BC FERRIES, SECTION 43 APPLICATION

Letter of Comfort Regarding the Continuation of Authorization to Reduce Service on Routes 10 and 11

PREPARED FOR:	BY:	
B.C. Ferry Commission	M. W. McCarthy	
Comox, B.C.	CHECKED: Paul S. Smith	
6 THE GLOSTEN ASSOCIATES 1201 Western Avenue, Suite 200, Seattle, Washington 98101-2921 TEL 206.624.7850 FAX 206.682.9117 www.glosten.com	ENDORSED & APPROVED: Paul S. Smith principal-in-charge	
REV: FILE: 06069.01-0100	DATE: 7 July 2006	

References

- 1. British Columbia General Service Agreement, Ministry Contract No. 01AG0715109, Between the British Columbia Ferry Commission and The Glosten Associates, Inc.
- 2. B.C. Ferries Letter dated May 10, 2006 to British Columbia Ferry Commissioner, Subject: Request for Reduction of Service Under Section 43 of CFA
- 3. British Columbia Ferry Commission Order dated May 17, 2006 authorizing reduction of service, expiring July 16, 2006
- 4. B.C. Ferries Letter dated April 10, 2006 to British Columbia Ferry Commissioner, Subject: Request for Reduction of Service Under Section 43 of CFA
- 5. British Columbia Ferry Commission Order dated April 24, 2006 authorizing reduction of service, expiring May 18, 2006
- 6. March 25, 2006 E-mail correspondence between B.C. Ferries and Transport Canada. Subject: regulatory guidelines for a replacement vessel.
- 7. B.C. Ferries Fax dated March 28, 2006 sent to selected InterFerry members. This document was representative of the individual member solicitations for a replacement vessel on a bare boat charter and/or purchase basis.
- 8. Replacement vessel solicitation posted on the March 28, 2006 InterFerry website under the category: "Ferry Operators Seeking Help."
- 9. B.C. Ferries Fax dated March 30, 2006. Addendum to March 28, 2006 individual InterFerry member fax soliciting replacement vessel offers.
- 10. Replacement ferry solicitation, a 1-week posting on the Lloyd's List website dated April 13, 2006.
- 11. B.C. Ferries matrix of 69 "rejected" vessels printed on May 18, 2006.
- 12. B.C. Ferries matrix of "all" 94 vessels considered printed on June 16, 2006.
- 13. B.C. Ferries binder tabbed according to + 30-candidate conventional vessels with associated correspondence filed behind each vessel entry.
- 14. B.C. Ferries binder tabbed according to + 24-candidate conventional vessels with associated correspondence filed behind each vessel entry.
- 15. B.C. Ferries binder tabbed according to + 10-candidate conventional vessels with associated correspondence filed behind each vessel entry.
- 16. B.C. Ferries binder tabbed according to \pm 7-candidate fast ferries with associated correspondence filed behind each vessel entry.

Summary

Reference (1) directed The Glosten Associates, Inc. (Glosten) to:

[Quote]

- Review the records provided to you by British Columbia Ferry Services Inc. (BC Ferries). These records will include letters documents, quotations and other proposals generated during BC Ferries' search for a suitable replacement for the Queen of the North from March 22, 2006 to July 5, 2006. These records will be made available to you at meetings to be held in Victoria, B.C. with BC Ferries staff. Using your knowledge of worldwide markets for vessels you will also search for a suitable replacement for the Queen of the North. You will not have access to any of BC Ferries computer records.
- Based on your review you will provide a formal Letter of Comfort to the Commissioner providing your professional opinion. Your professional opinion will address whether a suitable replacement vessel has been available locally or internationally between March 22, 2006 and July 5, 2006 and whether the search conducted by BC Ferries for this replacement vessel has been thorough.
- For the purposes of this Agreement, a Letter of Comfort is defined as a professional opinion with the following requirements:
 - the extent of your review of materials provided by BC Ferries;
 - o a description and listing of your search of other materials;
 - o contacts, if any, with officials responsible for vessel safety standards in Canada;
 - based on your review of the above materials and information your professional opinion as to whether a suitable replacement vessel has been available for sale or charter during the period from March 22, 2006 to July 5, 2006.
- You will provide two original copies of the report to be delivered by courier by July 10, 2006 to the Deputy Commissioner, BC Ferry Commission at the following address:

935 Downey Road, North Saanich, BC V8L 5P8

• The Letter of Comfort is expected to provide the basis for the British Columbia Ferry Commissioner's opinion on whether the Order given under Sec. 43 of the *Coastal Ferry Act* should be extended beyond July 16, 2006 and, if so, for how long a period.

[End of Quotation]

Investigator's Qualified Opinion

- 1. **Responsiveness to the loss of** *Queen of the North*: Based on the timeline established by dates appearing on key documents, British Columbia Ferry Service Inc. (BC Ferries) began the search for replacement vessel very soon after the initial accident. Within a very short time, the search effort was appropriately formalized and professionally managed.
- 2. Adequate consideration of existing vessels in the marketplace: Based on the summary presentations made by BC Ferries during the 27 June 2006 Victoria meeting

and a time-constrained on-site inspection of the supporting materials available there, it is my opinion that the BC Ferries search for a replacement vessel was thorough. Their systematic and rational project methodology was performed competently, reflecting the best practices of a marine organization operating under similar circumstances. My examination of the supporting documents was not an audit, but rather a top-level review. Nonetheless this examination convinced me of the appropriateness and reasonableness of BC Ferries' efforts to secure a replacement vessel.

