive compensation that the Corporation

8

pays to Participant on or after January 1, 2011 pursuant to an incentive compensation award made to Participant prior to January 1, 2011, whether by the Corporation or any predecessor entity) and during the three-year period preceding the date on which the Corporation is required to prepare an accounting restatement due to material non-compliance with any applicable financial reporting requirements under the federal securities laws shall be subject to recovery and recoupment pursuant to the terms of such policy. For purposes of such Recoupment Policy, "**incentive compensation**" means any cash or equity-based award (e.g., stock award, restricted stock unit award or stock option grant or shares of Common Stock issued thereunder) or any profit sharing payment or distribution that is based upon the achievement of financial performance metrics. An additional copy of the Recoupment Policy is available upon request made to the Corporate Secretary at the Corporation's principal offices.

9

APPENDIX A

DEFINITIONS

The following definitions shall be in effect under the Agreement:

A. **Agreement** shall mean this Restricted Stock Unit Award Agreement.

B. **Award** shall mean the award of restricted stock units made to Participant pursuant to the terms of this Agreement.

C. **Award Date** shall mean the date the restricted stock units are awarded to Participant pursuant to the Agreement and shall be the date specified in the Award Notice.

D. **Award Notice** shall mean the Notice of Award of Time-Based Restricted Stock Units delivered to Participant in which there is set forth the basic terms of the restricted stock units subject to this Agreement, including (without limitation) the applicable vesting schedule for those units.

E. **Board** shall mean the Corporation's Board of Directors.

F. **Cause** shall mean the commission of any act of fraud, embezzlement or dishonesty by Participant, any unauthorized use or disclosure by Participant of confidential information or trade secrets of the Corporation (or any Parent or Subsidiary), or any other intentional misconduct by Participant adversely affecting the business or affairs of the Corporation (or any Parent or Subsidiary) in a material manner; **provided, however**, that in the event Participant is, at the time the Corporation (or any Parent or Subsidiary) purports to terminate Participant's Employee status for Cause, a party to a Change in Control Benefits Agreement applicable to the Award, the term **Cause** shall have the meaning ascribed to that term in such Change in Control Benefits Agreement. The foregoing definition shall not in any way preclude or restrict the right of the Corporation (or any Parent or Subsidiary) to discharge or dismiss Participant or any other person in the Service of the Corporation (or any Parent or Subsidiary) for any other acts or omissions, but such other acts or omissions shall not be deemed, for purposes of the Plan and this Agreement, to constitute grounds for termination for Cause.

G. **Change in Control** shall mean a change of ownership or control of the Corporation effected through any of the following transactions:

(i) a merger, consolidation or other reorganization approved by the Corporation's stockholders, unless securities representing fifty percent (50%) or more of the total combined voting power of the voting securities of the successor corporation are immediately thereafter beneficially owned, directly or indirectly, by the persons who beneficially owned the Corporation's outstanding voting securities immediately prior to such transaction,

(ii) a sale, transfer or other disposition of all or substantially all of the Corporation's assets,

(iii) the closing of any transaction or series of related transactions pursuant to which any person or any group of persons comprising a "group" within the meaning of Rule 13d-5(b)(1) of the 1934 Act (other than the Corporation or a person that, prior to such transaction or series of related transactions, directly or indirectly controls, is controlled by or is under common control with, the Corporation) acquires directly or indirectly (whether as a result of a single acquisition or by reason of one or more acquisitions within the twelve (12)-month period ending with the most recent acquisition) beneficial ownership (within the meaning of Rule 13d-3 of the 1934 Act) of securities possessing (or convertible into or exercisable for securities possessing) thirty-five percent (35%) or more of the total combined voting power of the Corporation's securities (as measured in terms of the power to vote with respect to the election of Board members) outstanding immediately after the consummation of such transaction or series of related transactions, whether such transaction involves a direct issuance from the Corporation or the acquisition of outstanding securities held by one or more of the Corporation's existing stockholders, or

(iv) a change in the composition of the Board over a period of twelve (12) consecutive months or less such that a majority of the Board members ceases, by reason of one or more contested elections for Board membership, to be comprised of individuals who either (A) have been Board members continuously since the beginning of such period or (B) have been elected or nominated for election as Board members during such period by at least a majority of the Board members described in clause (A) who were still in office at the time the Board approved such election or nomination;

provided, however, that in the event Participant is a party to a Change in Control Benefits Agreement applicable to the Award, the term **Change in Control** shall have the meaning ascribed to that term in such Change in Control Benefits Agreement.

H. **Change in Control Benefits Agreement** shall mean any separate agreement between Participant and the Corporation which provides Participant with special vesting acceleration and/or other special benefits with respect to one or more awards of restricted stock units made to Participant for shares of Common Stock, including (to the extent applicable) the restricted stock units evidenced by this Agreement, in the event of a change in control or ownership of the Corporation (whether or not constituting a Change in Control hereunder).

I. **Code** shall mean the Internal Revenue Code of 1986, as amended.

J. **Common Stock** shall mean shares of the Corporation's common stock.

K. **Corporation** shall mean Matson, Inc., a Hawaii corporation (formerly known as Alexander & Baldwin Holdings, Inc.), and any successor corporation to all or substantially all of the assets or voting stock of Matson, Inc. which shall by appropriate action adopt the Plan.

L. **Early Retirement** shall mean the Participant's retirement from Service, with the prior approval of the Corporation (or Parent or Subsidiary employing Participant), on or after the attainment of age fifty-five (55) and the completion of at least five (5) years of Service.

M. **Employee** shall mean an individual who is in the employ of the Corporation (or any Parent or Subsidiary), subject to the control and direction of the employer entity as to both the work to be performed and the manner and method of performance.

N. **Fair Market Value** per share of Common Stock on any relevant date shall be the closing selling price per share of Common Stock at the close of regular hours trading (i.e., before after-hours trading beings) on date in question on the Stock Exchange serving as the primary market for the Common Stock, as such price is reported by the National Association of Securities Dealers (if primarily traded on the Nasdaq Global Select Market) or as officially quoted in the composite tape of transactions on any other Stock Exchange on which the Common Stock is then primarily traded. If there is no closing selling price for the Common Stock on the date in question, then the Fair Market Value shall be the closing selling price on the last preceding date for which such quotation exists.

O. **Good Reason** shall mean the occurrence of any of the following events effected without Participant's consent: (A) a change in Participant's position with the Corporation (or any Parent or Subsidiary employing Participant) which materially reduces Participant's duties and responsibilities or the level of management to which Participant reports, (B) a relocation of Participant's principal place of employment by more than fifty (50) miles, (C) a reduction in Participant's level of compensation, as measured in terms of base salary, fringe benefits and target annual incentive payment, by more than ten percent (10%) or (D) the failure by the Corporation to continue in effect any stock option or other equity-based plan in which Participant is participating, or in which Participant is entitled to participate, immediately prior to a change in control of the Corporation, unless an equitable arrangement (embodied in an ongoing substitute or alternative plan) has been made with respect to such plan; or the failure by the Corporation to continue Participant's participation therein (or in such substitute or alternative plan) on a substantially equivalent basis, both in terms of the amount or timing of payment of benefits provided and the level of Participant's participation relative to other participants, as existed immediately prior to the change in control of the Corporation.

However, in the event Participant is at the time of his or her cessation of Employee status a party to a Change in Control Benefits Agreement applicable to the Award evidenced by this Agreement, the term **Good Reason** shall have the meaning ascribed to that term in such Change in Control Benefits Agreement.

A-3

P. **Involuntary Termination** shall mean the Participant's Separation from Service by reason of:

- (i) Participant's involuntary dismissal or discharge by the Corporation for reasons other than for Cause, or
- (ii) Participant's voluntary resignation for Good Reason.

Q. **1934 Act** shall mean the Securities Exchange Act of 1934, as amended from time to time.

R. **Normal Retirement** shall mean shall mean the cessation of Service by reason of retirement at or after the attainment of age sixty-five (65).

S. **Participant** shall mean the person to whom the Award is made pursuant to the Agreement.

T. **Parent** shall mean any corporation (other than the Corporation) in an unbroken chain of corporations ending with the Corporation, provided each corporation in the unbroken chain (other than the Corporation) owns, at the time of the determination, stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain.

U. **Permanent Disability** shall mean the inability of Participant to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment expected to result in death or to be of continuous duration of twelve (12) months or more.

V. **Plan** shall mean the Corporation's 2007 Incentive Compensation Plan.

W. **Plan Administrator** shall mean either the Board or a committee of the Board acting in its capacity as administrator of the Plan.

X. **Qualifying Change in Control** shall mean the date on which there occurs a Change in Control that also qualifies as: (i) a change in the ownership of the Corporation, as determined in accordance with Section 1.409A-3(i)(5)(v) of the Treasury Regulations, (ii) a change in the effective control of the Corporation, as determined in accordance with Section 1.409A-3(i)(5)(vi) of the Treasury Regulations, or (iii) a change in the ownership of a substantial portion of the assets of the Corporation, as determined in accordance with Section 1.409A-3(i)(5)(vii) of the Treasury Regulations.

