



**Part II Organizational Action** (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ Please see attachment

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

18 Can any resulting loss be recognized? ▶ Please see attachment

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ Please see attachment

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here**  
Signature ▶  Date ▶ 7/13/12  
Print your name ▶ Joel M. Wine Title ▶ SVP & Chief Financial Officer

<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.

Matson, Inc.

July 13, 2012

Tax Basis Information Required Under Section 6045B of the Internal Revenue Code

**PART II: ORGANIZATIONAL ACTION**

***CONSULT YOUR TAX ADVISOR***

The information contained herein is being provided pursuant to the requirements of section 6045B of the Internal Revenue Code of 1986, as amended (the "Code"), and includes a general summary regarding the application of certain U.S. federal income tax laws and regulations relating to the effects of the Distribution (as defined below) on the tax basis of Matson, Inc. (formerly known as Alexander & Baldwin Holdings, Inc.) ("Matson") stock and the allocation of tax basis between Matson stock and the stock of Alexander & Baldwin, Inc. (formerly known as A & B II, Inc.) ("A&B") following the Distribution. The information contained herein does not constitute tax advice and does not purport to be complete or to describe the consequences that may apply to particular categories of shareholders. Neither Matson nor A&B provides tax advice to its shareholders. The example provided below is illustrative and is being provided pursuant to section 6045B of the Code and as a convenience to shareholders and their tax advisors when establishing their specific tax position. You are urged to consult your own tax advisor regarding the particular consequences of the Distribution to you, including the applicability and effect of all U.S. federal, state and local and foreign tax laws. We urge you to read the information statement attached as Exhibit 99.1 to the amended registration statement on Form 10 of Alexander & Baldwin, Inc. (formerly known as A & B II, Inc.), as filed with the Securities and Exchange Commission on June 8, 2012 (the "Information Statement"), noting especially the discussion on pages 42-45 under the heading "MATERIAL U.S. INCOME TAX CONSEQUENCES OF THE SEPARATION". You may access the Information Statement at A&B's website at [www.alexanderbaldwin.com](http://www.alexanderbaldwin.com) in the Investor Relations section, under the section labeled "Separation," or at [www.sec.gov](http://www.sec.gov) (by searching for filings of "Alexander & Baldwin, Inc." or "A & B II, Inc.").

This notice does not apply to shares of Matson (previously known as Alexander & Baldwin Holdings, Inc.) common stock sold, exchanged or otherwise disposed of prior to the time of the Distribution. If you did not receive the Distribution of shares of A&B common stock after the close of the market on June 29, 2012, this information does not apply to you.

#### Item 14 – Description of organizational action

After the close of the market on Friday, June 29, 2012 and prior to the opening of the market on July 2, 2012, the separation of Alexander & Baldwin Holdings, Inc. (“A&B Holdings”) into Matson, Inc. and Alexander & Baldwin, Inc. was completed. Upon completion of the separation, A&B Holdings changed its name to Matson, Inc. and began trading under the stock symbol “MATX” at the opening of the market on July 2, 2012.

Pursuant to the terms of the separation, shareholders of A&B Holdings as of the close of business on the record date of June 18, 2012 received one share of A&B common stock (ticker symbol “ALEX”) for each share of A&B Holdings common stock (the “Distribution”).

#### Item 15 – Description of the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old stock basis

As a result of the Distribution, Matson shareholders are required to allocate the aggregate tax basis in their A&B Holdings (now known as Matson) common stock held immediately before the Distribution among such shares and the shares of A&B common stock that they received in the Distribution. In general, a shareholder’s aggregate tax basis in his or her shares of A&B Holdings common stock held immediately prior to the Distribution should be allocated in proportion to the relative fair market values of the A&B Holdings (now known as Matson) common stock and the A&B common stock under section 358 of the Code. Shareholders that acquired A&B Holdings common stock at different times or different prices will need to calculate their tax basis in each block of stock and then allocate a portion of that tax basis to the A&B Holdings (now known as Matson) common stock and the A&B common stock that they received in the Distribution.

Fair market value generally is the price at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or to sell and both having reasonable knowledge of the facts. U.S. federal income tax law does not specifically prescribe how you should determine the fair market values of the A&B Holdings (now known as Matson) common stock and the A&B common stock for purposes of allocating your tax basis. You should consult your tax advisor to determine what measure of fair market value is appropriate.

One possible approach to determining the fair market value of A&B Holdings (now known as Matson) and A&B common stock may be to use (i) the New York Stock Exchange (“NYSE”) Composite average closing price per share of Matson common stock during the first week of trading from July 2 through July 6, 2012,

which was \$27.12, and (ii) the NYSE Composite average closing price per share of A&B common stock during the same period, which was \$29.44.

