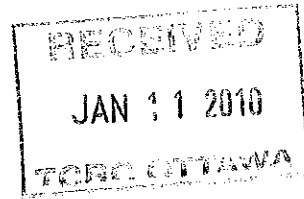




January 8, 2010



Mr. Dan Shewchuk, President
Teamsters Canada Rail Conference
Suite 1710, 130 Albert Street
Ottawa, ON
K1P 5G4

Fax : 613-235-1069

Dear Sir:

VIA Rail - TCRC Memorandum of Agreement

Please find enclosed a fully executed original copy of the final memorandum of agreement. It is dated the 11th of December 2009 which was the date of the first signature. I believe it was fully signed on December 29th, 2009.

We are still awaiting the language for the amalgamated seniority districts as per Item 12 of the agreement.

We have delivered the signed agreement to our payroll department. We anticipate the back time payment prior to the end of February. We will advise when the actual date is confirmed.

Yours Very Truly



Edward J. Houlihan
Director, Labour Relations

LABOUR RELATIONS

3 Place Ville-Marie, Suite 500
Montreal, QC H3B 2C9

RELATIONS DE TRAVAIL

3, Place Ville-Marie, Bureau 500
Montréal (QC) H3B 2C9

MEMORANDUM OF AGREEMENT

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

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

WHEREAS Collective Agreements 1.4 and 4.2 between the parties expired on December 31, 2006;

AND WHEREAS the parties exchanged notices to commence bargaining for the renewal of the Collective Agreements on September 6, 2006;

AND WHEREAS the parties hereto commenced collective bargaining for the renewal of said Collective Agreements on April 18, 2007;

AND WHEREAS certain items were mediated during conciliation and mediation;

AND WHEREAS the remaining issues between the parties were determined by arbitrator Michel Picher sitting as interest arbitrator in an award dated September 11, 2009;

AND WHEREAS the parties wish to amend the Collective Agreements to give affect to the issues agreed upon and the issues determined by the arbitrator.

NOW THEREFORE the parties agree that the said Collective Agreements are hereby renewed for the term and under the conditions as hereinafter specified:

1. Recitals

The recitals form part of this Memorandum of Agreement.

2. Term

Collective Agreement 1.4 and Collective Agreement 4.2 are hereby renewed for a period of four (4) years commencing at 0001 January 1, 2007.

3. Wages

- i) The wages, including premiums and guarantee are increased as follows;
 - a) Effective January 1, 2007, a wage increase of 3% on all basic hourly and weekly rates in effect on December 31, 2006;
 - b) Effective January 1, 2008, a wage increase of 3% on all basic hourly and weekly rates in effect on December 31 2007;
 - c) Effective January 1, 2009, a wage increase of 2% on all basic hourly and weekly rates in effect on December 31, 2008;
 - d) Effective January 1, 2010, a wage increase of 2% on all basic hourly and weekly rates in effect on December 31, 2009;
- ii) The aforesaid increases shall only be paid to those employees who are in the employ of the Corporation at the time of execution of the agreement or who have retired under the provisions of the Corporation's pension plan since the expiration of the previous collective agreement.
- iii) Any sum to be paid to an eligible employee who has retired under the provisions of the Corporation's pension plan will not result in a recalculation of pension entitlement.
- iv) The increases will not be applicable to maintenance of earnings amounts resulting from the award of Mr. Justice Mackenzie rendered on June 15, 1995.

4. Benefits

- i) Weekly Indemnity is increased to a maximum of \$590 effective 30 days after the signing of this agreement.
- ii) Weekly Indemnity is increased to a maximum of \$600 effective January 1, 2010.
- iii) Accidental Death Insurance is increased to \$36,000 effective 30 days after the signing of this agreement.
- iv) Accidental Death Insurance is increased to \$37,000 effective January 1, 2010.
- v) Life Insurance is increased to \$45,000 effective 30 days after the signing of this agreement.
- vi) Life Insurance is increased to \$50,000 effective January 1, 2010.
- vii) The current dental plan annual maximum of \$2,300 remains unchanged but will be subject to the fee guide in place for each year 30 days after the signing of this agreement.

5. Article 21.1 (b)

The article is amended as follows:

21.1 (b) Step 2 – Appeal to Regional Director, Operations.

Within 60 calendar days of the date of the decision under Step 1, or in the case of an appeal against discipline imposed, within 60 calendar days of the date on which the employee was notified of the discipline assessed, the Local Chairman may appeal the decision in writing to the Regional Director, Operations.