- 3. **Appropriate owner's requirements defining the vessel sought:** The mission of BC Ferries is: "*To provide a safe, reliable and efficient ferry service which consistently exceeds the expectations of our customers and communities, and creates value for the shareholder.*" With its appearance as the first adjective in the mission statement, I have adopted the term "safe" as the primary qualifier of their mission. As a result, I believe that BC Ferries was justified in requiring any replacement vessels be two-compartment standard and SOLAS 90¹ compliant. All other owners' requirements were suitably "negotiable" to open up the search to the widest possible number of candidate vessels.
- 4. **Contact with officials responsible for vessel safety standards in Canada:** I have not contacted any officials from Transport Canada or any other federal or provincial agency charged with vessel safety. During my 27 June meeting with BC Ferries, I reviewed guidance documents to BC Ferries from Transport Canada. I believe that they accurately describe how pertinent regulations should and will be interpreted with regard to replacement vessels.
- 5. Extension of the Section 43 Order: I believe that the authorization to reduce service under Section 43 of the Coastal Ferry Act reference (3) should be extended until the replacement vessel can enter service in the first quarter of 2007, *provided that:*
 - BC Ferries continues to assess options for engaging alternative service providers to restore any portion of the lost service levels more quickly, and
 - BC Ferries continues to investigate alternative, safe means of moving automobiles, freight and passengers using non-traditional conveyances if they have the potential to restore any part of the lost service levels more quickly.

Details of Investigation

Project Background and Scope

The Glosten Associates (Glosten) was retained by the British Columbia Ferry Commission (the Commission) to provide a third party opinion on the adequacy of the British Columbia Ferry Services, Inc. (BC Ferries or BCF) efforts to replace the motor vessel *Queen of the North* which sank in March 2006. BC Ferries is obligated to provide route specific levels of service that can only be reduced by formal application to the Commission without being in breech of contract.

¹ International Convention for the Safety of Life at Sea (SOLAS), 1974, as amended in 1990 for probabilistic concept of survival. Elsewhere in this document are references to "SOLAS 95" and "SOLAS 95/98." These refer to the same convention as amended in 1995 and 1998. The pertinent 1995 amendments addressed phase-in dates for prior existing vessels to achieve compliance with SOLAS 1990, the last of which expired in October of 2005. The May 1998 amendments addressed testing of watertight bulkheads and provisions for registering Global Maritime Distress and Safety System identities.

The *Queen of the North* had been dedicated to the Northern routes serving the communities of Prince Rupert, Port Hardy and Skidegate. Her loss and the ensuing reduction of ferry service will be acutely felt across those communities largely through a decline of summer tourist revenue. As such, the Commission requires a level of confidence that BC Ferries had indeed used their best efforts to replace the *Queen of the North* and that granting them an extended reduction in service is justified.

The BC Ferry Commission seeks Glosten's professional opinion on the timeliness and thoroughness of BC Ferries search for a replacement vessel. To facilitate arrival at an opinion, Glosten was afforded a 27 June 2006 meeting with two BC Ferries representatives as well as a review of certain materials provided by BC Ferries. Additional research into the domestic and international ferry market was conducted at Glosten's office.

Meeting Between Glosten, BC Ferries and the Commission

An investigator with the Glosten Associates met with Scott Elliott and Carol Prest of BC Ferries on 27 June 2006 in Victoria, British Columbia. Deputy Ferry Commissioner, Alan Eastwood, was also present during that meeting. BC Ferries brought a substantial amount of supporting material that was made available for inspection by both the Glosten investigator and Mr. Eastwood. Glosten was also given photocopies of certain documents to facilitate their professional review.

The following outline summarizes the topics covered in the meeting with BC Ferries.

I. Initial Period Following the Loss of the *Queen of the North*

The *Queen of the North* sank in Wright Sound in the early morning hours of 22 March 2006. Emergency response efforts associated with passenger accountability, oil spill mitigation and forensic data gathering were the priority focus of BC Ferries' management during the immediate two day period after the sinking. News of the ferry's loss prompted a deluge of unsolicited replacement vessel offers from principles and brokers worldwide. As the situation transitioned out of the emergency phase, BC Ferries implemented a systematic and rational method toward establishing criteria for a replacement of the *Queen of the North*.

II. Formation of Two Task Forces

BC Ferries convened two task forces to develop options for maintaining core service levels on the affected Northern Routes (specifically Routes No. 10 and 11). The title of each task force can be paraphrased as: the "vessel search" team and the "supplemental service" team. It was the mission of the vessel search time to locate and secure a suitable replacement vessel for the *Queen of the North*. The supplemental service team investigated immediate term service recovery through fleet reassignments, alternative service providers and interim service modifications. Due diligence analysis of the supplemental service team's efforts is beyond the scope of this report.

III. Vessel Search Team

Membership on the vessel search team was composed of a core group with discipline-specific expertise brought in on an as-needed basis. Core group members and their nominal responsibilities were:

- Captain Trafford Taylor, executive oversight
- ✤ Captain Mike Carter, co-team leader

- ✤ Captain Tom Schnerrer, co-team leader
- Scott Elliott, management of the results matrix data
- Lilly Hudson, management of principle and broker contact and follow-up
- Bruce Patterson, in-house naval architect
- ✤ David Carroll, director of terminal construction

It should be noted that there was a high degree of functional integration within the vessel search team. The nominal responsibilities stated above oversimplify the individual efforts of the team members. BC Ferries also had access to Walter Orb, the BC Ferries staff member managing the Super C-class building program at the Flensburger shipyard in Germany.

IV. Options Pursued

Listed below are five options that evolved as the best potential for returning Routes 10 and 11 to core service levels. BC Ferries stated that the business considerations associated with "vessel charter" versus "vessel purchase" were *never* drivers in their pursuit of these options; rather all efforts were focused on expeditiously identifying a suitable replacement.

- 1) Seek a like, capacity equivalent, vessel to the *Queen of the North*
- 2) Seek a smaller vessel (*Queen of Prince Rupert* capacity)
- 3) Utilize a vehicle-capable fast ferry
- 4) Modify a vessel from within the existing BC Ferries fleet
- 5) Utilize a pocket cruise ship in conjunction with alternative service strategies

V. Regulatory Framework

On March 25, 2006 Walter Orb, BC Ferries' Super-C class program manager and a naval architect, sought regulatory guidance from Transport Canada (TC). Without delegating authority to another body (i.e. IMO, class etc), TC indicated a vessel would only be considered suitable if it met the following minimum requirements:

- SOLAS 95/98 compliant
- 100% A/Amax calculation (required under SOLAS 95/98)
- Strong preference for a two compartment subdivision

While no restrictions were placed on classification society membership, TC noted that vessels in a reputable class typically have fewer inconsistencies than non-class ships.

