# ALEXANDER & BALDWIN INC (ALEX)

## 8-K

Current report filing
Filed on 04/11/2012
Filed Period 04/10/2012

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

# FORM 8-K

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

Date of Report (Date of earliest event reported): **April 10, 2012**

# ALEXANDER & BALDWIN, INC.
(Exact name of registrant as specified in its charter)

| | | |
|---|---|---|
| **Hawaii** | **0-565** | **99-0032630** |
| (State or other jurisdiction of incorporation) | (Commission File Number) | (I.R.S. Employer Identification No.) |

**822 Bishop Street, P. O. Box 3440**
**Honolulu, Hawaii 96801**
(Address of principal executive office and zip code)

**(808) 525-6611**
(Registrant's telephone number, including area code)

**Not Applicable**
(Former Name or Former Address, if Changed Since Last Report)

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

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

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

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

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

Item 8.01. Other Events

In connection with the previously announced April 11, 2012 presentation for analysts hosted by Matson Navigation Company, Inc. ("Matson"), a subsidiary of Alexander & Baldwin, Inc. (the "Company"), to discuss operating, strategic and financial matters of its transportation business, to be webcast at www.alexanderbaldwin.com, Matson will be using the presentation materials attached as exhibit 99.1 to this Form 8-K. In addition, the presentation materials include references to the Unaudited Pro Forma Condensed Consolidated Financial Statements, which are attached as exhibit 99.2 to this Form 8-K.

Statements in this Form 8-K and the attached exhibits that are not historical facts are "forward-looking statements," within the meaning of the Private Securities Litigation Reform Act of 1995, that involve a number of risks and uncertainties that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Factors that could cause actual results to differ materially from those contemplated in the statements include, without limitation, those described on pages 19-29 of the Form 10-K in the Company's 2011 annual report. These forward-looking statements are not guarantees of future performance.

Item 9.01. Exhibits

(d) Exhibits

| | |
|---|---|
| 99.1 | Slides Related to Presentation, April 10, 2012 |
| 99.2 | Unaudited Pro Forma Condensed Consolidated Financial Statements |

SIGNATURE

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

Date: April 10, 2012

ALEXANDER & BALDWIN, INC.

/s/ Joel M. Wine
Joel M. Wine
Senior Vice President,
Chief Financial Officer and Treasurer

Exhibit 99.1

Matson®


# Matson Navigation Company, Inc.

(a wholly owned subsidiary of Alexander & Baldwin, Inc.)

April 11, 2012

Statements in this presentation that set forth expectations or predictions are based on facts and situations that are known to us as of the date of this filing. Actual results may differ materially, due to risks and uncertainties, such as those described on pages 19-29 of the Form 10-K in the Alexander & Baldwin 2011 Annual Report and other subsequent filings with the SEC. Statements in this presentation are not guarantees of future performance. We do not undertake any obligation to update our forward-looking statements.

# Agenda

# Company Overview

Matt Cox
President
Matson Navigation Company

# Matson Through the Ages

**882**
**n Sail to team**

- Capt. Matson schooner *a Claudina* to n first Matson ge
- on operates iling ships e the turn of entury

**1900s**
**Years of Expansion**

- 1901, Matson purchases first steamship, *Enterprise*
- Fleet grows to include freighters, passenger ships and sailing ships.
- Built Royal Hawaiian Hotel, one of the world's finest

**1930s**
**Passenger Era**

- "White ships" era
- World-famous luxury liners make Hawaii a world-class destination

**1940s**
**World War II**

- Entire Matson organization – personnel, ships, facilities, commandeered by U.S. government, full-scale war status
- Four passenger liners and 35 freighters to U.S. Maritime Commission; passenger ships converted to troop transport vessels
- Matson designated government agent/operator of 172 vessels, including its own 39 ships
- 11 Matson ships lost during the war

**1950s-1970s**
**Containerization**

- 1956, Matson establishes research department
- 1958, first ship in the Pacific to carry containers on deck
- 1960, world's first all container ship, first A-frame gantry crane, container handling equipment, container freight system
- 1970, *Hawaiian Enterprise, Hawaiian Progress* largest, most powerful ships under U.S. flag

**Currently**
**The Modern Fleet**

- 1980, launch *Maui* & *Kauai*
- 1992, launch first diesel powered ship, *R.J. Pfeiffer*
- 1996, bought six APL ships
- 1996, start Guam Service
- 2003-2006, launch four new ships
- 2006, start China Service

Matson.

# Matson Today

**Honolulu, Hawaii – Corporate Headquarters**

**Mainland Offices**

**Oakland – Central Mainland Office**

**Phoenix – Customer Support**

- Kansas City
- Chicago
- Detroit
- Atlanta
- Portland
- Seattle
- Oakland (Sales Operations)
- Long Beach (Sales Operations)
- Salt Lake City

**Pacific Offices**

Guam

China:

- Ningbo
- Shanghai
- Xiamen
- Hong Kong

**Terminal Locations**

Long Beach, Oakland, Honolulu & Seattle

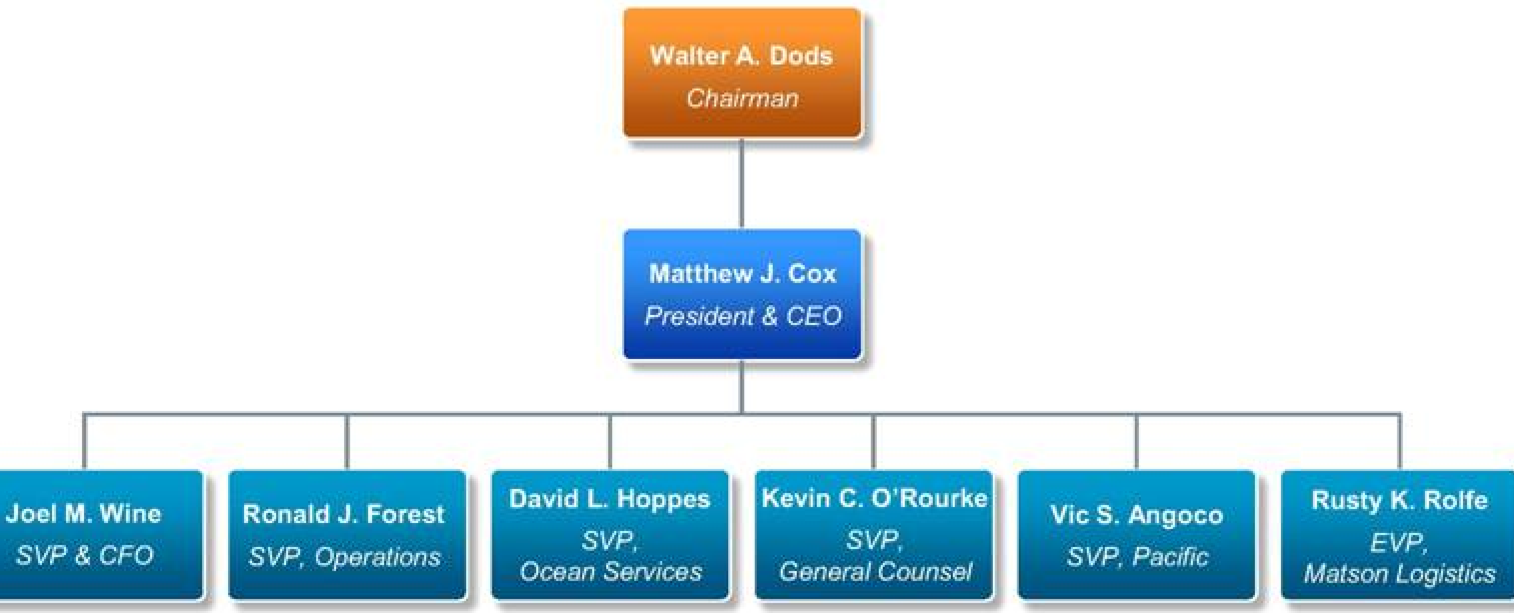
**Matson Logistics Offices**

**Concord – Headquarters**

- Seattle
- Portland
- Long Beach
- Kansas City
- Oklahoma City
- Dallas
- Indianapolis
- Chicago
- Columbus
- West Bend
- Birmingham
- Atlanta
- Miami
- Jacksonville
- Philadelphia
- Metro NY/NJ
- Akron

# Strong Management Team Upon Separation

**Over 175 Years of Combined Transportation Experience**




Matson

# Matson at a Glance

| Dollars in Millions | 2011 Revenue | 2011 Operating Profit |
|---|---|---|
| Ocean Transportation | $ 1, 078 | $ 74 |
| Logistics Services | $ 386 | $ 5 |
| Total | $1,463 | $79 |

*Source: 2011 A&B 10-K which included other income and intercompany income*

- Number of employees: 1,101
- The Matson Fleet: 17 vessels (nine active ships and three active barges)
  - 10 containerships
  - 3 Ro-Cons (combination container / Ro-Ro vessels)
  - 3 container barges and 1 Ro-Ro barge

# Corporate Strategy

Matt Cox
President
Matson Navigation Company

# Strategic Vision

To sustain and expand Matson's market leadership and profitability in ocean transportation and logistics by:

- Building on historic island strengths in the Pacific
- Leveraging the brand and our capabilities into compatible new geographies and services
- Enabling and rewarding continuous improvement
- Doing the right thing by our customers, employees and the communities that we serve

Matson

# Strategies

- Ocean Transportation
  - Premium China strategy
  - Leverage leading market share to grow faster than the overall Hawaii economy
  - Maintain focus on Guam including military realignment
  - Network “bolt-ons” in compatible services and geographies
- Logistics Services
  - Organic expansion of brokerage and warehousing services
  - Initiate and expand 53-foot domestic container program
  - Develop China freight forwarding and consolidation offerings
  - Disciplined M&A
- Build on world-class customer service differentiation
  - Ocean transportation
  - Logistics

# Competitive Advantages

- Powerful transportation brand identity
- Strong market position in Hawaii
- Sailing frequency
- Dual head-haul economics in China service
- Dedicated West Coast terminals
- Strategically located facilities in Hawaii and Guam
- Ownership of neighbor island barge network
- More modern ships than any other U.S. carrier
- Strong balance sheet with investment grade credit metrics

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# Core Competencies

- Strict Operating Discipline
  - On-time arrivals
  - Equipment availability
  - Cargo availability
- Intimate Customer Service
- Delivering critical goods to island communities

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# Challenges

- Jones Act markets are mature
  - Post recession recovery upside still significant
  - Alaska remains a potential market
- Currently, Ro-Ro capacity only on older ships
  - New ship construction may remedy
- Continued legislative support
- Potential for labor disruptions
  - Relative labor peace expected to continue
- Potential for increased competition from Jones Act participants
  - Competitor announced second vessel

# Jones Act Background

- Federal law that ensures ocean carriers engaged in domestic shipping meet certain requirements
  - Owned by minimum of 75% U.S. citizens
  - Vessels must be built in U.S. shipyards
  - Crewed by U.S. citizens
  - Prevents foreign-flag vessels from carrying cargo between points in the U.S.
- More than 50 maritime countries have similar laws, including Australia, Canada, France, Germany, Russia and China
- Important for national defense, environmental protection and safety

# Separation Update

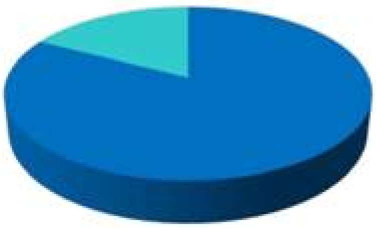
Joel Wine
Senior Vice President
CFO & Treasurer
Alexander & Baldwin, Inc.

Matson

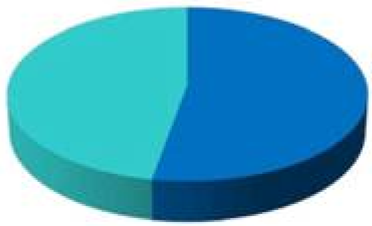
# Alexander & Baldwin, Inc. Overview

As of and for the year ended December 31, 2011

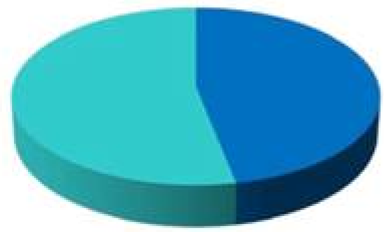
Revenue[1]
**$1.7** Billion



Adjusted Operating Profit
**$163** Million



Assets
**$2.5** Billion





[1] *Includes revenue from discontinued real estate operations*

**Trading Statistics** (based on closing price of $48.70 as of April 9, 2012)

| | |
|---|---|
| Exchange/Ticker | NYSE: ALEX |
| Annualized Dividend Yield | 2.6% |
| Equity Market Capitalization | $2.0B |
| 3-Month Average Volume | 242,000 |
| Indices | Dow Jones Composite, Dow Jones Transportation, S&P 400 MidCap, Russell 1000 |

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# Company Overview

- Matson
  - 18 Jones Act Vessels
  - 47,000 company-owned containers and equipment
  - Dedicated terminal facilities in Hawaii
  - 35 percent ownership in SSA Terminals
  - Top 10 domestic logistics company

- A&B Land Group
  - Approximately 88,000 acres of land in Hawaii
  - 4th-largest private land-owner in Hawaii
  - Portfolio of 45 commercial properties in Hawaii and 8 Mainland states (7.9 million square feet)
  - Resort, primary residential and commercial development portfolio
  - Largest agricultural operation in Hawaii
  - Significant producer of renewable energy on Maui and Kauai

# Separation Update

Announced on December 1, 2011

| Rationale | Updates |
|---|---|
| • Enhanced strategic direction and focus<br>• Growth oriented capital structure<br>• Separate stock<br>• Greater transparency<br>• Sector-specific investors and research coverage | • Well-received by shareholders<br>• Targeting 3rd quarter transaction<br>– IRS letter ruling request<br>– Form-10 filing<br>– S-4 merger proxy<br>– Seeking shareholder approval for a merger structure to:<br>• Better execute the separation from a legal point of view<br>• Ensure continued compliance with Jones Act U.S. ownership requirements<br>– The separation is not conditioned in any way on the merger vote |

# Matson Board of Directors After Separation

- As previously announced, Walter Dods will be Chairman of the Board
- Matt Cox will be joining the board consistent with his new role
- The balance of the directors is expected to be a subset of the current A&B board, providing continuity with previous governance

# Ocean Services

Dave Hoppes
Senior Vice President
Matson Navigation Company

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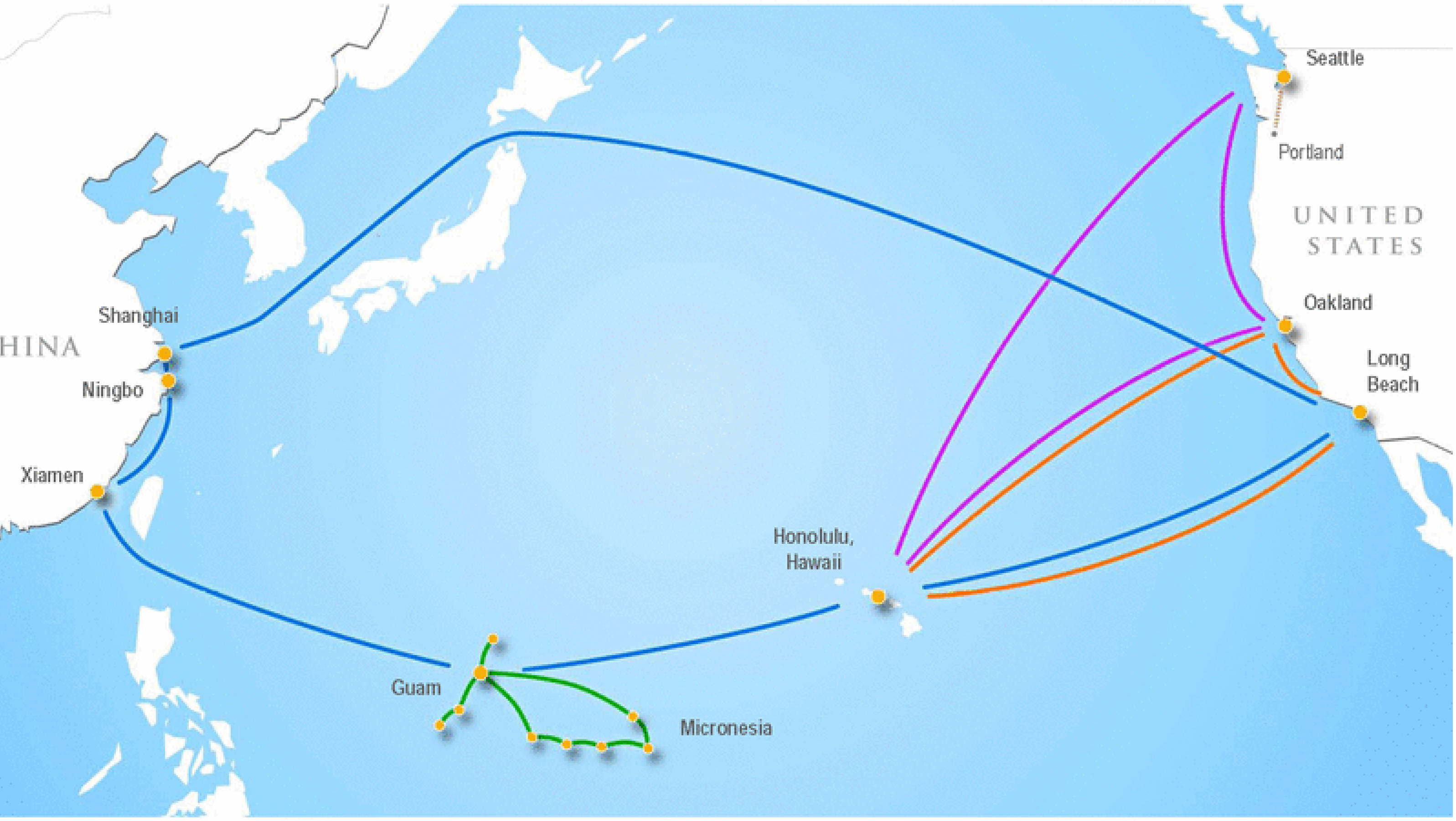
# The Matson Brand

