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For more than 50 years, BC Ferries has been dedicated to providing safe and efficient travel throughout the west coast of British Columbia. Today, British Columbia Ferry Services Inc. ("BC Ferries") acts as an independent company that operates one of the largest and most complex ferry systems in the world. With 34 vessels serving 47 terminals and 24 routes that stretch over 1,000 miles of coastline, we carry more than 20 million passengers and 8 million vehicles each year.

Looking to the future, our strategic goals provide the framework for the development of our short-term business plans and the overall success of BC Ferries. Of these goals, none is more important or has greater priority than ensuring safe and efficient operations. Our focus on safety and efficiency in all aspects of our business creates a platform for success as we enter an exciting era of new vessels, new services and new relationships with our customers.

Our definition of success is to provide safe, reliable and efficient marine transportation services which consistently exceed the expectations of our customers, employees and communities, while creating enterprise value.
We operate within a complex legislative and economic regulatory framework that was established in 2003 when provincial legislation was enacted to create a new model for the delivery of coastal ferry services.

We manage and operate various lines of business in a complex network of relationships.
**COASTAL FERRY ACT**

The Coastal Ferry Act, enacted by the Province of British Columbia (the “Province”) on April 1, 2003, among other things, established the office of the British Columbia Ferries Commissioner (the “Commissioner”) and authorized the Province to enter into contracts for the operation of ferries on specified ferry routes. It recognized the conversion of British Columbia Ferry Services Inc. from a crown corporation to a company, which now operates independently under the Business Corporations Act, and created the B.C. Ferry Authority, a corporation without share capital, as the Company’s sole voting shareholder.

**RELATIONSHIP TO THE PROVINCIAL GOVERNMENT**

The Province holds cumulative preferred non-voting shares of BC Ferries in the amount of $75.5 million and is entitled to receive an annual dividend of $6.0 million as and when declared by the BC Ferries Board of Directors. In addition, we have a contract (the Coastal Ferry Services Contract) with the Province to provide passenger and vehicle ferry services on the west coast of BC. To date, we are the only ferry operator that has such a contract with the Province.

**COASTAL FERRY SERVICES CONTRACT**

The 60-year service contract with the Province, which commenced April 1, 2003, stipulates, among other things, the minimum number of round trips that must be provided for each regulated ferry service route in exchange for specified fees (ferry transportation fees). After the first five-year term, as part of this contract, the services and fees are to be reviewed every four years. The third performance term (“PT3”) ended on March 31, 2016 and the determination of service levels and fees for the fourth performance term (“PT4”), covering April 2016 through March 2020, is complete. Under the terms of the contract, we also receive an annual amount from the Province based on its agreement with the Government of Canada to fulfill the obligation of providing ferry services to coastal BC.

**BRITISH COLUMBIA FERRIES COMMISSIONER**

The office of the Commissioner, independent of both the provincial government and of BC Ferries, is responsible for regulating tariffs by establishing price caps for designated ferry route groups. The Commissioner is also responsible for monitoring service levels and certain other matters.

The Commissioner undertakes this regulation in accordance with several principles, including:

- to balance the interests of ferry users, taxpayers and the financial sustainability of ferry operators;
- to encourage a commercial approach to ferry service delivery; and
- to encourage innovation and the minimization of expenses without adversely affecting safety.
Our vision and mission encapsulates why we exist, what we do, and where we want to be in the future. All of the work we do is in pursuit of our vision and mission and is guided by our six core values.
**OUR VISION**

To provide a continuously improving west coast travel experience that consistently exceeds customer expectations and reflects the innovation and pride of our employees.

**OUR MISSION**

Deliver on our mandate to provide safe, reliable and efficient marine transportation services that consistently exceed the expectations of our customers, employees and communities, through the creation of enterprise value.

**OUR VALUES**

- **Safety**
  Ensure that the safety and security of our customers and staff is a primary concern in all aspects of doing business.

- **Quality**
  Be motivated by customer expectations in providing quality facilities and services.

- **Integrity**
  Be accountable for all our actions and ensure we demonstrate integrity in our business relations, utilization of resources, treatment of our customers and staff, and in the general conduct of our business.

- **Partnerships**
  Work openly and constructively with our various business and community stakeholders to exceed the expectations of our customers and advance each other’s interests.

- **Environment**
  Conduct our operations in a manner that is environmentally responsible and incorporates environmental factors into our decision making.

- **Employees**
  Always deal from a position of honesty, integrity and mutual respect, and ensure that our employees develop to their full potential.
Our strategic drivers inform decision-making during the planning process.

Strategic drivers are critical success factors that must be in place in order to achieve our strategic goals. They are:

1. **OPERATIONAL EXCELLENCE**
   We strive for a superior customer experience through safety, efficiency, reliability and effective service delivery.

2. **FINANCIAL SUSTAINABILITY**
   We make prudent choices for the long-term growth and sustainability of our organization, enabling fare affordability, value for customers and effective asset stewardship.

3. **EMPLOYEE ENGAGEMENT**
   We foster growth, development and commitment in our people.

4. **ENVIRONMENT AND SOCIAL GOVERNANCE**
   We leverage our resources, services and relationships in recognition of our responsibility to our environment, customers, employees, stakeholders and communities.

5. **INNOVATION AND CONTINUOUS IMPROVEMENT**
   We nurture continuous improvement and innovation across the organization.
Our strategic goals focus on the outcomes we will pursue to achieve our vision and mission.

This business plan focuses on the tactics that we will undertake this year as we move forward to accomplish our strategic goals to:

1. Ensure Safe, Reliable & Efficient Operations
2. Deliver a Customer-Focused Travel Experience
3. Foster a Productive, Motivated & Engaged Workforce
4. Be a Leader in Environmental & Social Governance
5. Grow & Profitably Diversify Our Revenue Base
6. Drive Prudent Investment in Our Capital Assets
MEASURING SUCCESS

With a clear focus on safety and reliability to better serve our customers, revitalizing our assets and developing our employees, we made substantial progress last year in building a better BC Ferries.

In support of our vision, mission and strategic goals, we have implemented performance measures to monitor the progress of the business and our commitment to continuous improvement.

