

COASTAL FERRY SERVICES CONTRACT AMENDING AGREEMENT No. 2

THIS AMENDING AGREEMENT dated for reference the 2nd day of December 2005

BETWEEN

HER MAJESTY THE QUEEN IN RIGHT OF THE PROVINCE OF BRITISH COLUMBIA, as represented by the Minister of Transportation
(the "Province");

AND

BRITISH COLUMBIA FERRY SERVICES INC. (formerly, BRITISH COLUMBIA FERRY CORPORATION), 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 1112 Fort Street, Victoria, British Columbia V8V 4V2
(“BC Ferries”);

WHEREAS

- A. The Province and BC Ferries entered into the agreement entitled the “Coastal Ferry Services Contract” made as of April 1, 2003 (the “Coastal Ferry Services Contract”); and
- B. The Province and BC Ferries wish to amend the Coastal Ferry Services Contract on the terms and conditions set out in this Amending Agreement;

NOW THEREFORE in consideration of the premises and the covenants and agreements set out in this Amending Agreement and for other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged by the parties), the Province and BC Ferries agree as follows.

ARTICLE 1 – DEFINITIONS

- 1.1 In this Amending Agreement unless the context otherwise requires,
 - (a) “**Coastal Ferry Services Contract**” means the agreement made as of April 1, 2003, between the Province and BC Ferries, as it may have been amended from time to time, and entitled the “Coastal Ferry Services Contract”; and any other words having initial uppercase letters will have the meanings ascribed to them by the Coastal Ferry Services Contract.

ARTICLE 2 – COASTAL FERRY SERVICES CONTRACT

Vessel and Service Strategy with Respect to Designated Ferry Routes 17 and 18

- 2.1 Section 2(f) of Schedule “A” entitled “Designated Ferry Routes and Services” of the Coastal Ferry Services Contract is amended by deleting the words “by April 2005” in the third line and substituting the following words in their place:
“by September 30, 2005”.

- 2.2** The second paragraph under the heading entitled "Changes to Core Service Levels" in that part of Appendix 1 of Schedule "A" of the Coastal Ferry Services Contract entitled "Definitions and Interpretations used in Appendix 1" is amended by deleting the words "by April 2005" in the fourth line and substituting the following words in their place: "by September 30, 2005".

Route 5 – Swartz Bay to Gulf Islands

- 2.3** The second paragraph beginning with "Number of round trips departing from Swartz Bay per day*" under the heading entitled "Core Service Levels" in that part of Appendix 1 of Schedule "A" of the Coastal Ferry Services Contract entitled "Route 5 – Swartz Bay to Gulf Islands" is amended by deleting the words "5, (4 on Saturday)" immediately after the words "Route 5A" in the second line and substituting the following words in their place: "5, (3 on Saturday)".
- 2.4** The third paragraph beginning with "Total Number of Round Trips to be delivered:" under the heading entitled "Core Service Levels" in that part of Appendix 1 of Schedule "A" of the Coastal Ferry Services Contract entitled "Route 5 – Swartz Bay to Gulf Islands" is amended by deleting "3,456" and substituting the following in its place: "3,439".
- 2.5** The third line beginning with "5...Swartz Bay/Outer Gulf Islands" under the heading entitled "Ferry Transportation Fee...Table 1" in Appendix 1 of Schedule "B" of the Coastal Ferry Services Contract is amended by deleting "3,456" and substituting the following in its place: "3,439".
- 2.6** The third line beginning with "5...Swartz Bay/Outer Gulf Islands" under the heading entitled "Ferry Transportation Fee...Table 1" in Appendix 1 of Schedule "B" of the Coastal Ferry Services Contract is amended by deleting "3,163.09" and substituting the following in its place: "3,169.53".

Route 6 – Crofton to Vesuvius Bay

- 2.7** The third paragraph beginning with "Total Number of Round Trips to be delivered:" under the heading entitled "Core Service Levels" in that part of Appendix 1 of Schedule "A" of the Coastal Ferry Services Contract entitled "Route 6 – Crofton to Vesuvius Bay" is amended by deleting "5,066" and substituting the following in its place: "5,046".
- 2.8** The fourth line beginning with "6...Crofton/Saltspring" under the heading entitled "Ferry Transportation Fee...Table 1" in Appendix 1 of Schedule "B" of the Coastal Ferry Services Contract is amended by deleting "5,066" and substituting the following in its place: "5,046".

- 2.9 The fourth line beginning with "6...Crofton/Saltspring" under the heading entitled "Ferry Transportation Fee...Table 1" in Appendix 1 of Schedule "B" of the Coastal Ferry Services Contract is amended by deleting "284.98" and substituting the following in its place:
"277.45".

Route 9 – Tsawwassen to Southern Gulf Islands

- 2.10 The second paragraph beginning with "Number of round trips departing from Long Harbour – Rt 9 or Tsawwassen – Rt 9A per day*" under the heading entitled "Core Service Levels" in that part of Appendix 1 of Schedule "A" of the Coastal Ferry Services Contract entitled "Route 9 – Tsawwassen to Southern Gulf Islands" is amended by deleting the number "2" immediately after the words "Route 9 & 9A:" in the first line and substituting the following number in its place:
"4".
- 2.11 The third paragraph beginning with "Total Number of Round Trips to be delivered:" under the heading entitled "Core Service Levels" in that part of Appendix 1 of Schedule "A" of the Coastal Ferry Services Contract entitled "Route 9 – Tsawwassen to Southern Gulf Islands" is amended by deleting the number "3,456" and substituting the following number in its place:
"830".
- 2.12 The 7th line beginning with "9...Tsawwassen/Gulf Islands" under the heading entitled "Ferry Transportation Fee...Table 1" in Appendix 1 of Schedule "B" of the Coastal Ferry Services Contract is amended by deleting the number "832" and substituting the following number in its place:
"830".
- 2.13 The 7th line beginning with "9... Tsawwassen/Gulf Islands" under the heading entitled "Ferry Transportation Fee...Table 1" in Appendix 1 of Schedule "B" of the Coastal Ferry Services Contract is amended by deleting the number "8,268.98" and substituting the following number in its place:
"8,313.25".

