

MEMORANDUM OF SETTLEMENT

BETWEEN : VIA RAIL, CANADA INC.
(hereinafter referred to as "VIA")

AND : TEAMSTERS.CANADA RAIL.CONFERENCE
(hereinafter referred to as the "TCRC")

WHEREAS on June 12, 1998 **VIA** and the TCRC (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 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 the parties have completed the process set out in the Memorandum of Agreement signed December 22, 2005.

WHEREAS the parties hereby expressly stipulate that this Memorandum of Settlement is a renewal of their collective agreement, for the terms and according to the conditions hereinafter specified.

WHEREFORE IT IS AGREED BY VIA AND THE TCRC:

1. The recitals form part of this Memorandum of Settlement.

2. **Wages, including premiums and guarantees:**

The collective agreement that expired on December 31, 2000 and the interim Memorandum of Agreement signed on July 23, 2003, are amended to provide that wages shall be increased as follows:

- (a) Effective January 1, 2004, a wage increase of 3% on all basic hourly and weekly rates of pay in effect on December 31, 2003;
- (b) Effective January 1, 2005, a wage increase of 3% on all basic hourly and weekly rates of pay in effect on December 31, 2004;
- (c) Effective January 1, 2006, a wage increase of 3% on all basic hourly and weekly rates of pay in effect on December 31, 2005.
- (d) Effective January 1, 2006, before calculating the increase provided in sub-paragraph (c), the hourly rate of yardmasters will be increased by \$1.00.

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 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. **Benefits :**

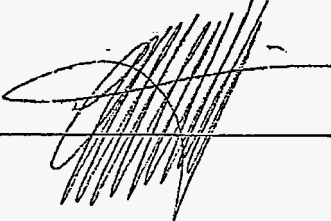
- (a) Weekly indemnity: increased from \$530.00 to \$560.00 effective 30 days after ratification.
- (b) Drug plan: Lifetime maximum of \$40,000.00 to be eliminated 30 days after ratification.
- (c) Drug card: 80% coverage with a user fee of \$1.50 per D.I.N. (drug identification number), to be made available and effective no later than 30 days after completion of required procedures (approximately 3 to 4 months).

- (d) Dental plan annual maximum: increased from \$2,000.00 to \$2,300.00 effective 30 days after ratification.
 - (e) Maternity benefits: a weekly benefit of 85% of basic weekly rate (minus E.I.) for 20 weeks (no maximum): effective 30 days after ratification.
 - (f) Life insurance: increased from \$30,000.00 to \$33,000.00, effective 30 days after ratification and increasing to \$40,000.00 effective December 31, 2006
 - (g) Death benefit (for retirees): increased from \$7,000.00 to \$8,000.00, effective 30 days after ratification,
 - (h) Accidental death: increased from \$30,000.00 to \$33,000.00, subject to the terms of the policy with the insurer, effective 30 days after ratification.
5. An employee who retires from the service of VIA on a disability pension, regardless of their age, provided they have not less than 10 years cumulative compensated service, will have the sum of \$8,000.00 paid by VIA to his or her estate upon their death.
 6. The letter dated December 21, 2005 regarding retroactive wage increases for retirees appended hereto shall form part of the agreement.
 7. VIA shall pay to the TCRC \$22,400.00 in respect of LTD.
 8. VIA will modify the pension plan retroactively to January 1, 2005 to cap employee contributions at the amount necessary to achieve the maximum pension amount of \$1,715 per year of service. (Presently this salary level is approximately \$92,000.) Over contributions made by Locomotive Engineers in 2005 of will be refunded to them, subject to standard deductions.
 9. VIA will require confirmation from OSFI that the above change to the pension plan will not trigger a new valuation. However, if the confirmation of OSFI is not forthcoming, VIA will refund to the Locomotive Engineers over contributions for the years 2005, 2006 and 2007. The plan would then be amended to cap employee contributions at the amount necessary to achieve the maximum pension amount of \$1,715 per year at the next actuarial valuation which is scheduled for January 1, 2008
 10. During the closed period VIA will provide to the TCRC actuarial information as to costs of increasing the pension benefit to \$2,000 per year of service. In addition VIA will provide information to the TCRC as to over contributions made by Locomotive Engineers prior to January 1, 2005.





- 11. The foregoing changes are in full and final settlement of all demands and requests served by and upon VIA and the TCRC.
- 12. This Memorandum of Settlement supersedes all previous agreements which are in conflict therewith and shall remain in full force and effect until December 31, 2006.
- 13. This Memorandum of Settlement is subject to ratification by the TCRC members of the bargaining unit at VIA.

SIGNED THIS 2nd DAY OF February 2006 AT MONTREAL, QUEBEC.

VIA RAIL CANADA INC.

Per: 
Per: _____
Per: _____
Per: _____
Per: _____

**TEAMSTERS CANADA RAIL
CONFERENCE**

Per: 
Per: 
Per: 
Per: 

VIA RAIL CANADA INC.

December 21, 2005

Mr. Gilles Ha16
President
TCRC

Mr. René Leclerc
General Chairman
TCRC

Mr. John Tofflemire
General Chairman
TCRC

Mr. Dan Shewchuk
General Chairman
TCRC

Gentlemen:

Notwithstanding the provision in the Memorandum of Settlement 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 Settlement, we wish to confirm the following :

Taking into consideration the very exceptional circumstances which have led to the signing of the Memorandum of Settlement, all employees included in the bargaining unit who retired at VIA after January 1, 2004 will be entitled to receive retroactively the wage increases stipulated in the Memorandum of Settlement between January 1, 2004 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

cc. Mr. Denis Pinsonneault, VIA Rail Canada Inc.