6. Articles 114 and 222

These articles are amended as follows;

i) 114.6 (b)

An employee who has been short paid may request of the designated officer, by telephone, the issuance of a voucher to cover such shortage provided that:

- (1) The amount short paid is at least 8 hours pay resulting in the employee having been paid less than 80 hours pay in the 2 week pay period, and

ii) 222.4(b)

A locomotive engineer who has been short paid may request of the designated officer by telephone the issuance of a voucher to cover such shortage provided that the amount short paid is at least 8 hours pay resulting in the employee having been paid less than 80 hours in the two week pay period. Such vouchers will be issued within three working days (i.e. excluding weekends and general holidays) of the locomotive engineer's request.

7. Article 251

Article 251.3 is amended as follows;

- 251.3 (b) Locomotive Engineers assigned to regular runs in the Quebec/Windsor corridor will not receive a call to report for duty when their assignment is operating on time.

8. Temporary Vacancies in Passenger Service

Article 204.4 – deleted

Article 204.4 (new)

Temporary vacancies are vacancies known to be of 14 days or more. Temporary vacancies will be posted for bid twice per week, on Mondays closing Thursdays and Thursdays closing Mondays and will be effective at 0001 on the day of the first trip. The senior locomotive engineer who is awarded the temporary vacancy will remain on their present assignment until they are actually able to work the temporary vacancy. The locomotive engineer shall remain on the temporary vacancy until the last trip of the vacancy is completed or until displaced.

Article 204.5 – deleted

Article 204.5 (new)

In the application of article 204.4 above, the locomotive engineer awarded a temporary vacancy as a result of annual vacation will be automatically released from the temporary vacancy on completion of the last tour of duty prior to the date the assigned locomotive engineer is scheduled to return.

Article 204.6 – deleted

Article 204.6 (new)

A Locomotive Engineer displaced from a temporary vacancy may displace any locomotive engineer their junior filling a temporary vacancy out of the terminal which they had not passed up while on their regular assignment, or they may return to their regular assignment.

Article 204.7 (new)

Locomotive Engineers returning from vacation will be automatically shown as available for work at 22:00 on their last day of vacation.

Article 205.5 – deleted

Article 205.5 (new)

Temporary vacancies are vacancies known to be of 14 days or more. Temporary vacancies will be posted for bid twice per week, on Mondays closing Thursdays and Thursdays closing Mondays and will be effective at 0001 on the day of the first trip. The senior locomotive engineer who is awarded the temporary vacancy will remain on their present assignment until they are actually able to work the temporary vacancy. The locomotive engineer shall remain on the temporary vacancy until the last trip of the vacancy is completed or until displaced.

Article 205.6 – deleted

Article 205.6 (new)

In the application of article 205.5 above, the locomotive engineer awarded a temporary vacancy as a result of annual vacation will be automatically released from the temporary vacancy on completion of the last tour of duty prior to the date the assigned locomotive engineer is scheduled to return.

Article 205.7 – deleted

Article 205.8 – deleted

Article 205.9 – deleted

Article 205.9 (new)

A Locomotive Engineer displaced from a temporary vacancy may displace any locomotive engineer their junior filling a temporary vacancy out of the terminal which they had not passed up while on their regular assignment, or they may return to their regular assignment.

Article 205.10 – deleted

Article 205.10 (new)

Locomotive Engineers returning from vacation will be automatically shown as available for work at 22:00 on their last day of vacation.

Article 206.8 – deleted

Article 206.8 (new)

Temporary vacancies are vacancies known to be of 14 days or more. Temporary vacancies will be posted for bid twice per week, on Mondays closing Thursdays and Thursdays closing Mondays and will be effective at 0001 on the day of the first trip. The senior locomotive engineer who is awarded the temporary vacancy will remain on their present assignment until they are actually able to work the temporary vacancy. The locomotive engineer shall remain on the temporary vacancy until the last trip of the vacancy is completed or until displaced.

Article 206.9 – deleted

Article 206.9 (new)

In the application of article 206.8 above, the locomotive engineer awarded a temporary vacancy as a result of annual vacation will be automatically released from the temporary vacancy on completion of the last tour of duty prior to the date the assigned locomotive engineer is scheduled to return.

Article 206.10 – deleted

Article 206.10 (new)

A Locomotive Engineer displaced from a temporary vacancy may displace any locomotive engineer their junior filling a temporary vacancy out of the terminal which they had not passed up while on their regular assignment, or they may return to their regular assignment.

