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Ongoing Increases in Fuel Costs Prompt Matson to Raise Surcharge

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SAN FRANCISCO, Oct 7, 2002 (BUSINESS WIRE) -- Due to ongoing and rapid increases in fuel prices, Matson Navigation Company, Inc. (Matson) today announced that it is increasing its fuel surcharge from 4.75 to 6 percent in its Hawaii service effective October 20, 2002.

"As a result of the ongoing unrest in oil producing countries, and in particular, with the possibility of U.S. involvement in a war against Iraq, fuel prices have continued to rise in recent months," said Paul E. Stevens, executive vice president. "This action is in no way related to the recent defensive shutdown of West Coast ports; however, now that Hawaii has been granted an exemption and is resuming vessel service, we cannot continue to absorb these additional fuel-related operating costs. Matson burns approximately 1.6 million barrels of fuel annually. For every dollar increase per barrel of bunker fuel, Matson experiences an approximate \$1.6 million increase in annual operating costs. In 2002, fuel costs have jumped from approximately \$17 per barrel of bunker fuel to the current price of about \$30 per barrel. At this level, an even higher surcharge would be justified, however, we are hopeful that fuel prices will mitigate somewhat in the near future. We will continue to monitor fuel costs and adjust the surcharge accordingly."

Historically, Matson has adjusted its fuel surcharges up or down based on established trends in oil prices. In November 2001, the company decreased its fuel surcharge from 4.25 to 3.25 percent, following a downward trend in fuel costs. It was increased in May 2002 to 4.75 percent.

Matson provides ocean transportation, intermodal and logistics services in U.S. domestic markets. For more information, please visit Matson's Web site at www.matson.com. Matson is a wholly owned subsidiary of Alexander & Baldwin, Inc. of Honolulu (NASDAQ:ALEX).

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