



# ALEXANDER & BALDWIN

## **Matson to Raise Fuel Surcharge by 3.5 Percent**

March 10, 2006

OAKLAND, Calif.--(BUSINESS WIRE)--March 10, 2006--Matson Navigation Company, Inc. (Matson) announced today that it will raise its fuel surcharge in its Hawaii and Guam/Commonwealth of Northern Mariana Islands (CNMI) services from 15 to 18.5 percent, effective April 2, 2006. Matson evaluates fuel costs on a quarterly basis, with the fuel surcharge adjusted accordingly, up or down. The review process involves analysis of actual quarterly bunker fuel prices, as well as market projections for the coming quarter.

"While this 3.5 percent increase represents a very significant increase, no transportation company can ignore the serious impact of record high fuel prices and the volatility of the current world oil market," said Dave Hoppes, senior vice president, ocean services. "Fuel consumption is an unavoidable and significant component of our operating costs, with every dollar increase per barrel adding over two million dollars in annual expenses. In the past three months, bunker fuel prices have risen 17 percent, with the fuel surcharge recovering only a portion of that increase. In the past 12 months, Matson's fuel costs have risen 71 percent. With the shift to only one scheduled, quarterly rate adjustment -- which our customers prefer over our former practice of making adjustments whenever fuel prices dictated -- we did give up some flexibility in terms of responding quickly to fluctuations in fuel costs. This increase reflects a quarterly perspective versus a reaction to any short term market activity."

Matson is a wholly owned subsidiary of Alexander & Baldwin, Inc. of Honolulu (NASDAQ:ALEX).

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