Article 206.11 – deleted

NOTE – deleted

Article 206.11 (new)

Locomotive Engineers returning from vacation will be automatically shown as available for work at 22:00 on their last day of vacation.

Addendum 211 – deleted

Article 109.4 – deleted

Article 109.4 (new)

Temporary vacancies are vacancies known to be of 14 days or more. Temporary vacancies will be posted for bid twice per week, on Wednesdays closing Sundays and Sundays closing Wednesdays and will be effective at 0001 on the day of the first trip. The senior locomotive engineer who is awarded the temporary vacancy will remain on their present assignment until they are actually able to work the temporary vacancy. The locomotive engineer shall remain on the temporary vacancy until the last trip of the vacancy is completed or until displaced.

Article 109.5 – deleted

Article 109.5 (new)

In the application of article 109.4 above, the locomotive engineer awarded a temporary vacancy as a result of annual vacation will be automatically released from the temporary vacancy on completion of the last tour of duty prior to the date the assigned locomotive engineer is scheduled to return.

Article 109.6 (new)

A Locomotive Engineer displaced from a temporary vacancy may displace any locomotive engineer their junior filling a temporary vacancy out of the terminal which they had not passed up while on their regular assignment, or they may return to their regular assignment.

Article 109.7 (new)

Locomotive Engineers returning from vacation will be automatically shown as available for work at 22:00 on their last day of vacation.

Article 152.9 – deleted

Article 152.10 – deleted

Article 152.11 – deleted

Article 152.12 – deleted

Article 152.13 – deleted

Addendum 200

Paragraph 9

Vacancies of less than 14 days on Territory “D” assignments will be crewed by VIA spare board at Moncton. When the spare board is exhausted, locomotive engineers will be called, on a tour of duty basis, in the following sequence:

Locomotive engineers on the Territory concerned who have booked up for emergency work.

- (a) Locomotive engineers not working as such from the Territory concerned.
- (b) Locomotive engineers on the other Territory who have booked up for emergency work.
- (c) Locomotive engineers not working as such from the other Territory.

Paragraph 10

Temporary vacancies of 14 days or more on territory "D" assignments including the spare board will be awarded in the following sequence:

- (a) VIA Territory "D" locomotive engineers.
- (b) VIA Territory "D" locomotive engineers not working as such.
- (c) VIA Territory "F" locomotive engineers.
- (d) VIA Territory "F" locomotive engineers not working as such.

9. Article 211 – In Pool Service - Preamble

The running of locomotive engineers in pool service is only available for terminals of five (5) locomotive engineers or less. If the Corporation wishes to institute pool service hereafter at a terminal employing five (5) locomotive engineers or less, the consent of the union is required. If the union does not provide their consent to the implementation of pool service the Corporation may submit the request to the CROA arbitrator for a decision of the appropriateness of pool service based on consideration of the business justification. The Corporation will not implement pool service in a terminal prior to the consent of the union or the decision of the arbitrator.

Article 153 (new) – Pool Service - Preamble

The running of locomotive engineers in pool service is only available for terminals of five (5) locomotive engineers or less. If the Corporation wishes to institute pool service hereafter at a terminal employing five (5) locomotive engineers or less, the consent of the union is required. If the union does not provide their consent to the implementation of pool service the Corporation may submit the request to the CROA arbitrator for a decision of the appropriateness of pool service based on consideration of the business justification. The Corporation will not implement pool service in a terminal prior to the consent of the union or the decision of the arbitrator.

10. Training Allowance

Section D of Addendum 106 and 207 is deleted .

Section D of Addendum 106 and 207 (new)

D. Trainer Allowance to locomotive engineer:

A locomotive engineer who, during a tour of duty, is required to assist in the training as outlined in the foregoing Sections A, B and C, shall be paid the following amount in addition to his other earnings for such tour of duty:

\$40.00 per tour of duty

Effective 30 days after the signing of the Memorandum of Agreement.

The trainer allowance will only be payable to one locomotive engineer per tour of duty.

11. Informal Discipline

The parties agree to an informal discipline policy in accordance with Appendix "A" dated July 16, 2009 hereto.

12. Amalgamated Seniority Districts

The parties agree to amalgamation of the seniority districts in accordance with Appendix "B" attached hereto. Affected provisions of Collective Agreement 1.4 are modified accordingly. (Language to be provided by the TCRC)

Note: Language due before December 11, 2009. The Arbitrator retains jurisdiction in the event that the parties cannot agree upon the necessary contractual language.

