



# ALEXANDER & BALDWIN

## **Dramatic Increases in Fuel Costs Prompt Matson to Raise Surcharge**

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SAN FRANCISCO, Feb 14, 2003 (BUSINESS WIRE) -- Due to dramatic increases in fuel prices, Matson Navigation Company, Inc. (Matson) today announced that it is raising its fuel surcharge from 6 to 7.5 percent in its Hawaii and Guam services effective March 3, 2003.

"As a result of the ever increasing possibility of U.S. involvement in a war against Iraq, fuel prices have been rising rapidly," said Paul E. Stevens, executive vice president. "Anyone who drives a car is familiar with the recent spike of gas prices at the fuel pumps. For transportation companies, the costs are especially significant. Matson burns approximately 1.8 million barrels of fuel annually. For every dollar increase per barrel of bunker fuel, Matson experiences an approximate \$1.8 million increase in annual operating costs. We cannot continue to absorb these additional fuel-related operating costs. In 2002, bunker fuel costs jumped from approximately \$17 per barrel to about \$30 per barrel in the fall, when Matson last increased its surcharge. Since that time, the price of bunker fuel has risen to nearly \$40 per barrel. At this level, an even higher surcharge would be justified; however, we are hopeful that fuel prices will stabilize 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 and in October 2002 to 6 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](http://www.matson.com). Matson is a wholly owned subsidiary of Alexander & Baldwin, Inc. of Honolulu (Nasdaq:ALEX).

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