

**1. Will MAI charter or purchase the 2 vessels?**

MAI will charter two vessels from Stena Lines for an initial period of 5 years with an option to renew up to 15 years. Under contract there is an option to purchase anytime after the initial 5 years.

**2. What are the terms of the charter agreement?**

The charter agreement is for 5 years with two options to extend for additional 5 year periods.

**3. What is the cost to charter the vessels?**

Specific details of the charter agreement are confidential. The costs include the cost of charter hire, vessel's transatlantic voyage to Canada, integration of ships into fleet and to reflag Canadian. Exact costs are yet to be finalized, however the initial 5 years range is expected to be in the \$200 million range.

**4. Do you have an option to purchase?**

Yes, the charter agreement stipulates the agreed conditions for exercising a purchase option.

**5. Why is MAI leasing for 5 years instead of purchasing the vessels?**

Charters offer several advantages, most significant of which is greater flexibility in responding to changing marketplace conditions and demands. In consultation with the Government of Canada, it was decided that chartering the vessels would best suit Marine Atlantic's needs and financial profile. The charter agreement provides for an option to purchase should it be deemed an advantage to MAI.

**6. Why is MAI chartering ships instead of building new vessels?**

Given the government process, Canadian shipyard capacity and competing demands for ship building combined with the time it takes to design new vessels, our best estimate is it will take 5 – 7 years to deliver the first vessel. With growing traffic demand, age and reliability issues with current fleet MAI needs larger and more reliable vessels now. In order to deal with our immediate needs the best option for our customers is to charter vessels and get them in service next year.

**7. These vessels will not be constructed specifically for the Gulf ferry service; will they perform effectively?**

The vessels are ice strengthened modern and are suited to operations in our climate therefore we are confident they will perform effectively. However, as was experienced with the *Caribou*, *Joseph and Clara Smallwood*, *Leif Ericson* and *Atlantic Vision*, there will be an initial learning phase within which unanticipated technical challenges will likely emerge. We also anticipate the vessels' strengths and weaknesses will be publicly debated.

**8. When will the vessels arrive in Canada? When will they enter service?**

Both vessels will be in service on the Port aux Basques – North Sydney ferry route for summer 2011. We anticipate the first vessel will arrive by early winter 2011; the second vessel will arrive by spring 2011.

**9. What process did you use to select these vessels?**

For the past number of years the Corporation, with the assistance of international brokers, has been searching worldwide to find modern ice strengthened vessels capable of carrying passengers and commercial units. Our goal was to find 2 sister ships that were available for charter or purchase to provide MAI with the advantages of common crew training, maintenance, and customer awareness.

Given size and complexity of our requirements the availability of ships to charter or purchase is extremely limited, we were fortunate to have more than one option. A comprehensive comparative analysis of available vessels allowed us to select those which on balance offered best fit for our service.

**10. In selecting the vessels, what were the key factors considered?**

A number of factors were considered, including:

- Stena Lines is a reputable company with a lot of experience and proven history;
- The vessels are relatively new and well-maintained (one 3 years old and other is 4 years old);
- The vessels can be adapted to operate in Port aux Basques harbour;
- The vessels are designed for optimal carrying capacity for ships of that length;
- Overall lower maintenance and operational costs; and
- The vessels are able to maintain required speed.

**Frequently Asked Questions  
about  
Marine Atlantic's (MAI)  
charter vessels**

**11. Why would Stena make the vessels available for charter?**

This is an internal business decision of Stena based upon its own fleet requirements at this point in time and in the current economy. A core business function of Stena Ro-Ro (one of the companies within the Stena family of companies) is to construct and find deployment for vessels within the international ferry industry.

**12. What is the reason for the time delay between the vessels arriving in Canada and their entering service?**

Time is required to equip and supply the vessels and train ship and shore personnel in safe and effective operation of these vessels.