Y. **Separation from Service** shall mean the Participant's cessation of Employee status by reason of his or her death, retirement or termination of employment. The Participant shall be deemed to have terminated employment for such purpose at such time as the level of his or her bona fide services to be performed as an Employee (or as a consultant or independent contractor) permanently decreases to a level that is less than fifty percent (50%) of the average level of services he or she rendered as an Employee during the immediately preceding thirty-six (36) months (or such shorter period for which he or she may have rendered such services). Solely for purposes of determining when a Separation from Service occurs,

A-4

Participant will be deemed to continue in "Employee" status for so long as he or she remains in the employ of one or more members of the Employer Group, subject to the control and direction of the employer entity as to both the work to be performed and the manner and method of performance. "Employer Group" means the Corporation and any Parent or Subsidiary and any other corporation or business controlled by, controlling or under common control with, the Corporation, as determined in accordance with Sections 414(b) and (c) of the Code and the Treasury Regulations thereunder, except that in applying Sections 1563(1), (2) and (3) of the Code for purposes of determining the controlled group of corporations under Section 414(b), the phrase "at least 50 percent" shall be used instead of "at least 80 percent" each place the latter phrase appears in such sections and in applying Section 1.414(c)-2 of the Treasury Regulations for purposes of determining trades or businesses that are under common control for purposes of Section 414(c), the phrase "at least 50 percent"

shall be used instead of "at least 80 percent" each place the latter phrase appears in Section 1.4.14(c)-2 of the Treasury Regulations. Any such determination as to Separation from Service, however, shall be made in accordance with the applicable standards of the Treasury Regulations issued under Section 409A of the Code.

Z. **Service** shall mean Participant's performance of services for the Corporation (or any Parent or Subsidiary) in the capacity of an Employee, a non-employee member of the board of directors or a consultant or independent advisor. In addition, the following provisions shall govern the determination of Participant's period of Service:

(i) Participant shall be deemed to continue in Service for so long as Participant performs services for the Corporation (or any Parent or Subsidiary) in the capacity of an Employee, a non-employee member of the board of directors or a consultant or independent advisor.

(ii) Participant shall be deemed to cease Service immediately upon the occurrence of the either of the following events: (a) Participant no longer performs services in any of the foregoing capacities for the Corporation (or any Parent or Subsidiary) or (b) the entity for which Participant performs such services ceases to remain a Parent or Subsidiary of the Corporation, even though Participant may subsequently continue to perform services for that entity.

(iii) Service as an Employee shall not be deemed to cease during a period of military leave, sick leave or other personal leave approved by the Corporation (or any Parent or Subsidiary) employing Participant; provided, however, that the following special provisions shall be in effect for any such leave:

a. Should the period of such leave (other than a disability leave) exceed six (6) months, then Participant shall be deemed to cease Service and to incur a Separation from Service upon the expiration of the initial six (6)-month period of that leave, unless Participant retains a right to re-employment under applicable law or by contract with the Corporation (or any Parent or Subsidiary) employing Participant.

A-5

b. Should the period of a disability leave exceed twenty-nine (29) months, then Participant shall be deemed to cease Service and to incur a Separation from Service upon the expiration of the initial twenty-nine (29)-month period of that leave, unless Participant retains a right to re-employment under applicable law or by contract with the Corporation. For such purpose, a disability leave shall be a leave of absence due to any medically determinable physical or mental impairment that can be expected to result in death or to last for a continuous period of not less than six (6) months and causes Participant to be unable to perform the duties of his or her position of employment (or any substantially similar position of employment) with the Corporation (or any Parent or Subsidiary).

c. Except to the extent otherwise required by law or expressly authorized by the Plan Administrator or by the written policy on leaves of absence of the Corporation no Service credit shall be given for vesting purposes for any period Participant is on a leave of absence.

(iv) Notwithstanding anything to the contrary in the foregoing provisions of this Service definition, the Participant shall in all events be deemed to cease Service for all purposes of this Award immediately upon Participant's incurrence of a Separation from Service.

AA. **Stock Exchange** shall mean the American Stock Exchange, the Nasdaq Global or Global Select Market or the New York Stock Exchange.

BB. **Subsidiary** shall mean any corporation (other than the Corporation) in an unbroken chain of corporations beginning with the Corporation, provided each corporation (other than the last corporation) in the unbroken chain owns, at the time of the determination, stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain. The term **Subsidiary** shall also include any wholly-owned limited liability company in such chain of subsidiaries that is disregarded for U.S. federal income tax purposes.

CC. **Withholding Taxes** shall mean the federal, state and local income taxes and the employee portion of the federal, state and local employment taxes required to be withheld by the Corporation in connection with the issuance of the shares of Common Stock which vest under the Award and any phantom dividend equivalents distributed with respect to those shares.

A-6

MATSON, INC.
RESTRICTED STOCK UNIT AWARD AGREEMENT
NON-EMPLOYEE BOARD MEMBER—NO DEFERRAL

RECITALS

- A. The Corporation has implemented an automatic award program under the Plan pursuant to which eligible non-employee members of the Board will automatically receive special awards of restricted stock units at periodic intervals over their period of Board service in order to provide such individuals with a meaningful incentive to continue to serve as members of the Board.
- B. Participant is an eligible non-employee Board member, and this Agreement is executed pursuant to, and is intended to carry out the purposes of, the Plan in connection with the automatic award of restricted stock units under the Plan.
- C. All capitalized terms in this Agreement shall have the meaning assigned to them in the attached Appendix A.

NOW, THEREFORE, it is hereby agreed as follows:

1. **Grant of Restricted Stock Units.** The Corporation hereby awards to Participant, as of the Award Date, an award (the “Award”) of restricted stock units under the Plan. Each restricted stock unit represents the right to receive one share of Common Stock on the vesting date of that unit. The number of shares of Common Stock subject to the awarded restricted stock units, the applicable vesting schedule for the restricted stock units and the underlying shares of Common Stock, the dates on which those vested shares shall be issued to Participant and the remaining terms and conditions governing the Award shall be as set forth in this Agreement.

AWARD SUMMARY

Participant

Award Date: , 201

Number of Shares Subject to Award: shares of Common Stock (the “Shares”)

Vesting Schedule: The Shares shall vest in a series of three (3) successive equal annual installments upon Participant’s completion of each year of Board service over the three (3)-year period measured from the Award Date. The Shares may vest in whole or in part on an accelerated basis in accordance with the provisions of Paragraphs 3 and 5 of this Agreement. In no event shall any Shares vest after the date of Participant’s termination of Board service.

Issuance Schedule Subject to the provisions of Paragraph 7(a), each Share in which the Participant vests in accordance with the foregoing Vesting Schedule or pursuant to the vesting acceleration provisions of Paragraph 3 or 5 of this Agreement shall be issued on the date that Share vests or as soon thereafter as administratively practicable, but in no event later than the *later* of (i) the close of the calendar year in which that Share vests or (ii) the fifteenth day of the third calendar month following such vesting date (the “Issuance Date”).

2. **Limited Transferability.** Prior to the actual issuance of the Shares that vest hereunder, Participant may not transfer any interest in the restricted stock units subject to the Award or the underlying Shares or pledge or otherwise hedge the sale of those units or Shares, including (without limitation) any short sale or any acquisition or disposition of any put or call option or other instrument tied to the value of those Shares. However, any Shares which vest hereunder but otherwise remain unissued at the time of Participant’s death may be transferred pursuant to the provisions of Participant’s will or the laws of inheritance or to Participant’s designated beneficiary or beneficiaries of this Award. Participant may also direct the Corporation to issue the stock certificates for any Shares which in fact vest and become issuable hereunder to one or more designated Family Members or a trust established for Participant and/or his or her Family Members. Participant may make such a beneficiary designation or certificate directive at any time by filing the appropriate form with the Plan Administrator or its designee.

3. **Cessation of Service.** The restricted stock units subject to this Award shall immediately vest in full upon Participant’s cessation of Board service by reason of death, Permanent Disability or Retirement. Should Participant cease Board service for any other reason prior to vesting in one or more Shares subject to this Award, then the Award will be immediately cancelled with respect to those unvested Shares, and the number of restricted stock units will be reduced accordingly. Participant shall thereupon cease to have any right or entitlement to receive any Shares under those cancelled units.

4. **Stockholder Rights and Dividend Equivalents**

(a) Participant shall not have any stockholder rights, including voting, dividend or liquidation rights, with respect to the Shares subject to the Award until Participant becomes the record holder of those Shares following their actual issuance.

(b) Notwithstanding the foregoing, should any dividend or other distribution payable other than in shares of Common Stock be declared and paid on the outstanding Common Stock while one or more Shares remain subject to this Award (i.e., those Shares are not otherwise issued and outstanding for purposes of entitlement to the dividend or distribution), then a special book account shall be established for Participant and credited with a phantom dividend equivalent to the actual dividend or distribution which would have been paid on those Shares had they been issued and outstanding and entitled to that dividend or distribution. As the Shares vest hereunder, the phantom dividend equivalents that are

credited to those Shares in the book account shall concurrently vest, and those vested dividend equivalents shall subsequently be distributed to Participant (in cash or such other form as the Plan Administrator may deem appropriate in its sole discretion) at the same time the vested Shares to which those phantom dividend equivalents relate are issued.