- Premier Ocean Transportation and Logistics Provider
- Delivering Innovation
- Reliability Beyond the Norm
- Financial Stability
- Delivering Value to Our Customers

# Award-Winning Service

- *Logistics Management* magazine's Quest for Quality Award
  - Toyota Logistics Presidential Award
  - Toyota Logistics Excellence award for Outstanding Achievement
  - NDTA Quality Award
  - *CIO* magazine top 100 companies
  - GM Supplier of the Year
  - Q1 Award, Ford Motor Company
  - Carrier of the Year Award, U.S. Military Traffic Management Command

# Matson Today:
# Connecting the Pacific Unlike Anyone Else



# Hawaii Service



- Nine-ship base long-haul fleet, offering three arrivals per week to Honolulu from West Coast ports
  - 50% greater frequency than nearest competitor
- Highly flexible Matson-owned and operated barge network serves all Neighbor Islands
- Principal carrier in the trade

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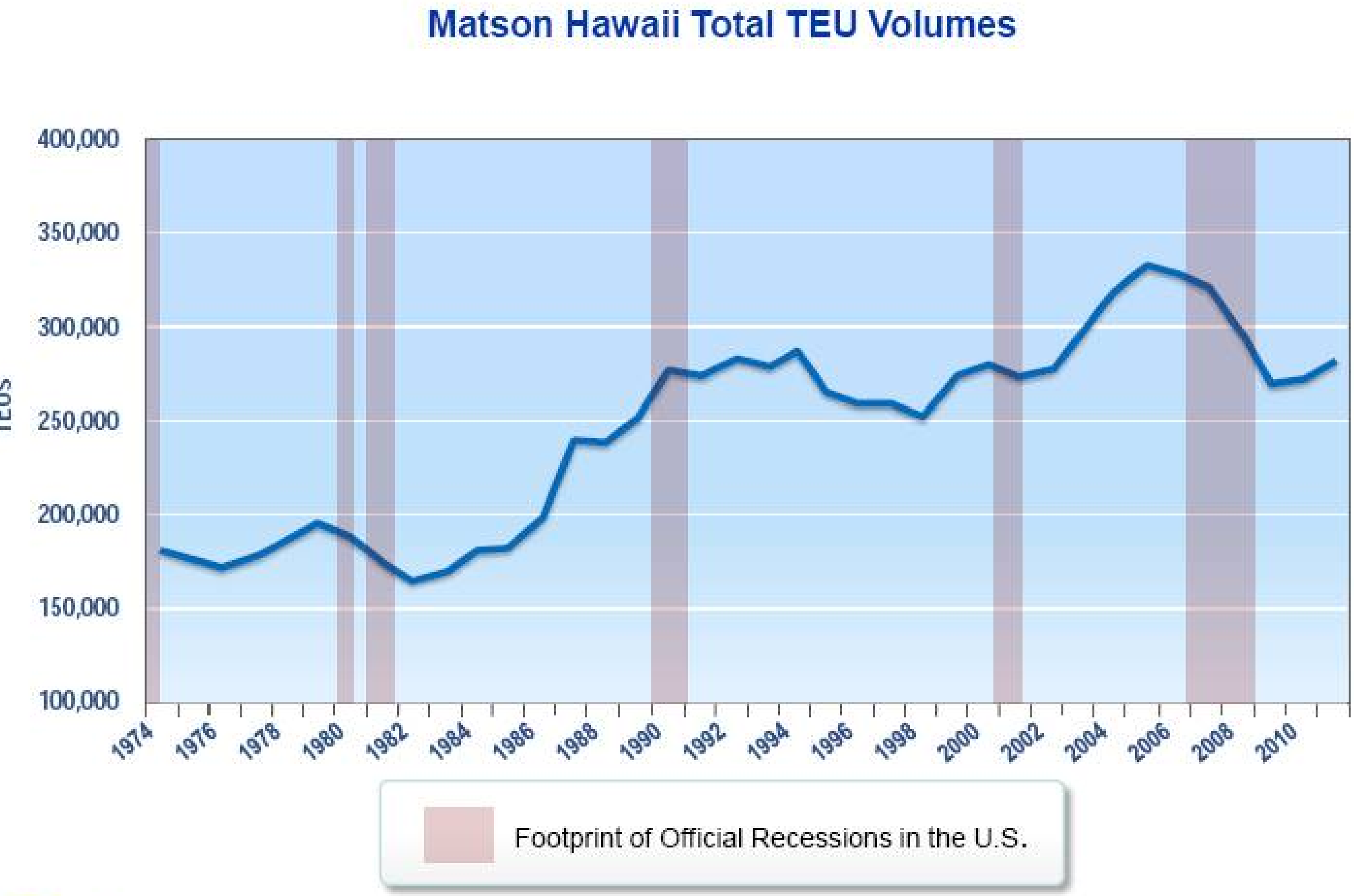
# Hawaii Containers East & West Combined




*Source: Matson management estimates*

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# Diverse Customer Base

| Hawaii Westbound Market Segments | Approx. % of Matson's Volume |
|---|---|
| Freight Forwarders | 30~32% |
| Food, Grocery, Produce | 27~30% |
| Paper products, Agriculture and Other | 10~12% |
| Retail | 12~15% |
| Building Materials | 8~10% |
| Government Agencies (Military, USPO) | 5~7% |
| Household Goods | 3~5% |

*Source: Matson management estimates*

# Hawaii Key Indicators – Annual Growth %

| Segment | 2010 | 2011 | 2012 |
|---|---|---|---|
| Real GDP | -0.1% | +1.2% | +2.3% |
| Non-Farm Jobs | -0.8% | +1.2% | +1.8% |
| Unemployment % | 6.6% | 6.3% | 6.2% |
| Inflation | +2.1% | +3.5% | +1.9% |
| Visitor Arrivals | +7.7% | +3.5% | +4.1% |
| Construction Income | -5.8% | -5.6% | +5.2% |

*Source: University of Hawaii Economic Research Organization (UHERO)*

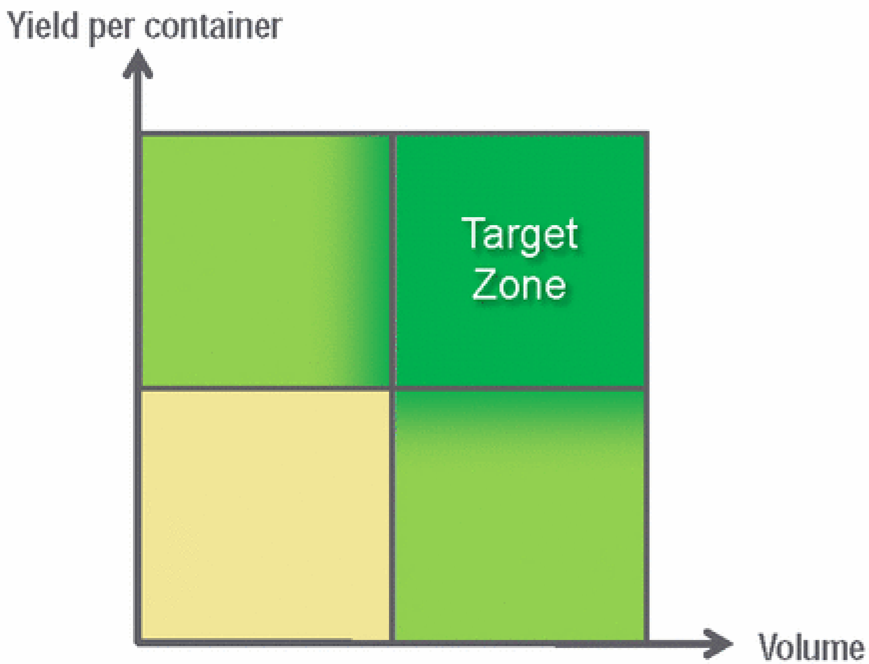
# Pricing: Hawaii Service

- Primarily published tariff market
  - Tariffs are based on commodity value
- Pricing components are:
  - Ocean Freight Rate
  - Terminal handling charge
  - Wharfage
  - Fuel surcharge
- Pricing increases designed to cover cost escalation

- Ocean Freight Rate increases are typically once a year
- Increases are always dollar-denominated
- Fuel Surcharge mechanism designed to efficiently recover fuel costs

# Hawaii Market: How Do We Maximize Yield?

- Maintain high vessel utilization



# Fuel Surcharge Methodology

- Matson seeks to recover up to 100% of fuel-related costs from its customers in Hawaii and Guam
- Surcharge rate is adjusted periodically during the year to account for changes in fuel costs, consumption and freight volume
- While surcharge mechanism is very efficient over the course of a year, there are quarter-over-quarter lags

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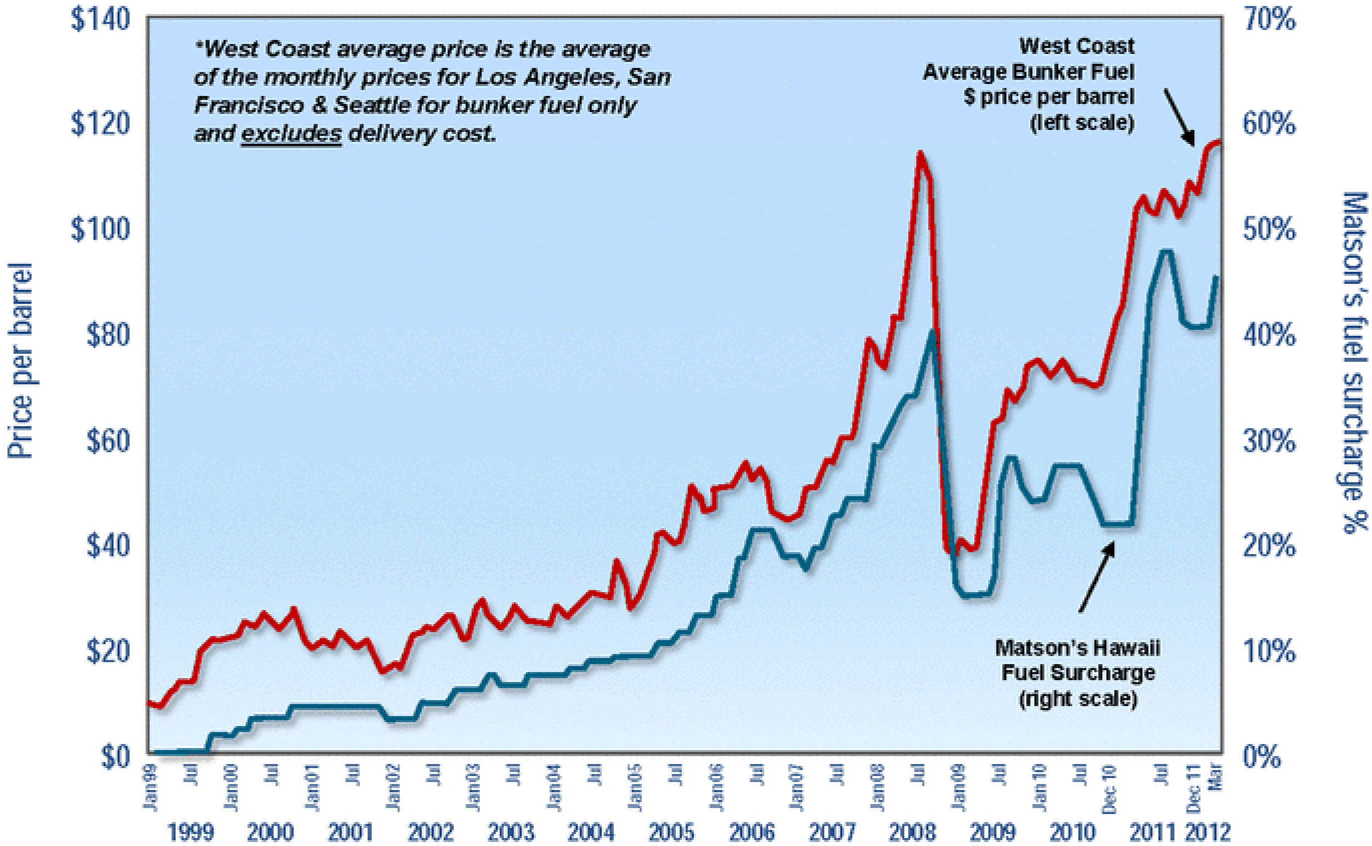
# History of Matson's Fuel Surcharge in Hawaii Service




Source: Matson management estimates

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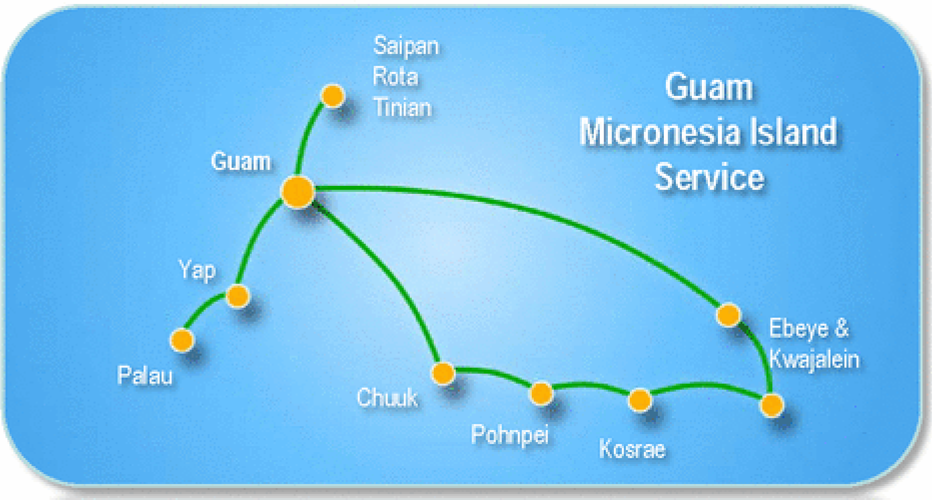
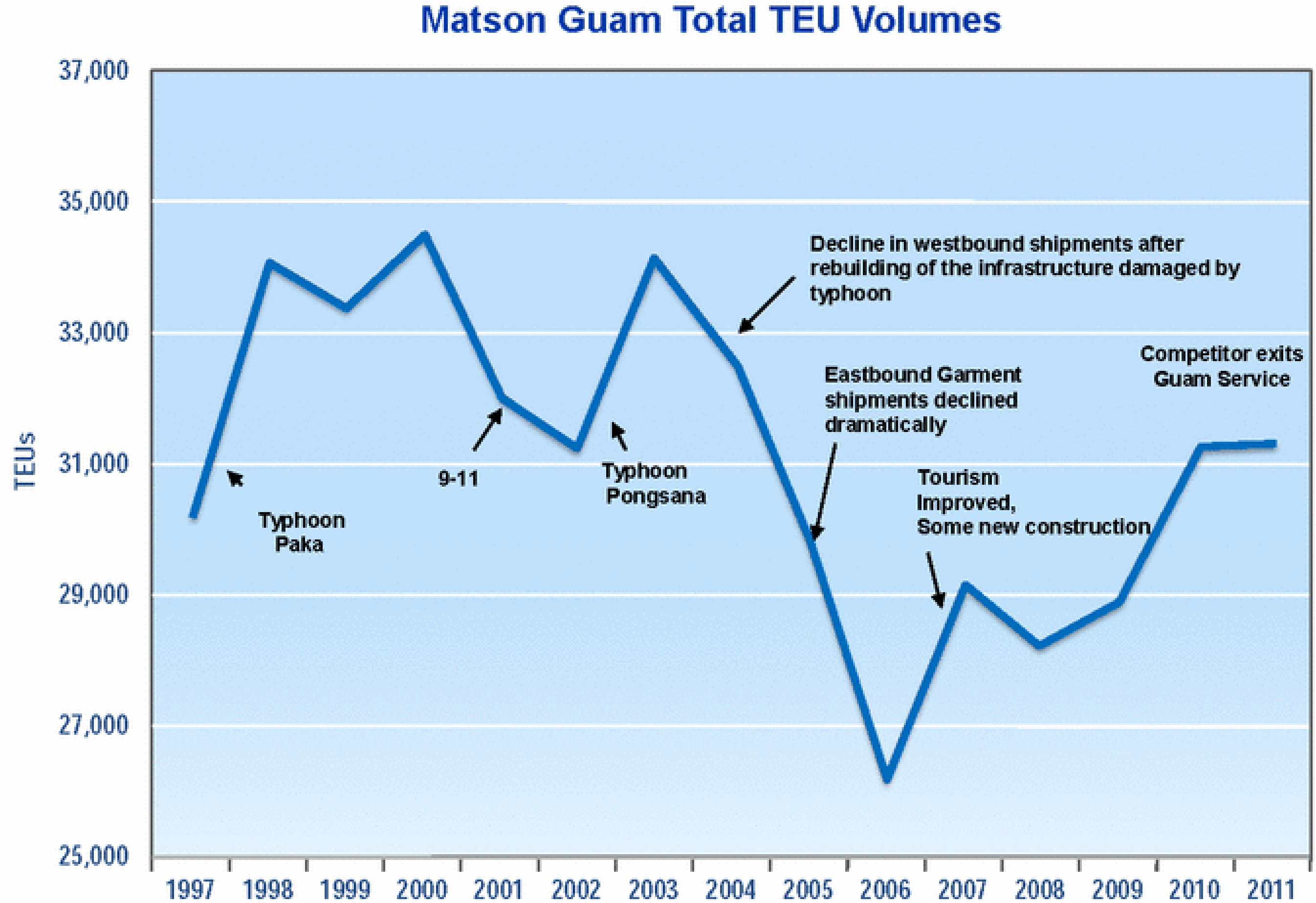
# Guam Service