VI. Unsolicited Offers from Maritime Community

BC Ferries reported that unsolicited fax and e-mail offers for replacement vessels were received by their company and the provincial government almost as soon as news of the *Queen of the North* sinking entered the public domain. Most of these offers originated from ship brokers. It was anecdotally reported that Captain Schnerrer was getting about 15 e-mail solicitations daily, often with multiple brokers offering the same ship.

VII. BC Ferries' Solicitation

In an effort to reach a ferry-specific resource base, BC Ferries began soliciting offers for either bare boat charters or vessel purchases from ferry operators worldwide. The ideal vessel characteristics were based on route requirements and the guidelines offered by Transport

Canada. These solicitations were delivered by a 28 March 2006 fax (EXHIBIT A) to selected ferry operators and also through a posting on the InterFerry² website (EXHIBIT B).

The targeted audience for these solicitations was expanded beyond the ferry industry through a 13 April 2006, 1-week purchased posting on the Lloyd's List³ website (EXHIBIT C).

VIII. Management of Candidate Vessel Data into a Functional Results Matrix

As early as 28 March 2006 it became manifest that the task of effectively managing the data associated with candidate ships would be complex. Although archival binders were subdivided by vessel specifications, photographs and correspondence, the data was not comparable in its raw form. A 22-field vessel search results matrix was designed on an ExcelTM spreadsheet to manage the data. The spreadsheet could be sorted to facilitate the vetting process with the following fields used to easily disqualify unsuitable vessels:

- Meets SOLAS Requirement
- Does Not Meet Stability Requirement (100% A/Amax)
- Too Big
- ✤ Too Small
- ✤ Too Slow

A 16 June 2006 copy of the results matrix (EXHIBIT D) was given to Glosten. Of the 94 vessel listings in that matrix, only 6 were rated "Considering – GOOD" as potential candidate vessels. An earlier 18 May 2006 submittal (EXHIBIT E) demonstrated the alphabetical sort of all rejected vessels as of that date.

IX. Reverse Search of the ShipPax Database

By late April, BC Ferries felt that the best ships were not offered on the market. A new tactic was developed to filter the ShipPax database by the desired vessel characteristics. Candidate vessels could then be proactively passed to brokers for follow-up. The reverse look at the ShipPax database validated the evidence that few vessels could meet the BC Ferries requirements and that those that could were often under long term charters.

X. Summary of the Vessel Search Avenues and Field Inspections

The following list summarizes the principle avenues BC Ferries' search team employed to locate a replacement vessel for the *Queen of the North*:

- Unsolicited offers from brokers and ship owners
- Direct solicitation to ferry operators
- Personal networking through industry contacts
- Posting on the InterFerry website
- Posting on the Lloyd's List website
- Unsolicited offers from Richard Seville⁴
- Work with BC Ferries' brokers of choice: Maersk and Brax Shipping
- Reverse filter of the ShipPax database

² "A shipping association representing the ferry industry world-wide."

³ A daily reporting service on the global shipping and insurance industry.

⁴ Author of "In Waters New," a detailed history of 45 UK ferry boats now sailing in Southern Europe.

XI. Significant Dates

The table below lists significant dates in BC Ferries' search for a replacement vessel. Dates that are not shown here, and whose follow-up confirmation is recommended, are:

- ✤ Date the ShipPax database was reverse filtered by BC Ferries
- ✤ The mid-April date the Sonia was first proposed to BC Ferries⁵
- BC Ferries staff inspection dates of the five candidate vessels

22- Mar- 06	25-Mar-06	28-Mar-06	30-Mar-06	10-Apr-06	13-Apr-06	18-May-06	16-Jun-06
Tuesday	Saturday	Tuesday	Thursday	Monday	Thursday	Thursday	Friday
QoN sinks	Walter Orb e- mails TC for regulatory guidance on a replacement vessel	Vessel "Search Team" formalized. Scott Elliott involved.	Mike Carter sends follow-up faxes to selected InterFerry members	Trafford Taylor mobs to Europe to inspect candidate vessels	Solicitation posted on Lloyd's List website	Matrix filtered for "reject" vessels	Matrix of ALL vessels considered released for Provincial use
	Glosten investigator documents correspondence beginning between BC Ferries and various brokers on unsolicited vessel offers	Solicitation posted on InterFerry website					
		Mike Carter faxes solicitation to selected InterFerry members					

XII. List of Inspected Documents

In seeking evidence of their due diligence, the Glosten investigator inspected the following BC Ferries-provided documents:

- E-mail correspondence between Transport Canada and BC Ferries
- Fax solicitations from BC Ferries to select InterFerry members
- InterFerry website newsletter posting
- Lloyd's List website posting
- List of 69 rejected vessels (matrix format printed on 18 May 2006)
- List of 94 vessels, "all" of the vessels considered by BC Ferries (matrix format printed on 16 June 2006)
- \star <u>+</u> 30-candidate vessel tabbed binder with correspondence filed behind each vessel entry
- \pm 24-candidate vessel tabbed binder with correspondence filed behind each vessel entry
- \star + 10-candidate vessel tabbed binder with correspondence filed behind each vessel entry
- \pm 7-candidate fast ferry tabbed binder with correspondence filed behind each vessel entry

⁵ Note: the *Sonia* was originally rejected based on incorrectly stated stability information.