5. **Special Vesting Acceleration.** The restricted stock units subject to this Award shall immediately vest in full upon Participant's continuation in Board service until the effective date of any Change in Control transaction. The vested Shares will be issued immediately upon such effective date or as soon as administratively practicable thereafter, but in no event more than fifteen (15) business days after such effective date. Alternatively, the Participant's right to the Shares may, pursuant to the terms of the Change in Control transaction, be converted into the right to receive the same consideration per share of Common Stock payable to the other shareholders of the Corporation in consummation of the Change in Control and distributed at the same time as such shareholder payments, but such distribution to Participant shall in all events be completed no later than the **later** of (i) the close of the calendar year in which such Change in Control is effected or (ii) the fifteenth (15th) of the third (3rd) calendar month following the effective date of that Change in Control.

6. **Adjustment in Shares.** Should any change be made to the Common Stock by reason of any stock split, stock dividend, recapitalization, combination of shares, exchange of shares, spin-off transaction or other change affecting the outstanding Common Stock as a class without the Corporation's receipt of consideration, or should the value of the outstanding shares of Common Stock be substantially reduced as a result of a spin-off transaction or an extraordinary dividend or distribution, or should there occur any merger, consolidation or other reorganization, then equitable adjustments shall be made by the Plan Administrator to the total number and/or class of securities issuable pursuant to this Award in order to reflect such change and thereby prevent a dilution or enlargement of benefits hereunder. In making such equitable adjustments, the Plan Administrator shall take into account any amounts to be credited to Participant's book account under Paragraph 4(b) in connection with the transaction, and the determination of the Plan Administrator shall be final, binding and conclusive.

7. **Issuance of Shares of Common Stock.**

(a) Except as otherwise provided in Paragraph 5, on each applicable Issuance Date for the Shares which vest in accordance with the terms of this Agreement, the Corporation shall issue to or on behalf of Participant a certificate (which may be in electronic form) for the vested shares of Common Stock to be issued on such date and shall concurrently distribute to Participant any phantom dividend equivalents with respect to those vested Shares. Notwithstanding the foregoing, should Participant attain Retirement age prior to completion of the normal Vesting Schedule set forth in Paragraph 1, then any Shares in which Participant may, pursuant to Code Section 409A, be deemed to vest at that time shall be issued upon the **earliest** to occur of (i) the Issuance Date which would otherwise apply to those Shares under this Agreement had Participant not reached Retirement age, (ii) the date of Participant's cessation of Board service or (iii) the effective date of a Change in Control (with the issuance in such latter event to be governed by the terms of Paragraph 5 above).

3

(b) Except as otherwise provided in Paragraph 5, the settlement of all restricted stock units which vest under this Award shall be made solely in shares of Common Stock. In no event, however, shall any fractional shares be issued. Accordingly, the total number of shares of Common Stock to be issued at the time the Award vests shall, to the extent necessary, be rounded down to the next whole share in order to avoid the issuance of a fractional share.

8. **Compliance with Laws and Regulations.**

(a) The issuance of shares of Common Stock pursuant to the Award shall be subject to compliance by the Corporation and Participant with all applicable requirements of law relating thereto and with all applicable regulations of any stock exchange on which the Common Stock may be listed for trading at the time of such issuance.

(b) The inability of the Corporation to obtain approval from any regulatory body having authority deemed by the Corporation to be necessary to the lawful issuance of any Common Stock hereby shall relieve the Corporation of any liability with respect to the non-issuance of the Common Stock as to which such approval shall not have been obtained. The Corporation, however, shall use its best efforts to obtain all such approvals.

9. **Successors and Assigns.** Except to the extent otherwise provided in this Agreement, the provisions of this Agreement shall inure to the benefit of, and be binding upon, the Corporation and its successors and assigns and Participant, Participant's assigns, the legal representatives, heirs and legatees of Participant's estate and any beneficiaries of the Award designated by Participant.

10. **Notices.** Any notice required to be given or delivered to the Corporation under the terms of this Agreement shall be in writing and addressed to the Corporation at its principal corporate offices. Any notice required to be given or delivered to Participant shall be in writing and addressed to Participant at the address indicated below Participant's signature line on this Agreement, unless Participant notifies the Corporation of a change in address in writing. All notices shall be deemed effective upon personal delivery or upon deposit in the U.S. mail, postage prepaid and properly addressed to the party to be notified.

11. **Construction.** This Agreement and the Award evidenced hereby are made and granted pursuant to the Plan and are in all respects limited by and subject to the terms of the Plan. All decisions of the Plan Administrator with respect to any question or issue arising under the Plan or this Agreement shall be conclusive and binding on all persons having an interest in the Award.

12. **Governing Law.** The interpretation, performance and enforcement of this Agreement shall be governed by the laws of the State of Hawaii without resort to that State's conflict-of-laws rules.

4

13. **No Impairment of Rights.** This Agreement shall not in any way affect the right of the Corporation to adjust, reclassify, reorganize or otherwise make changes in its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its

business or assets. In addition, this Agreement shall not in any way be construed or interpreted so as to affect adversely or otherwise impair the right of the Corporation or its shareholders to remove Participant from the Board at any time in accordance with the provisions of applicable law.

14. **Section 409A Compliance.** Should there occur any ambiguity as to whether any provision of this Agreement would otherwise contravene one or more applicable requirements or limitations of Section 409A of the Internal Revenue Code and the Treasury Regulations thereunder, that provision shall be interpreted and applied in a manner that complies with the applicable requirements of Section 409A of the Internal Revenue Code and the Treasury Regulations thereunder.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Award Date first indicated above.

MATSON, INC.

By: _____

Title: _____

Address:

PARTICIPANT

Signature: _____

Address:

5

APPENDIX A
DEFINITIONS

A. **Agreement** shall mean this Restricted Stock Unit Award Agreement.

B. **Award** shall mean the award of restricted stock units made to Participant pursuant to the terms of this Agreement.

C. **Award Date** shall mean the date the restricted stock units are awarded to Participant pursuant to the Agreement and shall be the date indicated in Paragraph 1 of the Agreement.

D. **Board** shall mean the Corporation's Board of Directors.

E. **Change in Control** shall mean a change of ownership or control of the Corporation effected through any of the following transactions:

(i) a merger, consolidation or other reorganization approved by the Corporation's stockholders, unless securities representing fifty percent (50%) or more of the total combined voting power of the voting securities of the successor corporation are immediately thereafter beneficially owned, directly or indirectly, by the persons who beneficially owned the Corporation's outstanding voting securities immediately prior to such transaction,

(ii) a sale, transfer or other disposition of all or substantially all of the Corporation's assets,

(iii) the closing of any transaction or series of related transactions pursuant to which any person or any group of persons comprising a "group" within the meaning of Rule 13d-5(b)(1) of the 1934 Act (other than the Corporation or a person that, prior to such transaction or series of related transactions, directly or indirectly controls, is controlled by or is under common control with, the Corporation) acquires directly or indirectly (whether as a result of a single acquisition or by reason of one or more acquisitions within the twelve (12)-month period ending with the most recent acquisition) beneficial ownership (within the meaning of Rule 13d-3 of the 1934 Act) of securities possessing (or convertible into or exercisable for securities possessing) thirty-five percent (35%) or more of the total combined voting power of the Corporation's securities (as measured in terms of the power to vote with respect to the election of Board members) outstanding immediately after the consummation of such transaction or series of related transactions, whether such transaction involves a direct issuance from the Corporation or the acquisition of outstanding securities held by one or more of the Corporation's existing stockholders, or

A-1

(iv) a change in the composition of the Board over a period of twelve (12) consecutive months or less such that a majority of the Board members ceases, by reason of one or more contested elections for Board membership, to be comprised of individuals who either (A) have been Board members continuously since the beginning of such period or (B) have been elected or nominated for election as Board members during

such period by at least a majority of the Board members described in clause (A) who were still in office at the time the Board approved such election or nomination.

The foregoing definition of Change in Control shall in all instances be applied and interpreted in such manner that the applicable Change in Control transaction will also qualify as: (i) a change in the ownership of the Corporation, as determined in accordance with Section 1.409A-3(i)(5)(v) of the Treasury Regulations, (ii) a change in the effective control of the Corporation, as determined in accordance with Section 1.409A-3(i)(5)(vi) of the Treasury Regulations, or (iii) a change in the ownership of a substantial portion of the assets of the Corporation, as determined in accordance with Section 1.409A-3(i)(5)(vii) of the Treasury Regulations.

F. **Code** shall mean the Internal Revenue Code of 1986, as amended.

G. **Common Stock** shall mean shares of the Corporation's common stock.

H. **Corporation** shall mean Matson, Inc., a Hawaii corporation (formerly known as Alexander & Baldwin Holdings, Inc.), and any successor corporation to all or substantially all of the assets or voting stock of Matson, Inc. which shall by appropriate action adopt the Plan.

I. **Family Members** shall mean, with respect to the Participant, any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law.

J. **1934 Act** shall mean the Securities Exchange Act of 1934, as amended.

K. **Participant** shall mean the non-employee Board member to whom the Award is made pursuant to the Automatic Grant Program.

L. **Permanent Disability** shall mean the inability of Participant to perform his or her usual duties as a Board member by reason of any medically determinable physical or mental impairment expected to result in death or to be of continuous duration of twelve (12) months or more.

M. **Plan** shall mean the Corporation's 2007 Incentive Compensation Plan.

N. **Plan Administrator** shall mean either the Board or a committee of the Board acting in its capacity as administrator of the Plan.