- Matson has historically carried over one-half of U.S.-origin freight
- Currently serves entire market with the departure of the second carrier from the trade
- Easy connections from Oakland and Pacific Northwest to Guam via terminal in Honolulu
- Chartered Matson ship serves neighboring islands of Micronesia

# Guam Containers East & West Combined




Source: Matson management estimates

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# Guam Westbound Segments by Volume

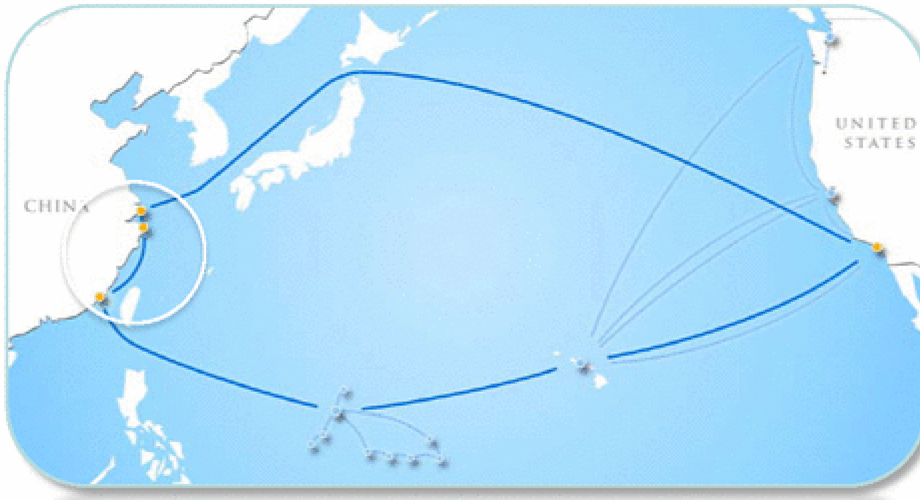
| Westbound Segment | Approx. % of Matson's Volume |
|---|---|
| Guam Commercial Dry | 50~54% |
| Guam Military Dry and Reefer | 13~22% |
| Guam Commercial Reefer | 6~11% |
| CNMI Commercial Dry and Reefer | 5~9% |
| Palau and Yap | 5~8% |

*Source: Matson management estimates*

# Pricing: Guam Service

- Similar to Hawaii Service
  - Tariff-based
  - Efficient fuel surcharge mechanism is similar to the one in Hawaii service
  - No plans to increase rates during 2012 beyond pass-throughs of any port charge increases

# CLX Service


- Five ships connect Xiamen, Ningbo and Shanghai weekly to the Long Beach port
- Matson's share in historically established Ningbo-Shanghai to Southern California is approximately 5-6%
- Fastest transit time from Shanghai: 10 days vs. 12-14 (current trade standard)
- 10-day transit together with next-day freight availability generates a 3-6 day competitive advantage

# China Service Characteristics

- Multiple international carriers with activity in more than one intercontinental trade
- Volume Seasonality: each annual cycle has distinctive peak season starting late summer, and low season of January-February (associated with Lunar New Year)
- China in general is much more variable because of competitive nature of the business

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# Pricing: CLX China Service

- Prices are based on the individual contracts with shippers
- Pricing structure is comprised of Base Rate and Fuel Adjustment Factor (FAF)
- Highly volatile pricing
- Base Rate level is driven by demand/ capacity dynamics over which we have no control
- However, our service levels have allowed us to generate a rate premium
  - As little as $200 in weak market / substantially higher in robust market
- FAF is also market based
  - Contemplate greater use of a “floating” FAF in upcoming contracts

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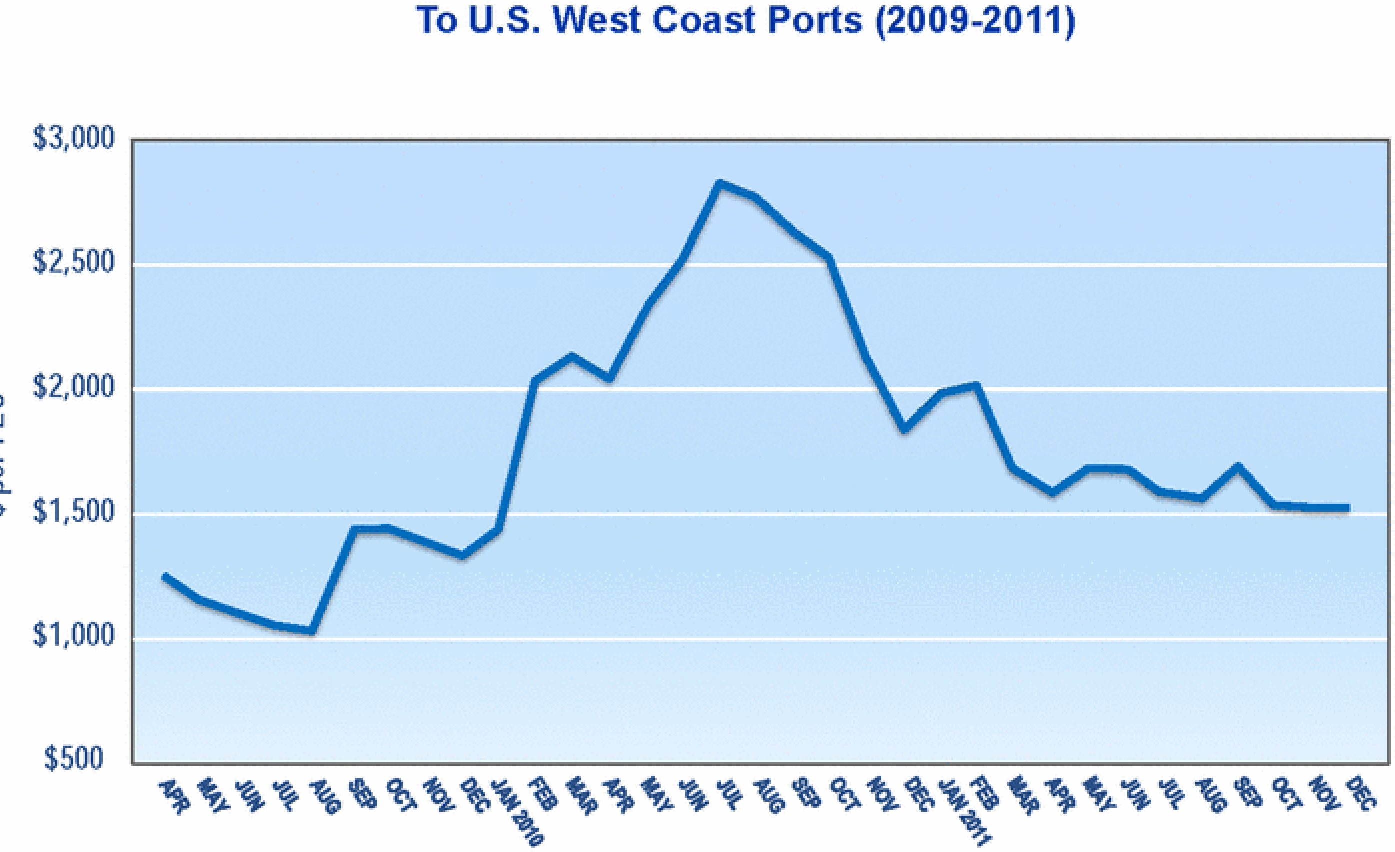
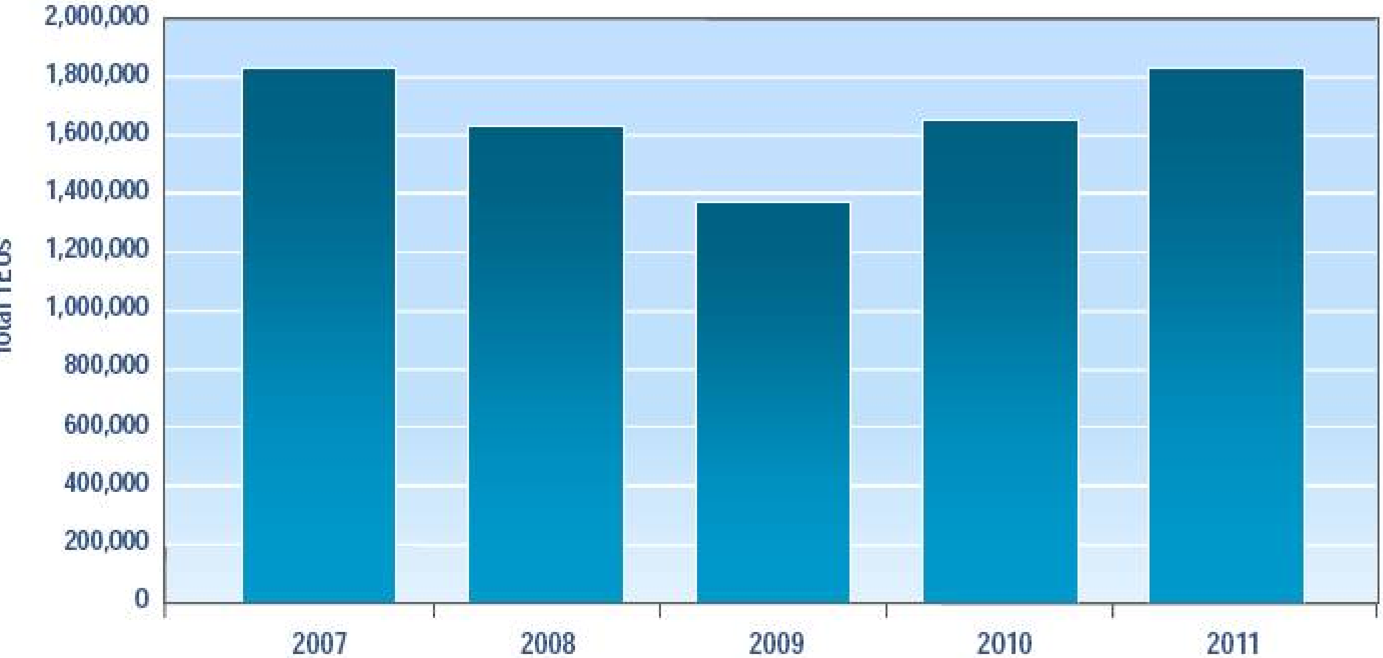
# Transpacific Eastbound Freight Rates




Source: Shanghai Containerized Freight Index

# Shanghai-Ningbo to Southern California Market (Volume TEU)

**2007- 2011**




*Source: Port Import Export Reporting Service (PIERS)*

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# China Eastbound Segments by Volume

| Eastbound Segment | Approx. % of Matson's Volume |
|---|---|
| Freight All Kinds | 33~37% |
| Garments, Footwear, Fashion Accessories | 29~31% |
| General Department Store Merchandise | 13~17% |
| Furniture and Bedding | 8~14% |
| Laptop Computers, Consumer Electronics | 4~7% |
| Industrial Chemicals and Related | 2~4% |
| All Other | 1~2% |

*Source: Matson management estimates*

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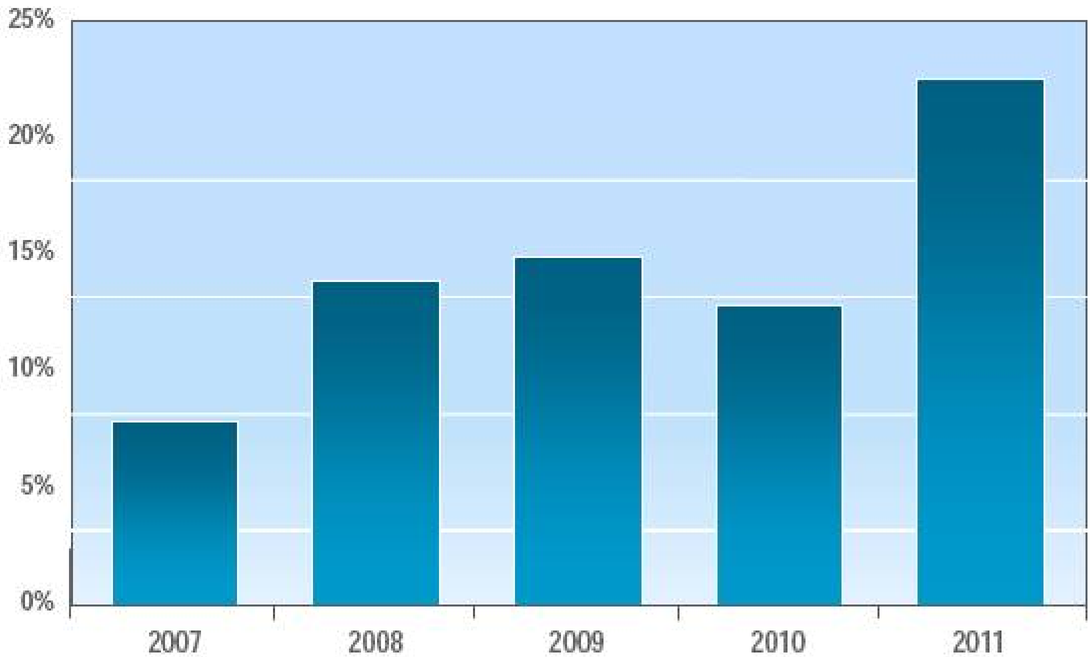
# Case Study:
# Matson's Garment Market Penetration

## Garment Market Share from Xiamen, Ningbo and Shanghai




*Source: Matson management estimates*

*CLX1 only*

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# The Next Target: Focus on Premium Freight with Delivery Precision


- Most air freight carriers: 4 – 6 days
- Matson: 10 days, next-day cargo availability
- Sea – air option for premium service, premium value