NORTHERN EXPEDITION
Built: 2009, Germany
Maximum Speed: 20.5 knots
Passenger & Crew Capacity: 638

In support of our vision, mission and strategic goals, we have implemented performance measures to monitor the progress of the business and our commitment to continuous improvement.
The following are the actual results for fiscals 2013 through 2015, the target and actual results for fiscal 2016, as well as the target for fiscal 2017:

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ACTUAL</td>
<td>ACTUAL</td>
<td>ACTUAL</td>
<td>ACTUAL</td>
<td>ACTUAL</td>
</tr>
<tr>
<td><strong>Employee Safety Index</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee injury frequency rate x severity rate divided by 1,000</td>
<td>1.04</td>
<td>0.67</td>
<td>0.65</td>
<td>0.55</td>
<td>0.44</td>
</tr>
<tr>
<td><strong>Passenger Safety Index</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of passenger injuries per one million passengers</td>
<td>13.28</td>
<td>13.28</td>
<td>11.90</td>
<td>11.90</td>
<td>11.26</td>
</tr>
<tr>
<td><strong>Reliability Index</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Actual round trips divided by scheduled round trips, less weather, medical or rescue-related cancellations</td>
<td>99.75%</td>
<td>99.77%</td>
<td>99.75%</td>
<td>99.55% - 99.74%</td>
<td>99.55% - 99.74%</td>
</tr>
<tr>
<td><strong>Customer Satisfaction</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rating based on three surveys performed during the year</td>
<td>4.19</td>
<td>4.17</td>
<td>4.11</td>
<td>4.11</td>
<td>4.14</td>
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<tr>
<td><strong>EBITDA ($Millions)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net earnings adjusted for the impact of regulatory assets and liabilities and before interest, taxes, depreciation and amortization</td>
<td>221.7</td>
<td>232.3</td>
<td>255.6</td>
<td>239.6</td>
<td>268.5</td>
</tr>
<tr>
<td><strong>Net Earnings ($Millions)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net earnings adjusted for the impact of regulatory assets and liabilities</td>
<td>15.2</td>
<td>25.5</td>
<td>41.4</td>
<td>64.8</td>
<td>59.5</td>
</tr>
</tbody>
</table>

Results for fiscal 2016 were better than or within the targets set reflecting the dedication of our employees and our commitment to service excellence. With our reliability index range held steady at a practical level, the balance of our fiscal 2017 targets reflect an improvement over the targets set for fiscal 2016. The higher targets demonstrate our determination to provide a continuously improving, safe, reliable and sustainable service.

**SAFETY**

Over the past ten years, we have invested heavily in workplace and operational safety including launching our SailSafe program, introducing new bridge protocols and simulator training, implementing the Standardized Education and Assessment program, developing a comprehensive heavy weather policy for ships and terminals, installing voyage data recorders on all vessels and implementing real life operational readiness exercises.

Our investments in safety have yielded significant and positive outcomes, and as a result, injuries to passengers continue to decline. In fiscal 2016, we carried 20.7 million passengers and experienced 232 injuries, a 1.3% decrease compared to fiscal 2015. Since 2009, the number of injuries to passengers has been reduced by half. We are pleased with the fiscal 2016 results, however we continue to strive to further reduce the number of injuries.

In fiscal 2017, we will continue to focus on safety in all areas of our business, and will pursue new initiatives such as those that may come from the review of the 24 recommendations from the BC Maritime Employers Association’s Certificate of Recognition ("COR") Program, in conjunction with WorkSafeBC. Our passenger safety index (the number of injuries per one million passengers) for fiscal years 2013 through 2016, and the target for fiscal 2017, are as follows:
Employee time loss injuries increased from 144 in fiscal 2015 to 150 in fiscal 2016. Over the last ten years, the annual number of time loss injuries has dropped from over 360 to 150 and the number of days lost due to injury has declined from over 12,000 to under 4,000. In fiscal 2016, our employee safety index (employee injury frequency rate multiplied by severity rate divided by 1,000) improved by 26% compared to the previous year. We are encouraged by the overall results and in fiscal 2017 we will strive to further improve this index. The results for fiscal years 2013 through 2016, and our target for fiscal 2017, are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Employee Safety Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>1.2</td>
</tr>
<tr>
<td>2014</td>
<td>1.0</td>
</tr>
<tr>
<td>2015</td>
<td>0.8</td>
</tr>
<tr>
<td>2016</td>
<td>0.6</td>
</tr>
<tr>
<td>2017</td>
<td>Target</td>
</tr>
</tbody>
</table>

Our SailSafe program, which is designed to achieve world class safety performance, is in the sustainment phase. SailSafe transitioned at the beginning of fiscal 2013, from the implementation of a safety program to embodying safety as a normal part of all business activities as well as being an integral part of our culture. SailSafe is driven by our employees who play a vital part in identifying areas and methods for enhancing current safety practices. In addition to their normal duties, over 400 employees are also SailSafe champions and are engaged in identifying areas for improvement, developing plans and implementing new or revised processes. We continue to ensure safety becomes completely ingrained in every activity undertaken, every day, throughout our business.

Specific areas of focus in fiscal 2017:
- Renewing awareness of our processes for reporting safety learning events;
- Researching, understanding and addressing the impact of fatigue on our employees;
- Ensuring operational safety drills that are as realistic as possible to hone employee skills in a practical manner; and
- Maintaining a Health & Wellness team focused on our employees.

We continuously seek ways to reduce our overall fuel consumption as well as emissions on our vessels. This includes the implementation of a wide variety of fuel saving measures ranging from operating our vessels more efficiently to installing new, more fuel-efficient engines on some of our vessels and fuel monitoring systems on others as well as designing and building our new vessels to meet or exceed current environmental standards. We are also actively pursuing natural gas options for new vessels as well as vessels undergoing major retrofits because we believe that a move to this fuel source will reduce emissions as well as costs. In fiscal 2016, we deployed our new cable ferry, significantly reducing both fuel consumption and emissions. Our three new Salish Class vessels will have a dual fuel propulsion system which will run primarily on natural gas, as will our Spirit Class vessels when they undergo their mid-life upgrades.

**ENVIRONMENTAL STEWARDSHIP**

As an asset-intensive business, we are aware of the potential footprint such an operation may leave on our environment. As such, we strive to minimize any negative impact on the environment.

