



April 19, 2016

Prince William Sound Fuel Surcharge Reset

Valued AML Customers,

Since entering the Prince William Sound market in 2001, Alaska Marine Lines has provided what we view as the highest quality of marine transportation in this important area. We have deployed new vessels, increased frequency and improved reliability for our customers in Cordova and Valdez. From the beginning our pricing policy was to view Prince William Sound as a part of Central Alaska. We viewed the competition as the large carriers that call on Anchorage and made our marketing plan based on competing with them. We have now decided to separate Cordova and Valdez from the Central Alaska region.

Alaska Marine Lines is now going to restructure our fuel related surcharge. This adjustment will reduce the ocean fuel surcharge to 4.5% and increase the base ocean freight rates so that the net effect on the bottom line of a freight bill is a reduction of approximately 5.0%. We will maintain a historical fuel surcharge to apply to contracts that were in effect prior to this change. The historical fuel surcharges will be adjusted relative to changes in the new fuel surcharge. As contracts are renewed, the new fuel surcharge will be implemented, base rates adjusted and eventually the historical fuel surcharge will be removed. This change becomes effective on April 25, 2016.

Going forward, we will follow a cost recovery model designed to closely follow changes in the cost of fuel. These changes are filed with the Surface Transportation Board and affect shipments between Seattle and the Prince William Sound communities of Cordova and Valdez. This notice is to communicate that there is a change and the general nature of the change. The new rates will be applied as published in our Surface Transportation Board tariff AKMR-312. Please contact your sales representative if you have questions.

We appreciate your business and thank you for your continued support.

Sincerely,

Dave Curtis, Vice President - Pricing
Alaska Marine Lines

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