# Operations

Ron Forest
Senior Vice President
Matson Navigation Company

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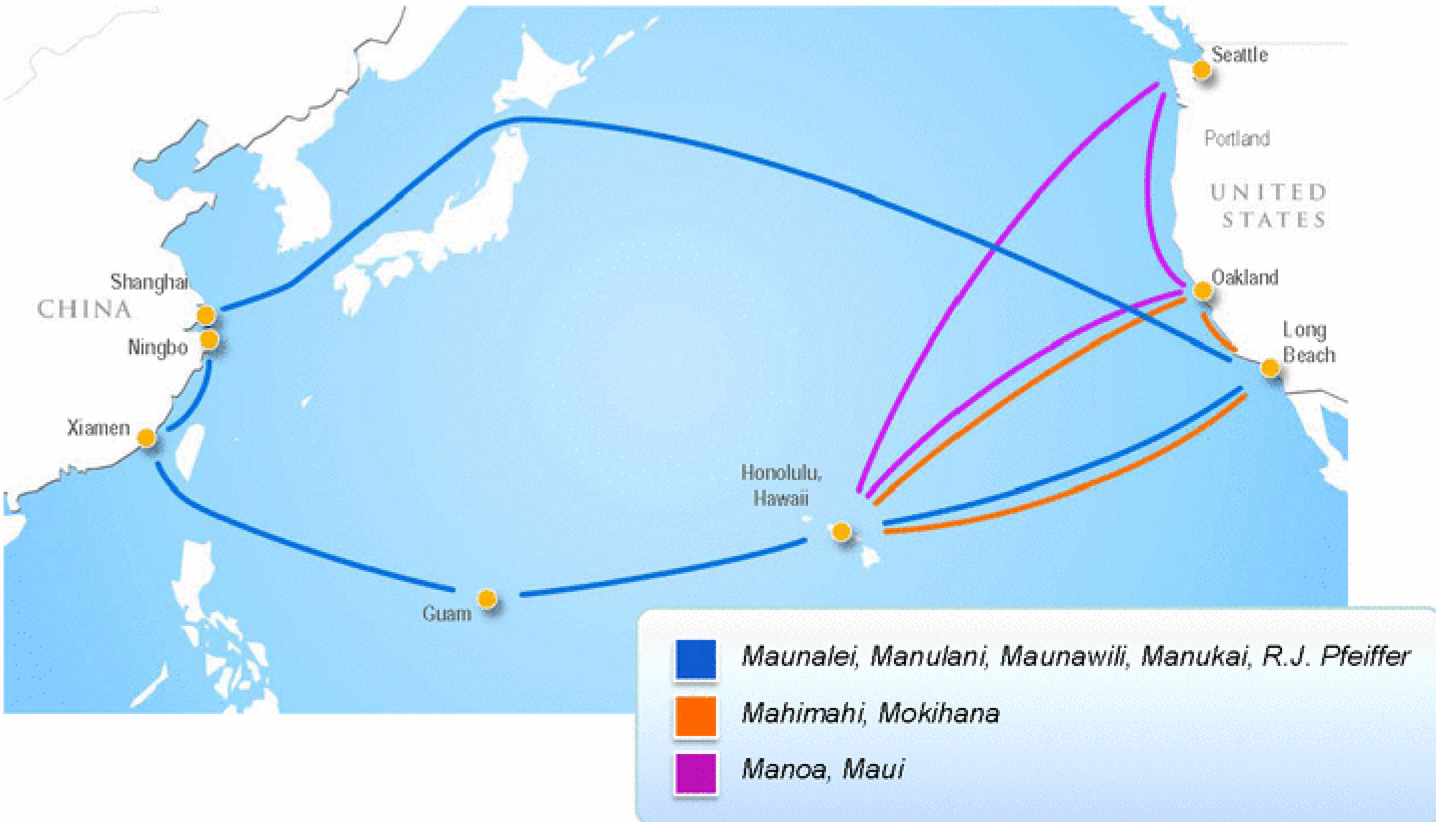
# Drivers of Operational Discipline

- Fleet Efficiency
- Terminal Productivity
- Equipment Optimization
- Aggressive Cost Management
- Environmental Leadership

# Fleet: Deployment

## Base Nine-Ship Fleet

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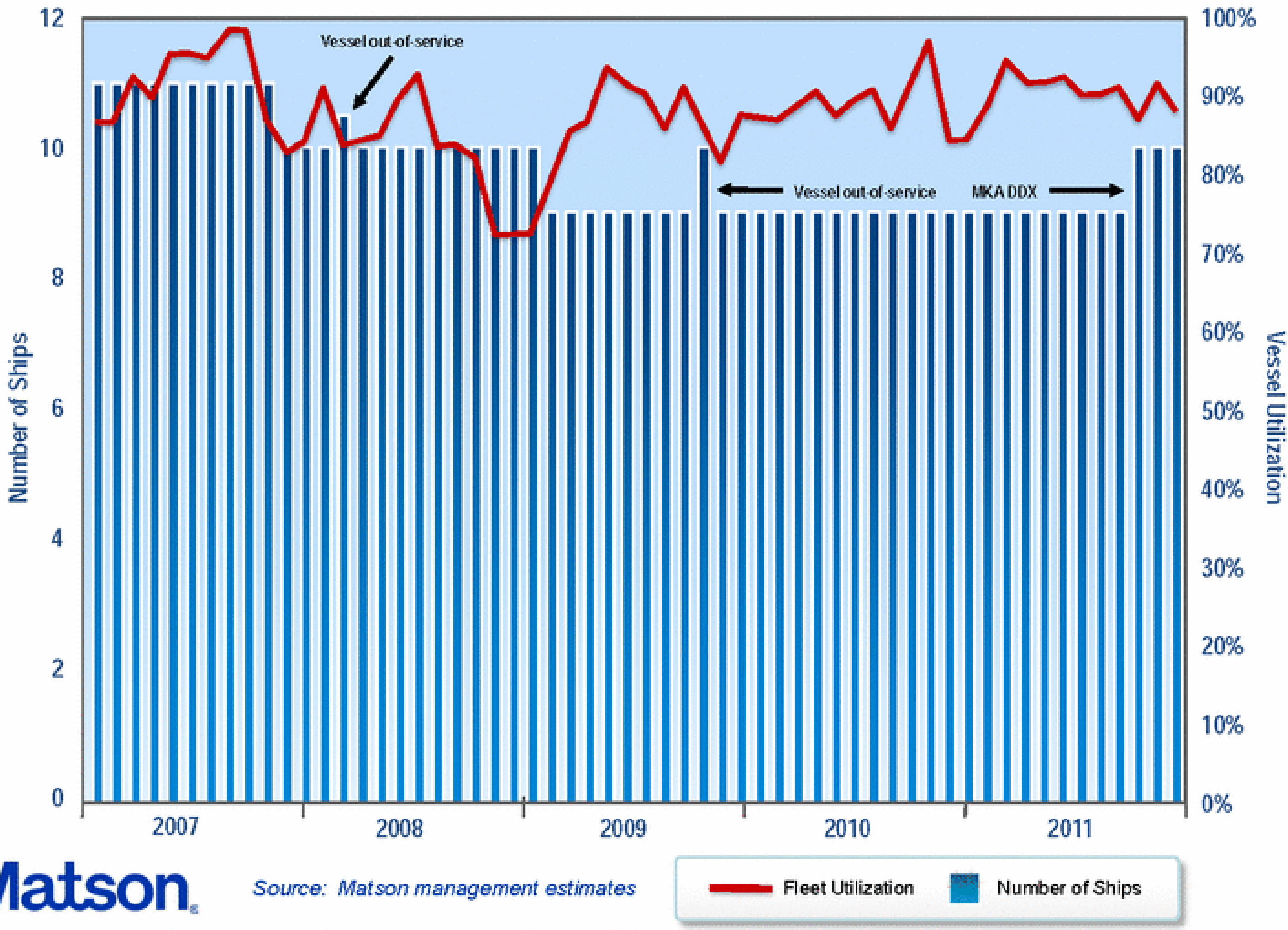
# Fleet: Deployment

- Considerations for Adding Tenth Ship
  - Freight volume
  - Dry-dockings
  - Unplanned vessel out-of-service
- Impact of Tenth Ship
  - Approximately $8 - $12 million (net of fuel) annual incremental operating costs
  - Bi-weekly fleet capacity increases by 650-850 slots or 8%-12%
  - Fleet utilization initially decreases approximately 6-10%
  - Exact amounts will depend on which vessel is added and its purpose
  - Can be deployed for part of year

# Fleet: Westbound Utilization

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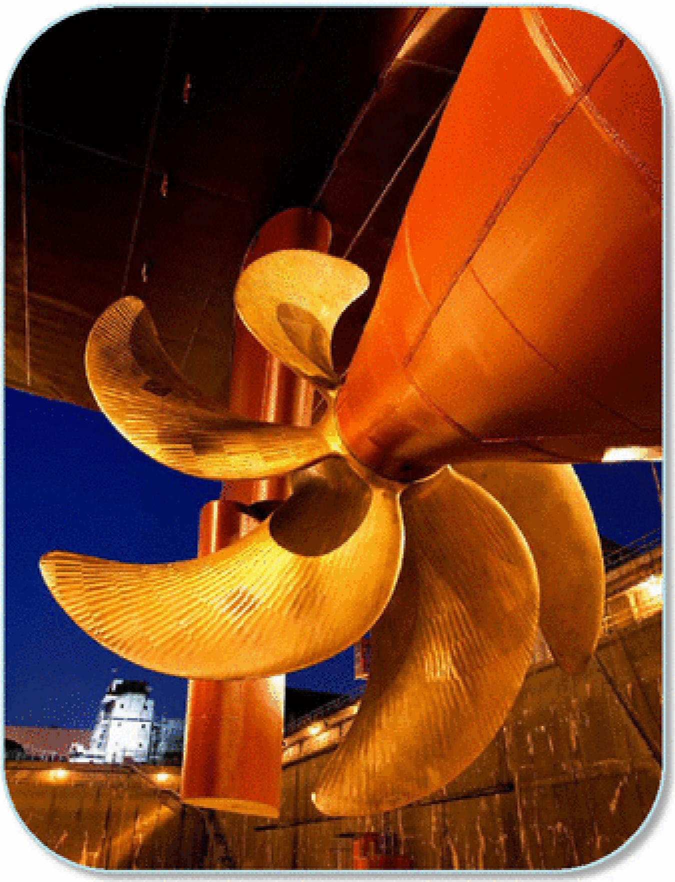
*Source: Matson management estimates*

# Fleet: Performance

- Active Fleet: 19 years average age
- Achieve 75-85% on-time arrivals
  - Based on 59-minute window
  - Industry standard is 24 hours
  - Weather = 50% of misses
  - Amongst best in world

# Fleet: Maintenance Program



- Reliability, longevity and cost control
- In-service maintenance
- Dry-dockings
  - Once in five years with Under Water Inspection in Lieu of Dry docking (UWILD)
  - Mix of foreign and domestic shipyards used
- 2011 arrival delays caused by mechanical failure: 3%

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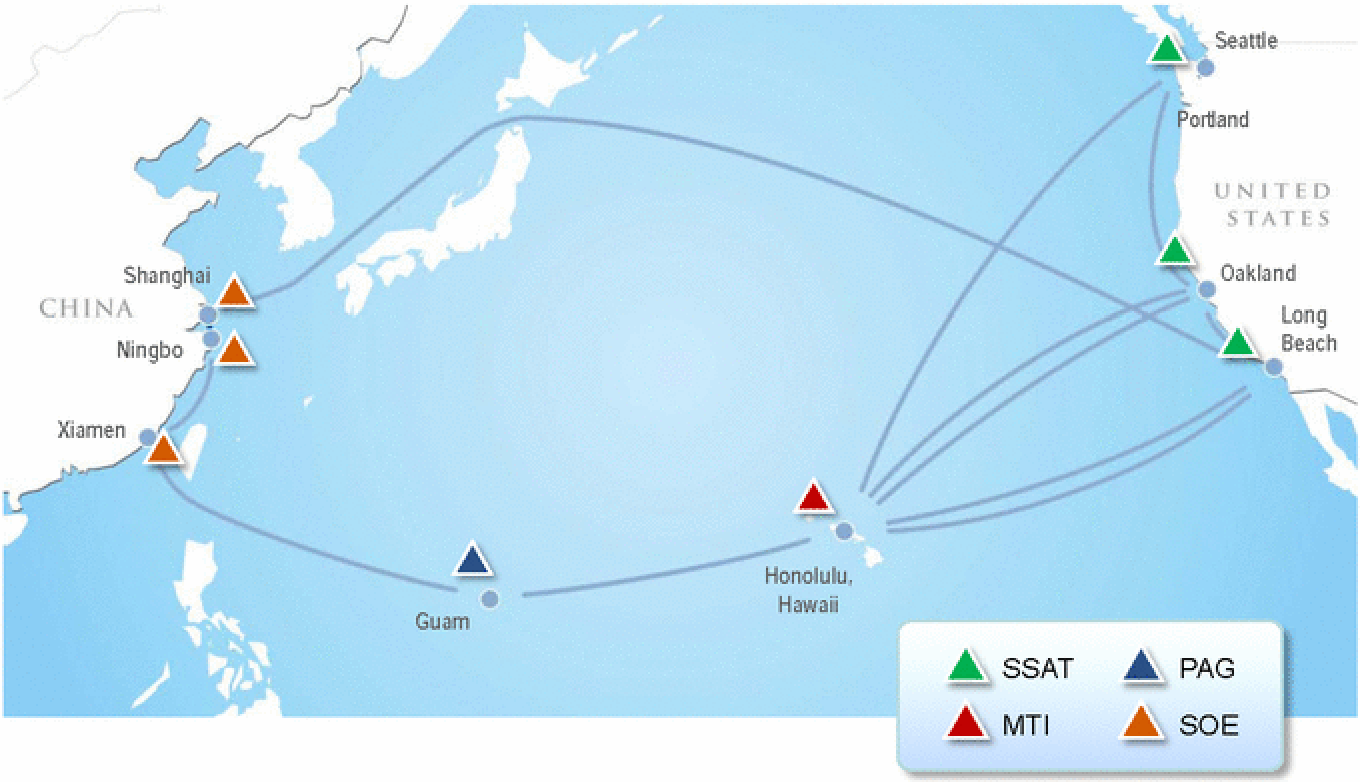
# Container Terminals



# Benefit of Dedicated Terminals: West Coast and Hawaii

- Guaranteed Berth/Cranes
  - Work on arrival
  - Quick turn of vessel
  - Maintain vessel schedule
- Fast Truck Turns
  - Customer satisfaction
  - Considered best in class

- Wheeled Operations
  - Immediate cargo availability
  - Quick yard turns
- Late Freight Receiving
  - Customer satisfaction
  - Expected in domestic trade

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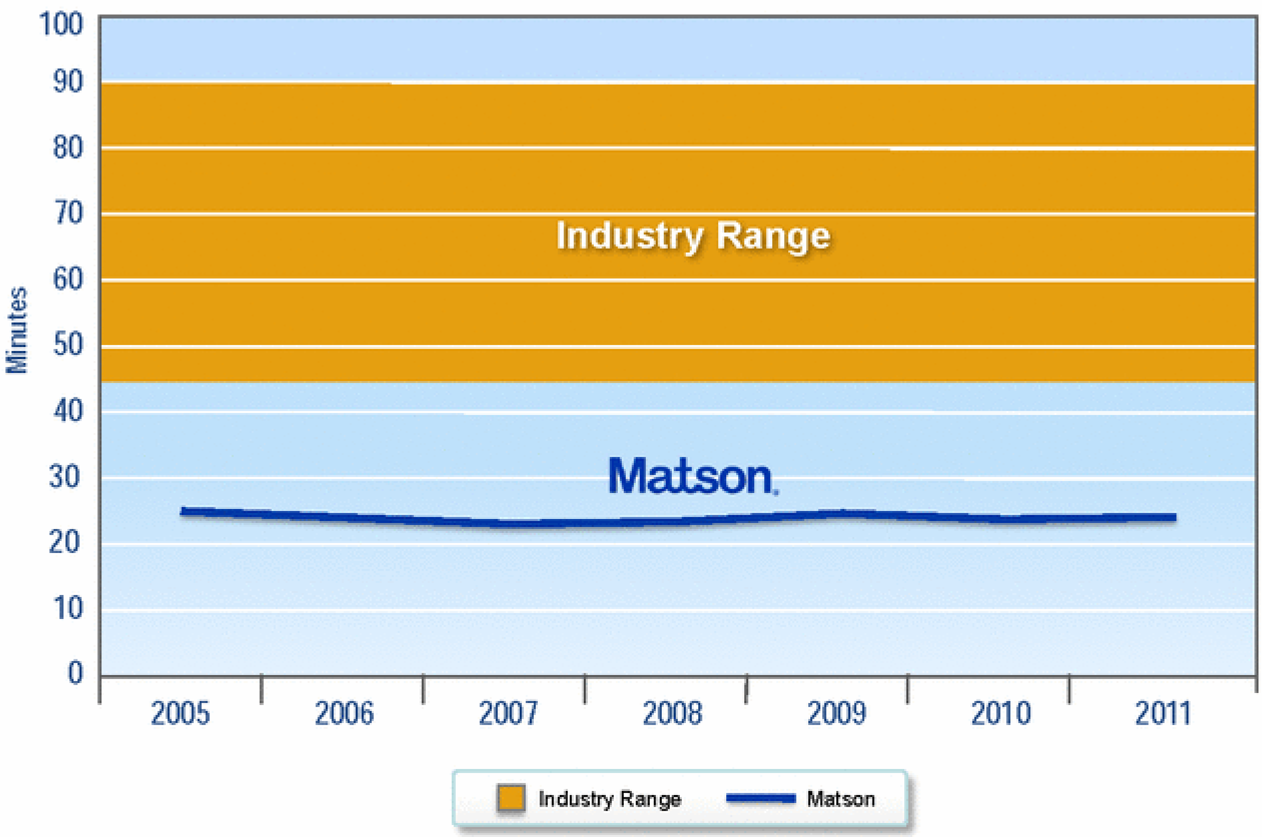
# Terminals: Gate Turn Times