EXHIBIT A

Fax to Ferry Operators Seeking Candidate Vessels

øсге	rries		Fax
То	Managing Director	Fax	011 45 3 342 3199
Company	DFDS Seaways A/S	Phone	
From	Capt. Mike Carter	Fax	
E-mail	Mike.Carter@bcferries.com	Phone	
Date	March 28 2006	Pages	2 (including cover)
Message			
(the ship considere	-	y year) or purchas	
	ferry should have the following char	acteristics:	
	to 130 meters g draft 5.5 meters maximum		
Service s	peed 19 knots minimum		
	meters maximum apacity 700 lane meters minimum		
Passenge	r capacity 600 minimum cabin capaci	ty approx 110 do	uble cabins
	height 4 meters minimum 1 2 meters approximately		
with requ available	el has to have a 2 compartment subdiv irements of SOLAS 97/98. If your co please contact Capt. Mike Carter at <u>M</u> <u>Orb@bcferries.com</u>	ompany happens t	o have a suitable vessel
Best rega			
Mike Car	ter		
Project M	anager		
privileged, confide	i is intended solely for the use of the individual or entit ential and exempt from disclosure. Any other distribut irror, please notify us immediately by telephone and re	on, copying or disclosure i	s strictly prohibited. If you have received
			a, BC V8V 4V2

EXHIBIT B

Posting on the InterFerry Website

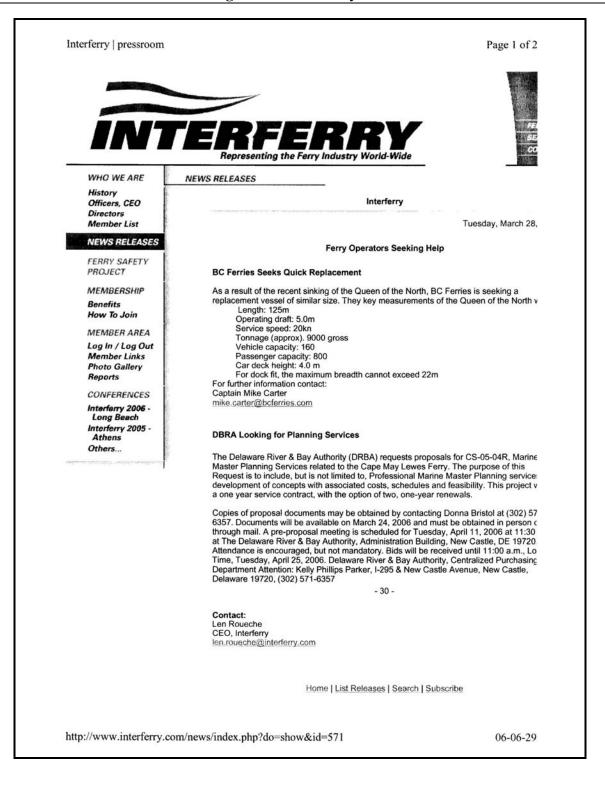


EXHIBIT C

Posting on Lloyd's List



16 June 2006 Results Matrix

EXHIBIT D

Vessel Name	Broker/ Owner/ Other	Considering/Reject	Not Available	Poor Bui	Built Year Nee	Meets Solas Req A	a < xeM AVA	# Comp Dr Req SI	Meet Lu Stabuity Lu	Length	Beam Dr	Draft	GT Vessel too Large	too too	Service Speed	e Vessel too Stow	G	Pax Cap	Cabins	Crew Cabins	Comments
1 NISSOS MYKONOS	Richard Serville - BRAX	Considering - GOOD		-	2005		100.00%	2		141.3	21		14717			16.3	320	2150			2 Has sister under construction
(-2) SONIA	Maersk Broker	Considering - GOOD				SOLAS 90	100.00%	2		117	20	4.7	9925			21	171		61		42
3 ATLANTIC TRAVELLER	Brax Shipping	Considering - GOOD						2		134.4	24		16794			20	350				0 Ex Duch of Scandinavia. Need
4 DAEDALUS/RIVIERA ADRIATICA	Brax Shipping	Considering - GOOD					100.00%	2		145	22.4		15039			21	2				O formerty Riviera Adriatica
5 DALIANA	SC Chambers	Considering - GOOD			1970	SOLAS 90	100.00%	2		129.3	20.6	4.4	5815			8	350	2300	300		O BEDS, NOT CABINS; SHIP IN
MII ENA	CC Chambare	Considerine - GOD		+		OD AS OD	100.00%	0	-	120.5	20.6		CREE			10	286		6.9		UNERCE
SMYRILL (NEWER ONE)		Considering - Not Likely Available		+	2005			-		135	22.7	5.6	8500			21	200	975	×	24	A Brax says availability unlikely.
SAOS II		Considering - Small			2001					84	14.4		2148			19	100		12		0
	XXX	Considering - Waiting								116	18.9		9481			7.5	283		0		0 No Cabins?
10 COLOR TRAVELLER		Considering - Waiting				SOLAS 747	~	5	-	140.8	22.7		594021			112	3		22	0	0 Trial speed of 19.4. Engines use Heavy Fuel.
11 WISTERIA	Richard Sevile - BRAX	Considering - Waiting		\vdash	1978			-		131.6	22.6	w.	13505			19	320	1500	219		Suspect single comparment on
12 EXPRESS APHRODITE	Richard Sevile - BRAX	Considering - Waiting		\parallel	1977			\parallel		129.2	212	4.6	11850			18.5	270	2000	16	85	9