O. **Retirement** shall mean the cessation of Board service by reason of retirement at or after the attainment of age seventy-two (72).

MATSON, INC.
RESTRICTED STOCK UNIT AWARD AGREEMENT
NON-EMPLOYEE BOARD MEMBER—DEFERRAL ELECTION

RECITALS

- A. The Corporation has implemented an automatic award program under the Plan pursuant to which eligible non-employee members of the Board will automatically receive special awards of restricted stock units at periodic intervals over their period of Board service in order to provide such individuals with a meaningful incentive to continue to serve as members of the Board.
- B. Participant is an eligible non-employee Board member, and this Agreement is executed pursuant to, and is intended to carry out the purposes of, the Plan in connection with the automatic award of restricted stock units under the Plan.
- C. All capitalized terms in this Agreement shall have the meaning assigned to them in the attached Appendix A.

NOW, THEREFORE, it is hereby agreed as follows:

1. **Grant of Restricted Stock Units.** The Corporation hereby awards to Participant, as of the Award Date, an award (the "Award") of restricted stock units under the Plan. Each restricted stock unit represents the right to receive one share of Common Stock on the vesting date of that unit. The number of shares of Common Stock subject to the awarded restricted stock units, the applicable vesting schedule for the restricted stock units and the underlying shares of Common Stock, the dates on which those vested shares shall be issued to Participant and the remaining terms and conditions governing the Award shall be as set forth in this Agreement.

AWARD SUMMARY

Participant

Award Date: , 201

Number of Shares Subject to Award: shares of Common Stock (the "Shares")

Vesting Schedule: The Shares shall vest in a series of three (3) successive equal annual installments upon Participant's completion of each year of Board service over the three (3)-year period measured from the Award Date. The Shares may vest in whole or in part on an accelerated basis in accordance with the provisions of Paragraphs 3 and 5 of this Agreement. In no event shall any Shares vest after the date of Participant's termination of Board service.

Issuance Schedule The Shares in which the Participant vests pursuant to the foregoing Vesting Schedule or the vesting acceleration provisions of Paragraph 3 or Paragraph 5 of this Agreement shall be issued in accordance with the Participant's Deferral Election.

2. **Limited Transferability.** Prior to the actual issuance of the Shares that vest hereunder, Participant may not transfer any interest in the restricted stock units subject to the Award or the underlying Shares or pledge or otherwise hedge the sale of those units or Shares, including (without limitation) any short sale or any acquisition or disposition of any put or call option or other instrument tied to the value of those Shares. However, any Shares which vest hereunder but otherwise remain unissued at the time of Participant's death may be transferred pursuant to the provisions of Participant's will or the laws of inheritance or to Participant's designated beneficiary or beneficiaries of this Award, and in such event, the Shares shall be issued to the applicable transferee(s) in accordance with the distribution date or event and method of distribution specified by Participant in his or her Deferral Election. Participant may also direct the Corporation to issue the stock certificates for any Shares which in fact vest and become issuable hereunder to Participant during his or her lifetime to one or more designated Family Members or a trust established for Participant and/or his or her Family Members. Any such issuance shall be effected in accordance with the distribution date or event and method of distribution specified by Participant in his or her Deferral Election. Participant may make such a beneficiary designation or certificate directive at any time by filing the appropriate form with the Plan Administrator or its designee.

3. **Cessation of Service.** The restricted stock units subject to this Award shall immediately vest in full upon Participant's cessation of Board service by reason of death, Permanent Disability or Retirement. Should Participant cease Board service for any other reason prior to vesting in one or more Shares subject to this Award, then the Award will be immediately cancelled with respect to those unvested Shares, and the number of restricted stock units will be reduced accordingly. Participant shall thereupon cease to have any right or entitlement to receive any Shares under those cancelled units.

4. **Stockholder Rights and Dividend Equivalents**

(a) Participant shall not have any stockholder rights, including voting, dividend or liquidation rights, with respect to the Shares subject to the Award until Participant becomes the record holder of those Shares following their actual issuance.

(b) Notwithstanding the foregoing, should any dividend or other distribution payable other than in shares of Common Stock be declared and paid on the outstanding Common Stock while one or more Shares remain subject to this Award (i.e., those Shares are not otherwise issued and outstanding for purposes of entitlement to the dividend or distribution), then a special book account shall be established for Participant and credited with a phantom dividend equivalent to the actual dividend or distribution which would have been paid on those Shares had they been issued and outstanding and entitled to that dividend or distribution. As the Shares vest hereunder, the phantom dividend equivalents credited to those Shares in the book account shall concurrently vest, and those vested dividend equivalents shall

be distributed to Participant (in cash or such other form as the Plan Administrator may deem appropriate in its sole discretion) at that time or at such later time as may be specified in the Participant's Deferral Election for this Award. Should Participant elect on his or her Deferral Election to defer the Shares but not the phantom dividend equivalents pertaining to those Shares, then any dividend equivalents credited from time to time on those Shares after the date those Shares vest shall be paid to Participant within thirty (30) days after the date of the actual dividend or distribution to which those particular dividend equivalents relate. Should the Deferral Election provide for an installment distribution of the Shares and the deferral of the phantom dividend equivalents with respect to those Shares, then any additional amounts that are, during the installment distribution period, credited to the Participant's special book account hereunder pursuant to the phantom dividend equivalents attributable to the undistributed portion of the Shares shall also be deferred and shall not be paid until the deferred Shares to which those additional amounts pertain are issued in satisfaction of the elected installment distribution. In no event shall such phantom dividend equivalents vest or become distributable unless the Shares to which they relate vest in accordance with the terms of this Agreement.

5. **Special Vesting Acceleration.** The restricted stock units subject to this Award shall immediately vest in full upon Participant's continuation in Board service until the effective date of any Change in Control transaction, and the Shares underlying those vested units shall be issued in accordance with Participant's Deferral Election. Alternatively, the Participant's right to the Shares may, pursuant to the terms of the Change in Control transaction, be converted into the right to receive the same consideration per share of Common Stock payable to the other shareholders of the Corporation in consummation of the Change in Control. In such event, the consideration for the Shares shall be distributed to Participant in accordance with the distribution provisions of his or her Deferral Election.

6. **Adjustment in Shares.** Should any change be made to the Common Stock by reason of any stock split, stock dividend, recapitalization, combination of shares, exchange of shares, spin-off transaction or other change affecting the outstanding Common Stock as a class without the Corporation's receipt of consideration, or should the value of the outstanding shares of Common Stock be substantially reduced as a result of a spin-off transaction or an extraordinary dividend or distribution, or should there occur any merger, consolidation or other reorganization, then equitable adjustments shall be made by the Plan Administrator to the total number and/or class of securities issuable pursuant to this Award in order to reflect such change and thereby prevent a dilution or enlargement of benefits hereunder. In making such equitable adjustments, the Plan Administrator shall take into account any amounts to be credited to Participant's book account under Paragraph 4(b) in connection with the transaction, and the determination of the Plan Administrator shall be final, binding and conclusive.

7. **Issuance of Shares of Common Stock.**

(a) Except as otherwise provided in Paragraph 5, on each applicable issuance date or dates designated in the Deferral Election for the Shares which vest in accordance with the terms of this Agreement, the Corporation shall issue to or on behalf of Participant a certificate (which may be in electronic form) for the vested shares of Common Stock to be issued on that date and shall concurrently distribute to Participant any deferred phantom dividend equivalents accumulated with respect to those particular vested Shares.

3

(b) Except as otherwise provided in Paragraph 5, the settlement of all restricted stock units which vest under this Award shall be made solely in shares of Common Stock. In no event, however, shall any fractional shares be issued. Accordingly, the total number of shares of Common Stock to be issued at the time the Award vests shall, to the extent necessary, be rounded down to the next whole share in order to avoid the issuance of a fractional share.

8. **Compliance with Laws and Regulations.**

(a) The issuance of shares of Common Stock pursuant to the Award shall be subject to compliance by the Corporation and Participant with all applicable requirements of law relating thereto and with all applicable regulations of any stock exchange on which the Common Stock may be listed for trading at the time of such issuance.

(b) The inability of the Corporation to obtain approval from any regulatory body having authority deemed by the Corporation to be necessary to the lawful issuance of any Common Stock hereby shall relieve the Corporation of any liability with respect to the non-issuance of the Common Stock as to which such approval shall not have been obtained. The Corporation, however, shall use its best efforts to obtain all such approvals.

9. **Successors and Assigns.** Except to the extent otherwise provided in this Agreement, the provisions of this Agreement shall inure to the benefit of, and be binding upon, the Corporation and its successors and assigns and Participant, Participant's assigns, the legal representatives, heirs and legatees of Participant's estate and any beneficiaries of the Award designated by Participant.

10. **Notices.** Any notice required to be given or delivered to the Corporation under the terms of this Agreement shall be in writing and addressed to the Corporation at its principal corporate offices. Any notice required to be given or delivered to Participant shall be in writing and addressed to Participant at the address indicated below Participant's signature line on this Agreement, unless Participant notifies the Corporation of a change in address in writing. All notices shall be deemed effective upon personal delivery or upon deposit in the U.S. mail, postage prepaid and properly addressed to the party to be notified.

11. **Construction.** This Agreement and the Award evidenced hereby are made and granted pursuant to the Plan and are in all respects limited by and subject to the terms of the Plan. All decisions of the Plan Administrator with respect to any question or issue arising under the Plan or this Agreement shall be conclusive and binding on all persons having an interest in the Award.