# Equipment: Management


- Asset management considerations
  - Amount equipment
  - Size / type equipment
  - Own vs. lease
  - Repair vs. replace
  - Utilization / efficiency
- Location management considerations
  - Port standards
  - Balancing
  - Repositioning

# Equipment: Inventory

**Matson Container Fleet as of 2/29/2012**

| | Total |
|---|---|
| **Containers** | |
| Drys | 32,695 |
| Reefers | 4,610 |
| Flat Racks | 2,366 |
| Other | 1,058 |
| Total: | 40,729 |
| **Chassis** | 16,150 |
| **Reefer Gen-sets** | 1,433 |
| **GRAND TOTAL:** | **58,312** |

*Source: Matson management estimates*

Approximately 80/20 Owned/Leased Portfolio

# Environmental: Principles

- Meet or exceed applicable federal, state and local legislative requirements
- Where applicable establish and adhere to our own, more stringent standards
- Minimize risk / improve environment
  - Employ reasonably available technology
  - Reduce the amount of waste generated
  - Adhere to strict operating procedures
  - Be prepared for emergencies

# Environmental: Achievements

- U.S. Coast Guard Benkert Award for Environmental Excellence
- First “green port” lease with SSA Marine and the Port of Long Beach
- Zero discharge policy – only one in the world
- San Pedro Bay Ports Clean Air Action Plan Air Quality Award for Air Quality Leadership
- Long Beach Area Chamber of Commerce Eco Award
- Port of Long Beach Green Flag, and Port of Seattle Green Gateway
- Ballast water treatment system: *Moku Pahu* was the first approved in the USCG Shipboard Technology Evaluation Program (STEP)

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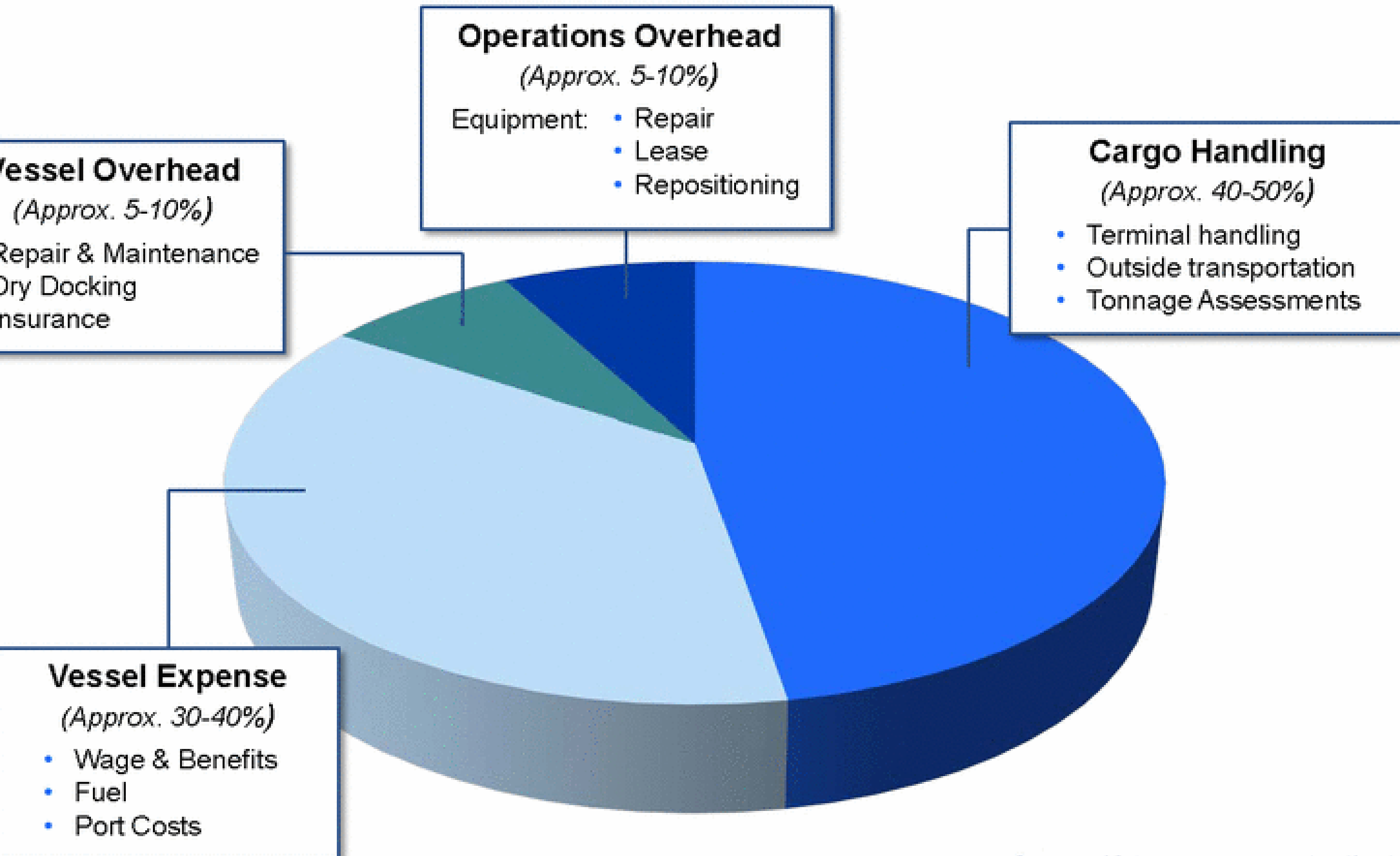
# Financial: Operating Costs of Ocean Transportation Segment




*Source: Matson management estimates*

# Financial: Aggressive Cost Management

- Stringent budget process and adherence
- Comprehensive cost / service metrics
- Cross functional teams / meetings
  - Freight management
  - Equipment
  - Cars
- Incentive programs around cost savings

# SSA Terminals Joint Venture

- Formed July 1999 – SSA Marine (65%) and Matson (35%)
- Service
  - U.S. West Coast Stevedoring/Terminal Operator
  - Container Equipment Maintenance
  - Chassis Pools
  - On-Dock Rail
- Locations

| | Terminals | | | Lifts |
|---|---|---|---|---|
| | SSAT | All others | %SSAT* | % SSAT* |
| Long Beach/LA | 2 | 12 | 14% | 10-15% |
| Oakland | 2 | 6 | 33% | 30-35% |
| Seattle/Tacoma | 2 | 7 | 29% | 30-35% |
| | **6** | **25** | **24%** | **20-25%** |

*Source: Matson management estimates*

**Represents percentage of total locations/volumes as appropriate*

# SSAT: Strategic Value


- SSA Marine: domestic & international stevedoring company with complementary brand
- Reduce Matson's capital investment
  - Terminal leases
  - Cranes
- Participate in Pacific Rim growth
- Control costs
  - Economies of scale
  - Improve productivity
  - Convert fixed cost to variable
- Maintain superior service
  - Maintain schedule integrity
  - Gate turn time
  - Late receiving
  - Other services

Matson


# Logistics Solutions

Rusty Rolfe
Executive Vice President
Matson Logistics

Matson

# Overview

- Matson Logistics is an integrated, asset-light, provider of logistics services, with a strong brand identity and a reputation for superior customer service.
- Established in 1987, Matson ranks in the Top 10 of U.S. third party logistics brokers.
- Core business segments include rail intermodal, highway brokerage and warehousing.
- Warehousing represents less than 10% of total revenue, while the Domestic, International and Highway segments are each larger and, on a combined basis, represented over 90% of segment revenues.

Matson

# Core Business Proposition

Ocean Services


Warehousing & Distribution

Domestic & International Intermodal

Highway TL and LTL


Specialized Hauling


China Supply Chain Services

# Matson Logistics Key Priorities

- Further establish position as a national provider of integrated logistics solutions
- Expansion of highway and intermodal brokerage and warehousing services, as well as the development of international freight forwarding, consolidation offerings and freight management solutions
- Matson Logistics Shanghai positioned for growth in freight forwarding and consolidation in China
- Organically driven growth while maintaining active acquisition awareness
- Leveraging sales synergies across the various Matson lines of business

# Strategic Growth Opportunities

- Leverage the Matson customer base: Significant growth opportunity from coordinated cross-selling
- 53-foot domestic container program: Expands potential customer base, differentiates Matson from smaller, non-asset based competitors
- Focused team effort on large agent recruitment
- Accelerate inside sales model to reach medium to smaller accounts
- Open additional warehouses with more effective sales and marketing
- China consolidation: new freight forwarding and NVOCC services

# National Coordination, Regional Operations, Local Representation

## A National Network to Provide Customized Programs and Services

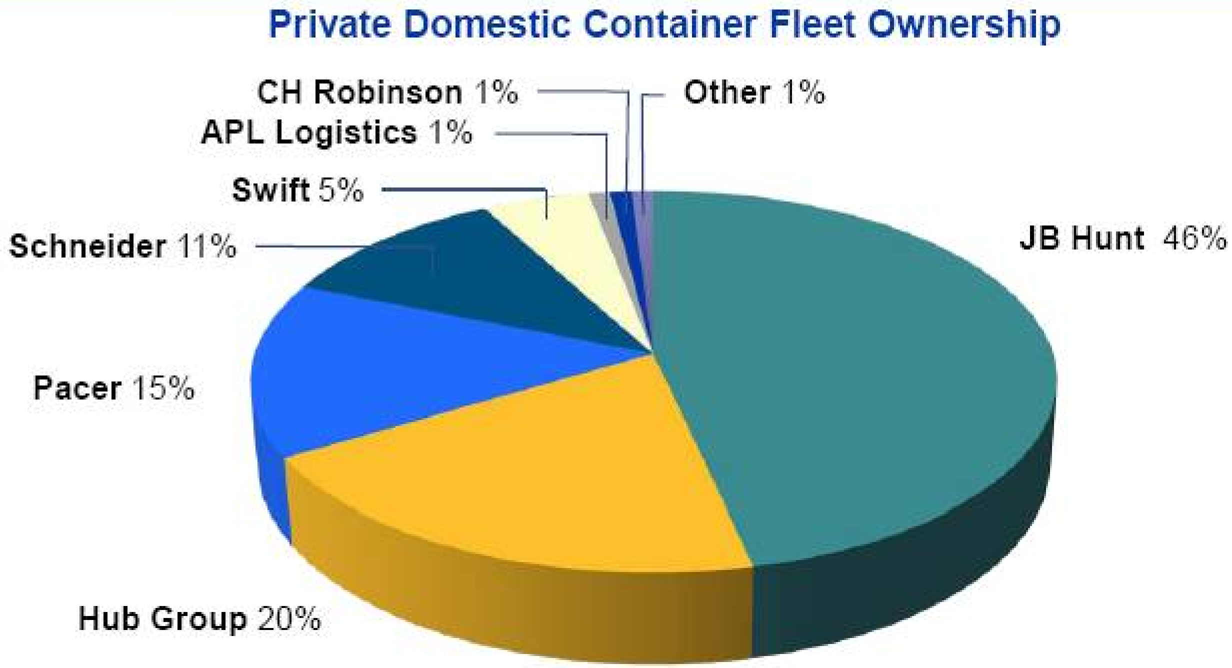

*Source: Matson management*

Matson

# Domestic Rail Segment

- Current Environment
  - Good rail service, high fuel costs, OTR driver shortages support intermodal growth
  - Asset-based providers outperforming non-asset based brokers
  - Traditional non-asset based players purchasing equipment (e.g., CH Robinson)
- Strategic Growth Initiatives
  - Use private 53s to overcome “non-asset” objections from some shippers and expand the customer base
  - Continue flexible use of rail container fleets and services from JB Hunt, Schneider National and others to provide multiple service and capacity options
  - Maintain excellent service to retain long-term key accounts and secure new business
  - Increase focus on growing Eastern market
  - Pricing engine will accelerate growth / support mode conversion
  - Target small and medium customers with inside sales, while growing national accounts footprint

# 53-Foot Container Program




*Source: TTX and LoadMatch*

**Private fleet currently estimated at 120,000 units*

- Of those publicly reporting volume in 2011, asset-based providers like JB Hunt and Hub grew by double digits, while those without assets typically had single digit growth
- 53-foot container program will be on BNSF and CSX to provide greater rail carrier diversification and routing options
- 2012 entry is first phase in a planned multi-year growth strategy

# International Rail Segment

- Current Environment
  - Consistently profitable segment and “resource light”
  - Matson Logistics is one of a few holders of Third Party International contracts with the railroads
  - Shrinking customer base as ocean carriers have consolidated
  - Discontinuation of CLX2 and the loss of a large ocean carrier customer negatively impacted 2011 results

- Strategic Growth Initiatives
  - Defend and grow existing business
  - Contend for larger carrier business as current contracts expire
  - Work closely with our rail partners to identify new opportunities
  - Pursue opportunities with smaller niche carriers / NVOCC’s / forwarders
  - Look for non-containerized freight: Over-dimensional, tanks, etc.

# Highway Segment

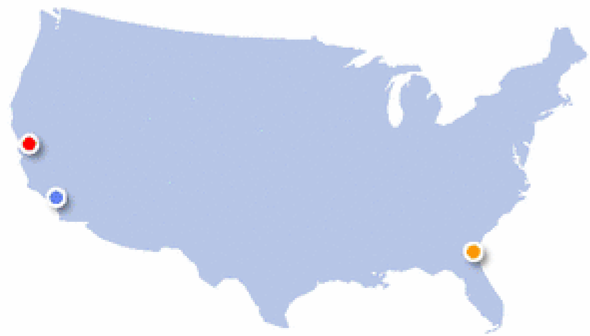
- Current Environment:
  - Proposed legislation could increase barrier to qualify for broker authority
  - Asset TL carriers expanding into brokerage
  - Brokerage accelerating through inside sales
  - Technology expanding for efficient execution and management
  - Motor carriers focused on broker's reputation
- Strategic Growth Initiatives:
  - Retain above market yield, while achieving volume growth
  - Stabilized agent network, now poised for more consistent growth
  - Leverage new operating system and add future enhancements to drive growth
  - Accelerate inside sales with continual ability to recruit and hire blocks of employees
  - Maintain excellent service to customers and preferred position with carriers

Matson

# Warehousing Segment

- Current Environment
  - Savannah campus: "Best in class" operation that sells itself
  - Expansion capability in Savannah with access to additional buildings
  - Northern California operation currently challenged with major customer losses, weak market and idle space
  - Los Angeles: Opened in 2010, developing new business pipeline
- Strategic Growth Initiatives:
  - Targeting new facilities or markets
  - Savannah: Major player in a key market well positioned for future growth
  - Earnings growth from NorCal improvement and higher utilization in L.A.

# Logistics Warehouse Locations



● **Northern California** (Hayward & Oakland, CA)
**800,000 sq. ft.**

● **Southern California** (Rancho Dominguez, CA)
**140,000 sq. ft.**


● **Savannah** (Pooler, GA)
**1,170,000 sq. ft.**

# Summary of Key Strengths

- Consistent, high-quality customer service
- Financial strength and stability
- Strong brand identity, Matson name
- Long-term relationships with large clients
- Extensive customer reach: National accounts and regional reps, inside sales, agency network
- Strong vendor relationships
- New operating system with advanced pricing engine
- Strong, experienced management team

# Financial Overview

Joel Wine
Senior Vice President
CFO and Treasurer
Alexander & Baldwin, Inc.