13. Accommodation at Sarnia, Ontario

This issue is resolved in accordance with the letter attached as Appendix "C" hereto.

14. Locomotive Engineer Training and Seniority

The parties agree to the training and seniority for locomotive engineer trainees in accordance with Appendix "D" attached hereto.

15. Run to the meet

A local agreement for a "run to the meet" between Edmonton and Biggar is established in accordance with Appendix "E" attached hereto. The meet window is established as between Kinsella and Dunn.

16. Pool service

The terminal at Capreol is to be changed from pool service to operate in assigned service.

17. Scheduled days Off – Spare Board

Article 3.6 is amended as follows:

- b) Locomotive engineers on spare boards will be assigned not less than two scheduled lay off days per two week period.

18. Transportation to the home terminal

Article 3.12 and 15.5 are amended as follows:

3.12 b) Locomotive engineers who under the terms of this article book rest at the away-from home terminal and have their guarantee reduced by all the hours of the tour of duty missed will nevertheless remain in the service of the Corporation for the purposes of worker's compensation protection, from the time they book rest until they return to their home terminal, when they do so without unreasonable delay.

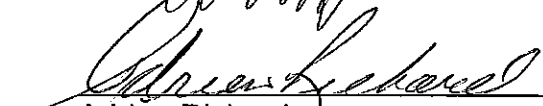
15.5 b) Locomotive engineers who under the terms of this article book rest at the away-from home terminal and have their guarantee reduced by all the hours of the tour of duty missed will nevertheless remain in the service of the Corporation for the purposes of worker's compensation protection, from the time they book rest until they return to their home terminal, when they do so without unreasonable delay.

Signed this 11th day of December 2009, in Montreal, Quebec.

On behalf of
VIA RAIL CANADA INC.



Edward Houlihan
Director, Labour Relations



Adrien Richard
Senior Advisor, Labour Relations




Gene Selesnic
Manager, Train Operations

On behalf of
TEAMSTERS CANADA RAIL
CONFERENCE




Dan Shewchuk
President



René Leclerc
General Chairman



William Michael
General Chairman (Interim)



Bruce Willows
General Chairman

APPENDIX "A"

July 16, 2009

Dan Shewchuk

President
Teamsters Canada Rail Conference
Suite 1710, 130 Albert Street
Ottawa, ON
K1P 5G4

Bruce Willows

General Chairman,
Teamsters Canada Rail Conference
Suite 310, Building No. 2
Whitemud Business Park
9622, 42nd Avenue
Edmonton, Alberta
T6E 5Y4

René Leclerc

General Chairman
Teamsters Canada Rail Conference
602, 6th Avenue, Suite 360
Grand-Mère, Quebec
G9T 2H5

Richard Dyon

General Chairman
Teamsters Canada Rail Conference
5167 de Horta
Laval, Quebec
H7W 0A6

Dear Sirs:

Re: An Informal Discipline Process

In the current round of collective bargaining the Corporation and the Union discussed a pilot project to address issues that did not warrant the formal investigation process. Mediation efforts produced the following informal discipline process which will remain in effect while the renewed Collective Agreement 1. 4 is in force.

1. the informal discipline process will not be available for any employee with 20 demerits or more on their discipline record at the time of the incident.
2. the maximum discipline which can be imposed using the informal discipline process is 10 demerits.
3. the employee will receive written notice to appear for the meeting in accordance with Article 20.1, with a copy to the Union.
4. the employee will be paid for attending the informal discipline meeting in accordance with the Collective Agreement.
5. the parties will use the Informal Discipline Meeting form attached as Appendix "A" as a record of meeting.
6. the Corporation will deliver a written decision within 14 days.
7. Any discipline assessed in the informal process is eligible to be the subject of a grievance in accordance with Article 21.

APPENDIX "A"

The informal process will not be used for issues concerning the new uniform for Locomotive Engineers for a period of 6 months following implementation of the uniform standards. During this time period the first recourse to address uniform problems will be consultation with the local chairman. The Corporation retains the right to conduct a formal investigation for a uniform issue when they deem it is necessary.

This agreement can be cancelled for a region by either the General Chairman responsible or the Director of Labour Relations upon 30 day written notice to the other citing the reasons for the cancellation.

APPENDIX "A"

Informal Discipline Meeting

Between VIA Rail Canada Inc.

