



Alexander & Baldwin, Inc. FLEXSOLUTIONS

TO: ALL FSA AND PRE-TAX TRANSPORTATION PARTICIPANTS

SUBJECT: UPDATE ON CONVERSION OF DRC TO PAYFLEX

We had a lengthy conversation with the Chief Operating Officer at PayFlex regarding the many problems experienced by our participants. She admitted we are one of the many “unhappy” employers who have registered a complaint and apologized for all the inconvenience and confusion caused by the conversion, which we know, did not go as smoothly as expected.

The following are some of the issues that have been or will be resolved:

- Debit cards were sent out in batches. The last batch will be mailed next week. PayFlex will provide a list of the remaining cards to be mailed. If you have not received your card, please call your HR representative early next week.

The debit cards are sent to participants whose cards were activated in 2006. If you need more cards or you wish to have a card, please contact PayFlex at 800.284.4885 or request one at www.mypayflex.com under “contacts”.

- Logging on to the system: Some of you were unable to register on the PayFlex website. We have been told that this problem has since been resolved as of yesterday. Please try again.
 - Annual election amounts missing from the accounts: PayFlex believes that the issue will be resolved no later than next Monday.
- Claims: You should continue to submit your claims and supporting documents via email claims@payflex.com or fax to 402.231.4310 or 866.932.2567 (866.WEB.CLMS). We have been assured that the contributions will promptly be credited to your account.

We thank you for your patience during this “difficult” and “unexpected” transition, and hope next week will bring us back to normality. In the interim, do not call PayFlex but let your HR representative know of any other problems that you encounter.

Mahalo!

Human Resources
Alexander & Baldwin, Inc.
February 2, 2007