We have received certification from Green Marine which is an environmental program where the intent is for participants to reduce their environmental footprint by undertaking concrete and measurable actions. This program is a voluntary, transparent and inclusive initiative that addresses key environmental issues as part of a wider community of ship owners, ports, terminals, seaway corporations and shipyards. Through this program, we have implemented concrete and measurable actions to reduce our environmental footprint within three main pillars: sustainable operations, conservation and community well-being.
We are regulated by the Commissioner to ensure, among other things, that our tariffs are fair and reasonable. Under the terms of the Act, the tariffs we charge our customers over a performance term are subject to a price cap set by the Commissioner. The Commissioner may, under certain circumstances, allow increases in the price cap over the set levels. Certain decisions and orders of the Commissioner may give rise to regulatory assets or liabilities. Regulatory assets generally represent incurred costs that are probable of future recovery in tariffs or fuel surcharges. Regulatory liabilities represent obligations to customers which will be settled through future tariff reductions or fuel rebates.

Since our transition to International Financial Reporting Standards (“IFRS”) in fiscal 2012, we are not permitted to recognize in our financial statements the assets and liabilities that result from the regulated price cap setting process, such as our deferred fuel cost accounts. Under IFRS, rather than being charged to regulatory asset or liability accounts on our consolidated statements of financial position, fuel surcharges collected or rebates granted are included in revenue and increases or decreases in fuel prices from those approved in price caps are included in operating expenses. We are regulated by the Commissioner and these items are treated as assets and liabilities for regulatory purposes.

At March 31, 2016, our regulatory assets and liabilities consisted of a $6.1 million liability in deferred fuel costs. We expect that fuel rebates in place at April 1, 2016 will continue throughout fiscal 2017 to reduce this regulatory liability.

If IFRS permitted us to report regulatory assets and liabilities in our financial statements, our net earnings for the years ended March 31, 2016 and 2015 would have been $4.8 million and $7.7 million lower, respectively.
SITUATIONAL ANALYSIS

We continuously monitor our business, using both internal and external resources. We are forecasting that traffic demand will increase and that there are opportunities for growth in other markets.

As part of our planning process, we regularly undertake external and internal reviews of our business. Looking forward, we identified the following trends, risk factors and opportunities that may influence our future performance. These have been considered in the development of the strategies and tactics described in this business plan.

TRAFFIC DEMAND

Many factors affect customer demand, including current economic conditions, the value of the Canadian dollar, levels of tourism, emerging transportation choices, customer sentiment, threats to health and safety from outbreak of disease or security risk, demographics and population growth. The cost of transportation, including the price of fuel at the pump and ferry fares (including the implementation and removal of fuel surcharges or rebates), disposable personal income and weather conditions may have an effect on discretionary travel and levels of tourism.

Vehicle and passenger traffic in fiscal 2016 increased 4.9% and 4.5%, respectively, compared to the previous fiscal year. This increase in traffic returns us to the levels experienced prior to fiscal 2012. In fiscal 2016, traffic was favourably impacted by lower fuel prices, the lower Canadian dollar and our promotional fare incentives. Throughout fiscal 2016, there was a general increase in tourism and other economic activity in BC which contributed positively to ferry passenger and vehicle traffic and, in addition, we offered a variety of pricing promotions. In fiscal 2016, traffic levels were also positively impacted by the Easter holiday with two Easter holiday weekends (“Easter”) falling in fiscal 2016 compared to one in fiscal 2015 as well as a partial recovery of BC seniors travelling Mondays to Thursdays on our Major and regulated Other Routes.

1 Our Major Routes consist of three regulated routes connecting Metro Vancouver with mid and southern Vancouver Island and our regulated route connecting Horseshoe Bay and Langdale.

2 Our Other Routes consist of 18 regulated routes and eight small unregulated routes primarily serving the Northern and Southern Gulf Islands and the Northern Sunshine Coast.
The following graph illustrates our annual vehicle and passenger traffic levels from fiscal 2008 through fiscal 2016:

During the period of January through April 2016, passenger traffic increased over 4.6% and vehicle traffic increased over 6.1% compared to the previous year. Some of the increase can be attributed to an extra day for leap year, the alignment of Easter with a school spring break and with warm dry weather, the lower Canadian dollar relative to the U.S. dollar and the response to spring promotions. However, this increase was higher than we anticipated. Looking forward, our expectation is that this trend will continue and as a result, the traffic will be higher than originally budgeted for fiscal 2017. We will continue to monitor traffic levels and adjust our forecast as we move through the summer months when we carry the most significant portion of our traffic. Our current projections for fiscal 2017 are for vehicle and passenger traffic to be higher than fiscal 2016 levels and higher than the level of traffic used to develop the fiscal 2017 budget. This is mainly a result of projected growth from improvements in BC’s economy, increased employment and consumer spending, the low Canadian dollar and population growth are all expected to contribute favourably to ferry traffic in the near term.

### ECONOMIC FORECAST

In 2014, real gross domestic product ("GDP") in the Province increased by 3.2%. In February 2016, the British Columbia Ministry of Finance published its Fiscal Plan for 2016/17 – 2018/19 based on forecast GDP growth of 2.4% in 2015; 2.4% in 2016 and 2.3% in 2017. Improvements in BC’s economy, increased employment and consumer spending, the low Canadian dollar and population growth are all expected to contribute favourably to ferry traffic in the near term.

### CROSS-BORDER TRAVEL

The Canadian dollar declined during calendar 2015 relative to the U.S. dollar. This has resulted in more Canadians choosing to travel within Canada rather than travelling to the U.S. It has also increased the number of Americans making the trip over the border into BC. We believe the U.S. economy and the Canadian economy will continue to improve. If the relationship of the Canadian dollar to the U.S. dollar continues, we expect the traffic from Canadians to remain strong and the traffic from the U.S. to increase.

### TOURISM TRENDS

Historically, there has always been a strong correlation between the volume of ferry traffic and tourism in Coastal BC. Provincial tourism revenue growth is a key measure for tracking the health and growth of the tourism industry. The Province has committed to continuing to drive growth through attracting visitors from key markets, both nationally and internationally, and encouraging British Columbians to travel within their own province. The Province has set an ambitious target of 5% annual revenue growth for years 2016 through 2019. We believe the outlook for the travel industry will continue to improve with the lower value of the Canadian dollar versus the U.S. dollar and the lower cost of fuel at the pump.
EXTERNAL FACTORS

VOLATILE FUEL COSTS

Fuel is our second largest operating expense. In 2015, the average price of Vancouver Rack diesel fuel was $0.67 per litre, a decrease of 26% from 2014.

