



ALEXANDER & BALDWIN

New Agreements Reached with Offshore Unions; Matson to Proceed with Purchase of KPSI Vessels

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SAN FRANCISCO – May 20, 2003 -- Matson Navigation Company has reached agreements with its offshore unions that will allow the company to proceed with the purchase of the two new containerships currently under construction at Kvaerner Philadelphia Shipyard, Inc. (KPSI). As a result of the cooperative efforts of these maritime unions, Matson will be able to operate the new ships under a cost model that justifies the significant financial investment. The first of the two new ships will enter Matson's Hawaii service later this year; the second will be delivered in 2004.

The maritime industry trade press reported in February, based on a Matson internal memorandum to employees, that rising labor costs had driven the operating cost model for the new ships to a level that made the investment uneconomic. Consequently, the company would pursue the option of time-chartering the vessels, which provides several lower cost crewing alternatives. With the new agreements now ratified, Matson will own and operate the ships and crew the vessels through its existing offshore unions.

"Matson is very pleased that we have been able to reach agreements with all but one of our current offshore unions that will allow us to achieve most of the cost savings that are vital to this project," said James Andrasick, Matson president and CEO. "We are hopeful that a mutually satisfactory agreement can be reached with that remaining union, which presently provides one crew member aboard each ship that Matson owns and operates," Andrasick added.

"Matson has been serving the Pacific since 1882 and has enjoyed long and successful relationships with our offshore unions. These new ships underscore our commitment to continuing to invest in U.S. domestic offshore markets, with U.S.-built and U.S.-crewed vessels. Because we operate in a very competitive environment, Matson remains focused on doing business in a way that is both cost effective and service oriented. We appreciate the cooperation we have received from these offshore unions in helping us to create a solid competitive footing for the operation of these new assets."

Matson provides ocean transportation, intermodal and logistics services in U.S. domestic markets. Matson is a wholly owned subsidiary of Alexander & Baldwin, Inc. of Honolulu (NASDAQ: ALEX).

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