1 PHOMPHUSE		Considering - Waiting		_	0/21					10.2	3	0	0HOZ			8	P.		4		d auspect single comparment on
14 EUROFERRYS ATLANTICA	Richard Sevile - BRAX	Considering • Walting		\parallel	1973 S	SOLAS 607		2		125	23.3	5.5	13179		-	19.5	325	1058	22		Was the Biuenose.
15 ALANDSFARJAN		Considering - Waiting		+	19/2			+	-	10.2	18.9		2110	+		11	180		3 2		EX Kattegat, 63 Beds not cabin
17 SPIRIT OF ONTARIO I		Considering - Z HS FF		-	2004					86.6	23.8	-	6420			42	238		0		Fast forry
8 AL SABINI		Considering - Z HS FF			2000					113.4	16.5	0	5889			40	220		0	0	Fast forry
19 PACIFICAT VOYAGER	Washington Marine Group	Considering - Z HS FF			2000					122	24.8		9002 X			35	202		8	0	S Fast forry
20 PACIFICAT DISCOVERY		Considering - Z HS FF		+	1999		-	+	+	271	24.02	+		-		8 8	202		20		Fast forry
		Considering - 2 MS FF		+	1997			+	+	94.5		342			6	5.5	130		1		Fast farv
23 DIAMANT (Wave Piercer)	Galbraith's Ltd	Considering - Z HS FF		+	1996			+		81.1			4305			37	181		0	ľ	Fast forry
RAPIDE (Wave Plercer)	Galbraith's Ltd	Considening - Z HS FF		+	1996			+		81.1	92		4112			37	181		0	Î	Fast forry
25 BLUE STAR NAXOS		Not Available	×	-	2002					123.8	18.9	5.1 1	0193			58	240				132 Beds. Seter ships "Ithaki and
26 POVLANKER	Richard Sevile - BRAX	Not Available	×	$\left \right $	1978					121.2	24.5	5.2 1	12131			18	256	1500	145	Î	
27 AURORA	Trevor Jones Group	Not Available			1977			-	×	21.9	17.5		1280	×	-	4.5 X	43		0	0	Alacka Marine Highway vecoel -
VITANDIA	Brax Shipping	Not Available	×		1972					109.3	17.2		6850			16	220		47		
29 DUECODE	Brax Shipping	Not Available	×	-				-	-	-	-										Brain confirmed unavailable.
30 HAMMERODDE	Brax Shipping	Not Available	×	\vdash				\vdash	\vdash	+	-	-									Brax confirmed unavailable.
31 ACHIAOS	Braemar Seascope	Rejected		-	2005			\vdash	\vdash	87.7	16	6.35	×	×		100	111		10		Ship is small but draft is too deep,
32 SEAWAY	Braemar Seascope	Rejected			2004			$\left \right $		47	15		390	×		17	36	300			DOURS CONTROL PRIME IN STREET
AQUA JEWEL	Brax Shipping	Rejected		×	2002					108.8	16.8	44	3045		-	5	\$		\$	0	Built in Greece: Suspect History wi Stab Problems: Langthened, etc.
34 HAMNAVOE	Northlink	Rejected	×	-	2002			-		112	18.6	4.4	8760		8	20.5	110	600	16		Not available per Bill Davidson, CE Northlink
35 HJALTLAND	Northlink	Rejected	×	-	2002			-	+	125	19.5	53 1	11486			24	125	600	8	37	Not available per Bill Davidson, CE Northlink
36 HROSSEY	Northlink	Rejected	×	-	2002			+	-	125	19.5		1486			24	125		8	37	Not available per Bill Davidson, CEI
37 TRINACRIA	Brax Shipping	Rejected						-		186	25.6	6.5 2	24409 X		2	225	*2	1000	308	0	Way too large.
38 Ferry Kochi	ShipPax/Brax	Rejected				NOT SOLAS		-	×	118.1	21		4138		-	3.4	156		168	0	Built in Japan - Not SOLAS
SEOLBONG	Brax Shipping	Rejected				NOT SOLAS 90				114.5	20		8806	×		17	98		76	0	Limited class saling (short voyage only in Korean waters)
40 SPIRIT OF TASMANIA I and II	Steve Smith - Crest Hotel PR	Rejected			1998					194.3	25	6.4 2	29067 X		2	27.5	800	1400	222	62	62 Much too large.
41 KAITAKI	Interistand Line	Rejected		-	1995			-	-	181.6	23.4	5.6 2:	23365 X			19	600	1650	3	0	0 Too big.