Our exposure to fuel price risk is associated with the changes in the Canadian market price of marine diesel fuel. Fuel costs have fluctuated significantly over the past few years and there is uncertainty of the cost of fuel in the future. The per litre price of diesel fuel at Vancouver Rack prices for 2009 through 2015 is shown in the graph below:

USE OF DEFERRAL AND SURCHARGES/REBATES

To mitigate the effect of volatility in fuel oil prices on our earnings, we use deferred fuel cost accounts together with fuel surcharges or rebates, as required. As prescribed by regulatory order, we defer differences between actual fuel costs and regulated fuel costs which were used to develop the regulated price caps. The difference between the actual fuel costs (including fuel hedge gains and losses) and the regulated fuel costs (set price) is deferred for settlement in future tariffs. Also, as prescribed by regulatory order, we collect fuel surcharges or provide fuel rebates from time to time which are applied against deferred fuel cost account balances.

FUEL HEDGING PROGRAM

We may enter into hedging instruments in order to reduce fuel price volatility and add a fixed component to the inherent floating nature of fuel prices. Fuel price hedging instruments are used solely for the purpose of reducing fuel price risk, not for generating trading profits. Fuel forward contracts are only entered into when there is a reasonable likelihood that the hedge will result in a net procurement cost per litre less than or equal to the set price per litre established by the Commissioner. At March 31, 2016, we locked in pricing for a significant portion of our forecast fuel consumption to the end of 2017. We intend to continue to monitor the market and enter into fuel forward contracts when economically prudent to do so.

FUEL MANAGEMENT

In fiscal 2017, we will continue to seek ways to reduce fuel consumption as well as emissions on our vessels. We have implemented a wide variety of fuel saving measures ranging from operating our vessels more efficiently to installing new, more fuel-efficient engines on some of our vessels and fuel monitoring systems on others as well as designing and building our new vessels to meet or exceed current environmental standards. We are also actively pursuing natural gas options for new vessels and vessels undergoing major retrofits because we believe a move to this fuel source would reduce emissions as well as costs.

On March 18, 2015, the Commissioner released his report on the performance review of our fuel management program. This review concluded that:

- Significant measures to manage fuel consumption have been implemented; and
- Fuel procurement policies and procedures appear to be appropriate.
Two new entrants are expected to the passenger-only market. Clipper Navigation Inc. (Victoria Clipper) from Seattle, Washington and Riverside Marine from Australia are both proposing to launch a ferry service between Victoria’s inner harbour and Vancouver harbour. Victoria Clipper is planning to operate a single round trip each day, taking about three hours each way for as many as 500 passengers, potentially starting operations in the spring of 2017. Riverside Marine expects that a one-way trip will take about three and a half hours. They plan to carry up to 300 passengers, catering to tourists hoping to have a close-up look at west coast wildlife. Their focus is more of a high-end travel experience than a point-to-point transportation link. They are currently preparing a vessel for service and don’t expect it to be ready for service this year.

In addition, Island Ferry Services Ltd. has expressed a strong desire to provide a high speed passenger-only ferry service between downtown Nanaimo and downtown Vancouver. The City of Nanaimo and the Nanaimo Port Authority have issued an Expression of Interest to seek an operator of such a ferry service. The vision for this service is to have a high speed, passenger ferry service that will provide a catalyst to diversify and grow the local economy.

Air travel, through businesses such as Helijet, Harbour Air and Island Express Air, remains a premium alternative to ferry travel between Vancouver Island and the Mainland for time-sensitive travelers. The commercial traffic drop-trailer market is dominated by Seaspan Ferries Corporation which provides a daily, scheduled truck and trailer ferry service between the Mainland and Vancouver Island. Currently, Seaspan is building two new hybrid ferries (propelled by natural gas, diesel and battery power) in Turkey, each able to carry 60 trailers, a substantial increase from the number of trailers currently being carried. The potential exists for Seaspan to significantly expand their service.

ACCESS TO FEDERAL FUNDING

In March 2016, the Federal government announced that it would waive import duty fees on passenger vessels built overseas. As a result, the project budget for the three new Salish Class vessels, being built in Poland, has been reduced by approximately $50 million. These funds can now be directed towards other capital projects as we focus on managing our $3 billion capital plan to replace vessels, terminal infrastructure and information technology projects. We now also have an opportunity to apply for funding under the New Building Canada Fund. The criteria covers projects such as:

- Wharves and associated infrastructure;
- Passenger terminals;
- Access road infrastructures that provide the main vehicular access to the passenger ferry terminal;
- Vessel purchase and/or conversion; and
- Intelligent transportation systems in support of ferry services.

We intend to apply for funding under the New Building Canada Fund and to monitor and make application for any other federal funding opportunity that presents itself.

The overall demand for ship repair and ship building facilities has increased with the federal ship procurement strategy. There are only two facilities with dry-docks in BC that can accommodate large vessels. There is also one shipyard that dominates the vessel construction and repair market, especially for large vessels. In fiscal 2016, the dominant shipyard withdrew from the bidding process for mid-life upgrades on our two largest vessels as a result of not having availability in their schedule to accommodate the project. With demand outstripping supply in the local ship construction and repair industry, we have had to go offshore.

We continue to plan our vessel maintenance to minimize the number of out-of-service periods and to maximize the maintenance performed by our own staff. We have established long-range maintenance plans for all vessels which enable us to plan and reserve space with ship repair facilities well in advance. Further, when regulations permit, in-water surveys are performed on vessels, potentially eliminating the requirement for dry-docking. Also, alternatives to using local facilities are explored. In fiscal 2017, we will continue to work to ensure we have robust vessel repair tactical plans in place to address the supply and demand risk of limited ship repair facilities.

EXTERNAL COMPETITIVE PRESSURES

New competitors are emerging in the passenger-only market and we expect the competition in the commercial (drop-trailer) traffic market to increase. By comparison, barriers to entry for private sector vehicle ferry services remain relatively high.
VESSEL INFRASTRUCTURE

While we have one of the largest fleets in the world, the average age of our assets was among the oldest of major ferry operators worldwide. The first phase of our vessel renewal program involved upgrading and replacing a large share of our major vessels and terminal assets, with the most significant portion of this program completing during fiscals 2008 and 2009. The next phase of vessel renewals began in fiscal 2010 with the commencement of design for new minor and intermediate sized vessels. The typical life span of vessels is 40 to 45 years and our minor and intermediate sized vessels currently have an average age of 39 years. As the identified replacement dates approach, we are assessing these vessels to determine potential candidates for life extension rather than replacement. In our twelve year capital plan, our expectation is that we will need to replace or extend the life of 14 of these vessels. Our strategy for new vessels includes design optimization, interoperability and standardization of vessels across the fleet, to the extent possible, to provide more flexibility to respond to changes in the market demand and traffic forecasts. We also plan to adopt natural gas as a fuel source where economically and technically feasible.

