



BRITISH COLUMBIA FERRY SERVICES INC.

Coastal Ferry Act - Executive Compensation Disclosure

For the fiscal year ended March 31, 2015

June 19, 2015

COASTAL FERRY ACT
EXECUTIVE COMPENSATION DISCLOSURE

June 19, 2015

1.0 PURPOSE

In accordance with the *Coastal Ferry Act*, as amended by the *Miscellaneous Statutes Amendment Act (No.3) - 2010* ("Bill 20") in June 2010, the compensation for the President & Chief Executive Officer ("CEO") of British Columbia Ferry Services Inc. ("BC Ferries" or the "Company") is set and administered within a total annual remuneration limit prescribed by an executive compensation plan approved by the shareholder of the Company, the B.C. Ferry Authority. This document sets out the details of the remuneration provided to Michael J. Corrigan, President & CEO of the Company, in accordance with the approved executive compensation plan, in the fiscal year ended March 31, 2015 ("fiscal 2015") and in the preceding two fiscal years (the "Reporting Period").

2.0 EXECUTIVE COMPENSATION PLAN

In the fiscal year ended March 31, 2012, BCFA approved an executive compensation plan with an effective date of October 1, 2011. The plan is available for public view on the website of B.C. Ferry Authority (www.bcferryauthority.com). The plan describes the philosophy for BC Ferries' executive compensation and the maximum remuneration that individuals whose compensation is governed by such plan can receive in any fiscal year, which includes salary, benefits, and pension contributions.

The remuneration limits set out in the executive compensation plan were established with the assistance of an independent third-party compensation expert and with reference to the *Coastal Ferry Act*, which requires that the remuneration under an executive compensation plan be consistent with the remuneration provided to individuals who, in organizations in Canada that are of a similar size and scope to BCFS, perform similar services or hold similar positions to that member of executive of BCFS, and not be greater than the remuneration that provincial public sector employers in British Columbia provide to individuals who, in those organizations, perform similar services or hold similar positions to that member of executive of BC Ferries. The comparator organizations used for purposes of establishing the remuneration limits are listed in the executive compensation plan.

In the Reporting Period, in accordance with the *Coastal Ferry Act* and Bill 20, the remuneration the Company provided to the President & CEO, but not the remuneration of any other executive officer of the Company, was governed by the executive compensation plan.

3.0 COMPENSATION DISCLOSURE

The executive compensation plan established an annual remuneration limit of \$563,000 for the President & CEO. The details of the remuneration provided to Mr. Corrigan in the Reporting Period are set out below.

Michael J. Corrigan
President & CEO
Remuneration
for the year ended March 31st
(\$)

	2015	2014	2013
Salary	421,848 ¹	421,988 ¹	364,000
At Risk Incentive Payment ²	Nil	Nil	64,421
Total Cash Compensation	421,848	421,988	428,421
Registered Pension ³	74,131	77,065	75,509
Supplemental Executive Retirement Plan ⁴	39,700	37,000	31,800
Benefits ⁵	14,579	15,316	14,288
Statutory Contributions ⁶	3,541	3,450	3,414
Vehicle Allowance ⁷	8,227	7,213	8,477
Other ⁸	975	968	1,091
Total Benefits and Statutory Contributions	141,152	141,012	134,579
Total Compensation	563,000	563,000	563,000

Notes:

1. Mr. Corrigan's salary in fiscal 2015 and in the year ended March 31, 2014 ("fiscal 2014") included the earned salary holdback under the salary holdback compensation plan. This plan was implemented by the board of directors of the Company effective April 1, 2013, concurrently with the discontinuance of the short term incentive plan. Under the plan, a percentage of the participant's maximum salary is held back and paid out based on the achievement of certain corporate and individual objectives and targets. The maximum salary established for Mr. Corrigan at the commencement of the salary holdback compensation plan was composed of his base salary in the prior fiscal year plus the average amount of his short term incentive plan award in the preceding four fiscal years. The held back portion of Mr. Corrigan's salary in each of fiscal 2015 and fiscal 2014 was \$65,000 (15 percent of maximum salary). While Mr. Corrigan earned 100 percent of his salary holdback in each of fiscal 2015 and fiscal 2014, the amounts payable to him were less than the amounts earned because of the limit on his total remuneration under the executive compensation plan. The salary holdback payable to Mr. Corrigan was \$45,556 (representing 10 percent of maximum salary) in fiscal 2015 and \$48,558 (representing 11 percent of maximum salary) in fiscal 2014.
2. The short term incentive plan for the President & CEO and other executives was discontinued by the board of directors of the Company effective April 1, 2013.
3. The pension figure shown is the amount contributed by the Company to the Public Service Pension Plan of British Columbia, in which Mr. Corrigan has a vested and payable interest.

4. Mr. Corrigan has a supplemental retirement benefit agreement with the Company. At March 31, 2015, the benefits were vested at 50 percent. The figure shown is the amount expensed by the Company in the fiscal year to fund the portion of the agreement attributable to Mr. Corrigan's service as President & CEO. Mr. Corrigan could elect in the future to opt out of his supplemental retirement benefit agreement and request that this portion of his compensation be redirected to another component of his remuneration. Any such change would require that his total remuneration remain within the limit prescribed by the executive compensation plan.
5. Mr. Corrigan receives health and welfare benefits paid by the Company, such as medical, dental, extended health, accidental death and dismemberment, life insurance, long term disability, workers' compensation and health spending that are available to other management and exempt employees.
6. The statutory contributions shown are the Company's contributions to the Canada Pension Plan and Employment Insurance.
7. The vehicle allowance includes a taxable monthly cash payment for vehicle expenses and reimbursement of fuel, as well as reimbursement in fiscal 2014 and fiscal 2013 of vehicle insurance expenses.
8. The amount shown as other compensation is the taxable income arising from the ferry travel pass program.