



June 13, 2008

## **Matson to Raise Fuel Surcharge for Hawaii, Guam and Micronesia Services**

OAKLAND, CA - With fuel related costs reaching historical highs, Matson Navigation Company announced today that it is raising its fuel surcharge for its Hawaii service by 4.5 percentage points, from 33.75 to 38.25 percent, and its Guam/CNMI and Micronesia services by 6 percentage points, from 33.75 to 39.75 percent, both effective July 13, 2008. This is the first adjustment Matson has made to its fuel surcharge since April 6, 2008. While Matson has traditionally applied the same percentage fuel surcharge to all of its Pacific service, it is implementing a new program that recognizes that there are greater fuel requirements in serving the more geographically remote regions of Guam and Micronesia.

In order to offset the impact of record breaking fuel prices, Matson has diligently explored ways to maximize fuel efficiency for its Pacific services. For example, when possible, Matson has slowed the speed of its containerships without adversely impacting its schedule reliability; reduced speed during ocean transit is a very effective means of lowering fuel consumption. In addition, Matson has temporarily removed one vessel from its Hawaii service to best meet current market conditions. While this action requires triangulating one ship every other week between Oakland, Long Beach and Honolulu, resulting in minor service changes for its Northern California customers, the related fuel cost savings during the past several months has allowed the company to delay implementing increases to its fuel surcharge despite the volatility of the world oil market. Matson also operates its four newest diesel powered containerships in its Long Beach/Hawaii/Guam service, utilizing the most fuel efficient vessels in its fleet.

"Escalating fuel prices have hit levels that are unprecedented and are adversely impacting virtually all businesses, as well as consumers," said Dave Hoppes, senior vice president, ocean services. "For transportation companies, fuel related expenses are unavoidable. Matson has been successful in implementing a number of initiatives designed to reduce fuel consumption, allowing the company to operate the most fuel efficient fleet possible. Unfortunately, the extraordinarily dramatic spikes in fuel prices experienced recently require this new adjustment. In the past month, Matson's fuel costs have risen 27 percent. Overall, fuel costs have increased 38 percent since the last fuel surcharge adjustment became effective on April 6."

Matson will continue to monitor its fuel costs and related consumption. If there is no moderation in the escalation of energy prices, the company may be required to make future adjustments to the current fuel surcharge.

Matson provides ocean transportation services to Hawaii, Guam, China and Micronesia, as well as logistics services through its subsidiary, Matson Integrated Logistics. Matson is a wholly owned subsidiary of Alexander & Baldwin, Inc. of Honolulu (NASDAQ: ALEX).

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