Matson

# Selected Unaudited Pro Forma Income Statement Data

| $ Millions (Except per share) | 2009 | 2010 | 2011 |
|---|---|---|---|
| Revenues | $1,209.1 | $1,370.6 | $1,462.7 |
| Operating costs | 1,037.0 | 1,146.1 | 1,281.4[1] |
| Equity terminal joint venture | (6.2) | (12.8) | (8.6) |
| SG&A | 113.6 | 112.8 | 112.2 |
| Operating Income | 64.7 | 124.5 | 77.7 |
| Income from continuing operations before tax | 56.0 | 117.8 | 64.3 |
| Income tax | 22.5 | 46.7 | 22.3 |
| Income from Continuing Operations | $33.5 | $71.1 | $42.0 |
| Earnings per share | | | |
| Basic | $0.82 | $1.72 | $1.01 |
| Diluted | $0.82 | $1.71 | $1.00 |

*[1] 2011 included CLX2 related costs of $7.1 million primarily related to container repositioning that did not qualify for discontinued operations treatment*

*Matson estimates additional administrative expenses of approximately $8 to $10 million annually, not included in the pro forma financial statements, will be incurred in future periods related directly to costs associated with operating as a publicly traded company*

*Refer to the attached exhibit 99.2 for a detailed discussion of the unaudited pro forma financial statements and pro forma adjustments*

# CLX2


- Started in August 2010
- Route was Long Beach to Hong Kong, Shenzhen and Shanghai
- Not profitable due to excess capacity in trade, downward pressure on rates, and fuel
- Discontinued September 2011

# Selected Pro Forma Balance Sheet Data
## As of December 31, 2011

**Dollars in Millions**

| | | | |
|---|---|---|---|
| Total current assets | $ 207.9 | | |
| Investments in affiliates | 56.5 | | |
| Property, net | 800.5 | | |
| Other assets | 97.3 | | |
| **Total Assets** | **$1,162.2** | | |
| Total current liabilities | $191.6 | Current portion of LT debt | $ 17.5 |
| Total long-term liabilities | 733.0 | Long-term debt | $340.1 |
| Total shareholders' equity | 237.6 | **Total debt** | $357.6 |
| **Total Liabilities & Shareholders' Equity** | **$1,162.2** | | |

*Matson estimates additional administrative expenses of approximately $8 to $10 million annually, not included in the pro forma financial statements, will be incurred in future periods related directly to costs associated with operating as a publicly traded company*

*Refer to the attached exhibit 99.2 for a detailed discussion of the unaudited pro forma financial statements and pro forma adjustments*

# Matson Ten-Year Financial Data



*[1]Revenue and operating profit information extracted from previously filed Form10-Ks which include other income and intercompany income*

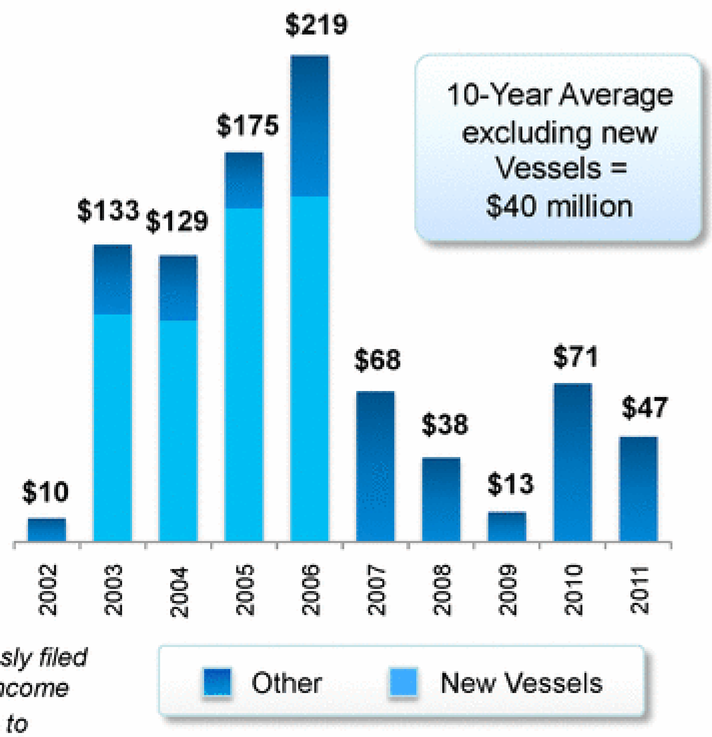
*[2]2011 expenses included CLX2 costs of $7.1 million primarily related to container repositioning that did not qualify for discontinued operations treatment*

*Matson estimates additional administrative expenses of approximately $8 to $10 million annually, not included in the pro forma financial statements, will be incurred in future periods related directly to costs associated with operating as a publicly traded company*

# Matson Ten-Year Financial Data

EBITDA[1]
(Dollars in Millions)


Capital Expenditures[1]
(Dollars in Millions)




*1 EDITDA and capital expenditure information extracted from previously filed Form 10-Ks which include other income and exclude intercompany income*
*2 2011 expenses included CLX2 costs of $7.1 million primarily related to container repositioning that did not qualify for discontinued operations treatment*
*Matson estimates additional administrative expenses of approximately $8 to $10 million annually, not included in the pro forma financial statements, will be incurred in future periods related directly to costs associated with operating as a publicly traded company*

Matson

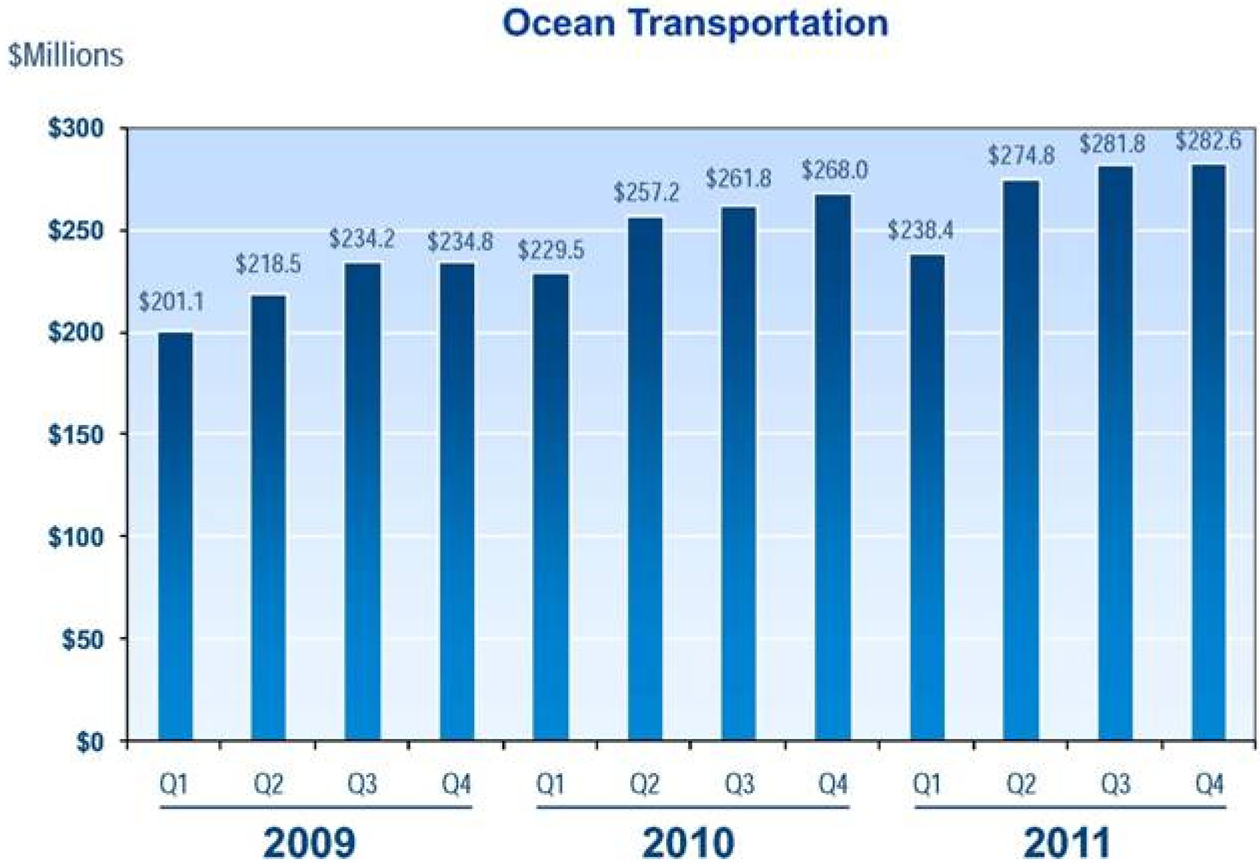
# Selected Annual Segment Data

| $ Millions | 2009 | 2010 | 2011 |
|---|---|---|---|
| Revenues | | | |
| Ocean Transportation | $ 888.6 | $1,016.5 | $1,077.6 |
| Logistics Services | 320.9 | 355.6 | 386.4 |
| Operating Margin | | | |
| Ocean Transportation | 6.6% | 11.7% | 6.9% |
| Logistics Services | 2.1% | 2.0% | 1.3% |

*More detailed information is available in the Form10-K filed with the SEC on February 28, 2012*

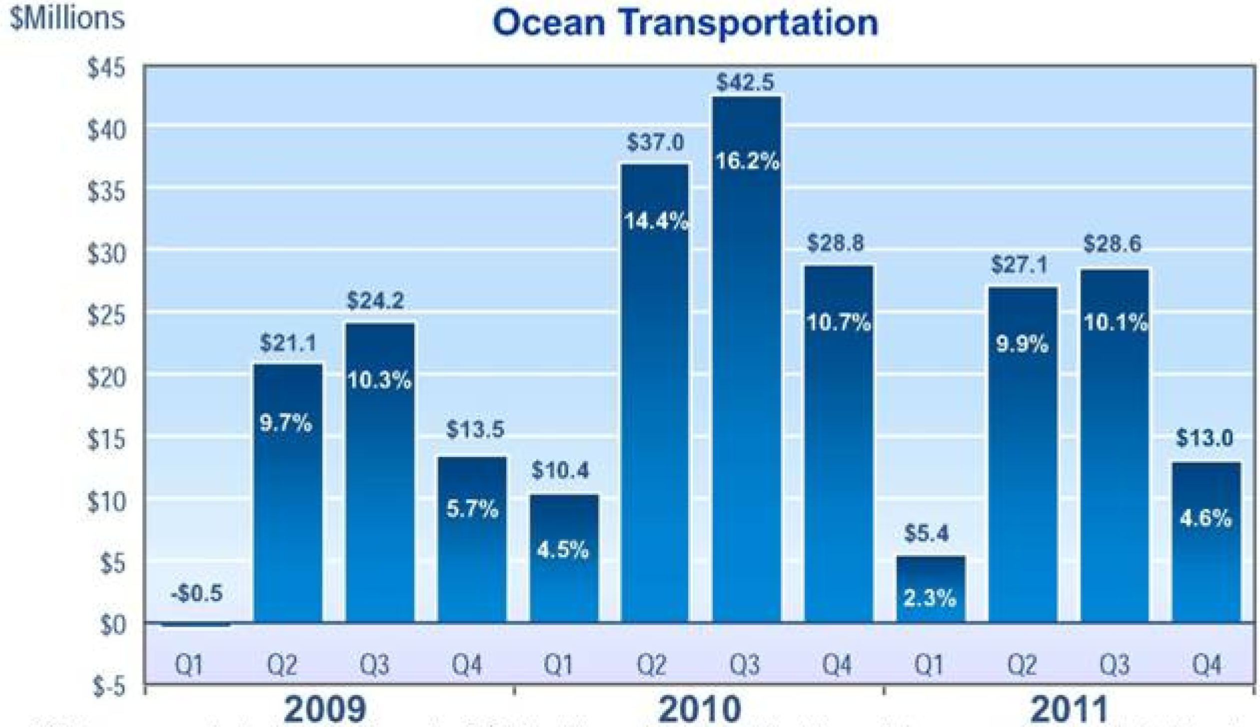
*Matson estimates additional administrative expenses of approximately $8 to $10 million annually, not included in the pro forma financial statements, will be incurred in future periods related directly to costs associated with operating as a publicly traded company*

# Quarterly Unaudited Revenues From Continuing Operations




*As reported in the Form10-Qs and 10-Ks previously filed with the SEC*

# Quarterly Unaudited Operating Profit From Continuing Operations

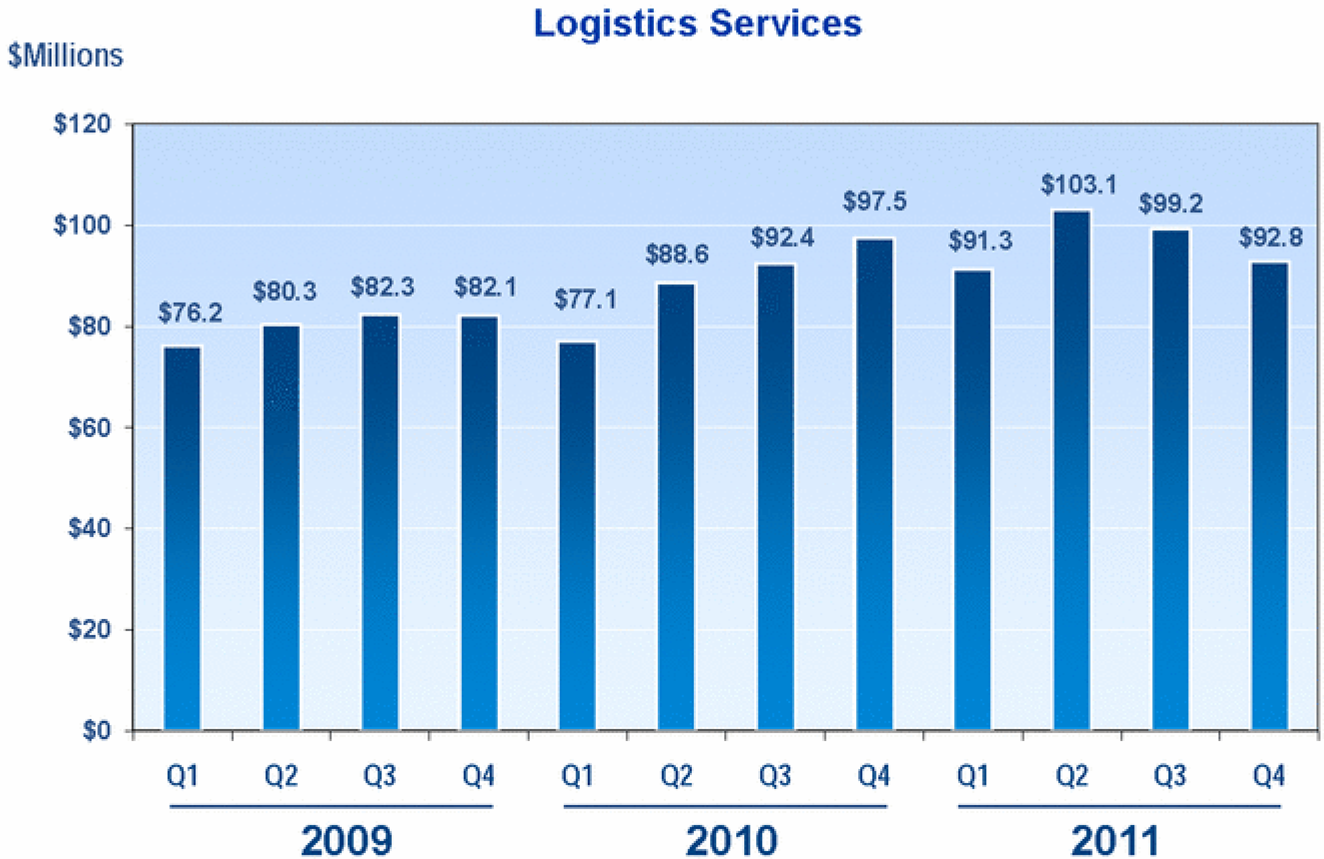



*2011 expenses included CLX2 costs of $7.1 million primarily related to container repositioning that did not qualify for discontinued operations treatment.*

*As reported in Form10-Qs and 10-Ks previously filed with the SEC*

*Matson estimates additional administrative expenses of approximately $8 to $10 million annually, not included in the pro forma financial statements, will be incurred in future periods related directly to costs associated with operating as a publicly traded company*