**13. How do these vessels compare to the *Caribou* and the *Joseph and Clara Smallwood*?**

	<b>MV Caribou/ MV Joseph and Clara Smallwood</b>	<b>Stena vessels MV Stena Trader MV Stena Traveller</b>
Built year:	1986 & 1989	2006 & 2007
Type of ferry:	Commercial ROPAX (i.e. designed for high commercial and passenger vehicle load)	Commercial ROPAX (i.e. designed for high commercial and passenger vehicle load)
Service speed:	18 knots	22 knots
Fuel consumption:	Medium – high	Low (*25 per cent more fuel efficient)
Size:	179m X 25m	199.5m* X 26.7m
Lane metres:	1850	*2840
Passengers and seating:	Comparable	Comparable
Passenger cabins:	49 on the Caribou 41 on the Smallwood	97
Maintenance:	High cost (i.e. due to age of vessel and four engines)	Low cost (i.e. due to newer technologies, newer vessels, 2 engines)
Ability to dock:	Comparable	Comparable
Delivery (in service):		Planned for summer 2011 service

**14. Why charter these vessels instead of the sister ships to the *Atlantic Vision*?**

The *Atlantic Vision* is a good ship for MAI. It transported approximately 40% of passenger traffic in the first year. There were only 3 trips out of approximately 700 trips made where the *Atlantic Vision* was not able to make dock in Port aux Basques, while the *Caribou* or the *Joseph and Clara Smallwood* made dock. The majority of the people that have experienced the *Atlantic Vision* have been impressed by her.

When searching for new vessels, we gave very serious consideration to the acquisition of the *Atlantic Vision*'s sister ships. After careful analysis of the relative features of the two ships, the Corporation decided to go with the Stena vessels based on newness, and cost of operation. The vessel will continue to provide a valuable role to the Corporation and its customers even after the acquisition of the 2 Stena vessels, particularly on the Argentina – North Sydney ferry route.

**15. How do you intend to involve employees?**

To date, employees at our terminals and on our ships have been involved in the project including terminal managers, assistant terminal managers, captains, deck officers, engineers and stewards. A number of interviews and presentations have occurred and this consulting process with employees to ensure their valued input is considered in design and implementation of these vessels.

**16. Do you anticipate challenges with integrating these vessels into the fleet?**

Yes. The vessels are ice strengthened, modern and are suited to operations in our climate therefore we are confident they will perform effectively. However, as was experienced with the *Caribou*, *Joseph and Clara Smallwood*, *Leif Ericson* and *Atlantic Vision*, there will be an initial learning phase within which unanticipated technical challenges will likely emerge.

As with each of our vessels during the introduction phase, there were customers who really liked them and those who did not. It is also unavoidable that those outspoken people who dislike the vessels will likely dominate the traditional media and social media sites in the first months of the vessels entering services therefore we are anticipating the vessels' strengths and weaknesses will be publicly debated.

**17. Given the tight manoeuvring spaces in Port aux Basques harbour, will the vessels dock in Port aux Basques harbour?**

Yes they will dock effectively in Port aux Basques. The Port aux Basques harbour presents challenges to our vessels and requires skilled handling by our crews during high winds. There are times when all vessels must wait outside for weather conditions to improve.

The vessels have a number of features that will increase their ability to function in Port aux Basques. For instance, the vessels will be equipped with powerful bow thrusters and articulating Becker type rudders combined with an open deck design they will have relatively low windage. Therefore, we anticipate that the Stena vessels ability to dock will be similar to that of the vessels being replaced, namely the *Caribou* and the *Joseph and Clara Smallwood*.

**18. How will the vessels operate in ice in the Cabot Strait?**

With vessels ice strengthened to class 1A and 30,000 horsepower (more than *Caribou* or *Joseph and Clara Smallwood*) we anticipate they will operate effectively under normal ice conditions encountered in the Gulf of St. Lawrence. In times of severe ice conditions any vessel can have challenges.

**19. Given the vessel's shape some people have inquired about comfort at sea in high winds. Will the vessel roll excessively in high winds?**

The vessels currently operate in the North Sea and do not have any issues. The redesigned vessels will be fully evaluated by marine architects and certified by regulatory bodies. Therefore, there is no concern with safe operation of the vessels.

The relative comfort of the ships in Newfoundland and Labrador water will be better known after initial year of operation. As with all our ships, the vessels will be equipped with modern stabilizers.

**20. What are the key features of these vessels?**

The vessels are modern ships that will provide the Corporation with an opportunity to meet traffic demand and improve reliability for the customer. A few of the key assets of these vessels include:

- Larger vehicle carrying capacity;
- greater seating arrangement;
- improved fuel consumption;
- two engines;
- state of the art technology in an uncomplicated form;
- three/four years of age; and
- large open area on top deck making dangerous goods transport easier.

**21. Who will make the modifications to the vessels?**

Under the charter arrangement, the shipyard work to modify the vessels is the responsibility of Stena and will be carried out in shipyards of Stena's choice. It appears that they have chosen one in Germany. MAI will provide ongoing technical oversight to the project.