In fiscal 2017, we expect delivery of our new Salish (intermediate) Class vessels which will allow us to retire the 51-year old Queen of Burnaby and the 52-year old Queen of Nanaimo. In addition, two intermediate and three minor vessels with an average age of 51 years will be replaced and are currently undergoing condition assessment and propulsion studies.

TERMINAL INFRASTRUCTURE

In fiscal 2016, we completed construction of Buckley Bay and Denman Island West cable ferry berths. This included the installation of two concrete floating pontoons and the construction of two berths, expansion of Denman West holding compound and all associated upland development.

Over the next 10 years, an estimated capital investment of $300 million in terminal infrastructure will be required at our terminals, including over $200 million at the Horseshoe Bay terminal and approximately $50 million at each of the Swartz Bay and the Tsawwassen terminals. Careful consideration, extensive detailed design and consultation with stakeholders will be done before these projects proceed.

INFORMATION TECHNOLOGY

Our customer service program will replace our aged point of sale, website, e-commerce platform and reservations systems and allow us to respond in a more timely fashion to changing business needs and to support marketing, travel services and flexible pricing initiatives.

We believe our information technology systems must be significantly improved to evolve our business model. The rigid technology systems we currently use limit our ability to design attractive and relevant pricing at a sailing level. The Fare Flexibility and Digital Experience Initiative will introduce a new system to manage fares at a sailing level, improve operational efficiency through better capacity management, provide customers with greater online functionality and booking options, and provide better access for mobile, tablet and desktop channels.

COLLECTIVE AGREEMENT

The majority of our employees are members of the BC Ferry & Marine Workers’ Union (“Union”). On December 18, 2015, we announced the ratification of a Memorandum of Agreement that was reached on October 30, 2015 with the Union. The settlement took several months of extensive negotiations and was achieved before the October 31, 2015 expiration of the previous collective agreement. The new agreement provides certainty for our employees and helps ensure uninterrupted ferry service for our customers and marks 17 years of labour stability.
FINANCING

We fund our operations and capital acquisitions with cash flow generated from operations, as well as bank financing and debt issues.

At March 31, 2016, we had five series of obligation bonds totalling $1.1 billion and $152 million in export loans outstanding. We also have a $155 million credit facility available.

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<thead>
<tr>
<th>Amount (C$MM)</th>
<th>Maturity</th>
<th>Coupon (%)</th>
</tr>
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<tr>
<td>200</td>
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</tbody>
</table>

On November 12, 2015, we executed an export loan agreement with KfW IPEX-Bank GmbH (“KfW”). This loan agreement is secured under the Master Trust Indenture and allows for three loans of up to $45 million each. These amortizing loans will be repaid over a 12-year term and bear an annual interest rate of 2.09%. The net proceeds will be used to partially finance the purchase of our three new Salish Class vessels and will coincide with the conditional acceptance of each of the vessels from the shipyard.

Over the next five years, we expect the average capital expenditures to increase from $136 million to approximately $250 million annually as we proceed with the replacement and upgrade of our aged vessels and make significant improvements at our terminals serving our Major Routes, as well as make investments in information technology.

In the near term, we expect our cash requirements will be met through operating cash flows and by accessing our credit facility from time to time. We also expect that we will need incremental borrowing of approximately $500 million within the next four years.

We target maintaining a strong investment-grade credit rating to allow capital market access at reasonable interest rates. Our credit ratings at March 31, 2016, were “A” (DBRS) with a stable trend and “AA-” Standard & Poor’s (“S&P”) with a stable outlook.

In the determination of PT3 and PT4 price cap increases, the Commissioner set target ratios for equity to be not less than 17.5% of total capitalization which is effectively a debt to total capitalization of 82.5% (“Leverage ratio”) and a debt service coverage ratio (“DSCR”) of 2.5 times or greater. At March 31, 2016, we achieved a Leverage ratio of 77.8% and a DSCR of 3.1.

We will continue to prepare long-term financial forecasts in order to optimize cash flow, understand our financing requirements and ensure we meet our debt covenants and financial targets.
Our opportunities for growth extend traditional ferry services. Looking ahead, we will continuously develop all our avenues for greater enterprise value.

BC FERRIES VACATIONS

In May 2010, we opened our vacations centre, which is conveniently located in the tourist sector of downtown Vancouver. Through the use of our travel centre and an integrated marketing approach, we are able to leverage our core business to drive incremental ferry traffic as well as generate commissions from the related services. The incremental revenue strengthens our financial position and reduces pressure for future tariff increases. Using a 37-foot long interactive media wall display, customers are able to view route maps, vessel schematics and destination images to help them choose from a variety of travel package options. Packaged vacations is the fastest growing segment of our market. In fiscal 2016, the number of vacation packages sold generated $5.7 million in revenue, an increase of 31.9% over the prior year and in fiscal 2015, the revenue from packages sold increased 29.1% over fiscal 2014. In fiscal 2017, we plan to grow our value proposition with our customers and expand our target market. We believe that, as the economy continues to strengthen and with our expanded efforts, we will see an increase in traffic volumes and in incremental non-tariff revenue, increasing revenues from BC Ferries Vacations by 10%.

DROP-TRAILER SERVICE

Our drop-trailer service, launched in March 2009, operates on two of our Major Routes. Our commercial customers on these routes can drop their trailers off at one terminal and pick them up at another with our drivers loading and unloading the commercial trailers on and off the ferry with a hostling unit. In fiscal 2016, our drop-trailer service generated $12.1 million, an increase over the prior year of 5.8% and in fiscal 2015, revenue from our drop-trailer service increased 14.1% over fiscal 2014. The service also improves our overall productivity by utilizing otherwise unused capacity, strengthening our financial position and reducing pressure for future tariff increases. Although we expect modest growth in drop-trailer traffic as general economic conditions improve, we also foresee a decline in traffic related to the fishing industry. In fiscal 2017, we will continue to monitor demand and provide dependable service.
CATERING AND RETAIL SERVICES

We also have opportunities for continued growth with our food service and gift shops. All vessels that provide service on our Major Routes have a gift shop and options for food service. Our Major Routes are our four busiest routes carrying approximately 65% of our total passenger traffic and a higher percentage of discretionary and tourist traffic. Over 90% of our catering and retail revenue is earned on these routes. In fiscal 2016, total catering and on-board sales were $84.9 million, an increase of 8.4% from the prior year as a result of both higher passenger traffic and higher average sales per passenger. Food sales remained strong, providing approximately 75% of the total catering and on-board revenue. Sales of quality apparel continue to grow and now comprise approximately 11% of total catering and on-board revenue.