And

Teamsters Canada Rail Conference

Employee Name _____ PIN _____

Allegation _____

Date of Occurrence _____ Location _____

Details _____

Employee Response _____

Date of Meeting: _____

Employee Signature: _____ TCRC per: _____

VIA Rail per: _____

APPENDIX "B"

APPENDIX "C"

November 30, 2009

Dan Shewchuk
President
Teamsters Canada Rail Conference
Suite 1710, 130 Albert Street
Ottawa, ON
K1P 5G4

Richard Dyon
General Chairman
Teamsters Canada Rail Conference
5167 de Horta
Laval, Quebec
H7W 0A6

Subject: Accommodation in Sarnia

Dear Sirs:

During National Negotiations for the renewal of the Collective Agreement 1.4 that expired on December 31, 2006, the Union raised the issue of crew accommodation in Sarnia.

Notwithstanding that accommodation are furnished only when the off duty time at the away terminal is more than three (3) hours, in order to resolve the matter it was agreed that hotel rooms would be provided at the away terminal to crews working train 85 into Sarnia, returning on train 88 under the present schedule.

This is without precedent or prejudice.

APPENDIX "D"

LOCOMOTIVE ENGINEER TRAINING PROGRAM CONSIDERATIONS

1. Candidate Selection Process

- Candidates for locomotive engineer training will be selected by VIA Rail Canada Inc.
- TCRC will not be a party to the candidate selection process.

2. Training

- All candidates will receive classroom and practical training.
- TCRC locomotive engineers will co-operate in providing on the job practical training
- TCRC locomotive engineers will be compensated for providing on the job practical training

3. Seniority

- VIA Rail Canada Inc. will designate a SLE Class Number for each successive training class.
- The TCRC will be advised when each SLE Class is due to commence and be provided with a list of the course candidates. The list will include the information necessary to properly determine the eventual locomotive engineer seniority of each candidate.
- Seniority for all candidates (except those transferring under the Transfer Agreement) will be established by SLE Class Number. Within each SLE Class successful candidates will be added to the bottom of the appropriate locomotive engineer seniority list in the following ranking:
 - (a) Candidates employed elsewhere within VIA Rail Canada Inc. at the time of selection will be ranked, among themselves, according to their earliest continuous service date with VIA Rail Canada Inc., followed by:
 - (b) All other candidates ranked, among themselves, according to their date of hire with VIA Rail Canada Inc.

APPENDIX "D"

(c) Previously qualified locomotive engineers hired by VIA will be deemed to have attended the next available SLE training course subsequent to their hiring and their locomotive engineer seniority will be established in accordance with above.

- Candidates failing to complete training due to bona fide illness or extreme extenuating circumstances will have their seniority protected within their original class if they subsequently successfully complete their training at next available opportunity. In the case of severe extenuating circumstances approval of seniority protection must be agreed in writing between the applicable General Chairman and the Company Director – Labour Relations.

4. Establishment of Home Station

- The home station for successful SLE candidates will be the terminal where they first occupy a permanent position as locomotive engineer.

APPENDIX "E"

LOCAL AGREEMENT

BETWEEN: VIA RAIL CANADA INC.

AND: TEAMSTERS CANADA RAIL CONFERENCE

Subject: Run to Meet between Operation between Edmonton and Biggar

During National Negotiations for the renewal of the 1.4 Collective Agreement that expired on December 31, 2006, the Union raised the issue of the run to the meet between Biggar and Edmonton.

The matter was mediated resulting in the following local agreement:

Operation

1. Crews operating on trains no. 1 and 2 between Edmonton and Biggar will change off enroute unless scheduled or required to operate to the away from home terminal.
2. The meet window where the meet is anticipated to normally occur, is established as that portion of the Wainright Subdivision between Dunn and Kinsella, inclusive.

Compensation

1. Schedules will be built assuming that the meet will occur within this "meet window."
2. In situations where the meet is made enroute but outside the meet window, the crew operating beyond the meet window will be compensated over and above on a minute by minute basis for all time spent operating outside the meet window.

APPENDIX "E"

3. When the meet is made enroute, no crew will be paid less than the scheduled hours of their assignment for that trip.
4. In situations where no meet is made due to one or both crews operating through to the objective terminal the crews will be compensated in the normal straight away fashion. Once at the away from home terminal the crew(s) will be deadheaded back to their home terminal.
5. Crews will be advised when called if they are not meeting enroute as scheduled due to operational reasons.
6. As far as practicable upon reporting for duty, crews will be advised where the meet is expected to occur.

This agreement is without precedent or prejudice.