Note: Exhibit D received in hardcopy, and being held in Glosten files.

Vessel Name	Brokeet Owneet Other	Considering/Reject	Not Available	Poor Bu	Built Year Meet	Meets Solas Req	AIA Max > #	# Comp Req S	Does Not Meet Stability Rea	Length Be	Beam Draft	1 61	Vessel too Large	Veessel too	Service	Vessel too Slow	Cars Pa	Pax Cap Ca	Cabins Ca	Crew Cabins	Comments
SPIRIT OF TASMANIA III	Steve Smith - Crest Hotel PR	Rejected		1	1995				-	173.7	ι.		X E99		25.5		830	1400	200	103 To	to big
43 LAURANA	Brax Shipping	Rejected			1992			-	×	122	19.4	5.3 10	10977		25		272	1094	174		Compartment per Brax
LEIF EPICSON	Marine Atlantic	Rejected	×		1991					25			523 X		18		8	200	8	0	Canadian on East Coast. Not available in Summer Rin
367 No Name		Rejected				Solas 74		-	×							t	t	-	+		
ULADIO	SC Chambers	Rejected			1989		95.37%		×				977		17		275	1100	174	0	
SANSONNO	Brax Shipping	Rejected			1989	1		-	×	122.8	19.4	5.3 10	10977		£ :	,	275	1100	312	010	Compartment
IRLD ADVENTURER		Rejected			1989			1					21		2	×			-	5	5 kinots - Ico slow,
BLUE HORIZON	SSY Vancouver	Rejected			1987					187.1	27	6.7 27	27230 X		225		873	1600	170	58 W	Auch too large
CIUDAD DE VALENCIA	Braemar Seascope	Rejected		+	1584			-	×	138.3	20.5	5.2 11	11513		8		22)	88	201	010	Comp. Stability confirmed in e-mi
51 SAINT CATHERINE I	Richard Sewlin	Rejected		+	1983	T	T	+	t	75			336		12.5	×	142	1000	0	0 12	23 Risk 910 and "Stated too I
CHERSTIAN IV	Brax Shipping	Rejected				Solas 90		_		153.1	24.2		21699 X		21		530	2000	344	0 To	oo large - 22K.
CIUDAD DE SALAMANCA	Brax Shipping	Rejected		-	1982			-	×				513		8		225	1011	201	010	Comp. Stability confirmed in e-m
54 LYNGEN	Hurtigruten				1982					108.5	16.52		11	×	18.7	Ħ	ş	560	\mid	98	Cars + 100 Small
LONG	International Broking Services			+	1981			+					61 ×		8	+	8	1508	•	0 IQ	co deep - 6.6m
56 ATHINA	S Danoff USA LM	Rejected		+	1980		98.00%	+	×				5287		20	1	81	002		0 40	Imax
BAHIA DE MALAGA	Norwegian Ship Sales	Rejected		1	1980		58.00%	+	×				181		8	+	R	1300	-	8	caler stup to the Athrea
CIUDAD DE SEVILLA	Brax Shipping	Rejected		-	1980			-	×				513		20		82	688	Ĩ.	0 10	comp. Stability confirmed in e-ma
80		Rejected		+	1980 94 St	94 Short Trading	6	-	×				187		18	T	130	600	80	010	Compartment: limited cabins.
60 ISLADE BOTAFOC	International Broking Services	Rejected		+	1980		81.50%	-	×	129.4	21.6	5.2 12	12705		19.5		581	670	49	0	vianax
PRINCESS VICTORIA	Nonwegian Ship Sales	Rejected		\vdash	1980 S	Solas 96	95.04%	-	×				5287		15.5	×	120	1119	0	0	Ex-Cluded de Algeoras. Stability &
REGINA BALTICA	Simeonethin AR	Rejected		+	1980	t	t	+	t	145.2		5.5 180	18345 X		8	t	200	2000	563	8 ,ĕ	Too big. Suspect stubility issues.
EANTAACIA	Olimonishin AD	Defected		+	1070		OD ADM	╞	~						8	t	NCN.	1900	318	00	Alla V
I MASIA	SerrisOnStrip Ad	Postected Rejected		+	1017	T	el.nt/55	t	<			1.			a fe	t	300	1834	210	0 Min	tuch too laroe.
65 CARRIBEAN EXPRESS	Pichard Seville	Rejected		-	1976			╞	t				92 X		21.5	t	404	1135	354	149 Toc	too big DR. GT
NINDAWAYMA		Rejected		×	1976			\vdash	\vdash						16		192	111	0	0 Poc	hor Condition - Laid up for 15 year
BANASA	Richard Seville - BRAX	Rejected		×	1975			2					68		18.5		408	1500	22	95 Fra	ranken vessel - modifed stem.
GIULLA D'ABUNDO		Rejected			1975		95.24%	2	×						19	+	245	1140	223	0 10	max 95%
JUPITER WASA OVIEFN	Norwegian Ship Sales Richard Savela	Rejected		+		00 IUS	T	+	t			2 16546	x 80		18	t	211	1100	454	105 Too	too big. GT
CESME	Richard Seville	Rejected		+		SOL 74	96.10%	+	×	1.					215	+	290	1100	992		
CORSICA SERENA SECONDA	Norwegian Ship Sales	Rejected		-	1974 Sc		Sponsons	+	×	-	18.5		6906		17		400	1200	en.	92	No Cabins, Questionable Stately and Speed with Sponsons.
CADA I		Coloring .		+	4074	1	Or over	+	,				34		10.5	+	m	1500	44	47 444	Aleren a
A TALEMAN		Projection		+	1074	T	DC BUNC		< >	1637	207	R 100	X		18	t	6 8	1500	274		
RESS APOLLON		Rejection		+	1973		97.56%	+	< ×						19	t	217	1863	8	0 ata	WIRK
ADIF 1 AND 2	SC Chambers	Rejected		t	1973			┝	-		Ľ		× 98		21	t	8	1700	220	125 War	Way too large.
77 SCOTIA PRINCE		Considering			1972			-							18.5		22	1200	48		tews release on safety infraction
DONATELLA D'ABUNDO	SC CHAMBERS	Rejected		+	1972 SC	SOLAS 74	t	-	×	-			79		19.5		220	906	201	84 1 cc	compartment, solas 74
79 ROSLAGEN	Brax Shipping	Rejected		×	1972	t	t	╞	t	109.3	17.2 4	4.6 67	48		17		210	1320	3	49 Trai	rafford viewed and confirmed poor
FLYER	Marcon International Inc	Rejected		+	1971			+	×				97	×	15	×	0	189			Pax only terry
BISMILLAH	AS Broker	Rejected		Н	1971		97.62%	-	×	106.7	16.3 4.5		13		16.5	+	160	800	0	0 alar	URK .
VACATIONLAND	Cruise Ventures Inc	Rejected		×	1371			-		_	_				15.25	×	-	_	-	E.	heviously viewed. Too slow,
ROVAL STAR	Brax Shipping	Rejected		-	1970									×	13	×				P.	Park only in San Fran. Too slow; too
TADLA		Rejected			1970		93.50%	-	×	117.8	19.6 4	4.4 78	7838		19		176	1132	8	10	Compartment
DISCOVERY SUN	Richard Seville - BRAX	Rejected		×	6961								22		<u>6</u>		12	1150	145	5 5	O Tom Saled as Staff Captan. Confirms poor condition. History of

Comments	co small and too slow.	from Brax	condition imall weh capacity, also suspect 1	compariment and poor condition assed on age (1964)	1 Compartment, old. Passenger only/Unsultability	onemed with 11.	1 Compartment. Canadian on East Coast. Not available in Summer.		
Crew Cablins	0	41 In	0 49 6	0 40 1	- 0, 1	0 40	- 0 8		
Cabins	116	C		10	2		2		
Pax Cap	350				22		2061		
3	88	120	8		100	2	SUL COL		
Vessel too Slaw	11.5 X	17.7	5	9	12.5		0.5		
Service Speed	-	-			1		2		
Verseel too Small	×		×		×				
Vessel too Large									
15	10542			_	1183	1001			
Draft	52			1	1 2				
Beam	9 19.7			477					
Le	128.9	5.65	127.96	200	8.13 C 66	0.10	1011		
Does Not Meet Stability Req	×			>	<	× >	<		
# Comp Req	-			-	-	•	-		
A/A Max > 1 100%	91.50%					85.00%			
	-	+	+	+	+	++	-		
Meets Solas Req 95/98						12.07.000	i suno		
Built Year	1969	1965	1961	120	1961		\square		
Poor Bu		×		+	-	1	\square		
Not Available							×		
Considering' Reject	Rejected Rejected	Rejected	Rejected	Delivered	Rejected	Rejected	responsed Respected		
1 2 1	French Creek Boat Sales Brax Shinning				HOCKER SEMIRE J&A Co.		oc chambers		
Vessel Name	85 ELMSHORN 87 CASINO EXPRESS	RE CARRIEL SCOTT	89 PALM BEACH PRINCESS		91 PACIFIC AURORA	PENELOPE	94 VACANOIER		