Catering and retail services are impacted by traffic, price, service quality and product offerings and provide a gross margin of approximately 60%. In fiscal 2017, we will continue to regularly review and update our product offerings, develop our employees and work with our vendors to manage costs. Our average spend per passenger has increased 7% over the last five years and our goal for fiscal 2017 is to increase it a further 2.9% while controlling our costs.

$84.9 MILLION
Total catering and on-board sales in fiscal 2016.
FISCAL 2017 STRATEGIES AND INITIATIVES

The six strategic goals provide a framework for our efforts to achieve our vision and mission.

The following sections define the supporting strategies and initiatives we will undertake over the next year for each of the six goals.

SKEENA QUEEN
Built: 1997, Vancouver
Maximum Speed: 17.3 knots
Passenger & Crew Capacity: 450
1. Ensure safe, reliable & efficient operations

2. Deliver a customer-focused travel experience

3. Foster a productive, motivated & engaged workforce

4. Be a leader in environmental & social governance

5. Grow & profitably diversify our revenue base

6. Drive prudent investment in our capital assets
ENSURE SAFE, RELIABLE & EFFICIENT OPERATIONS

OBJECTIVE:
Lead our industry in:
• Safety culture and performance;
• Positive contributions to our environment and communities;
• Route network, support services and customer-facing operational excellence; and
• Procurement, project and cost efficiency.

STRATEGIES AND TACTICAL STEPS:
• Continue to start all operational meetings with safety as the first agenda item to help keep safety and risk front and center for all employees;
• Continue with our program of internal and external safety audits designed to verify our compliance with our safety management system;
• Meet or exceed the fiscal 2016 COR audit results of 96% in Health and Safety and 92% in Injury Management for a combined score of 95.7%;
• Review, and implement where practicable, the 24 recommendations from the COR Program;
• Ensure safe, reliable & efficient operations
• Optimizing route network where practical and feasible;
• Maintain regular communications with Transport Canada to improve our relationship and reduce regulatory uncertainty;
• Evolve our SailSafe program to focus on:
  • Renewing awareness of our processes for reporting safety learning events;
  • Researching, understanding and addressing the impact of fatigue on our employees;
  • Ensuring operational safety drills that are as realistic as possible to hone employee skills in a practical manner;
  • Maintaining a Health & Wellness team focused on our employees;
• Consider new technologies for vessel replacements and major upgrades to enhance operational efficiency;
• Implement robust vessel repair tactical plans to address the risk of the increased demand in our regional repair market;
• Balance our service profile with associated costs for continuously improving operational efficiency;
• Collaborate with our employees to identify deployment innovations that assist operational excellence;
• Pursue business process optimization opportunities where applicable and feasible;
• Maximize labour efficiency in the design of new vessels and major upgrades; and
• Share best practices with other marine organizations.
**OBJECTIVE:**
Provide a compelling travel, shopping and dining experience through personalized service, selection, quality and value.

**STRATEGIES AND TACTICAL STEPS:**
- Progress towards the introduction of the Fare Flexibility & Digital Experience Initiative to provide our customers with variable pricing options;
- Optimize technology at all touch points throughout a customer’s journey to create a unified and seamless customer experience;
- Strengthen the customer-centric service culture through employee training initiatives, including the Customer Service Enhancement Program;
- Develop innovative solutions to meet changing and evolving customer travel needs;
- Leverage customer research and analytics to evolve customer service strategies;
- Implement standardized signage and improved public announcement systems at our terminals;
- Develop and maintain clear branding and messaging throughout all vessel retail and catering outlets;
- Develop and implement revised route service schedules where appropriate;
- Implement a more proactive approach to community and customer relations, working collaboratively with Ferry Advisory Committees;
- Strive to maintain or better an on-time performance target of 91.0%;
- Continue to survey customer satisfaction, targeting an average rating of 4.14.

**FOSTER A PRODUCTIVE, MOTIVATED & ENGAGED WORKFORCE**

**OBJECTIVE:**
Continuously improve employee attraction, retention, engagement and productivity.

**STRATEGIES AND TACTICAL STEPS:**
- Through our SailSafe program, continue to support a Health & Wellness program;
- Continue to develop and refine progressive and innovative programs for our employees;
- Align and adapt the organization, structure and resources with strategic and business priorities;
- Refine and incorporate the use of metrics and analytics to facilitate and optimize operational flexibility and productivity;
- Continue to develop and expand the career navigator system which will assist in planning and tracking employee career progression and succession;
- Continue to work with our employees to develop their career plans;
- Continue to provide management training programs such as our Coaching for Business Success and Coaching for Business Excellence;
- Continue to provide both formal and informal training opportunities to help our employees advance toward their career goals;
- Support our employees in community investment activities;
- In our simulation training centre, commence training of the Bridge Operations Skills and Systems 3 course which focuses on gaining, maintaining and enhancing operational decision making skills;
- Leverage our many other training programs and learning opportunities to support our employees in their development and career aspirations; and
- Foster progressive and positive employee/union/management relationships.
OBJECTIVE:
Be a trusted, reliable partner in the pursuit of conservation, sustainable operations and community well-being.

STRATEGIES AND TACTICAL STEPS:
• Reduce the environmental footprint of our terminal and fleet operations and continue to drive for sustainable operations;
• Further develop our environmental management system to define, monitor and report against our environmental and social performance goals;
• Develop and implement a customer-facing waste management, composting and recycling initiative on our vessels;
• Continue to develop and expand our environmental programs by combining existing environmental conservation projects and community investment activities with new and innovative endeavors;
• Continue to implement concrete and measurable actions within the Green Marine ECO program that addresses key environmental issues within three main pillars: sustainable operations, conservation and community well-being;
• Continue to look for ways to reduce fuel consumption and emissions on our vessels, including pursuing natural gas options for new vessels and vessels undergoing major retrofits;
• Expand community and stakeholder engagement on project-specific initiatives;
• Expand our shore-power program to additional terminals by upgrading the current shore power installations and adding new shore power installations where necessary to provide sufficient capacity to provide power to the vessels;
• Improve the visibility and community understanding of our environmental and social governance initiatives;
• Continue delivery of our onboard Coastal Naturalist Program in partnership with Parks Canada as well as support programs such as Oceans Network Canada and the enhancing Cetacean Habitat Observation (ECHO) Program; and
• Continue to support local communities through the BC Ferries Media Charity Golf Classic, support of community sports teams and other employee volunteer events.
OBJECTIVE:
Grow net revenue from our ancillary businesses and add new revenue sources that contribute to our financial sustainability.