12. **Governing Law.** The interpretation, performance and enforcement of this Agreement shall be governed by the laws of the State of Hawaii without resort to that State's conflict-of-laws rules.

4

13. **No Impairment of Rights.** This Agreement shall not in any way affect the right of the Corporation to adjust, reclassify, reorganize or otherwise make changes in its capital or business structure or to merge, consolidate, dissolve, liquidate or sell or transfer all or any part of its

business or assets. In addition, this Agreement shall not in any way be construed or interpreted so as to affect adversely or otherwise impair the right of the Corporation or its shareholders to remove Participant from the Board at any time in accordance with the provisions of applicable law.

14. **Section 409A Compliance.** Should there occur any ambiguity as to whether any provision of this Agreement would otherwise contravene one or more applicable requirements or limitations of Section 409A of the Internal Revenue Code and the Treasury Regulations thereunder, that provision shall be interpreted and applied in a manner that complies with the applicable requirements of Section 409A of the Internal Revenue Code and the Treasury Regulations thereunder.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Award Date first indicated above.

MATSON, INC.

By: _____

Title: _____

Address:

PARTICIPANT

Signature: _____

Address:

5

APPENDIX A
DEFINITIONS

A. **Agreement** shall mean this Restricted Stock Unit Award Agreement.

B. **Automatic Grant Program** shall mean the automatic grant program for non-employee Board members in effect under Article Five of the Plan.

C. **Award** shall mean the award of restricted stock units made to Participant pursuant to the terms of this Agreement.

D. **Award Date** shall mean the date the restricted stock units are awarded to Participant pursuant to the Agreement and shall be the date indicated in Paragraph 1 of the Agreement.

E. **Board** shall mean the Corporation's Board of Directors.

F. **Change in Control** shall mean a change of ownership or control of the Corporation effected through any of the following transactions:

(i) a merger, consolidation or other reorganization approved by the Corporation's stockholders, unless securities representing fifty percent (50%) or more of the total combined voting power of the voting securities of the successor corporation are immediately thereafter beneficially owned, directly or indirectly, by the persons who beneficially owned the Corporation's outstanding voting securities immediately prior to such transaction,

(ii) a sale, transfer or other disposition of all or substantially all of the Corporation's assets,

(iii) the closing of any transaction or series of related transactions pursuant to which any person or any group of persons comprising a "group" within the meaning of Rule 13d-5(b)(1) of the 1934 Act (other than the Corporation or a person that, prior to such transaction or series of related transactions, directly or indirectly controls, is controlled by or is under common control with, the Corporation) acquires directly or indirectly (whether as a result of a single acquisition or by reason of one or more acquisitions within the twelve (12)-month period ending with the most recent acquisition) beneficial ownership (within the meaning of Rule 13d-3 of the 1934 Act) of securities possessing (or convertible into or exercisable for securities possessing) thirty-five percent (35%) or more of the total combined voting power of the Corporation's securities (as measured in terms of the power to vote with respect to the election of Board members) outstanding immediately after the consummation of such transaction or series of related transactions, whether such transaction involves a direct issuance from the Corporation or the acquisition of outstanding securities held by one or more of the Corporation's existing stockholders, or

(iv) a change in the composition of the Board over a period of twelve (12) consecutive months or less such that a majority of the Board members ceases, by reason of one or more contested elections for Board membership, to be comprised of individuals who either (A) have been Board members continuously since the beginning of such period or (B) have been elected or nominated for election as Board members during such period by at least a majority of the Board members described in clause (A) who were still in office at the time the Board approved such election or nomination.

The foregoing definition of Change in Control shall in all instances be applied and interpreted in such manner that the applicable Change in Control transaction will also qualify as: (i) a change in the ownership of the Corporation, as determined in accordance with Section 1.409A-3(i)(5)(v) of the Treasury Regulations, (ii) a change in the effective control of the Corporation, as determined in accordance with Section 1.409A-3(i)(5)(vi) of the Treasury Regulations, or (iii) a change in the ownership of a substantial portion of the assets of the Corporation, as determined in accordance with Section 1.409A-3(i)(5)(vii) of the Treasury Regulations.

G. **Code** shall mean the Internal Revenue Code of 1986, as amended.

H. **Common Stock** shall mean shares of the Corporation's common stock.

I. **Corporation** shall mean Matson, Inc., a Hawaii corporation (formerly known as Alexander & Baldwin Holdings, Inc.), and any successor corporation to all or substantially all of the assets or voting stock of Matson, Inc. which shall by appropriate action adopt the Plan.

J. **Deferral Election** shall mean the election made by Participant, prior to the start of the calendar year in which this Award is made, in which Participant has, in accordance with the applicable requirements of Code Section 409A and the Treasury Regulations thereunder, designated a deferred commencement date or event for the issuance of the Shares in which he or she vests under this Award and the method of issuance (lump sum or installment) for those vested and deferred Shares and any deferred phantom dividend equivalents pertaining to those Shares.

K. **Family Members** shall mean, with respect to the Participant, any child, stepchild, grandchild, parent, stepparent, grandparent, spouse, former spouse, sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law.

L. **1934 Act** shall mean the Securities Exchange Act of 1934, as amended.

M. **Participant** shall mean the non-employee Board member to whom the Award is made pursuant to the Automatic Grant Program.

N. **Permanent Disability** shall mean the inability of Participant to perform his or her usual duties as a Board member by reason of any medically determinable physical or mental impairment expected to result in death or to be of continuous duration of twelve (12) months or more.

A-2

O. **Plan** shall mean the Corporation's 2007 Incentive Compensation Plan.

P. **Plan Administrator** shall mean either the Board or a committee of the Board acting in its capacity as administrator of the Plan.

Q. **Retirement** shall mean the cessation of Board service by reason of retirement at or after the attainment of age seventy-two (72).

A-3

MATSON, INC.
ANTI-DILUTION ADJUSTMENT AMENDMENT
TO
RESTRICTED STOCK UNIT AWARD AGREEMENTS

AMENDMENT AGREEMENT made and entered as of the close of market on June 29, 2012 by and between Matson, Inc., a Hawaii corporation (the "**Corporation**"), and _____, an individual in the employ or service of the Corporation who is currently the holder (the "**Participant**") of one or more outstanding time-based or performance-based restricted stock unit awards (the "**RSU Awards**") under one or more of the following equity incentive compensation plans of the Corporation (the "**Plans**") that the Corporation has assumed:

- 2007 Incentive Compensation Plan, as amended and restated; or
- 1998 Stock Option/Stock Incentive Plan, as amended and restated.

RECITALS

A. The Corporation has implemented each of the Plans for the purpose of providing eligible persons in the Corporation's employ or service with the opportunity to participate in one or more equity incentive compensation programs designed to encourage them to continue their service relationship with the Corporation.

B. Each of the Plans, together with the applicable restricted stock unit award agreement (the "**RSU Award Agreement**") evidencing each RSU Award made to Participant thereunder, contains certain anti-dilution provisions designed to preserve the intrinsic value of each such RSU Award in the event of certain transactions affecting the Corporation's outstanding common stock (the "**Common Stock**") or the value of the Common Stock without the Corporation's receipt of consideration.

C. One of the transactions for which such anti-dilution protection is provided is a distribution by the Corporation of all of the outstanding common stock of one or more subsidiaries of the Corporation to the holders of the Corporation's outstanding Common Stock in a spin-off transaction.

D. On June 29, 2012 (the "**Distribution Date**"), the Corporation effected a spin-off distribution of its wholly owned subsidiary, Alexander & Baldwin, Inc. ("**A&B**"), formerly known as A & B II, Inc., through a distribution by the Corporation of all of the outstanding common stock of A&B ("**A&B Common Stock**") to the holders of the Corporation's outstanding Common Stock (the "**A&B Distribution**") in accordance with the terms of the Separation and Distribution Agreement among the Corporation and A & B II, Inc. dated as of June 8, 2012.

In connection with the A&B Distribution, the Corporation has changed its name to Matson, Inc., and all references to the Corporation in this Agreement shall be deemed to be references to the Corporation as so renamed.

E. The Corporation now intends to adjust the number of shares of Common Stock subject to each of the RSU Awards in order to preserve the intrinsic value of each such award which would otherwise be adversely affected by reason of the spin-off distribution of the A&B Common Stock.

