



Benjamin L. Douglas, President

Progress Report

October 26, 2005

AGENDA

ROCHESTER 
FERRY COMPANY, LLC

Progress Report
October 26, 2005

- ▶ **Experiences & Responses**
- ▶ **Performance:**
 - ✓ Ridership
 - ✓ Timeliness & Customer Satisfaction
 - ✓ Finances
- ▶ **The Future**
- ▶ **Summary**



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Building A Foundation For Operation:

*“Must provide a safe, reliable
and enjoyable service.”*

EXPERIENCES

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- Timing of acquisition dictated restart of service in peak Summer period for ferry service. Projected June 17th start date.
- Following acquisition, it was determined that substantial engine and propulsion repairs were required necessitating a later than hoped start date that delayed marketing efforts.
- Following acquisition, RFC hires Bay Ferries Great Lakes as managers.
- Actual start date moved to June 30th, pushing the “ramp up” into July 2005

EXPERIENCES

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- The need to train American Captains for certification resulted in continued pilot fees.
- Tour groups typically require a minimum of one year lead time for bookings and a fixed schedule. Tour group bookings will become 2006 initiatives.
- The 2005 marketing budgets of potential ferry partners were developed without certainty of a Rochester-Toronto ferry service.
- Hurricane Katrina caused a temporary change in consumer behavior and travel patterns, and also dramatic increase in fuel costs.

RESPONSES

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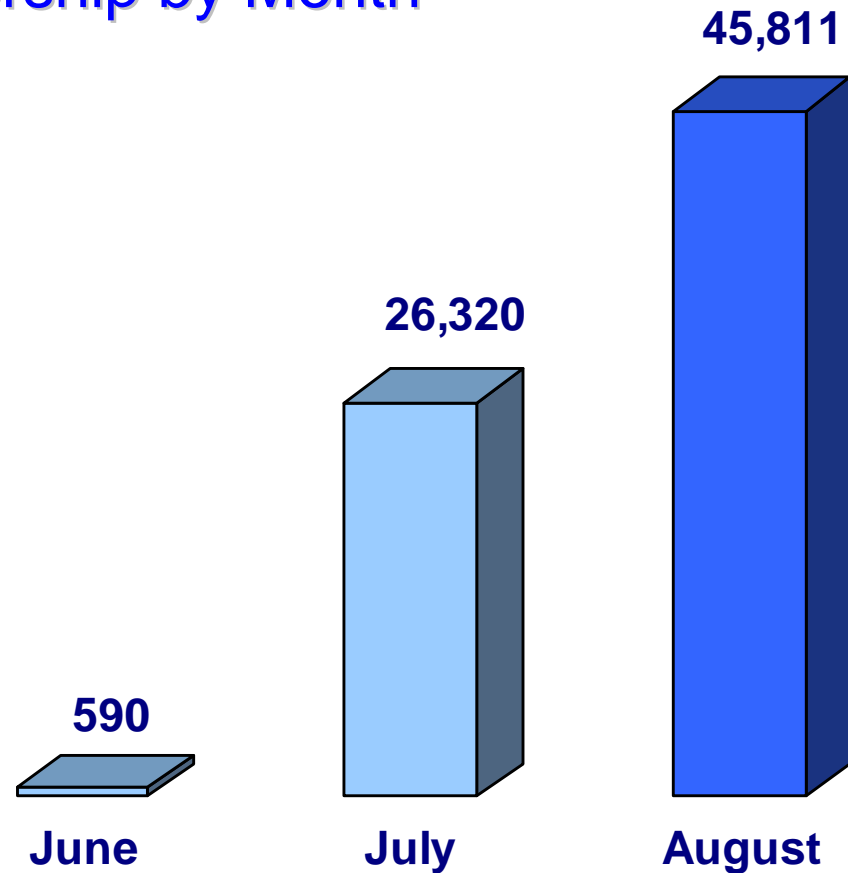
- Schedule adjustments were made to reduce demand for fuel and increase passengers per trip.
- Resisted pressure for a price increase or fuel surcharge in 2005 in an effort to build our business.
- Intentionally delayed extensive marketing until Bay Ferries completed its revised “ramp up” period.
- Hired NORMAL Communications in September 2005 to assist the project.