**22. Why aren't the modifications being done in Canada or even in Newfoundland and Labrador?**

Under the charter arrangement, as owners of the vessels Stena will retain title of the vessels and are responsible for completing all modifications prior to chartering the vessel to MAI and delivery of the vessels to Canada. Therefore, it is Stena's choice as to which yard meets their requirements.

**23. How many shipyards in eastern Canada can drydock these vessels?**

Currently there are only 3 shipyards with capacity to drydock these ships, 1 in Nova Scotia and 2 in Quebec. (These vessels are too large for the current syncrolift at Marystown shipyard.)

**24. MAI is requesting to have the vessels shortened. Why? How will this be done? Is it safe?**

Based on the vessels' shape and design and our experience with our other ships, MAI decided the vessels in current form are too long (212 metres) for effective operation in Port aux Basques harbour. Therefore, Stena has agreed to shorten vessels to 199.5 metres.

In the original design of the Seabridger series, the vessels were designed to 199.5 meters. During the final stages of the build, Stena designed an additional section and inserted it

into the vessels to lengthen them to their current size. The modification MAI has requested to shorten the vessels is in fact to return the vessels to their original design.

Stena will remove the section that was added previously. This conversion will be conducted with oversight by MAI and under the scrutiny and approval of the appropriate regulatory and safety agencies. In addition these vessels will be flagged Canadian.

**25. How will shortening of the vessel and extended passenger modifications impact the performance of the vessel?**

These modifications will not have any material impact on the safe operation of the vessel, fuel usage or performance of the vessel. As stated earlier the original design of these vessels was 199.5 meters.

**26. If the vessels are returned to the owner will MAI be responsible for paying for the reverse modifications?**

No. Other than for normal wear and tear MAI must return the vessels to the owner in the same state they were received in (i.e., following modification).

**27. Will these vessels be reliable?**

Yes, these are modern vessels that have been well maintained and have a proven record of reliability. With ongoing proper maintenance we would expect same level of high reliability on the Gulf service. As with any means of mechanical transport, the possibility exists for breakdown.

**28. What happens if there is a delay in the delivery of the vessels?**

We have worked closely with Stena to ensure the timelines can be met, and we are jointly confident that the vessels will be delivered as agreed. Of course, as is usual with any legal agreement, there are provisions in the charter that outline penalties and remedies should an unacceptable delay occur.

In the unlikely event of a delay, MAI will continue to operate with its current fleet until the new fleet is in place.

**29. What are the vessel parameters for travel in extreme weather?**

The operation parameters will be comparable to other vessels in the fleet. The operation of the ship will play a key role in how the vessel responds in weather.

**30. Given the constraints in Port aux Basques harbour, is MAI committed to operating in Port aux Basques?**

Yes. MAI has heavy and longstanding investment in Port aux Basques in people and shore infrastructure which overall has worked very well for the Corporation. MAI has no plans to invest in any other port in the future. Port aux Basques continues to have a significant advantage of being much closer to Nova Scotia than any other port. (travelling to Corner Brook would more than double the crossing time)

**31. What will happen to *Caribou* and *Joseph and Clara Smallwood*? Why not keep them for backup?**

Both vessels will be sold. It is not feasible or practical to maintain these vessels in our fleet for backup purposes.

**32. Will you replace the *Atlantic Vision* with a sister ship to these two vessels?**

Currently there are 3 ½ years left on the initial charter period for the *Atlantic Vision*. As with the Stena ships we have an option to renew or purchase at the end of the initial 5 year period. No decision has yet been made whether to continue with the vessel or to look at alternatives. These decisions will be taken over the next 2-3 years.

**33. How much training is required for employees to adapt to the new vessels?**

Training and orientation will vary according to position. This may vary from general orientation to the vessel as part of the sailing tour to more specific training for the handling of new equipment.

For instance, senior officers and officers of watch will job shadow on an operating vessel. Vessel familiarization will be incorporated to the integration plan. In addition, Stena will supply a Chief Engineer during the first year of operation on each vessel to assist in the training and transition. All other training will be consistent with current fleet.

**34. Why will these vessels be cheaper to operate?**

Modern vessels utilizing newer technology and processes and operational efficiencies is one of the design criteria for the new topsides. Fuel consumption is estimated to be 25% less than the *Caribou* and the *Joseph and Clara Smallwood*. The vessels will be more fuel efficient than the vessels being replaced. They will have significant lower maintenance costs and due to efficiency in design will likely require somewhat fewer numbers of crew to operate.