NOW, THEREFORE, it is hereby agreed as follows:

1. **RSU Awards Subject to Anti-Dilution Adjustment.** The RSU Awards to which the anti-dilution adjustment afforded by this Amendment Agreement applies shall be the restricted stock unit awards currently held by Participant that were assumed by the Corporation in connection with the June 2012 reorganization of Alexander & Baldwin, Inc. into a holding company structure with the Corporation as the parent holding company and that are more particularly identified in attached Schedule A (the "**Protected Awards**").
2. **Adjustment to Protected Award.** The following adjustment is hereby made to each of the Protected Awards:
 - ***Number of Shares.*** The number of shares of Common Stock subject to each Protected Award as set forth in attached Schedule A is hereby increased to the number of shares of Common Stock (the "**Shares**") indicated for that Protected Award in attached Schedule B. The number of such Shares (as so increased) has been determined by multiplying the number of shares of Common Stock subject to the Protected Award immediately prior to the A&B Distribution (as set forth in attached Schedule A) by a fraction the numerator of which is the **sum** of the closing price per share of the Common Stock as traded on an ex-distribution basis on the Distribution Date and the closing "when issued" price per share of the A&B Common Stock on that same trading day and the denominator is the closing price per share of the Common Stock as traded on an ex-distribution basis on the Distribution Date. Any resulting fractional share of Common Stock has been rounded down to the next whole share.
3. **Effect of Adjustment to Protected Awards.** The foregoing adjustment hereby made to each Protected Award is intended to ensure that the aggregate fair market value of the number of shares of Common Stock subject to that Protected Award (as hereby adjusted) immediately after the A&B Distribution remains substantially equal to (and not greater than) the same aggregate fair market value of the number of shares of Common Stock subject to that Protected Award immediately prior to the A&B Distribution.
4. **Dividend-Equivalent Rights.** The dividend equivalent rights provided to Participant under the applicable RSU Award Agreement for each Protected Award shall, following the Distribution Date, continue in full force and effect in accordance with their terms and conditions, and any amounts credited to Participant under such RSU Award Agreement on the Distribution Date but not yet distributed shall subsequently be distributed to Participant in accordance with the distribution provisions (including the timing and method of distribution) of that RSU Award Agreement, and nothing in this Amendment Agreement shall affect those distribution provisions. However, Participant shall have no further dividend equivalent rights under the applicable RSU Award Agreements with respect to any dividends or distributions paid on A&B Common Stock on or after the Distribution Date.

5. **No Additional Adjustments.** No additional adjustments shall be made to the Protected Awards. Accordingly, the remaining terms and provisions of each Protected Award as hereby adjusted, including (without limitation) the vesting schedule and applicable vesting dates, the issuance schedule in effect for the Shares that vest and become issuable under that Protected Grant (including all applicable deferral elections governing the deferred issuance of those Shares and any deferred dividend equivalents credited to those Shares), the automatic share withholding procedure for the collection of the applicable withholding taxes upon the issuance of Shares pursuant to such Protected Award and the Corporation's recoupment policy governing any incentive compensation paid or payable with respect to that Protected Grant, shall continue in full force and effect in accordance with the terms and provisions of the applicable Restricted Stock Unit Award Agreement evidencing that Protected Award and the related June 2012 Assumption Agreement for that award. No accelerated vesting of the Protected Awards shall occur by reason of the A&B Distribution or any other adjustment required to be made to the Protected Awards in order to reflect that distribution.

6. **Section 409A Compliance.** All adjustments made pursuant to this Amendment Agreement shall be effected in accordance with all applicable requirements and limitations of Section 409A of the Internal Revenue Code and the applicable Treasury Regulations thereunder, and the terms and provisions of this Amendment Agreement shall be interpreted and applied in such manner that shall avoid any violation or contravention of the applicable Section 409A requirements and limitations.

IN WITNESS WHEREOF, Matson, Inc. has caused this Anti-Dilution Adjustment Amendment to be executed on its behalf by its duly-authorized officer as of the day and year first above written.

MATSON, INC.

By: _____

Title: _____

ACKNOWLEDGMENT

The undersigned acknowledges receipt of the foregoing Anti-Dilution Adjustment Amendment and understands that all rights and liabilities with respect to each of the restricted stock unit awards subject to that amendment shall be as set forth in the applicable Restricted Stock Unit Award Agreement for that award, the applicable Plan under which that award was made, the June 2012 Assumption Agreement for such award and the foregoing Anti-Dilution Adjustment Amendment.

PARTICIPANT

3

SCHEDULE A

LIST OF PROTECTED AWARDS

Award Date of Protected Award	Number of Shares Subject to Protected Award Prior to A&B Distribution*	Applicable Plan

** If any listed Protected Award was originally structured as a performance-based RSU Award, the applicable performance period for that award has been completed and the number of shares indicated above for that award reflects the adjustment made to the original size of that award to take into account the actual level at which the applicable performance goals were in fact attained.*

4

SCHEDULE B

PROTECTED AWARDS AS HEREBY ADJUSTED

Award Date of Protected Award	Number of Shares as Hereby Increased	Applicable Plan

5

MATSON, INC.

**ANTI-DILUTION ADJUSTMENT AMENDMENT
TO
STOCK OPTION AGREEMENTS**

AMENDMENT AGREEMENT effective as of the close of market on June 29, 2012 by and between Matson, Inc., a Hawaii corporation (the "**Corporation**"), and _____, an individual in the employ or service of the Corporation who is currently the holder (the "**Optionee**") of one or more outstanding stock option grants (the "**Options**") to purchase shares of the Corporation's common stock ("**Common Stock**") under one or more of the following equity incentive compensation plans of the Corporation (the "**Plans**") that have been assumed by the Corporation:

- 2007 Incentive Compensation Plan, as amended and restated;
- 1998 Stock Option/Stock Incentive Plan, as amended and restated; and
- 1998 Non-Employee Director Stock Option Plan, as amended.

RECITALS

A. The Corporation has implemented each of the Plans for the purpose of providing eligible persons in the Corporation's employ or service with the opportunity to participate in one or more equity incentive compensation programs designed to encourage them to continue their service relationship with the Corporation.

B. Each of the Plans, together with the applicable stock option agreement evidencing each of the Options granted to Optionee thereunder, contains certain anti-dilution provisions designed to preserve the intrinsic value of each such Option in the event of certain transactions affecting the outstanding Common Stock or the value of the Common Stock without the Corporation's receipt of consideration.

C. One of the transactions for which such anti-dilution protection is provided is a distribution by the Corporation of all of the outstanding common stock of one or more subsidiaries of the Corporation to the holders of the Corporation's outstanding Common Stock in a spin-off transaction.

D. On June 29, 2012 (the "**Distribution Date**"), the Corporation effected a spin-off distribution of its wholly owned subsidiary, Alexander & Baldwin, Inc. ("**A&B**"), formerly known as A & B II, Inc., through a distribution by the Corporation of all of the outstanding common stock of A&B ("**A&B Common Stock**") to the holders of the Corporation's outstanding Common Stock (the "**A&B Distribution**") in accordance with the terms of the Separation and Distribution Agreement by and between the Corporation and A & B II, Inc. dated as of June 8, 2012.

In connection with the A&B Distribution, the Corporation has changed its name to Matson, Inc., and all references to the Corporation in this Agreement shall be deemed to be references to the Corporation as so renamed.

E. The Corporation now intends to make certain adjustments to each of the Options to preserve the intrinsic value of each such Option that would otherwise be adversely affected by reason of the spin-off distribution of the New A&B Common Stock.

NOW, THEREFORE, it is hereby agreed as follows:

1. **Options Subject to Anti-Dilution Adjustment.** The Options to which the anti-dilution adjustments afforded by this Amendment Agreement apply shall be the stock option grants currently held by Optionee that were assumed by the Corporation in connection with the June 6, 2012 reorganization of Alexander & Baldwin, Inc. into a holding company structure with the Corporation as the parent holding company and that are more particularly identified in attached Schedule A (the "**Protected Grants**").

2. **Adjustments to Protected Grants.** The following two adjustments are hereby made to each of the Protected Grants:

- ***Number of Option Shares.*** The total number of shares of Common Stock currently subject to each Protected Grant as set forth in attached Schedule A is hereby increased to the number of shares of Common Stock (the "**Option Shares**") indicated for that Protected Grant in attached Schedule B. The number of such Option Shares (as increased hereby) has been determined by multiplying the number of shares of Common Stock subject to the Protected Grant immediately prior to the A&B Distribution (as set forth in attached Schedule A) by a fraction the numerator of which is the **sum** of the closing price per share of the Common Stock as traded on an ex-distribution basis on the Distribution Date and the closing "when issued" price per share of the A&B Common Stock on that same trading day and the denominator is the closing price per share of the Common Stock as traded on an ex-distribution basis on the Distribution Date. Any resulting fractional share of Common Stock has been rounded down to the next whole share.

- ***Exercise Price Per Share:*** The exercise price payable per Option Share under each Protected Grant as set forth in attached Schedule A is hereby reduced to the dollar amount per Option Share (the "**Exercise Price**") indicated for that Protected Grant in attached Schedule B. The Exercise Price (as reduced hereby) has been determined by multiplying the exercise price per share in effect for that Protected Grant immediately prior to the A&B Distribution (as set forth in attached Schedule A) by a fraction the numerator of which is the closing price per share of the Common Stock as traded on an ex-distribution basis on the Distribution Date and the denominator is the **sum** of that closing price and the closing "when issued" price per share of the A&B Common Stock on such Distribution Date. Any fractional cent has been rounded up to the nearest whole cent.

3. **Effect of Adjustments to Protected Options.** The foregoing adjustments hereby made to each Protected Grant are intended to ensure that: (i) the spread between the aggregate fair market value of the number of shares of Common Stock purchasable under that Protected Grant as

hereby adjusted and the adjusted Exercise Price payable in the aggregate for those shares immediately after the A&B Distribution remains substantially equal to (and not greater than) the same spread that existed immediately prior to the A&B Distribution between the aggregate fair market value of the number of shares of Common Stock subject to that Protected Grant immediately prior to the adjustments effected hereunder and the aggregate exercise price in effect at that time under for the Protected Grant. The adjustments made to each Protected Grant pursuant to the provisions of Paragraph 2 are also intended to preserve on a per-share basis, immediately after the A&B Distribution, the same ratio of exercise price per option share to fair market value per share which existed under that Protected Grant immediately prior to the A&B Distribution.