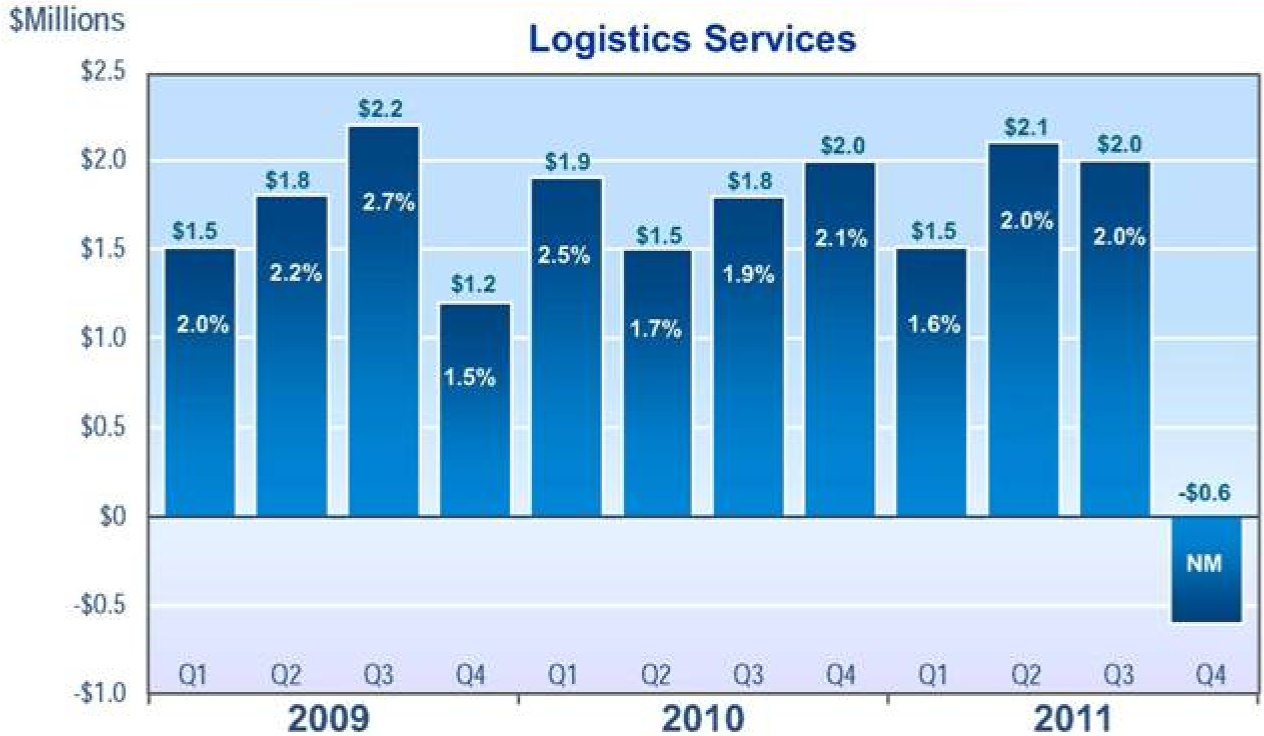
# Quarterly Unaudited Revenues




*As reported in Form10-Qs and 10-Ks previously filed with the SEC*

Matson

# Quarterly Unaudited Operating Profit

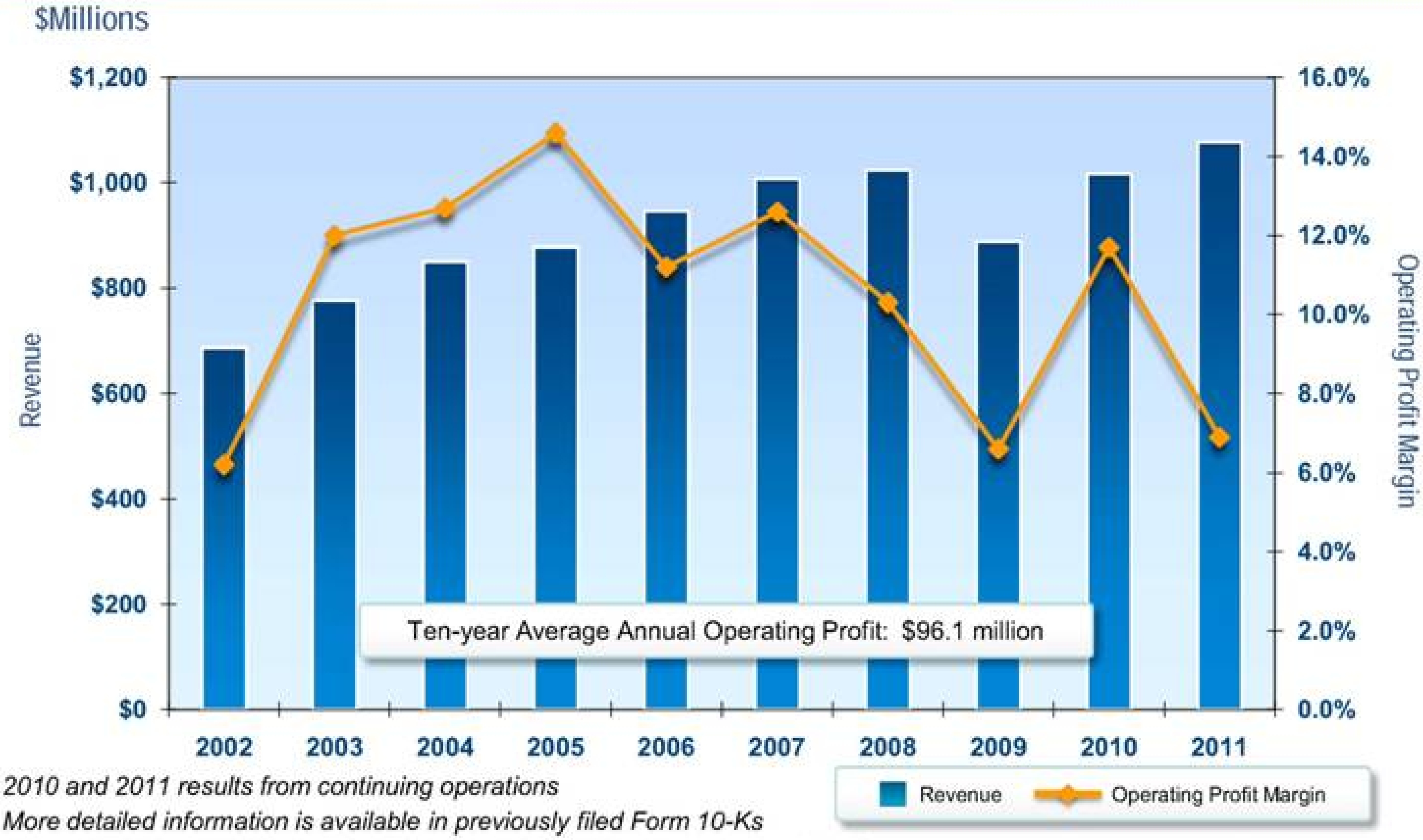



*NM = Not meaningful*

*As reported in Form10-Qs and 10-Ks previously filed with the SEC*

*Matson estimates additional administrative expenses of approximately $8 to $10 million annually, not included in the pro forma financial statements will be incurred in future periods related directly to costs associated with operating as a publicly traded company*

# Ocean Transportation

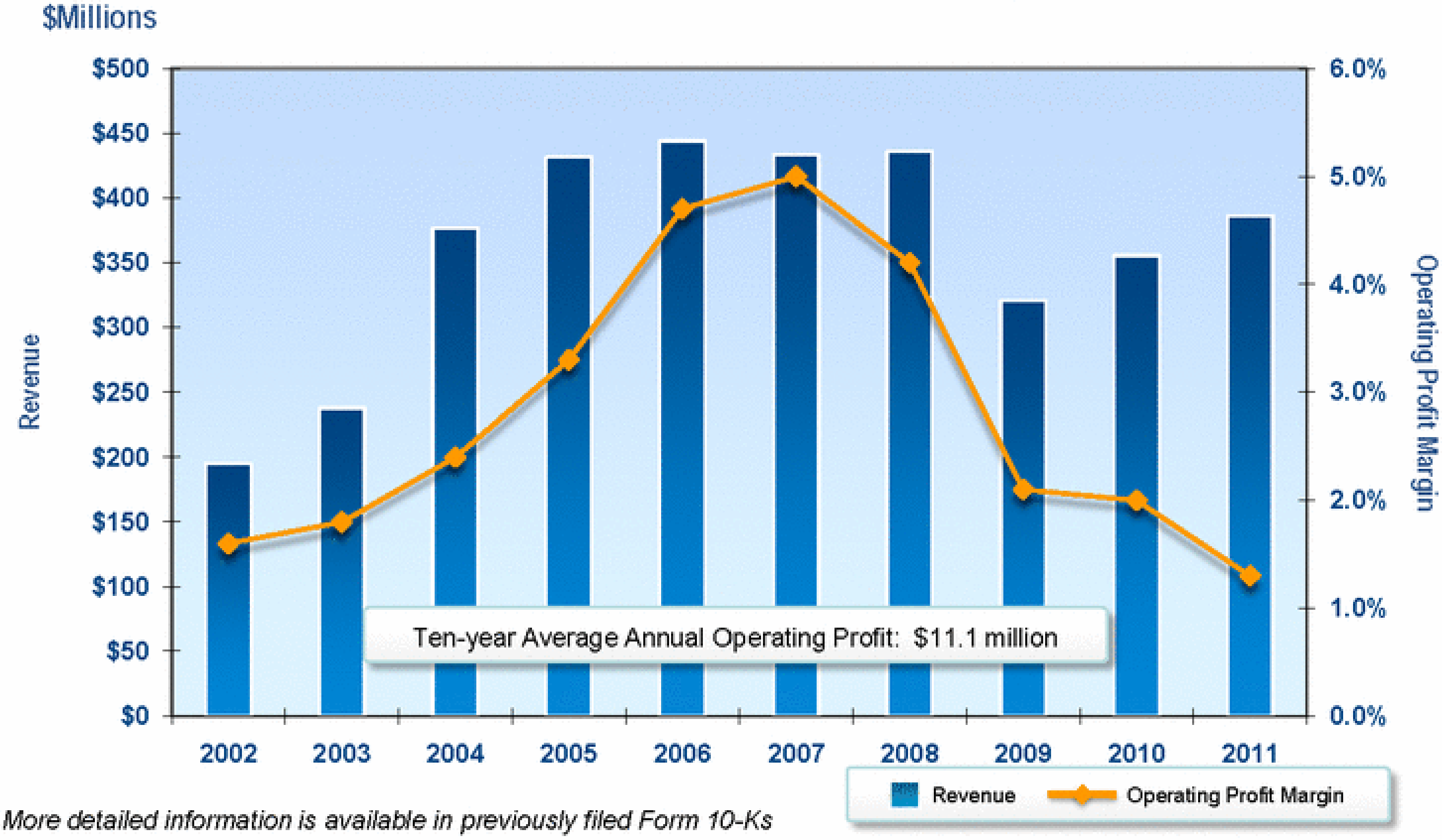



*2010 and 2011 results from continuing operations*

*More detailed information is available in previously filed Form 10-Ks*

*Matson estimates additional administrative expenses of approximately $8 to $10 million annually, not included in the pro forma financial statements, will be incurred in future periods related directly to costs associated with operating as a publicly traded company*

# Logistics Services




*More detailed information is available in previously filed Form 10-Ks*

*Matson estimates additional administrative expenses of approximately $8 to $10 million annually, not included in the pro forma financial statements, will be incurred in future periods related directly to costs associated with operating as a publicly traded company*

# Pre-Tax Income (Loss) SSAT Investment


*More detailed information is available in previously filed Form 10-Ks*

Matson

# Selected Segment Data

| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Capital Expenditures** | | | | | | | | | | |
| Ocean Transportation | $10.5 | $133.2 | $128.6 | $173.9 | $217.1 | $65.8 | $35.5 | $12.7 | $69.4 | $44.2 |
| Vessel Purchases | $ 1.5 | $100.1 | $ 98.2 | $148.8 | $154.6 | $ 1.9 | $ 1.3 | $ 0.2 | 0 | 0 |
| Logistics Services | -- | $ 0.2 | $ 0.1 | $ 1.3 | $ 1.7 | $ 2.0 | $ 2.4 | $ 0.6 | $ 1.8 | $ 3.0 |
| Total CAPEX | $10.5 | $133.4 | $128.7 | $175.2 | $218.8 | $67.8 | $37.9 | $13.3 | $71.2 | $47.2 |
| **Depreciation & Amortization** | | | | | | | | | | |
| Ocean Transportation | $ 51.0 | $ 51.0 | $ 56.8 | $ 59.5 | $ 58.1 | $63.2 | $66.1 | $67.1 | $69.0 | $70.6 |
| Logistics Services | -- | $ 0.9 | $ 1.2 | $ 1.4 | $ 1.5 | $ 1.5 | $ 2.3 | $ 3.5 | $ 3.2 | $ 3.2 |
| Total D&A | $51.0 | $51.9 | $58.0 | $60.9 | $59.6 | $64.7 | $68.4 | $70.6 | $72.2 | $73.8 |

*More detailed information is available in previously filed Form 10-Ks*

# Value Creation Drivers and Metrics

**Key Metrics**

| Business | Statistical Drivers | Performance Measures |
|---|---|---|
| Ocean Transportation | • Vessel on-time performance<br>• Capacity utilization<br>• Freight rates and volumes | • EBITDA<br>• Operating profit<br>• Operating margin<br>• Return on invested capital<br>• EPS |
| Logistics | • Volumes<br>• Gross profit margin | • Revenue growth<br>• Operating profit<br>• Operating margin<br>• Return on invested capital |
| SSAT | • Lifts<br>• Profit by terminal<br>• Stevedoring productivity | • Interest in joint venture earnings |

# Management's Use of Non-GAAP Financial Measures – 2011

Alexander & Baldwin, Inc. and Matson report operating profit and EBITDA in accordance with GAAP and on a non-GAAP basis. The Company's and Matson's presentation of non-GAAP financial measures excludes certain losses related to the operation and shutdown of CLX2. Matson estimates additional administrative expenses of approximately $8 to $10 million annually, not included in the pro forma financial statements, will be incurred in future periods related directly to costs associated with operating as a publicly traded company.

| **Reconciliation of GAAP to Non-GAAP Measures**<br>Dollars in Millions | |
|---|---|
| Matson operating profit (transportation and logistics) | **$79.1** |
| Depreciation and amortization | **$73.8** |
| EBITDA | **$152.9** |
| CLX2 shutdown losses that do not qualify for discontinued operations treatment (i.e. container repositioning costs) | **$7.1** |
| Adjusted EBITDA | **$160.0** |

# Key Investment Highlights

Matt Cox
President
Matson Navigation Company

Matson

# Key Investment Highlights

- Leading Market Share in Core Hawaii Shipping Lane
  - Jones Act Carrier providing shipping services to Hawaii and Guam
  - Strong brand, backed up by performance, drives customer support
  - Flexibility in deployment provides high vessel utilization
  - Integrated Neighbor Island network results in greater reliability
- Significant advantages in China Service
  - Benefits from round-trip economics
  - Matson provides 3 to 6 day time advantage and best-in-class service

# Key Investment Highlights

- Superior Asset Quality and Fleet
  - Average age of Matson's active Jones Act fleet is 19 years vs. 32 years for Matson's main competitor
  - Approximately 47,000 owned pieces of container equipment inventory
- Diversified Revenue Segment Streams
  - Strong and long-standing relationships with a very diversified customer base in ocean transportation
  - Synergies with logistics subsidiary
  - Highly strategic ownership in SSAT port joint venture

# Key Investment Highlights

- Strong balance sheet and cash flow generation
  - Low debt to EBITDA ratio
  - Income from continuing operations plus depreciation and amortization minus CAPEX last three years exceeded $230 million
  - Upside from additional growth opportunities in Matson Logistics
- Experienced Management Team
  - Six most senior executives have over 175 years of combined transportation industry experience
- Attractive dividend between $0.50 and $0.70 per share annually

# Where to Find Additional Information

This communication does not constitute an offer to sell or the solicitation of an offer to buy any securities or a solicitation of any vote or approval. Alexander & Baldwin Holdings, Inc. ("Holdings") has filed a registration statement that includes a preliminary proxy statement/prospectus and other relevant documents in connection with the proposed reorganization. **ALEXANDER & BALDWIN, INC. ("A&B") SHAREHOLDERS ARE URGED TO CAREFULLY READ THESE DOCUMENTS AND THE DEFINITIVE PROXY STATEMENT/PROSPECTUS, WHEN FILED AND MAILED, BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED REORGANIZATION.** The definitive proxy statement/prospectus will be mailed to A&B shareholders prior to the shareholder meeting. In addition, investors may obtain a free copy of the preliminary proxy statement/prospectus and other filings containing information about A&B, Holdings, and the holding company reorganization, from the SEC at the SEC's website at http://www.sec.gov after such documents have been filed with the SEC. In addition, after such documents have been filed with the SEC, copies of the preliminary proxy statement/prospectus and other filings containing information about A&B, Holdings, and the holding company reorganization can be obtained without charge by sending a request to Alexander & Baldwin, Inc., P.O. Box 3440, Honolulu, Hawaii 96801-3440, Attention: Investor Relations; by calling (808) 525-6611; or by accessing them on A&B's web site at http://www.alexanderbaldwin.com.