**35. Will the introduction of these vessels result in reduction of the fuel surcharge?**

We anticipate a reduction in the fuel surcharge with the introduction of these modern vessels.

**36. Will these new vessels require the same numbers of crew as the *Caribou* and *Joseph and Clara Smallwood*?**

While the exact crew levels are yet to be determined, it is anticipated that the number of crew required will be somewhat less depending upon the operating season. We expect that normal attrition due to retirements and other departures will allow us to manage any reduction in members of crew.

**37. Will vessels be accessible for persons with disabilities?**

Yes. MAI has been recognized as a leader in the marine industry for providing accessible transportation for persons with disabilities. We are considering needs of persons with disabilities in conversion of the ships to ensure they meet these needs. For instance, a number of accessible cabins are being added to the ships.

**38. What are primary food services available on the vessels for customers?**

The food services have not been finalized. The vessels are being designed to offer a variety of food offerings such as a snack bar, a breakfast buffet, as well as a selection of hot options.

**39. What will be the cost of food on the vessels?**

The cost of food on these vessels will be comparable with food costs throughout the fleet.

**40. What other services are available to customers?**

There will be a more cabins than the retiring vessels, gift shop, children's play area, first aid area, and bar lounge.

**41. How many cabins will be available on these vessels? How do they compare to other vessels? What are the configurations of the cabins?**

There are 97 cabins available to passengers including a combination of 2 and 4-berth cabins with a total ability to sleep approximately 295 people. There will be some modifications completed to some cabins to offer a vessel that is accessible to persons with disabilities.

**42. Will dormitory sleepers will be available on the vessels?**

No. The vessels will offer customers a choice of cabins and reclining seats to provide them with a comfortable place to rest during the voyage. It is anticipated that most customers, if not all, will have access to either a cabin or a reclining seat, seating will be of comparable quality to that on the retiring vessels with a greater recline.

**43. What will you name the new vessels and how will you select the names?**

At this point we have not yet determined names for the vessels or the process for selecting the names.

**44. When will you retire the *Caribou* and the *Joseph and Clara Smallwood*?**

MAI will likely retire the *Caribou* before Christmas and the *Joseph and Clara Smallwood* before spring of 2011.

**45. The vessels have two engines compared to 4 on the *Caribou* and *Joseph and Clara Smallwood*. Is this an issue?**

MAI has successfully used 2 engines in the past. It is quite common in Europe and other countries to use 2 engine vessels. The *Leif Ericson*, which is a very reliable ship, also operates on 2 engines. MAI fully considered this engine configuration prior to its decision and does not anticipate any issues.

**46. The new vessels have a large open vehicle deck. Is this a concern?**

The open deck has a number of advantages particularly for carrying high loads, dangerous goods and refer units with exhaust emissions. Therefore, we anticipate upper open deck will be used primarily for carriage of large commercial units. In the vessel conversion we are designing the vessels to minimize any of the operational challenges that may result from operating in cold weather and do not anticipate any insurmountable issues.

**47. These vessels provide approximately 50% more vehicle capacity than the *Caribou* and *Joseph and Clara Smallwood*. Is this adequate?**

Based upon the current traffic projections and fleet utilization, we expect that the capacity of the new fleet will be sufficient for the next 5 – 10 years. MAI will continue to evaluate our need to ensure capacity requirements will be met.

**48. The Stena vessels are 4 metres shorter than the *Atlantic Vision* why is the vehicle capacity greater?**

The Seabridger Class vessel although a little shorter has a greater capacity for four reasons:

The vessel is one meter wider and has a clear span deck which allows for 8 lanes across the main deck and weather deck unlike the *Atlantic Vision* which has a center caisson and only 6 lanes across.

The vessel has an additional deck which has a deck height of 5 meters that can accommodate passenger and commercial traffic unlike the *Atlantic Vision* in which decks 1 and 2 can only handle passenger traffic due to a lower deck height. This increases the versatility to load traffic regardless of unit type or height.

The vessels lanes are all 3.1 meters wide during summer peak season this can be reconfigured to 2.5 lane width achieving an additional lane, from 8 to 9 for passenger traffic

The vessel will be equipped with a hoistable car deck allowing for an under and over stow of passenger traffic in the same lane providing room for approximately 32 additional cars.

**49. What is the anticipated crossing time?**

For daytime crossings, it will be approximately 5 hours and night time crossings will be approximately 7 hours (due to requirement to achieve mandatory rest period for the crew)