4. **No Additional Adjustments.** No additional adjustments shall be made to the Protected Grants Accordingly, the remaining terms and provisions of each Protected Grant as hereby adjusted, including (without limitation) the exercise/vesting schedule and applicable vesting dates, the exercise procedures, the maximum term of that Protected Grant, the limited post-service exercise period in effect for that Protected Grant, and the Corporation’s recoupment policy governing any incentive compensation paid or payable with respect to that Protected Grant, shall continue in full force and effect in accordance with the terms and provisions of the Stock Option Agreement evidencing that Protected Grant and the related June 2012 Assumption Agreement for that Protected Grant. No acceleration of the applicable vesting schedule or exercise dates for each Protected Grant shall occur by reason of the A&B Distribution or any other adjustment required to be made to the Protected Grants in order to reflect that distribution.

5. **Section 409A Compliance.** All adjustments made pursuant to this Amendment Agreement shall be effected in accordance with all applicable requirements and limitations of Section 409A of the Internal Revenue Code and the applicable Treasury Regulations thereunder, and the terms and provisions of this Amendment Agreement shall be interpreted and applied in such manner that shall avoid any violation or contravention of the applicable Section 409A requirements and limitations.

IN WITNESS WHEREOF, Matson, Inc. has caused this Anti-Dilution Adjustment Amendment to be executed on its behalf by its duly-authorized officer as of the day and year first above written.

MATSON, INC.

By:

Title:

3

ACKNOWLEDGMENT

The undersigned acknowledges receipt of the foregoing Anti-Dilution Adjustment Amendment and understands that all rights and liabilities with respect to the each of the stock option grants subject to that amendment shall be as set forth in the applicable Stock Option Agreement for that grant, the applicable Plan under which that option was granted, the June 2012 Assumption Agreement for that grant and the foregoing Anti-Dilution Adjustment Amendment.

OPTIONEE

4

SCHEDULE A

LIST OF PROTECTED GRANTS

Grant Date of Protected Grant	Number of Option Shares Subject to Protected Grant Prior to A&B Distribution	Exercise Price Per Option Share in Effect for Protected Grant Prior to A&B Distribution	Applicable Plan
		\$	
		\$	
		\$	
		\$	
		\$	

5

SCHEDULE B

LIST OF PROTECTED GRANTS AS HEREBY ADJUSTED

Grant Date of Protected Grant	Number of Option Shares as Hereby Increased	Exercise Price Per Share as Hereby Reduced	Applicable Plan
		\$	
		\$	

\$

\$

\$

MATSON, INC.

**ANTI-DILUTION ADJUSTMENT AMENDMENT
TO
2012 PERFORMANCE-BASED RESTRICTED STOCK UNIT AWARD AGREEMENT**

AMENDMENT AGREEMENT made and entered as of the close of market on the 29th day of June 2012 by and between Matson, Inc., a Hawaii corporation (the "**Corporation**"), and _____, an individual in the employ of the Corporation who is currently the holder (the "**Participant**") of a 2012 fiscal year performance-based restricted stock unit award (the "**2012 PBR SU Award**") under the 2007 Alexander & Baldwin, Inc. Incentive Compensation Plan (as amended and restated) that has been assumed by the Corporation (the "**Plan**").

RECITALS

A. The Corporation maintains the Plan for the purpose of providing eligible persons in the Corporation's employ or service with the opportunity to participate in one or more equity incentive compensation programs designed to encourage them to continue their service relationship with the Corporation.

B. The Plan, together with the restricted stock unit award agreement (the "**2012 PBR SU Award Agreement**") evidencing the 2012 PBR SU Award, contains certain anti-dilution provisions designed to preserve the intrinsic value of the 2012 PBR SU Award in the event of certain transactions affecting the Corporation's outstanding common stock (the "**Common Stock**") or the value of the Common Stock without the Corporation's receipt of consideration.

C. One of the transactions for which such anti-dilution protection is provided is a distribution by the Corporation of all of the outstanding common stock of one or more subsidiaries of the Corporation to the holders of the Corporation's outstanding Common Stock in a spin-off transaction.

D. On June 29, 2012 (the "**Distribution Date**"), the Corporation effected a spin-off distribution of its wholly owned subsidiary, Alexander & Baldwin, Inc. ("**A&B**"), formerly known as A & B II, Inc., through a distribution by the Corporation of all of the outstanding common stock of A&B ("**A&B Common Stock**") to the holders of the Corporation's outstanding Common Stock (the "**A&B Distribution**") in accordance with the terms of the Separation and Distribution Agreement by and between the Corporation and A & B II, Inc. dated as of June 8, 2012.

In connection with the A&B Distribution, the Corporation has changed its name to Matson, Inc., and all references to the Corporation in this Agreement shall be deemed to be references to the Corporation as so renamed.

E. The 2012 PBR SU Award contains both performance-vesting and service-vesting requirements, with the performance-vesting requirements tied to the attainment of certain pre-established goals based on pre-tax income and return on invested capital (the "**Performance Goals**") for the twelve (12)-month performance period coincident with the 2012 calendar year (the "**Performance Period**")

F. The Corporation now intends to adjust the 2012 PBR SU Award in order to (i) reflect the effect of the A&B Distribution upon the attainment of those Performance Goals and (ii) preserve the intrinsic value of the shares of Common Stock subject to that award which would otherwise be adversely affected by reason of the spin-off distribution of the A&B Common Stock.

NOW, THEREFORE, it is hereby agreed as follows:

1. **PBR SU Award Subject to Anti-Dilution Adjustment.** The 2012 PBR SU Award to which the anti-dilution adjustment afforded by this Amendment Agreement applies shall be the following restricted stock unit award currently held by Participant under the Plan as assumed by the Corporation in connection with the June 2012 reorganization of Alexander & Baldwin, Inc. into a holding company structure with the Corporation as the parent holding company (the "**Protected Award**"):

SUMMARY OF PROTECTED AWARD

Award Date of Protected Award: January 2012

Number of Shares

Subject to Protected Award

Prior to the A&B Distribution: _____ shares of Common Stock

2. **Adjustment to Shares Subject to Protected Award.** The following adjustment is hereby made to the number of shares of Common Stock subject to the Protected Award:

• The number of shares of Common Stock subject to the Protected Award is hereby increased to _____ shares of Common Stock (the "**Shares**"). The number of such Shares (as so increased) has been determined by multiplying the number of shares of Common Stock subject to the Protected Award immediately prior to the A&B Distribution (as set forth in Paragraph 1) by a fraction the numerator of which is the **sum** of the closing price per share of the Common Stock as traded on an ex-distribution basis on the Distribution Date and the closing "when issued" price per share of the A&B Common Stock on that same trading day and the denominator is the closing price per share of the Common Stock as traded on an ex-distribution basis on the Distribution Date. Any resulting fractional share of Common Stock has been rounded down to the next whole share.

3. **Effect of Adjustment to Protected Award.** The foregoing adjustment hereby made to the Protected Award is intended to ensure that the aggregate fair market value of the number of shares of Common Stock subject to the Protected Award (as hereby adjusted) immediately after the A&B Distribution remains substantially equal to (and not greater than) the same aggregate fair market value of the number of shares of Common Stock subject to the Protected Award immediately prior to the A&B Distribution.

4. **Adjustment to Performance Goals.**

(a) Attached Schedule I specifies each of the Performance Goals established for the Performance Period, as hereby adjusted to reflect the effect of the A&B Distribution and the resulting separation of the Corporation from A&B. The adjusted Performance Goals are based on the operating plan for the separate business operations of Matson, Inc. and its consolidated subsidiaries for the 2012 fiscal year that was previously approved by the Board of Directors of Alexander & Baldwin, Inc. in January 2012 and are tied to the Pre-Tax Income and Return on Invested Capital realized on a business segment basis by Matson, Inc. and its consolidated subsidiaries for such fiscal year. For each adjusted Performance Goal, there are three designated levels of attainment set forth in Schedule I: Threshold, Target and Extraordinary. The actual level at which each adjusted Performance Goal is attained will be determined on the basis of the financial results that are reported on a business segment basis for Matson, Inc. and its consolidated subsidiaries and included in the audited financial statements of the Corporation and its consolidated subsidiaries for the 2012 fiscal year, but subject to the additional itemized adjustments set forth in attached Schedule I. In no event shall the financial results of A&B and its consolidated subsidiaries for the 2012 fiscal year be taken into account or otherwise included in determining the levels at which the adjusted Performance Goals for Matson, Inc. and its consolidated subsidiaries are attained.