PERFORMANCE

Ridership by Month

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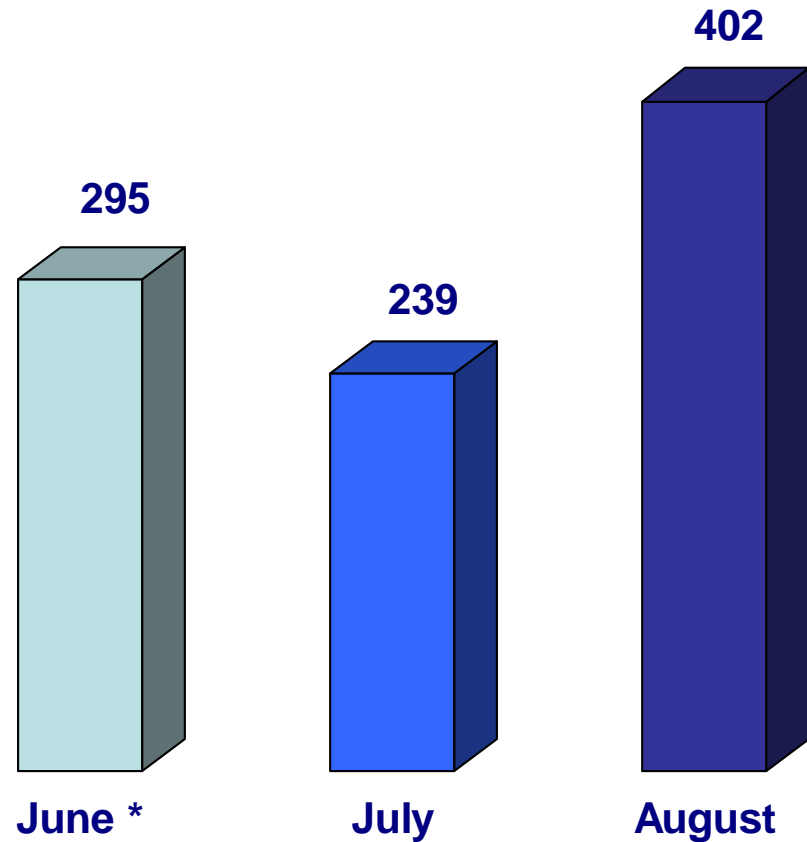


PERFORMANCE

Passengers per Trip

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* June – Inaugural Voyage

TIMELINESS & CUSTOMER SERVICE



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➤ **Reliable Service:**

✓ 96 % of departures within 5 minutes of schedule.

➤ **High level of customer satisfaction:**

✓ Preliminary passenger survey results revealed 74% of respondents would be very likely to take a future trip on the fast ferry. *

** Survey conducted by Corporate Research Associates, Inc. of Halifax, Nova Scotia*

OPERATING FINANCIAL RESULTS

February 28 – August 31, 2005

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Operations:

Revenue: \$2.8 million

Expenses: \$5.0 million

Operating Difference: - \$2.2 million

Operating Start-up: \$2.0 million

Net Difference: - \$4.2 million

THE FUTURE

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- As scheduled, the Ferry will be in service for 2006 beginning in Spring.
- The Ferry Board of Managers has created a revenue optimization committee to explore all opportunities to maximize revenue streams.
- The Ferry Board of Managers has appointed a Finance and an Operations Committee to oversee budget and operational plans.
- The Ferry Board will commission an economic impact study.

THE FUTURE

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- Strategic marketing plan is being developed for 2006.
- The Ferry Board and Bay Ferries developing 2006 budget - anticipated completion in December 2005.
- The Ferry Board will streamline communication with media and the community.

SUMMARY

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- First year business plan underestimated the impact on ridership from the delayed start date.
- Continue our commitment to the fundamental value for operation: to provide a safe, reliable and enjoyable service.
- This commitment has achieved high level of customer satisfaction, ensuring future growth.
- The first quarter of operation has laid a foundation to build upon to meet a demonstrated market for ferry service.