STRATEGIES AND TACTICAL STEPS:
- Continue to test variable pricing to increase our knowledge of traffic trends, customer responses and impacts to operations through pricing promotions;
- Strategically develop new products and execute successful retail and catering marketing campaigns to maximize gross margin and inventory turnover;
- Explore new business opportunities and partnerships;
- Leverage our engineering and customer service expertise;
- Broaden market reach, raise our profile and stimulate travel and tourism segments through new BC Ferries Vacations package offerings;
- Improve operational efficiency through improved management of our vessel capacity;
- Protect our commercial market share in the drop-trailer market;
- Strive to exceed the Commissioner’s PT4 productivity improvement target of $27.6 million; and
- Stay current with changing customer needs and behaviours to drive development of innovative products and services.

OBJECTIVE:
Deliver on our 12-year capital plan portfolio that includes placing priority on safe, reliable, and efficient service, while continuously improving our customer experience.

STRATEGIES AND TACTICAL STEPS:
- Continue to manage the portfolio of capital projects by ensuring investments are reasonable and prudent prior to making a decision of whether or not to proceed with the project;
- Allocate funding among the portfolio of projects taking into consideration priority, affordability and resource availability;
- Support alternative approaches for our software requirements;
- Adopt a long-range resource plan to deliver the capital plan;
- Replace vessel and terminal assets in line with policies contained in our master plans;
- As vessel replacement dates approach, perform assessments of the vessels to determine potential candidates for life extension rather than replacement;
- Consider design optimization, interoperability, and standardization of all new vessels, to the extent possible, to provide more flexibility to respond to changes in the market demand and traffic forecasts; and
- Adopt natural gas as a fuel source for new vessels and major retrofits where economically and technically feasible.
Positive net earnings for fiscal 2017 are important so we can continue to invest in our vessels, terminals and information technology infrastructure.

**OPERATING BUDGET**

For fiscal 2017, we budgeted net income of $55.4 million. The $14.2 million decrease from the fiscal 2016 net earnings reflected higher fuel rebates, higher depreciation and amortization expense and a modest increase in operating expenses, partially offset by higher fares and a moderate increase in traffic levels. With the recent unexpected increase in traffic levels, we are now forecasting our traffic to be higher than the prior year and higher than the level of traffic used to develop the fiscal 2017 budget. We are also forecasting our earnings to be higher than the fiscal 2017 budget. We intend to leverage these strong financial results to help fund our $3 billion capital program to replace aging vessels and terminal and information technology infrastructure.

**SPIRIT OF BRITISH COLUMBIA**
Built: 1993, Victoria
Maximum Speed: 19.5 knots
Passenger & Crew Capacity: 2,100
On April 1, 2016, we implemented tariff increases of 1.9% on average and also a fuel rebate increase of 1.9% across the system. The rebate was possible due to lower fuel prices, coupled with the fact that, through our fuel hedging program, we had locked in pricing for a significant portion of our forecast fuel consumption to the end of 2017. The increase in fuel rebate completely offset the 1.9% average tariff increase, effectively resulting in no net increase to our customers. Fuel rebates increased from 1.0% to 2.9% on our Major and regulated Other Routes and a fuel rebate of 1.9% was implemented on the Northern Routes.

We expect a modest increase in operations, maintenance and administration expenses in fiscal 2017, reflecting higher wage and benefit costs resulting from the implementation of the new collective agreement and introduction of new assets as well as a general contingency to mitigate revenue and traffic risk, mainly offset by lower fuel costs, lower vessel maintenance costs and cost savings from the introduction of our new cable ferry.

Depreciation and amortization costs are expected to increase by $8.5 million or 5.8% as we replace and upgrade our vessels, terminals and information technology infrastructure.

### REGULATORY ADJUSTMENTS

If IFRS permitted us to report regulatory assets and liabilities in our financial statements, the effect on our fiscal 2016 actual and fiscal 2017 budgeted net earnings would have been an increase of $4.8 million and $4.1 million, respectively.

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3 Our Northern Routes consist of two regulated routes operating on the British Columbia coast north of Port Hardy on Vancouver Island.
To upgrade and replace our assets, we are targeting to invest $3 billion over the 12 years ending March 31, 2026.

Our ferry services are supported by 34 vessels, 47 terminals, four general maintenance yards, one vessel maintenance facility and a head office. Our capital plan addresses the key strategic issue of replacing aged capital assets while meeting our needs in terms of maintaining and improving safety, reliability, efficiency and a continuously improving customer experience.
In preparation for PT4, we prepared a 12-year capital plan for fiscal years 2015 through 2026. In order to upgrade and replace our assets, we are targeting to invest $3 billion over the 12 years ending March 31, 2026. This capital plan stays within the spending parameters upon which the price caps for PT4 were established and is being managed from a portfolio prospective.

The following graph details the capital portfolio expenditures by year:

To ensure investments are reasonable and prudent, each capital project continues to require a detailed business case, including options analysis, prior to implementation. Business cases are reviewed and project funding is allocated among the portfolio of projects through to fiscal 2026 taking into consideration priority, affordability and resource availability.

The significant capital project drivers include:
- **Replacement**: To replace assets or major components of assets that are functionally obsolete or have outlived their useful or economic life.
- **Restoration**: To maintain existing assets by upgrading and/or replacing major and minor components required to enable the asset to operate up to the end of its service life.
- **Regulatory**: To comply with regulatory requirements (e.g. WorkSafe BC, Transport Canada, etc.).
PORTFOLIO BY ASSET TYPE

The following graph summarizes the capital portfolio expenditures by asset type. Vessel replacement dominates the plan with an expected 14 new vessels:

**NEW VESSEL REPLACEMENTS**
$1.4 billion

**EXISTING VESSEL UPGRADES AND IMPROVEMENTS**
$0.7 billion

**OTHER**
$0.1 billion

**INFORMATION SYSTEMS**
$0.2 billion

**TERMINALS**
$0.6 billion

**VESSELS**

Our vessels are categorized by size, from the smallest minor vessels to the intermediate vessels and major vessels.