(b) The number of Shares subject to the Protected Award (as adjusted upward under Paragraph 2) shall continue to be allotted to each Performance Goal as hereby adjusted as follows: (i) sixty-five percent (65%) of those Shares shall remain allotted to Performance Goal One set forth in Schedule I, and (ii) the remaining thirty-five percent (35%) of those Shares shall remain allotted to Performance Goal Two set forth in Schedule I. Within sixty (60) days after the completion of the Performance Period, the Plan Administrator shall determine and certify the actual level of attainment for each adjusted Performance Goal and shall then measure that level of attainment against the Threshold, Target and Extraordinary Levels set forth for that Performance Goal in attached Schedule I. The maximum number of shares of Common Stock in which Participant can vest based upon the actual level of attainment of each Performance Goal shall continue to be determined by applying the corresponding percentage below for that level of attainment to the number of Shares allotted to that particular Performance Goal in accordance with forgoing allocation (the "**Allotted Shares**");

Attainment below the Threshold Level:	0% of the Allotted Shares
Attainment at the Threshold Level:	50% of the Allotted Shares
Attainment at the Target Level:	100% of the Allotted Shares
Attainment at Extraordinary Level:	200% of the Allotted Shares

3

(c) To the extent the actual level of attainment of an adjusted Performance Goal is at a point between the Threshold and Target Levels, the maximum number of shares of Common Stock allotted to that Performance Goal in which Participant can vest shall be pro-rated between the two points on a straight line basis. To the extent the actual level of attainment of an adjusted Performance Goal is at a point between the Target and Extraordinary Levels, the maximum number of shares of Common Stock allotted to that Performance Goal in which Participant can vest shall be pro-rated between the two points on a straight line basis.

(d) The maximum number of shares of Common Stock in which Participant can vest on the basis of the foregoing performance measures shall be hereinafter designated the "**Performance Shares**" and shall in no event exceed in the aggregate 200% of the number of Shares set forth in Paragraph 2 above.

(e) The number of Performance Shares in which Participant actually vests shall be determined on the basis of his or her satisfaction of the Service-vesting requirements set forth in Paragraph 3 of the 2012 PBRUS Award Agreement.

5. **Dividend-Equivalent Rights.** The dividend equivalent rights provided to Participant under the 2012 PBRUS Award Agreement shall, following the Distribution Date, continue in full force and effect in accordance with their terms and conditions. Any amounts that are otherwise credited on the Distribution Date to Participant pursuant to the dividend equivalent provisions of the 2012 PBRUS Award Agreement but that have not yet been distributed shall be distributed to Participant within the first sixty (60) days immediately following the completion of 2012 calendar year. The amount distributed shall be adjusted to reflect the level at which the adjusted Performance Goals in effect for the 2012 PBRUS Award (as those adjusted Performance Goals are set forth in attached Schedule I) are in fact attained and shall be effected in accordance with the distribution provisions (including the timing and method of distribution) of the 2012 PBRUS Award Agreement applicable to such dividend equivalents, and nothing in this Amendment Agreement shall affect Participant's right and entitlement to receive such credited amount in accordance with the terms and conditions of those distribution provisions. However, Participant shall have no further dividend equivalent rights under the 2012 PBRUS Award Agreement with respect to any dividends or distributions paid on A&B common stock on or after the Distribution Date.

6. **No Additional Adjustments.** No other adjustments shall be made to the Protected Award. Accordingly, the remaining terms and provisions of the Protected Award as hereby adjusted, including (without limitation) the service-vesting schedule and applicable service-vesting dates, the issuance schedule in effect for the Shares that vest and become issuable under that award, the automatic share withholding procedure for the collection of the applicable withholding taxes upon the issuance of Shares pursuant to the Protected Award and the Corporation's recoupment policy governing any incentive compensation paid or payable with respect to the Protected Award, shall continue in full force and effect in accordance with the terms and provisions of the 2012 PBRUS Award Agreement evidencing the Protected Award and the related June 2012 Assumption Agreement for the Protected Award. No accelerated vesting of the Protected Award shall occur by reason of the A&B Distribution or any other adjustment required to be made to the Protected Award in order to reflect that distribution.

4

7. **Section 409A Compliance.** All adjustments made pursuant to this Amendment Agreement shall be effected in accordance with all applicable requirements and limitations of Section 409A of the Internal Revenue Code and the applicable Treasury Regulations thereunder, and the terms and

provisions of this Amendment Agreement shall be interpreted and applied in such manner that shall avoid any violation or contravention of the applicable Section 409A requirements and limitations

IN WITNESS WHEREOF, Matson, Inc. has caused this Anti-Dilution Adjustment Amendment to be executed on its behalf by its duly-authorized officer as of the day and year first above written.

MATSON, INC.

By:

Title:

ACKNOWLEDGMENT

The undersigned acknowledges receipt of the foregoing Anti-Dilution Adjustment Amendment and understands that all rights and liabilities with respect to the restricted stock unit award subject to that amendment shall be as set forth in the 2012 Performance-Based Restricted Stock Unit Award Agreement for that award, the applicable Plan under which that award was made, the June 2012 Assumption Agreement for such award and the foregoing Anti-Dilution Adjustment Amendment.

PARTICIPANT

5

SCHEDULE I

PERFORMANCE PERIOD, PERFORMANCE GOALS AND LEVELS OF ATTAINMENT

The Performance Period shall be coincident with the Corporation's 2012 fiscal year and shall accordingly commence on January 1, 2012 and end on December 31, 2012.

The Performance Goals which shall determine the number of shares of Common Stock which are to vest as Performance Shares under the Award shall be as follows:

Performance Goal One to which sixty-five percent (65%) of the Shares subject to this Award is allotted shall be tied to the pre-tax income for the Performance Period realized by Matson, Inc. and its consolidated subsidiaries on a business segment basis. The required levels of attainment of such pre-tax income for the Performance Period at the Threshold, Target and Extraordinary Levels, as adjusted for the A&B Distribution, are as follows:

Threshold Level:	\$	83,682,000
Target Level:	\$	92,980,000
Extraordinary Level	\$	111,576,000

Pre-tax income for the Performance Period shall be calculated on the basis of the financial results that are reported on a business segment basis for Matson, Inc. and its consolidated subsidiaries and included in the audited financial statements of the Corporation and its consolidated subsidiaries for the 2012 fiscal year coincident with the Performance Period, subject, however, to the following adjustments:

- (i) actual expenses charged in such fiscal year for pension, post-retirement and non-qualified deferred compensation benefits that are in excess of (to the extent such charges are less than) the originally budgeted expenses for those benefits shall be added back (or shall be applied as a reduction) to such pre-tax income;
- (ii) any over-accrual of incentive compensation or profit sharing expenses for the 2012 fiscal year shall be added back to such pre-tax income, and any under-accrual of such expenses for the 2012 fiscal year shall be applied as a reduction to such pre-tax income;
- (iii) any transaction costs attributable to the A&B Distribution that were not previously included in the approved operating plan for the 2012 fiscal year shall be added back to such pre-tax income, any additional post-A&B Distribution interest expense related to higher debt levels attributable to the A&B Distribution and not previously included in the approved operation plan for the 2012 fiscal year shall be added back to such pre-tax income, and any net additional overhead expenses attributable to the A&B Distribution and not previously included in the approved operating plan for the 2012 fiscal year shall be added back to such pre-tax income; and

6

- (iv) such pre-tax income shall be subject to such other adjustments as may be determined by the Plan Administrator as necessary or appropriate in order to accurately reflect the performance of the Corporation and its consolidated subsidiaries for the 2012 fiscal year (e.g., because of changes in accounting rules, extraordinary gains from the sale of assets, unforeseen extraordinary events affecting the Corporation or any of its consolidated subsidiaries or any of their respective business operations, or other similar or dissimilar circumstances occurring during such fiscal year that may or may not have been beyond the control of the Corporation and its consolidated subsidiaries).

Performance Goal Two to which the remaining thirty-five percent (35%) of the Shares subject to this Award is allotted shall be tied to the return on invested capital ("ROIC") for the Performance Period realized by Matson, Inc. and its consolidated subsidiaries on a business segment basis. The required levels of attainment of such ROIC for the Performance Period at the Threshold, Target and Extraordinary Levels, as adjusted for the A&B Distribution, are as follows:

Threshold Level:	9.53%
Target Level:	10.59%
Extraordinary Level	12.71%

ROIC for the Performance Period shall be calculated on a business segment basis for Matson, Inc. and its consolidated subsidiaries and shall be determined on the basis of the financial results reported for that business segment in the audited financial statements of the Corporation and its consolidated subsidiaries for the fiscal year coincident with the Performance Period, subject, however, to the following adjustments:

(i) actual expenses charged in such fiscal year for pension, post-retirement and non-qualified deferred compensation benefits that are in excess of (or to the extent such charges are less than) the originally budgeted expenses for those benefits shall be added back (or shall be applied as a reduction) in the computation of ROIC;

(ii) any over-accrual of incentive compensation or profit sharing expenses for the 2012 fiscal year shall be added back in the computation of ROIC, and any under-accrual of such expenses for the 2012 fiscal year shall be applied as a reduction in the computation of ROIC;

(iii) any transaction costs attributable to the A&B Distribution that were not previously included in the approved operating plan for the 2012 fiscal year shall be added back in the computation of ROIC, any additional overhead expenses attributable to the A&B Distribution and not previously included in the approved operating plan for the 2012 fiscal year shall be added back in the computation of ROIC, and any changes in dividends paid for the 2012 fiscal year in accordance with the approved operating plan for the 2012 fiscal year shall be added back in the computation of ROIC; and

7

(iv) appropriate adjustments shall be made to ROIC to reflect the effect of any unplanned accumulated other comprehensive income changes included in shareholders' equity as of December 31, 2012 or otherwise related to the A&B Distribution and not specified in subparagraphs (i) to (iii) above.

8
