

**INTERIM MEMORANDUM OF AGREEMENT**

**BETWEEN :**           **VIA RAIL CANADA INC.**

**(hereinafter referred to as “ VIA ”)**

**AND :**               **THE BROTHERHOOD OF LOCOMOTIVE ENGINEERS**

**(hereinafter referred to as the “ BLE ”)**

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**WHEREAS** on June 12, 1998 VIA and the BLE (the parties) signed a Memorandum of Agreement for the renewal of all their collective agreements to be in force from July 1, 1998 until December 31, 2000.

**WHEREAS** in CIRB Decision 35 dated October 22, 1999, the parties were ordered to re-open negotiations on three specific issues.

**WHEREAS** this order of the CIRB was stayed by the Federal Court of Appeal until May 2, 2001.

**WHEREAS** the parties, in accordance with the provisions of the *Canada Labour Code* (Code), exchanged notices to bargain as well as their respective demands in September 2000.

**WHEREAS** in accordance with the provisions of the Code, Mr. A.W. Powers was appointed as a conciliator in the dispute between the parties on March 16, 2001.

**WHEREAS** the right to strike or lock-out was acquired on May 15, 2001; such rights have not been exercised by either party to the day of this Agreement.

**WHEREAS** Mr. A. W. Powers, in accordance with the provisions of the Code, was appointed as a mediator on May 25, 2001 and has assisted the parties on a regular basis ever since

**WHEREAS** Mr.T. Dinan, in accordance with the provisions of the Code, was appointed as a co-mediator on June 18, 2001.

**WHEREAS** on April 22, 2002, VIA and the BLE, with the concurrence of CN where necessary, filed with the CIRB a Memorandum of Agreement which was their agreement on the three issues the CIRB had ordered them to renegotiate.

**WHEREAS** on May 15, 2003, in its Decision 230, the CIRB did not ratify the April 22, 2002 Memorandum of Agreement between the parties, but rather imposed new terms and conditions which are substantially different from those negotiated by the parties.

**WHEREAS** VIA and the BLE have separately instituted proceedings before the Federal Court of Appeal to judicially review CIRB Decision 230.

**WHEREAS**, even if fast-tracked, these proceedings will not be heard before the end of October 2003 and judgment will not likely be rendered this year.

**WHEREAS** in the light of CIRB Decision 230 and the judicial reviews pending before the Federal Court of Appeal, the parties have come to the conclusion that it will not be possible to agree on the renewal of a full collective agreement before the end of the year.

**WHEREAS** it becomes imperative to provide the members of the bargaining unit who have not received any monetary adjustment since January 1, 2000 with an interim Memorandum of Agreement granting them wage increases retroactive to January 1, 2001.

**WHEREAS** the parties hereby expressly stipulate that this Interim Memorandum of Agreement is not a renewal of their collective agreement, but rather that negotiations are continuing on an ongoing basis with the assistance of the mediator.

**WHEREFORE IT IS AGREED BY VIA AND THE BLE :**

1. The recitals form part of this Interim Memorandum of Agreement.

2. Wages, including premiums and guarantees :

The collective agreement that expired on December 31, 2000, is amended to provide that wages shall be increased as follows :

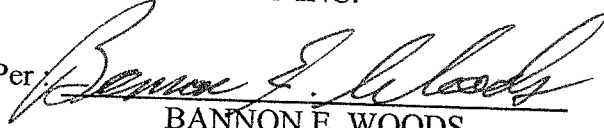
- (a) Effective January 1, 2001, a wage increase of 2% on all basic hourly and weekly rates of pay in effect on December 31, 2000;
- (b) Effective January 1, 2002, a wage increase of 2% on all basic hourly and weekly rates of pay in effect on December 31, 2001;
- (c) Effective January 1, 2003, a wage increase of 2% on all basic hourly and weekly rates of pay in effect on December 31, 2002;
- (d) Effective October 1, 2003, a wage increase of 1% on all basic hourly and weekly rates of pay in effect on September 30, 2003.

The aforesaid increases shall only be paid to those employees who are still in the employ of VIA on the date of ratification of this Interim Memorandum of Agreement.


3. The amounts resulting from the wage increases stipulated in paragraph 2 hereof will be added to the incumbency of any employee presently entitled to receive a maintenance of earnings.
4. All other demands of either party that have not been resolved remain standing in the negotiating process; furthermore, the parties may amend, add or otherwise modify their demands in writing no later than October 31, 2003.
5. The parties agree to continue negotiations on an ongoing basis with the assistance of the mediator, but expressly stipulate that they will not exercise their right to strike or lock-out before January 1, 2004 and then only in accordance with the provisions of the Code.
6. This Interim Memorandum of Agreement is subject to ratification by the BLE members of the bargaining unit at VIA no later than September 15, 2003.

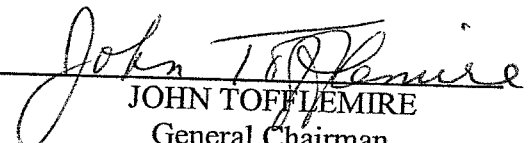
SIGNED THIS 23RD DAY OF JULY 2003.

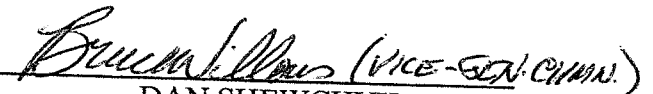
VIA RAIL CANADA INC.

Per:   
BANNON E. WOODS  
Director of Labour Relations

THE BROTHERHOOD OF  
LOCOMOTIVE ENGINEERS

Per:   
RENÉ LECLERC  
General Chairman

Per:   
JOHN TOFFLEMIRE  
General Chairman

Per:  (VICE-GEN. CHAIRMAN)  
DAN SHEWCHUK  
FOR: General Chairman

VIA RAIL CANADA INC.

July 24, 2003

Mr. Gilles Hallé  
Canadian Director  
International Vice-President  
BLE

Mr. René Leclerc  
General Chairman  
BLE

Mr. John Tofflemire  
General Chairman  
BLE

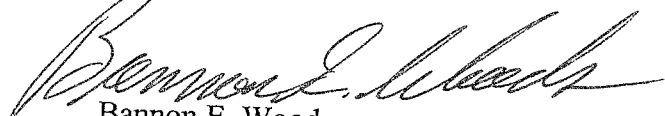
Mr. Dan Shewchuk  
General Chairman  
BLE

Gentlemen :

Notwithstanding the provision in the Interim Memorandum of Agreement stipulating that, in order to be entitled retroactively to the wage increases provided therein, an employee must be in the employ of VIA on the date of ratification of the Agreement, we wish to confirm the following.

Taking into consideration the very exceptional circumstances which have led to the signature of the Interim Memorandum of Agreement, all employees included in the bargaining unit who retired at VIA after January 1, 2001 will be entitled to receive retroactively the wage increases stipulated in the Interim Memorandum of Agreement between January 1, 2001 and the date of the retirement. However, it is understood that the provisions of the VIA Pension Plan expressly stipulate that any retroactive increase in wages subsequent to the date of retirement are deemed not to be earnings for Pension calculation purposes.

Yours truly,



Bannon E. Woods  
Director, Labour Relations

BEW/fl

c.c. : Mr. Paul Côté, VIA Rail Canada Inc.