

2012/13 FERRY TRANSPORTATION FEE (APPENDIX 1) AGREEMENT

THIS AGREEMENT is dated for reference the 1st day of April, 2012

BETWEEN:

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA, as represented by the Minister of Transportation and Infrastructure

(the “**Province**”)

AND:

BRITISH COLUMBIA FERRY SERVICES INC. a body corporate, incorporated under the laws of the Province of British Columbia under Certificate of Incorporation No. 0667014, and having its registered office at 1321 Blanshard Street, Victoria, British Columbia V8W 0B7

(“**BC Ferries**”)

- A. The Province and BC Ferries entered into the 2012/13 Ferry Transportation Fee Adjustment Agreement dated for reference the 31st day of March, 2012 (the “Transportation Fee Adjustment Agreement”) for the purpose of increasing the Ferry Transportation Fee applicable to Fiscal 2012/13 under the Coastal Ferry Services Contract by an amount equal to the Ferry Transportation Fee Adjustment.
- B. Pursuant to the Transportation Fee Adjustment Agreement the Province and BC Ferries have settled on the allocation of the Ferry Transportation Fee applicable to Fiscal 2012/13 in relation to the applicable Routes and wish to amend the Coastal Ferry Services Contract to reflect that settled allocation on the terms and conditions of this agreement.

NOW THEREFORE in consideration of the foregoing premises and for other good and valuable consideration (the receipt and sufficiency of which each of the Province and BC Ferries acknowledges) the parties agree as follows:

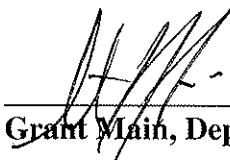
- 1. In this Agreement:
 - (a) “Coastal Ferry Services Contract” means the agreement between the Province and BC Ferries made as of April 1, 2003 and entitled the “Coastal Ferry Services Contract”, as amended from time to time;
 - (b) “Execution Date” means the date specified in this Agreement as the Execution Date;
 - (c) “Ferry Transportation Fee Adjustment” has the meaning given to it in the Transportation Fee Adjustment Agreement;
 - (d) “Fiscal 2012/13” has the meaning given to it in the Transportation Fee Adjustment Agreement;
 - (e) “Transportation Fee Adjustment Agreement” means the agreement between the Province and BC Ferries dated for reference March 31, 2012; and
 - (f) any other words having initial uppercase letters will have the meanings given to them in the Coastal Ferry Services Contract.

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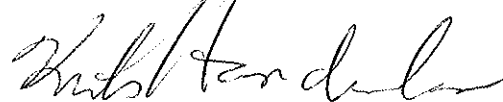
2. The Coastal Ferry Services Contract is amended by deleting Appendix 1 of Schedule "B" entitled "Ferry Transportation Fee Table" in its entirety and substituting in its place the form of Appendix 1 of Schedule "B" set out in the Schedule "1" to this Agreement.
3. The Province and BC Ferries acknowledge that Sections 2, 3 and 4 of the Transportation Fee Adjustment Agreement are effective as of the Execution Date of this Agreement.
4. The provisions of the Coastal Ferry Services Contract, as amended and supplemented by this Agreement, are ratified and confirmed and all other provisions of the Coastal Ferry Services Contract remain in full force and effect.
5. All dollar amounts expressed in this Agreement refer to lawful currency of Canada.
6. Where the Coastal Ferry Services Contract is referred to in another agreement between the Province and BC Ferries, unless otherwise expressly provided for, those references will be deemed to refer to the Coastal Ferry Services Contract as amended by this Agreement.

IN WITNESS WHEREOF, each of the Province and BC Ferries has executed this Agreement by its duly authorized representative or officer, as of April 11, 2012 (the "Execution Date"), as follows:

Signed on behalf of Her Majesty the Queen in right of)
the Province of British Columbia by a)
duly authorized representative of the)
Minister of Transportation and Infrastructure:)

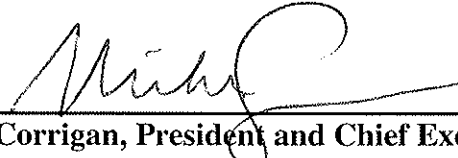


Grant Main, Deputy Minister



WITNESS NAME

BRITISH COLUMBIA FERRY SERVICES INC.

Per: 

Mike Corrigan, President and Chief Executive Officer

2012/13 FERRY TRANSPORTATION FEE (APPENDIX 1) AGREEMENT SCHEDULE '1'

COASTAL FERRY SERVICES CONTRACT

Appendix 1 of Schedule "B" Ferry Transportation Fee Table 1

Route #	Route	Maximum Annual Ferry Transportation Fee (\$)	Number of Round Trips to be Delivered per Contract Year to Meet Core Service Levels	Ferry Transportation Fee per Round Trip (\$)
3	Horseshoe Bay/Langdale	2,300,000	2,985	770.52
	Route Group Total	\$2,300,000		
10	Bear Cove/Prince Rupert	26,418,354	122	216,543.89
11	Prince Rupert/Skidegate	21,875,850	191	114,533.24
40	Discovery Coast	5,259,106	39	134,848.87
	Northern Route Group Total	\$53,553,310		
4	Swartz Bay/Saltspring	2,438,239	2,880	846.61
5	Swartz Bay/Outer Gulf Islands	15,209,777	3,491	4,356.85
6	Crofton/Saltspring	2,438,238	5,046	483.20
7	Saltery Bay/Earls Cove	10,090,348	2,878	3,506.03
8	Horseshoe Bay/Bowen Island	5,124,149	5,569	920.12
9	Tsawwassen/Gulf Islands	8,910,187	830	10,735.17
12	Brentwood/Mill Bay	1,213,330	3,215	377.40
13	Langdale/Gambier/Keats	276,846	4,065	68.10
17	Comox/Powell River	6,985,436	1,460	4,784.55
18	Powell River/Texada	3,897,043	3,648	1,068.27
19	Nanaimo Harbour/Gabriola	2,583,205	5,732	450.66
20	Chemainus/Thetis/Kuper	3,835,233	4,013	955.70
21	Buckley Bay/Denman	3,683,395	6,149	599.02
22	Denman/Hornby	3,081,227	4,482	687.47
23	Campbell River/Quadra	2,744,810	6,253	438.96
24	Quadra/Cortes	2,427,419	2,134	1,137.50
25	Port McNeill/Alert Bay/Sointula	3,944,371	3,961	995.80
26	Skidegate/Alliford Bay	3,836,704	4,378	876.36
	Minor Route Group Total	\$82,719,958		
	Annual Total (2012/13)	\$138,573,268		