- Planning for the mid-life upgrade, including conversion to dual-fuel, of the major vessels, the *Spirit of British Columbia* and the *Spirit of Vancouver Island*;
- Completion of three new intermediate, dual-fuel capable Salish Class vessels (Salish Orca, Salish Eagle, and the Salish Raven);
- Major upgrade of the major vessels, the *Queen of Cowichan* and the *Queen of Alberni* to replace end-of-life electrical and mechanical equipment, upgrade navigational equipment and refresh customer accommodations;
- Planning for the replacement of the 51 year-old intermediate vessels, the *Bowen Queen* and the *Mayne Queen*; and
- Planning for the replacement of three minor vessels, the 43 year-old *Nimpkish*, the 58 year-old *North Island Princess* and the 52 year-old *Howe Sound Queen*.

**THE MAJOR PROJECTS IN FISCAL 2017 INCLUDE:**

**VESSELS**

- Planning for the mid-life upgrade, including conversion to dual-fuel, of the major vessels, the *Spirit of British Columbia* and the *Spirit of Vancouver Island*;
- Completion of three new intermediate, dual-fuel capable Salish Class vessels (Salish Orca, Salish Eagle, and the Salish Raven);
- Major upgrade of the major vessels, the *Queen of Cowichan* and the *Queen of Alberni* to replace end-of-life electrical and mechanical equipment, upgrade navigational equipment and refresh customer accommodations;
- Planning for the replacement of the 51 year-old intermediate vessels, the *Bowen Queen* and the *Mayne Queen*; and
- Planning for the replacement of three minor vessels, the 43 year-old *Nimpkish*, the 58 year-old *North Island Princess* and the 52 year-old *Howe Sound Queen*.

**TERMINALS**

- Berth upgrade and replacement of a dolphin at Langdale terminal;
- Upgrades to the holding compound at Departure Bay terminal; and
- Planning for upgrades at our vessel maintenance facility.

**INFORMATION SYSTEM**

- Multi-year customer service program, replacing our aged point of sale and reservations systems which will allow us to respond in a more timely fashion to changing business needs;
- Website software replacement that will allow us to manage fares at a sailing level, improving capacity management and providing our customers with booking options and greater online functionality; and
- Replacement of our aged payroll system, providing processing efficiencies and flexibility.
CONCLUSION

Our business plan reflects our primary focus on safety and our commitment to offering an ever-improving west coast experience to the residents, tourists and commercial customers who travel with BC Ferries.

The strategies and tactics outlined within this business plan will ensure that we are responsive to our changing business environment. Keeping focus on our six goals will help ensure that we:

• Continue to focus on our primary concern of ensuring the safety and security of our employees and our customers;
• Demonstrate integrity in our business relations, utilization of resources, treatment of our customers and employees and in the general conduct of our business;
• Maintain high environmental standards;
• Work openly and constructively with our community partners;
• Exceed our customers’ expectations by providing quality facilities and services; and
• Continue to deal from a position of honesty, integrity and mutual respect, and ensure that our employees develop to their full potential.

The continuous improvement of the west coast travel experience, along with providing safe and efficient passage, can only be achieved with the support of our employees and our customers. In fiscal 2017, we will be integrating three new vessels into the fleet, improving capacity management. With effective management of our large capital portfolio and due consideration of changing external and internal factors, we will successfully move BC Ferries into a new era.
FORWARD LOOKING STATEMENTS

This Business Plan contains certain “forward looking statements”. These statements relate to future events or future performance and reflect management’s expectations regarding our growth, results of operations, performance, business prospects and opportunities and industry performance and trends. They reflect management’s current internal projections, expectations or beliefs and are based on information currently available to management. Some of the market conditions and factors that have been considered in formulating the assumptions upon which forward looking statements are based include traffic, the Canadian Dollar relative to the U.S. Dollar, fuel costs, construction costs, the state of the local economy, fluctuating financial markets, demographics, tax changes, and the requirements of the Coastal Ferry Services Contract.

HOWE SOUND QUEEN
Built: 1964, Quebec
Maximum Speed: 9.75 knots
Passenger & Crew Capacity: 300
Forward looking statements included in this document include statements with respect to: economic conditions, traffic levels, tourism levels, fuel prices, and fiscal 2017 net earnings; our expectations of the rebate we expect to receive from WorkSafeBC on our 2015 assessed premiums; our short-term and long-range business plans, capital expenditure levels, asset renewal programs for vessels and terminals, our customer service program, Fare Flexibility and Digital Experience Initiative, pricing promotions, Salish Class vessels, the loan agreement with KFW IPEX-Bank GmbH, the New Building Canada Fund, the Baynes Sound Connector, natural gas plans, Spirit Class mid-life upgrades, and safety and training projects; our expectations regarding vacation package sales, drop trailer, and catering and retail services growth; and revenue, expense, and budget projections, and how our cash requirements will be met in the near term.

In some cases, forward looking statements can be identified by terminology such as “may”, “will”, “should”, “expect”, “plan”, “anticipate”, “believe”, “estimate”, “predict”, “potential”, “continue” or the negative of these terms or other comparable terminology.

A number of factors could cause actual events or results to differ materially from the results discussed in the forward looking statements. In evaluating these statements, prospective investors should specifically consider various factors including, but not limited to, the risks and uncertainties associated with: vendor non-performance; capital market access; interest rate, foreign currency, fuel price, and traffic volume fluctuations; the implementation of major capital projects; security, safety and environmental incidents; confidential or sensitive information breaches; changes in laws; vessel repair facility limitations; economic regulatory environment changes; tax changes; and First Nation claims.

Actual results may differ materially from any forward looking statement. Although management believes that the forward looking statements contained in this Business Plan are based upon reasonable assumptions, investors cannot be assured that actual results will be consistent with these forward looking statements. These forward looking statements are made as of the date of the Business Plan, and British Columbia Ferry Services Inc. assumes no obligation to update or revise them to reflect new events or circumstances except as may be required by applicable law.

NON-IFRS MEASURES

In addition to providing measures prepared in accordance with IFRS, we present certain financial measures that do not have any standardized meanings prescribed by IFRS and therefore are unlikely to be comparable to similar measures presented by other companies. These include, but are not limited to, net earnings adjusted for the effect of rate regulation.

These supplemental financial measures are provided to assist readers in determining our ability to generate cash from operations and improve the comparability of our results from one period to another. We believe these measures are useful in assessing operating performance of our ongoing business on an overall basis.