EXHIBIT E

18 May 2006 Results Matrix

Vessel Name	Broker/ Owner/ Other	Considering/ Reject	Not Avail.	Poor Cond.	Built Year	Meets Solas Req 95/98	AIA Max > 100%	# Comp Req	Does Not Meet Stability Req	Length	Beam	Draft	GT La	Too To Large Sm	Too Service Small Speed	ed Stow	Cars	Pax Cap	Cabins	Crew Cabins	Comments
367" No Name		Rejeded		Π	1990	Solas 74			×	111.7	17.07	4.7	H	+		H	-			-	
ACHIAOS	Braemar Seasoope	Rejected			2005					87.7	16	6.35		×	×	18	121	1 1000	10	55 2	Ship is small but draft is too deep; limited cabins; stated veh cap unlikely based on dimensione.
ALANDIA	Brax Shipping	Not Available	×		1972					109.3	17.2	4.6	6850			16	220	0 1320	47	49 501	Sold (no longer available) - viewed sister ship "Rostagen" and condition was not
AQUA JEWEL	Brax Shipping	Rejected		×	2002					108.8	16.8	4.4	3045			19.3	195	5 1600	16	080	Built in Greece. Suspect History w/ Stab Problems. Lengthened, etc.
ATHINA	S Danoff USA Ltd	Rejected			1980		98.00%		×	99.5	11	1.1	5287		+	18	12	1.1	0	0 a/a	Britax
AURORA	Trevor Jones Group Not Available	Not Available			1977				×	71.9	17.5		1280	*		14.5 X	4		0	\leq	aska Marine Highway vessel - confirmed not available
BAHIA DE MALAGA	Norwegian Ship Sal Rejected	Rejected			1980		98.00%		×	89.5	17	4.5	5287			18	12		0	0 28	
BANASA	Richard Seville - BR Rejected	Rejected		×	1975			2	3	115.4	20.9		1668	2			+		8	11 1	ranken vessel - modified stem. Suspect stability issues as well.
BAT FLTEK	AC Broker Daiward	Projected Datavtad		t	19/1		07 69eL	T	<>	106.7	16.2		212			10 V	+		-	2.10	aix cony norty
RI LIF HORIZON	where we	Rejected		T	1987		01.00.10		c	187.1	20			×		50	878		170	58 M	Auch tro lane
BLUE STAR NAXOS		Not Arailable	×	T	2002					123.8	18.9	5.1 10	10193		-	92	240	1500			32 Beds. Sister ships "Blueki and Paros" also not evaluate
CARRIBEAN EXPRESS	Richard Sevile	Rejected			1976					156.4	23.5		9292	~		1.5	40		354	149 Too	too big DR, GT
CASINO EXPRESS	Brax Shipping	Rejected					97.50%	-	×	128.9	19.7		0542			18	26		116	010	comp. Stability confirmed in e-mail from Brax
CESME		Rejected				SOL 74	95.10%		×	153	20.3					1.5	29		256	0 Sol	olas 74. a/amax 95.1
CHRISTIAN IV		Rejected				Solas 90				153.1	24.2			×	-	21	53		344	0 Too	Too large - 22K
17 CIUDAD DE SALAMANCA	Brax Shipping	Rejected		1	1982			-	×	138.3	20.5		1513	+	-	20	22		201	010	Comp. Stability confirmed in e-mail from Brax on Caudad Class
18 CIUDAD DE SEVILLA	Brax Shipping	Rejected			1980			-	×	138.3	20.5		1513	-	+	2	22		201	010	comp. Stability confirmed in e-mail from Brax on Cluded Class
CIUDAD DE VALENCIA		Rejected				+		-	× ,	138.3	20.5		1513	+	+	R	22		102	010	Comp. Stability confirmed in e-mail from Brax on Crudiad Class
20 CURSICA SERENA SECONDA		Rejected		T		20488 201	sporsons		×	110.1	10.01	1	3003 V		+	11	104	.1.	» c	0 10	No Ualors, Ullestionative Statility and Speed with Sportsons.
21 DA LUNG	Distructional Drowing Rejected	Projected		,	1001	T	T			190.0	24.6	0.0			+	200	8		140	0 Tou	1 00 GREP = 0.011 From Collection Charles Printime and an addition of the history
SCOVENT SUN	NO - DIMO ODINI	nahadau		<	2021					Citori	217	-	2010			2	-		2	En	nom sømo es sem tugaen. Lommins poor concern, miskary of men Engine Room.
23 DONATELLA D'ABUNDO	s	Rejected			1972 5	SOLAS 74		-	×	138.3	20.5	5.2 11	11779		-	19.5	220	906	201	84100	compartment solas 74
24 DUEODDE	Brax Shipping	Not Available	×									-	-		_	-				Bra	Brax confirmed unavailable.
ELMSHORN	French Creek Boat Rejected	Rejected		1	1969					8		-		×	+	1.5 ×	es			T00	too small and too stow.
26 EXPRESS APOLLON	SC Chambers/ R Se	Rejected			1973		97.56%		×	118.1	19.8	4.5 7	7849	-	-	19	217	1863	8		Warrak
FANTAASIA		Rejected		1	1979	+	99.40%		×	136.1	24.2	1	6405			20	42.	. 1	318	89 Stat	coley.
Ferry Kochi	ShipPavBrax	Rejected			2000 N	NOT SOLAS		-	×	118.1	N		4138	_		9.4	151		168	OBM	Built in Japan - Not SOLAS
FINNJET	25	Rejected			1977					214.9	25.4	72 32	32940 X	-		31	395	1834	482	0 Muc	Much too large
FIVOS	Brax Shipping	Rejected			1.1	94 Short Trading	5	-	×	5'66	17.1	-	5287			18	130		00	010	0 1 Compartment, limited catins.
GABRIEL SCOTT	Brax Shipping	Rejected		×	1965					30.5	18.3	4.4 5	5678		-	17.71	120	937	0	0 Trat	frafford viewed and confirmed poor condition
GIULLA D'ABUNDO		Rejected			1975		95.24%	2	×	129	21.7		8314			19	245		223	0 2/31	vlamax 95%
HAMMERODDE	Brax Shipping	Not Available	×											-	-			. 1	1	Bran	Brax confirmed unavailable.
HAMNAVOE		Rejected	×		2002					112	18.6	1	8780	-	2	0.5	111	1	16		
HUALILANU		Kejected	× >		2002					27.	19.01		1480	+	-	47	121		8 8	37 NOL	CEO
	International Destination	Projected Decimination	<	t	1000	t	DT ENW	T	>	1001	0.51		1400	+	*	12	121		8 9		YOR AVAILADRE DEE DAR MAYASOOL, U.C.U. POOTINITIK
I IDITED	Monutation Chin Col	Deleted		t	1300		e/ nc- 16	T	<	123.4	21.0				+	10	200		462	N Tor	christen Tour his
KAITAKI		Delected		t	1006			T		101.0	32.6		V NORT		+	10	100		201	S L	Too No
LAURANA	Т	Rejected	T	t	1992	t	T	-	×	122	19.4	53 10	10977	-	-	17	272	1094	174	0100	Compartment terr Brax
LEIF ERICSON		Rejected	×	t	1991	T	Γ	-		154	24		8523 X	-	-	18	300	1	8	0 Cim	Canadian on East Coast. Not available in Summer. Big.
LYNGEN		Rejected	T	t	1982	T		T		108.5	16.52			×	-	3.7	40		t	40 C	
MERDIF 1 AND 2	SUG	Rejected			1973					167.2	24		18858 X	-		21	600		220	125 Way	y too large.
NINDAWAYMA		Rejected		×	1976								88			16	192		0	0 Poor	0 Poor Condition - Laid up for 15 years - see picture. Has been surveyed.
PAOPEO ALEODA				+	1000	+	1	1		101.6	16.8	4.8		,	+	-	-	\$	+		And the second se
45 PACIFIC AURORA		Kejectad		+	1962		AF 4141	1	,	5°10	00.11		1183	×	+	12.5	and a	21	100	Lake	assenger only/Unsuitability confirmed with FG
LLAUNU	SC Chambers	Helected			1903		90.37%		X	122	P'AL		DIR	-		11	2/0	-1	1/4	5	

