



BC Ferries Caution Regarding Forward Looking Statements

This presentation contains historical information and may contain certain forward-looking statements which relate to future events or future performance. These forward-looking statements are based upon management's current expectations and assumptions as to a number of factors, including the risks, uncertainties and other factors as described in BC Ferries' Management's Discussion and Analysis and certain of the other BC Ferries' documents available at www.sedar.com.

These forward-looking statements are made as of today's date and are based upon information currently available to management and BC Ferries assumes no obligation to update or revise them to reflect new events or circumstances. If management's expectations and assumptions prove to be incorrect, or factors change, then actual results could differ materially from the forward-looking information contained in this presentation.

2

BC Ferries Agenda

- Coastal Ferry Act and Coastal Ferry Services Contract
- Performance Term Three
- Business Priorities and Financial Overview
- Questions

3

BC Ferries Coastal Ferry Act

- Establishes an independent regulatory framework for coastal ferry services
 - Establishes B.C. Ferry Authority
 - Establishes British Columbia Ferries Commissioner
 - Provides for a long term contract between the Province and British Columbia Ferry Services Inc. (BCFS)

4

BC Ferries Coastal Ferry Services Contract

- A contract between the Province and BCFS which establishes routes, service levels and service fees
- A long-term, 60-year agreement, with service levels and fees negotiated every four years
- Renegotiation for next four year performance term (April 1, 2012 - March 31, 2016) formally started April 1, 2011
- Province retains ownership of ferry terminals and has long term leases with BCFS

5

BC Ferries Independent Regulator

British Columbia Ferries Commissioner

- Commissioner
 - Martin Crilly appointed August 2003 through June 2010; appointment extended through until end of April, 2011
 - New Commissioner Gordon Macatee appointed May 1, 2011 for six year term
- Deputy Commissioner
 - Sheldon Stollen appointed July 2008 through June 2014
- Commissioner's core role:
 - Regulates ferry service (as defined in the CFSC) and sets price caps for designated ferry route groups for the purposes of regulating tariffs

6

BCFerries PT3 Price Caps

- Process now underway with the Commissioner for determining price caps for Performance Term Three (PT3) April 1, 2012 – March 31, 2016
 - March 31, 2011: Preliminary price caps
 - April 30, 2011: BCF to respond to Commissioner's productivity challenge
 - June 30, 2011: BCF and Province renegotiate Coastal Ferry Services Contract
 - September 30, 2011: Commissioner's final price caps

7

BCFerries

- **Commissioner's Preliminary Price Caps**
 - Major Route Group: **4.15%** per annum
(Langdale Route to be rolled in to Major Route Group)
 - Northern and Minor Route Groups: **8.23%** per annum

8

BCFerries

- BC Ferries will be responding in writing to the Commissioner's Preliminary Price Caps by April 30, 2011
- Commissioner has given BCF a significant productivity challenge
- Ruling means increased cost of capital shifted to major routes

9

BCFerries Duty Remission

- October 1, 2010 Government of Canada granted BC Ferries duty remission of \$119.4 million in import duties and related GST on four vessels built off shore.
- BC Ferries implemented an across the board ferry fare reduction of about two per cent effective October 18, 2010.

10

BCFerries Current Focus

- Ongoing commitment to safety
 - SailSafe
- Current economic environment
 - Current state has slightly altered our plans and capital programs
 - We are managing the current environment and are proceeding cautiously and have cut administrative expenses
- Improved service delivery
- Infrastructure renewal
 - Focus on catching up after years of under-investment
 - New and upgraded vessels
 - Upgraded terminals
 - Enhanced customer amenities
- Expanding our business
 - Work with partners to grow tourism and commercial trade
 - Drop trailers to utilize dead space

11

BCFerries Customer Satisfaction



Overall customer satisfaction

- 82% in 2003
- 88% in 2004
- 86% in 2005
- 89% in 2006
- 87% in 2007
- 86% in 2008
- 91% in 2009
- 89% in 2010

High marks for:

- Staff courtesy and professionalism
- Safety of operations
- Ease of using online reservations
- Highway signage
- Cleanliness of waiting areas

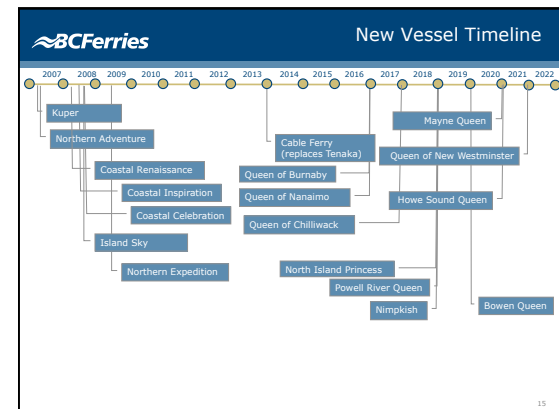
12

BCFerries Traffic Statistics				
	Fiscal 2007/08	Fiscal 2008/09	Fiscal 2009/10	March 2010 thru February 2011
Vehicle Traffic	8,578,703	8,130,356	8,255,409	8,158,936
Passenger Traffic	21,788,461	20,727,493	21,035,644	20,812,132

13

- ### BCFerries New Ships
- Well on our way with the largest vessel replacement plan in the company's history
 - Replacing 11 more vessels over the next 10 years
 - Seven new vessels added between 2007-2009:
 - Kuper* (in service March 2007)
 - Northern Adventure* (in service March 2007)
 - Coastal Renaissance* (in service March 2008)
 - Coastal Inspiration* (in service June 2008)
 - Coastal Celebration* (in service November 2008)
 - Island Sky* (in service February 2009)
 - Northern Expedition* (in service summer 2009)

14



15

- ### BCFerries Investment in Infrastructure
- In addition to building new ships, major infrastructure improvements are also required in our terminals and computer systems
 - Over next ten years, we will be investing **\$2.1 billion** on new vessels, terminals and systems combined

16

- ### BCFerries Going Forward
- Ensure a safe, secure and environmentally responsible marine transportation system
 - Ensure a company-wide commitment to customer service
 - Foster a highly motivated, committed and flexible workforce
 - Establish pro-active and constructive relationships with communities and government
 - Respond to and develop market demand to increase revenue
 - Maximize enterprise value

17

BCFerries

Thank you

18