Based on such amounts, the relative value of the shares of Matson (formerly known as A&B Holdings) common stock and the A&B common stock is as follows:

$$\text{Matson, Inc. (NYSE:MATX):} \quad \frac{\$27.12}{\$27.12 + \$29.44} = 47.95\%$$

$$\text{Alexander \& Baldwin, Inc. (NYSE:ALEX)} \quad \frac{\$29.44}{\$27.12 + \$29.44} = 52.05\%$$

Under this approach, you would allocate 47.95% of your tax basis in your shares of A&B Holdings common stock owned immediately prior to the Distribution to your Matson shares, and you would allocate 52.05% of your tax basis to the shares of A&B common stock that you received in the Distribution.

The approach described above is one example of a potential method for allocating tax basis. You are not bound by this approach and may, in consultation with your tax advisor, use another approach in determining fair market values for A&B Holdings (now known as Matson) and A&B common stock. There are various ways to determine fair market value for purposes of allocating tax basis including, but not limited to, using the July 2, 2012 opening or closing prices for the Matson and A&B common stock or using the closing "when issued" prices for A&B and A&B Holdings (now known as Matson) from June 29, 2012, which closing prices were \$26.50 and \$25.17, respectively. The following NYSE Composite stock price information is provided as a convenience to facilitate alternative calculations in addition to the average closing price approach described above. If you hold your shares through a broker, please contact your individual brokerage house to determine which calculation approach they may have used and contact your tax advisor for additional information and clarification.

<b>New York Stock Exchange Composite Stock Price</b>				
<b>MATX</b>	<b>Open</b>	<b>High</b>	<b>Low</b>	<b>Close</b>
July 2, 2012	\$27.74	\$30.30	\$26.91	\$27.83
July 3, 2012	\$27.90	\$27.90	\$27.22	\$27.44
July 5, 2012	\$27.45	\$28.19	\$26.85	\$26.99
July 6, 2012	\$26.65	\$26.84	\$26.15	\$26.21

New York Stock Exchange Composite Stock Price				
ALEX	Open	High	Low	Close
July 2, 2012	\$26.93	\$26.93	\$23.50	\$25.30
July 3, 2012	\$28.51	\$29.22	\$25.90	\$27.51
July 5, 2012	\$27.20	\$31.44	\$27.20	\$31.16
July 6, 2012	\$30.93	\$36.43	\$30.93	\$33.78

Item 16 – Description of the calculation of the change in basis and the data that support the calculation

The following is an example of how the previously-described approach to basis allocation would be applied:

*Assumptions:*

Shares of A&B Holdings (now known as Matson) common stock owned: 1,000

Matson shareholder's aggregate tax basis (assumed to be \$25 per share):  
\$25,000

Shares of A&B common stock received in the Distribution: 1,000

*Example of tax basis allocation:*

	# Shares Owned	Assumed Beginning Basis (A)	Price	FMV of Shares Owned Post Distribution	Percentage of Total FMV (B)	Allocated Tax Basis = (A) x (B)
A&B Holdings (Matson) common stock	1,000	\$25,000.00	\$27.12 <sup>1</sup>	\$27,120.00 <sup>3</sup>	47.95% <sup>5</sup>	\$11,987.50
A&B common stock	1,000		\$29.44 <sup>2</sup>	\$29,440.00 <sup>4</sup>	52.05% <sup>6</sup>	\$13,012.50
Totals				\$56,560.00	100.00%	\$25,000.00

<sup>1</sup> NYSE Composite average closing price for MATX from 7/2/2012 through 7/6/2012

<sup>2</sup> NYSE Composite average closing price for ALEX from 7/2/2012 through 7/6/2012

<sup>3</sup> 1,000 x \$27.12

<sup>4</sup> 1,000 x \$29.44

<sup>5</sup> \$27,120.00 / 56,560.00

<sup>6</sup> \$29,440.00 / 56,560.00

Item 17/18 – List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based and ability of any resulting loss to be recognized

Matson shareholders will not recognize income, gain or loss for U.S. federal income tax purposes on the receipt of A&B common stock pursuant to the Distribution under sections 355(a)(1) and 368(a)(1)(D) of the Code. The tax basis calculations resulting from the Distribution are governed by sections 358(a) and (b) of the Code.

Item 19 – Provide any other information necessary to implement the adjustment

For Matson shareholders who are calendar year taxpayers, the reportable year tax year of the Distribution is 2012.

Please note that if you hold your shares through a broker, some brokerage houses might not use the information provided in this document, and the information is provided only as an example of one potential method. There are various ways brokerage houses may calculate the tax basis allocation. Please contact your individual brokerage house to determine which calculation method they may have used and contact your tax advisor for additional information and clarification.

\* \* \* \* \*

**The information in this document does not constitute tax advice and is not intended or written to be used, and cannot be used, for the purposes of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending any transaction or matter addressed herein.**