Note: Exhibit E received in hardcopy, and being held in Glosten files.

		poor condition based										(sua											
	Comments	Small with capacity, also surgect 1 comparment and poor condition based on age (1964)			And Califord Inc. of the Article	X-LAVORD DE AQROFES. STRDINY & 100 SIDW - 10.0 K. OD bits Sustanci stativitiv issues.	rafford viewed and confirmed poor condition	har only in San Fran. Too slow, too small	w. Suspect too small.		the small	O Limited class saling (short voyage only in Korean waters)				rey accutage. arrentian on Fast Coast Not available in Summer	Too slow.						
		Small with capacity on age (1964)	alamax	1 Compartment	Co. Chinada da Blan	Foo bin Suspects	frafford viewed and	Part only in San Fra	12.5 knots - Ibo słow.	Compartment	contract dark- much too small	imited class saling	Auch too large.		Compartment	and an East C	Teviously viewed. Too slow	Vamax	oo big GT	Compartment, oid	15 knots - too slow.		
	Crew Cathins			4	0	0	49		0	0	4	0	62	103	10		i d.		106 1		-	-	
	Cabins			L	140	553	2		0	312	ę	76	222	200	88	000	T	274	246	4	1	-	
	Paar Cap	1020				2000					000				1132		t	1500			1		
	Case	20		200	007	2005	210		142	276	35	88	830	830	76.4	-		300	211	761]	
	Too Siow				>			×	×							Ι	×				×		
	Service Speed	19		19.5	18	02	17	13	12.5	17	10.01	11	27.5	25.5	19 40	100	15.25	18	18	10	101	2	
	Too Small	×	Π	T	t	T	T	×		T	×	×	T		t	t			t	t	1	-	
	Too		Ħ	t	t	×				t	t		×	×	>	<	T	×	×	t	1	-	
2	15	6999		5109	12131	18345	6748		2036	10977	390	8805	29067	23663	74400	2064.7	t	10002	16546	8610	60/2	7.100	
	Draft	4.4		- 1		5.5				5.3		4.8	6.4	6.4	4.4	3		9	62	4.4	4.38		
	Beam	16.4		19.27	17	25.5	17.2		16.8	19.4	15	20	25	24	19.6	50.02		22.7					
	Length	127.96		118.09	121.4	145.2	109.3		75	122.8	47	114.5	194.3	173.7	117.8	B		153.7	155.2	CRS	108	100	
	Does Not Meet Stability Red		×	×	,	<				×	<				×	T		×	,	×	1		
	#Comp B	\vdash	$\left \right $	-	+	t	+			_	+	-	+		_	┝	-		+	-	1	-	
11	A/A Max > #C 100% F	\vdash	85.00%	+	OK DAN.	2.5	+		-	AN ONE	8/00	\vdash	┢		83,50%	+		95.80%	+	+		-	
	rides AVA 1 108 10	-		74	De la	000	-		_			LAS	+		83.	+		H		+		-	
	Meets Solas Req 95/98	8		SOLAS 74	0 Color	0 0000	- N	0	0	0.0	7 40	1998 NOT SOLAS	R	5					5 SOL90				
	Built Year	1964		10+	121	198	197	197	196	196	200	199	199	199	1970	5	197	1974	191	961	198	<u>8</u>	
	Poor Cond.						×										×						
	Not Avail.			,	×											×							
	Considering/ Reject	Rejected	Rejected	Rejected	Not Available	Rejected	Rejected	Rejected	Rejected	Rejected	Rejected	Rejected	Rejected	Rejected	Rejected	Reinched	Rejected	Rejected	Rejected	Kejected	Rejected	repertue	
	Brokerf Owner/ Other	MUQ		SC Chambers Rejected	Normald Seville - BN NOt Avail	Simsonship AB				Brax Shipping	Braemar Segerone	Brax Shipping	Steve Smith - Crest	Steve Smith - Crest F	Bray Chinoina		Cruise Ventures Inc Rejected		Richard Sewlie				
	Vessel Name	PALM BEACH PRINCESS	PENELOPE			52 REGINA BALTICA						59 SEOLBONG		SMANIA III	62 TADLA 63 TRIMACRIA						69 WORLD ADVENTURER	WHUL JUPPNINER	
	1	42	48	48	8 3	10	83	3	38	8	2 2	65	09	61	29	3 3	65	99	19	8	69	8	