

For Immediate Release
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BC FERRIES SIGNS CONTRACT TO BUILD NEW NORTHERN VESSEL New \$133 million ship to be in service by Spring 2009

VICTORIA – BC Ferries is pleased to announce that it has commissioned the building of a new vessel to replace the 40 year-old Queen of Prince Rupert operating in northern B.C. Following a rigorous competitive bidding process, the company has selected Flensburger Schiffbau – Gesellschaft (FSG) of Germany to build the new northern vessel. The contract, with a total value of 91.8 million Euros or approximately \$133 million Cdn (based on current exchange rates), was approved yesterday by BC Ferries' Board of Directors.

“This is a design-build, fixed-price contract that provides BC Ferries with substantial guarantees for delivery dates, performance criteria, cost certainty and quality construction,” said David L. Hahn, BC Ferries' President and CEO. “This new vessel will allow for the retirement of the Queen of Prince Rupert and will bring a whole new travel experience to our northern service.”

The new ferry will operate between Port Hardy and Prince Rupert on the Inside Passage route. Following BC Ferries' specifications, the 150 metre vessel will accommodate 130 vehicles and 600 passengers. Among its many features, the vessel will offer 55 modern staterooms for passengers and an expanded range of food services and other amenities that will appeal to local residents and tourists alike.

Key highlights of the contract with FSG include:

- FSG assumes all design, construction and delivery risk
- Guarantees are in place for vessel completion date
- Favourable payment terms with 80 per cent payment upon vessel completion
- Fixed-price contracts with potential savings for steel price decreases
- Vessel performance guarantees related to speed, carrying capacity, manoeuvrability and fuel consumption
- Warranties above industry standard
- Penalties for late delivery

FSG is the shipyard that will be constructing the three Super C-class vessels. The northern vessel will be in service in the spring of 2009.

In addition to this new northern vessel, BC Ferries is continuing to negotiate an agreement to acquire a vessel to replace the Queen of the North. BC Ferries is committed to renewing its fleet, terminals and infrastructure, and will invest \$2 billion in new assets over the next 15 years.

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