Route 13 – Langdale – Keats – Gambier Island

- 2.14 The third paragraph beginning with "Total Number of Round Trips to be delivered:" under the heading entitled "Core Service Levels" in that part of Appendix 1 of Schedule "A" of the Coastal Ferry Services Contract entitled "Route 13 – Langdale – Keats – Gambier Island" is amended by deleting the number "4,142" and substituting the following number in its place:
"4,065".
- 2.15 The 11th line beginning with "13...Langdale/Gambier/Keats" under the heading entitled "Ferry Transportation Fee...Table 1" in Appendix 1 of Schedule "B" of the Coastal Ferry Services Contract is amended by deleting the number "4,142" and substituting the following number in its place:
"4,065".
- 2.16 The 11th line beginning with "13...Langdale/Gambier/Keats" under the heading entitled "Ferry Transportation Fee...Table 1" in Appendix 1 of Schedule "B" of the Coastal Ferry

Services Contract is amended by deleting the number "127.75" and substituting the following number in its place:
"123.00".

Route 21 – Buckley Bay to Denman Island (Denman West)

2.17 The third paragraph beginning with "Annual Traffic Fiscal 2001/02" under the heading entitled "Route and Service Description" in that part of Appendix 1 of Schedule "A" of the Coastal Ferry Services Contract entitled "Route 21 – Buckley Bay to Denman Island (Denman West)" is amended by deleting the number "74,375" and substituting the following number in its place:
"254,691".

2.18 The third paragraph beginning with "Annual Traffic Fiscal 2001/02" under the heading entitled "Route and Service Description" in that part of Appendix 1 of Schedule "A" of the Coastal Ferry Services Contract entitled "Route 21 – Buckley Bay to Denman Island (Denman West)" is amended by deleting the number "238,846" and substituting the following number in its place:
"527,279".

Route 22 – Denman Island (Gravelly Bay) to Hornby Island (Shingle Spit)

2.19 The third paragraph beginning with "Total Number of Round Trips to be delivered:" under the heading entitled "Core Service Levels" in that part of Appendix 1 of Schedule "A" of the Coastal Ferry Services Contract entitled "Route 22 – Denman Island (Gravelly Bay) to Hornby Island (Shingle Spit)" is amended by deleting the number "4,506" and substituting the following number in its place:
"4,482".

2.20 The 17th line beginning with "22...Denman/Hornby" under the heading entitled "Ferry Transportation Fee...Table 1" in Appendix 1 of Schedule "B" of the Coastal Ferry Services Contract is amended by deleting the number "4,506" and substituting the following number in its place:
"4,482".

2.21 The 17th line beginning with "22...Denman/Hornby" under the heading entitled "Ferry Transportation Fee...Table 1" in Appendix 1 of Schedule "B" of the Coastal Ferry Services Contract is amended by deleting the number "458.16" and substituting the following number in its place:
"468.54".

Core Service Levels on Christmas Day and New Years Day

2.22 The first paragraph under the heading entitled "Note:" in that part of Appendix 1 of Schedule "A" of the Coastal Ferry Services Contract entitled "Definitions and Interpretations used in Appendix 1" is amended by deleting the words "(Routes 6, 8, 12, 19, 20, 21, 23, 25, 30)" in the second line and substituting the following words in their place:
"(Routes 3, 4, 5, 5A, 6, 7, 8, 12, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 30)".

Miscellaneous

- 2.23** The second paragraph of subsection (a) of section 5 under the heading entitled "Social Program Reimbursement" in Schedule "B" of the Coastal Ferry Services Contract is amended by deleting the words "Appendix 1" in the third line and substituting the following words in their place:
"Appendix 2".

ARTICLE 3 - GENERAL

- 3.1** Time will be of the essence of this Amending Agreement and remain of the essence of the Coastal Ferry Services Contract, as amended by this Amending Agreement.
- 3.2** The terms, representations and warranties of the Coastal Ferry Services Contract, as amended by this Amending Agreement, are ratified and confirmed, and all other terms, representations and warranties of the Coastal Ferry Services Contract are to remain in full force and effect.
- 3.3** If any term of this Amending Agreement or the application thereof to any person or circumstance is invalid or unenforceable to any extent, the remainder of this Amending Agreement and the application of such provision to any other person or circumstance will not be affected or impaired thereby and will be valid and enforceable to the extent permitted by law.
- 3.4** The captions and headings contained in this Amending Agreement are for convenience only and do not define or in any way limit the scope or intent of this Amending Agreement.
- 3.5** This Amending Agreement will be interpreted according to the laws of the Province of British Columbia.
- 3.6** This Amending Agreement constitutes the entire agreement between the parties and no understanding or agreement, oral or otherwise, exists between the parties with respect to the subject matter of this Amending Agreement except as set out in this Amending Agreement and this Amending Agreement may not be modified except by subsequent agreement in writing between the parties.

