



May 1, 2003

Mr. Gilles Hallé
Canadian Director & International Vice President
Brotherhood of Locomotive Engineers
1401 - 150 Metcalfe Street
Ottawa, Ontario
K2P 1P1

Subject: Reciprocal Pension Transfer Agreement between CN and VIA Rail for transfers after December 31, 1997

Dear Mr. Hallé:

This is to confirm our conversation of yesterday and in reply to your letter dated April 3, 2003 regarding the four options that will be made available for BLE employees who transferred from CN to VIA.

1. Grandfathering of CN ancillary benefits under the VIA plan

This is to confirm that the normal form of pension at CN is a joint and survivor reducing at 55%, guaranteed for 10 years.

2. January 1, 1998 to

This is to confirm that VIA agrees to extend the date and offer the four options to all BLE employees who transferred to VIA Rail from CN between January 1, 1998, and May 31, 2003, and who have not yet transferred their pension value from CN to VIA.

As agreed you will provide this information to your colleagues who in turn can communicate to your members. In the meantime, VIA will be mailing out letters to members concerned next week explaining the four options; a copy will be forwarded to you. A second mailing will be forthcoming with individual calculations as soon as they are available.

Sincerely yours,

Theresa Strugala Veldman
Director Human Resources

- cc: Mr. Philippe Morisset - OSFI
- Ms. Indu Arora - OSFI
- Mr. Michael Seay - CN
- Mr. Bannon Woods - VIA
- Mr. Réal Lamarche - Mercer