# Participants in the Merger Solicitation

A&B, its directors, executive officers, certain other members of management, and employees may be deemed to be participants in the solicitation of proxies from the shareholders of A&B in favor of the proposed holding company reorganization. Additional information regarding the interests of potential participants in the proxy solicitation will be included in the preliminary proxy statement/prospectus and the definitive proxy statement/prospectus and other relevant documents that A&B and Holdings intend to file with the SEC in connection with the annual meeting of shareholders of A&B.

**Exhibit 99.2**

## UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

On December 1, 2011, Alexander & Baldwin, Inc. ("A&B" or the "Company"), announced that its Board of Directors unanimously approved a plan to pursue the separation (the "Separation") of the Company to create two independent, publicly traded companies:

A Hawaii-based land company with interests in real estate development, commercial real estate and agriculture, which will retain the Alexander & Baldwin, Inc. name ("Alexander & Baldwin"); and

An ocean transportation company serving the U.S. West Coast, Hawaii, Guam, Micronesia and China, and a domestic logistics company all under the Matson name ("Matson").

The separation is expected to be completed in the third quarter of 2012 through a tax-free Spin-off of Alexander & Baldwin from Matson.

On February 13, 2012, A&B entered into an Agreement and Plan of Merger to reorganize itself as a holding company incorporated in Hawaii. The holding company structure will help facilitate the separation by allowing A&B to organize and segregate the assets of its different businesses in an efficient manner prior to the separation and facilitate the third party and governmental consent and approval process. In addition, the holding company reorganization will help preserve A&B's status as a U.S. citizen under certain U.S. maritime and vessel documentation laws (popularly referred to as the Jones Act) by, among other things, limiting the percentage of outstanding shares of common stock in the holding company that may be owned (of record or beneficially) or controlled in the aggregate by non-U.S. citizens (as defined by the Jones Act) to a maximum permitted percentage of 22%.

Promptly following the holding company merger, the Company will reorganize its assets so that A&B's real estate development, real estate leasing and agricultural businesses are contributed to a newly formed subsidiary, A&B II, Inc. ("New A&B"). The Company will complete the Separation by distributing to its shareholders, on a pro rata basis, all of the issued and outstanding shares of New A&B common stock. In connection with the Separation, New A&B will file a registration statement on Form 10 with the SEC and, when declared effective, shareholders will receive an information statement with extensive disclosure concerning the Separation, New A&B and the A&B businesses.

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

The unaudited pro forma condensed consolidated statement of income for the year ended December 31, 2011 reflects Matson's results as if the Separation and related transactions described below had occurred as of January 1, 2011. The unaudited pro forma condensed consolidated balance sheet as of December 31, 2011 reflects Matson's results as if the Separation and related transactions described below had occurred on December 31, 2011. The unaudited pro forma condensed consolidated statements of income for the years December 31, 2010 and 2009 exclude the results of Alexander & Baldwin.

The unaudited pro forma consolidated condensed financial statements give effect to the following:

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

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

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

## UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF INCOME

## YEAR ENDED DECEMBER 31, 2011

| (in millions, except per share amounts) | A&B Historical | Pro forma Adjustments: Distribution of Alexander & Baldwin | Pro forma Adjustments: Issuance of debt and contribution of cash | Matson Pro forma for the Spin-off |
|---|---|---|---|---|
| Revenue | $ 1,722.4 | $ (259.7)(a) | $ — | $ 1,462.7 |
| Operating Costs and Expenses: | | | | |
| Operating costs | 1,463.5 | (182.1) | — | 1,281.4 |
| Equity in income of terminal joint venture | (8.6) | — | — | (8.6) |
| Selling, general and administrative | 154.0 | (42.0) | 0.2(b) | 112.2 |
| Total operating costs and expenses | 1,608.9 | (224.1)(a) | 0.2 | 1,385.0 |
| Operating Income | 113.5 | (35.6) | (0.2) | 77.7 |
| Other Income and (Expense): | | | | |
| Other income and (expense) | (1.5) | 2.8(a) | | 1.3 |
| Interest expense | (24.8) | 17.1(a) | (7.0)(c) | (14.7) |
| Income From Continuing Operations Before Income Taxes (e) | 87.2 | (15.7) | (7.2) | 64.3 |
| Income taxes | 32.3 | (7.2)(a) | (2.8)(d) | 22.3 |
| Income From Continuing Operations | $ 54.9 | $ (8.5) | $ (4.4) | $ 42.0 |
| Basic Earnings per Share of Common Stock: | | | | |
| Continuing operations | $ 1.32 | | | $ 1.01 |
| Diluted Earnings per Share of Common Stock: | | | | |
| Continuing operations | $ 1.31 | | | $ 1.00 |
| Weighted Average Number of Shares Outstanding: | | | | |
| Basic | 41.6 | | | 41.6 |
| Diluted | 42.0 | | | 42.0 |

## UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF INCOME

## YEAR ENDED DECEMBER 31, 2010

| (in millions, except per share amounts) | A&B Historical | Pro forma Adjustments Distribution of Alexander & Baldwin | Matson Pro forma for the Spin-off |
|---|---|---|---|
| Revenue | $ 1,613.5 | $ (242.9)(a) | $ 1,370.6 |
| Operating Costs and Expenses: | | | |
| Operating costs | 1,342.2 | (196.1) | 1,146.1 |
| Equity in income of terminal joint venture | (12.8) | — | (12.8) |
| Selling, general and administrative | 157.9 | (45.1) | 112.8 |
| Total operating costs and expenses | 1,487.3 | (241.2)(a) | 1,246.1 |
| Operating Income | 126.2 | (1.7) | 124.5 |
| Other Income and (Expense): | | | |
| Other income and (expense) | 13.6 | (12.1)(a) | 1.5 |
| Interest expense | (25.5) | 17.3(a) | (8.2) |
| Income From Continuing Operations Before Income Taxes | 114.3 | 3.5 | 117.8 |
| Income taxes | 44.9 | 1.8(a) | 46.7 |
| Income From Continuing Operations | $ 69.4 | $ 1.7 | $ 71.1 |
| | | | |
| Basic Earnings per Share of Common Stock: | | | |
| Continuing operations | $ 1.68 | | $ 1.72 |
| Diluted Earnings per Share of Common Stock: | | | |
| Continuing operations | $ 1.67 | | $ 1.71 |
| Weighted Average Number of Shares Outstanding: | | | |
| Basic | 41.2 | | 41.2 |
| Diluted | 41.5 | | 41.5 |

## UNAUDITED PRO FORMA CONDENSED CONSOLIDATED STATEMENTS OF INCOME

## YEAR ENDED DECEMBER 31, 2009

| (in millions, except per share amounts) | A&B Historical | Pro forma Adjustments Distribution of Alexander & Baldwin | Matson Pro forma for the Spin-off |
|---|---|---|---|
| Revenue | $ 1,392.4 | $ (183.3)(a) | $ 1,209.1 |
| Operating Costs and Expenses: | | | |
| Operating costs | 1,209.5 | (172.5) | 1,037.0 |
| Equity in income of terminal joint venture | (6.2) | — | (6.2) |
| Selling, general and administrative | 154.2 | (40.6) | 113.6 |
| Total operating costs and expenses | 1,357.5 | (213.1)(a) | 1,144.4 |
| Operating Income | 34.9 | 29.8 | 64.7 |
| Other Income and (Expense): | | | |
| Other income and (expense) | 3.6 | (3.2)(a) | 0.4 |
| Interest expense | (25.9) | 16.8(a) | (9.1) |
| Income From Continuing Operations Before Income Taxes | 12.6 | 43.4 | 56.0 |
| Income taxes | 5.0 | 17.5(a) | 22.5 |
| Income From Continuing Operations | $ 7.6 | $ 25.9 | $ 33.5 |
| Basic Earnings per Share of Common Stock: | | | |
| Continuing operations | $ 0.19 | | $ 0.82 |
| Diluted Earnings per Share of Common Stock: | | | |
| Continuing operations | $ 0.19 | | $ 0.82 |
| Weighted Average Number of Shares Outstanding: | | | |
| Basic | 41.0 | | 41.0 |
| Diluted | 41.1 | | 41.1 |

**UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET**

**YEAR ENDED DECEMBER 31, 2011**

| (in millions) | A&B Historical | Pro forma Adjustments: Distribution of Alexander & Baldwin (a) | Pro forma Adjustments: Issuance of debt and contribution of cash | Matson Pro forma for the Spin-off |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Current Assets** | | | | |
| Cash and cash equivalents | $ 21.5 | $ (11.7) | $ (2.3)(f) | $ 7.5 |
| Accounts and note receivable | 173.2 | (5.5) | — | 167.7 |
| Inventories | 40.5 | (36.3) | — | 4.2 |
| Real Estate held for sale | 2.8 | (2.8) | — | — |
| Deferred income taxes | 5.3 | (4.0) | — | 1.3 |
| Prepaid expense and other current assets | 31.7 | (4.5) | — | 27.2 |
| Total current assets | 275.0 | (64.8) | (2.3) | 207.9 |
| **Investments in Affiliates** | 347.3 | (290.8) | — | 56.5 |
| **Real Estate Developments** | 143.3 | (143.3) | — | — |
| **Property - net** | 1,633.7 | (833.2) | — | 800.5 |
| **Employee Benefit Plan Assets** | 1.4 | (1.4) | — | — |
| **Other Assets** | 143.6 | (48.4) | 2.1(g) | 97.3 |
| Total | $ 2,544.3 | $ (1,381.9) | $ (0.2) | $ 1,162.2 |
| | | | | |
| **LIABILITIES AND SHAREHOLDERS' EQUITY** | | | | |
| **Current Assets** | | | | |
| Notes payable and current portion of long-term debt | $ 51.9 | $ (34.4) | $ — | $ 17.5 |
| Accounts payable | 156.2 | (20.7) | — | 135.5 |
| Payroll and vacation benefits | 19.8 | (3.8) | — | 16.0 |
| Uninsured claims | 8.1 | (1.5) | — | 6.6 |
| Due to affiliate | — | 2.2 | — | 2.2 |
| Accrued and other liabilities | 42.7 | (28.9) | — | 13.8 |
| Total current liabilities | 278.7 | (87.1) | — | 191.6 |
| **Long-term Liabilities** | | | | |
| Long-term debt | 507.3 | (327.2) | 160.0(h) | 340.1 |
| Deferred income taxes | 417.6 | (162.5) | — | 255.1 |
| Employee benefit plans | 167.6 | (54.6) | — | 113.0 |
| Due to affiliate | — | 0.5 | — | 0.5 |
| Uninsured claims and other liabilities | 50.6 | (26.3) | — | 24.3 |
| Total long-term liabilities | 1,143.1 | (570.1) | 160.0 | 733.0 |
| | | | | |
| **Total Shareholders' Equity** | 1,122.5 | (724.7) | (160.2)(i) | 237.6 |
| Total | $ 2,544.3 | $ (1,381.9) | $ (0.2) | $ 1,162.2 |

## NOTES TO UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(a) Reflects the operations, assets, liabilities and equity of Alexander & Baldwin which are expected to be distributed to shareholders upon Separation in the third quarter of 2012, and other adjustments as shown below.

| (in millions) | 2011 | 2010 | 2009 |
|---|---|---|---|
| **Revenue** | | | |
| Revenue (A&B Historical) | $ 1,722.4 | $ 1,613.5 | $ 1,392.4 |
| Effect of A&B Distribution | | | |
| Real estate leasing revenue (1) | (93.3) | (80.5) | (72.1) |
| Real estate sales revenue (1) | (14.3) | (13.8) | (15.9) |
| Agribusiness revenue (1) | (154.9) | (152.2) | (97.2) |
| Affiliate Revenue (2) | 4.1 | 5.1 | 2.2 |
| Other | (1.3) | (1.5) | (0.3) |
| **Matson Pro forma Revenue** | $ 1,462.7 | $ 1,370.6 | $ 1,209.1 |

(1) As disclosed in A&B's 2011 Form 10-K.
(2) Represents revenue earned from services provided to Alexander & Baldwin affiliates for transportation and other services.

| (in millions) | 2011 | 2010 | 2009 |
|---|---|---|---|
| **Operating Costs and Expenses** | | | |
| Total Operating Costs and Expenses (A&B Historical) | $ 1,608.9 | $ 1,487.3 | $ 1,357.5 |
| Effect of A&B Distribution | | | |
| Real estate sales and leasing expense (1) | (66.9) | (60.1) | (53.3) |
| Agribusiness expense (1) | (131.0) | (149.7) | (130.5) |
| Real estate and corporate selling, general and administrative expenses | (33.2) | (37.5) | (35.1) |
| Affiliate Expenses (3) | 7.0 | 6.1 | 5.8 |
| Pro forma debt issuance costs (b) | 0.2 | — | — |
| **Matson Pro forma Operating Costs and Expenses** | $ 1,385.0 | $ 1,246.1 | $ 1,144.4 |

(3) Represents lease rent and equipment and repair expenses for services provided by Alexander & Baldwin affiliates.

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

| (in millions) | 2011 | 2010 | 2009 |
|---|---|---|---|
| **Interest Expense** | | | |
| Interest Expense (A&B Historical) | $ (24.8) | $ (25.5) | $ (25.9) |
| Effect of A&B Distribution | | | |
| Real estate interest expense | 1.4 | 1.6 | 1.5 |
| Corporate interest expense | 15.7 | 15.7 | 15.4 |
| Rounding | — | — | (0.1) |
| Pro forma interest expense (c) | (7.0) | — | — |
| **Matson Pro forma Interest Expense** | $ (14.7) | $ (8.2) | $ (9.1) |

| (in millions) | 2011 | 2010 | 2009 |
|---|---|---|---|
| **Income Taxes** | | | |
| Interest Expense (A&B Historical) | $ 32.3 | $ 44.9 | $ 5.0 |
| Effect of A&B Distribution | | | |
| Real estate income tax expense | 11.6 | 16.2 | 12.5 |
| Agribusiness income tax expense | (19.9) | (32.2) | (32.0) |
| Corporate income tax expense | (7.8) | (1.9) | 14.3 |
| Real estate income tax effect of discontinued operations | 8.9 | 19.7 | 22.6 |
| Rounding | | | 0.1 |
| Pro forma income taxes (d) | (2.8) | — | — |
| **Matson Pro forma Income Taxes** | $ 22.3 | $ 46.7 | $ 22.5 |

| (in millions) | | 2011 |
|---|---|---|
| **Identifiable Assets** | | |
| Total Identifiable Assets (A&B Historical) | $ | 2,544.3 |
| Effect of A&B Distribution | | |
| Real estate leasing assets | | (770.9) |
| Real estate sales assets | | (451.4) |
| Agribusiness assets | | (157.8) |
| Other assets | | (4.8) |
| Adjustment to reclassify Matson income tax receivable offset against payables in the consolidated financial statements | | 3.0 |
| Pro forma adjustments (f) (g) | | (0.2) |
| **Matson Pro forma Assets** | $ | 1,162.2 |

(b) Represents $0.2 million of expensed debt issuance costs related to the new credit facilities. Matson expects to execute a new revolving credit facility and issue fixed long-term debt.

(c) Reflects increased annual interest expense of $6.8 million on borrowings of $160.0 under the new credit facilities and $0.2 million of amortization for the expected issuance costs of these facilities. Based on the estimated $160.0 million borrowings and 4.25% interest rate, a 0.125% increase in interest rates would increase pro forma interest expense by $0.2 million.

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

(e) The income from continuing operations before income taxes includes $7.1 million in shutdown expenses related to Matson's second China Service which did not qualify for discontinued operations treatment.

(f) The amount includes cash debt issuance costs amounting to $2.3 million associated with the new credit facilities.

(g) The amount includes the capitalized debt issuance costs of $2.1 million associated with the new credit facilities.

(h) Reflects $160.0 million in long-term borrowings under the new credit facilities and new fixed long-term debt. Matson expects to execute a new revolving credit facility and issue fixed long-term debt with an anticipated interest rate estimated to be approximately 4.25%. The cash received from the issuance debt will be utilized for the tax-free contribution of cash from Matson to A&B as discuss in note (i).

(i) Reflects the expected tax-free contribution of cash from Matson to A&B amounting to $160.0 million and the $0.2 million of expensed debt issuance costs.