



ALEXANDER & BALDWIN

Statement by HC&S General Manager G. Stephen Holaday Regarding DOH Notice of Violation HC&S Self-Reports; Receives Notice of Violation from the DOH

September 13, 2003

Company Will Contest Proposed Penalty

PU'UNENE, Hawaii, Sep 12, 2003 (BUSINESS WIRE) -- Hawaiian Commercial & Sugar Company (HC&S), a division of Alexander & Baldwin, Inc. (Nasdaq:ALEX), has received a Notice of Violation (NOV) from the State Department of Health (DOH) for non-compliance with certain federal air quality standards (New Source Performance Standards, or NSPS) with respect to one of the boilers at HC&S' sugar mill in Pu'unene, Maui. The NOV includes a proposed penalty of \$1.98 million, which the company is contesting.

"We believe the proposed penalty is excessive given the circumstances surrounding the boiler permitting," said HC&S General Manager G. Stephen Holaday. "In 1973, HC&S obtained the first of all of the necessary permits from the DOH to construct and operate Boiler 3; we provided all necessary information to the DOH in the course of obtaining those permits; and subsequently constructed and operated the boiler in compliance with the permits, believing that they were legal and proper. The DOH issued permits that did not require compliance with the New Source Performance Standards. In 2001, HC&S determined that the NSPS should have been applied to Boiler 3 and reported this to the DOH, which confirmed HC&S' interpretation of the regulation. It was this act of self-reporting that triggered the enforcement action now being taken."

Holaday continued, "As soon as HC&S discovered the potential permitting problem, we voluntarily self-reported to the DOH and took immediate action to begin to bring Boiler 3 into compliance. We believe we have acted responsibly throughout this situation."

"HC&S recognizes that the company is ultimately responsible for ensuring that its operations are in compliance with all applicable environmental regulations, and this is a responsibility that we take very seriously," Holaday added. "However, the amount of the proposed penalty is disproportionate to the role HC&S played in the violation and it would have a significant financial impact on HC&S."

Given the circumstances, we intend to meet with DOH as soon as possible regarding the amount of the proposed penalty, per the department's normal procedures. We hope that we can reach a mutually satisfactory resolution of this matter."

Hawaiian Commercial & Sugar Company is Hawaii's largest sugar cane grower, producing 80 percent of the State's raw sugar. (website: www.hcsugar.com).

SOURCE: Alexander & Baldwin, Inc.

CONTACT:

Alexander & Baldwin, Inc.
Meredith J. Ching, 808-525-6669
mching@abinc.com