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SUMMARY OF THE AMENDMENT TO THE 2020 – 2024 CORPORATE PLAN AND AND 2020 OPERATING AND CAPITAL BUDGET

January 18, 2021

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PREAMBLE

VIA Rail's 2020-2024 Corporate Plan was approved by the Treasury Board on May 26, 2020.

Due to the Covid-19 pandemic crisis VIA Rail's forecast financial performance and the operating funding deficit for Fiscal Year 2020-2021 have changed significantly since the preparation and approval of VIA Rail's 2020-2024 Corporate Plan.

VIA Rail therefore presents this Amendment to the 2020-2024 Corporate Plan to seek an increase of \$187.5 million of operating funding for Fiscal Year 2020-2021 to offset a higher than anticipated operating funding shortfall above the approved appropriation.

This Amendment does not update or address VIA Rail's financial performance or operating deficit beyond Fiscal Year 2020-2021 nor does it seek any additional capital funding.

EXECUTIVE SUMMARY

In 2019, VIA Rail's ridership exceeded 5 million passengers, its best ridership ever on its existing network and its highest annual ridership in the last three decades.

2020 has on the other hand been by far, one of the most challenging years in VIA Rail's forty-two year history. The transportation sector has been especially hit hard as government and health authorities enacted restrictions in order to deal with the spread of the virus. VIA Rail was not spared, and at the peak of the travel decline in April 2020, VIA Rail's ridership was down 98%. Although there has been a gradual recovery since, ridership is not expected to fully recover within the period covered by this Amendment.

And unlike any other passenger transportation provider, just prior to the Covid-19 crisis, VIA Rail underwent a sudden and severe service disruption during the rail blockades and had not as yet fully recovered ridership to normal levels at the onset of the pandemic.

As a result, VIA Rail is facing an unprecedented budgetary shortfall as it continues to provide much needed transportation services to Canadians. VIA Rail expects to have a revenue shortfall of \$375 million for Fiscal Year 2020-2021 versus the forecast financial performance within the Corporate Plan.

VIA Rail has, since the onset of the Covid-19 crisis oriented itself with Government actions, both that of social compassion together with an awareness of our obligations to our shareholder and instituted various cost containment measures. These measures have included:

- A hiring freeze;
- No re-hiring of seasonal employees;
- Layoff of students and contractual employees;
- Temporary layoff of unionized on-board employees (as of July);
- Cancellation of the corporate bonus;
- Operating expenses directly associated to operations limited to essential and set at minimal level;
- All initiatives generating operating expenses have been suspended;
- Reduction of marketing expenses; and
- Reduction of professional services.

VIA Rail will continue to minimize the impact that this revenue shortfall will have on Canadian taxpayers. To that end VIA Rail, with this Amendment, proposes a number of measures affecting all sectors of the firm in order to minimize the negative financial impacts of this shortfall while restoring essential passenger rail service in a prudent manner:

1. A Gated Return to Service (RTS) Strategy (train services supplied managed and aligned with forecasted demand);
2. Labour Management; temporary layoffs and workforce adjustments; and
3. Cost Containment.

This RTS strategy, based on extensive market study, will be a decision gated process having a well-defined set of signals and triggers which will be overviewed by a cross functional task force representing all of VIA Rail's functions. VIA Rail estimates that it will be able to compensate 50%, or \$187.5 million, of the revenue shortfall of \$375 million for Fiscal Year 2020-2021 through these measures. This will be challenging, but VIA Rail's management team has demonstrated its ability to achieve aggressive targets in the past five years, and as such, are confident that although challenging, solutions will be found. VIA Rail believes that this is a balanced approach that recognizes the need for the essential mobility that VIA Rail provides Canadians while remaining fiscally prudent.

Therefore, through this Amendment, VIA Rail seeks additional funding to compensate 50% of the expected revenue shortfall for the total amount of \$187.5 million.

Conclusion

The pre-Covid-19 2020-2024 Corporate Plan noted that *"The role of VIA Rail has evolved through the years, adapting to the realities of society. We are again seeing the need for VIA Rail to adapt to the reality of Canadians; who they are, where they live and what they believe in... where the older generation is looking for a safe, comfortable and accessible mode of transportation..."*.

More so now than ever, VIA Rail is adapting to the new reality that now faces all Canadians.

VIA Rail believes that it is uniquely positioned to be a key contributor to Canada's recovery. Most importantly, the proposed approach will help ensure the ongoing viability of intercity rail services so essential to the wellbeing of the country on a long-term basis. Although no one knows for certain when this pandemic will be behind us, a viable and relevant VIA Rail will be even more important as the country exits this trying episode.

1. OPERATING ENVIRONMENT (March to June 2020)

1.1 End of the Rail Blockades

On March 7th, VIA Rail resumed normal service except for the Prince-Rupert – Prince-George – Jasper service. VIA Rail was unable to resume that service as CN required time to decongest their rail segment. Over a thousand trains had been cancelled with more than 165,000 passengers affected due to the blockades. While the rail blockades ended during the last weeks of the prior Fiscal Year (2019-2020) there was some residual effect on VIA Rail's revenues into Fiscal Year 2020-21 as ridership never had enough time to recover when the events due to the Covid-19 pandemic struck.

1.2 Covid-19 Pandemic

1.2.1 Chronology of Events

In hindsight, the pace of changes and developments was breathtakingly quick.

On March 12, 2020, VIA Rail announced that while the Public Health Agency of Canada has assessed the public health risk associated with COVID-19 as low, and its trains were operating normally, the situation could change rapidly. VIA Rail also noted its new contamination management, cleanliness and hygiene protocols together with flexibility for clients to cancel or modify their reservations. The special health and safety measures for passengers and employees include:

- Strict cleanliness and hygiene protocols, including the regular and thorough cleaning of all hard surfaces in trains and increased daily cleaning and disinfection of stations, with special attention surfaces such as door handles, handrails, elevators, washrooms, switches, etc.
- Disposable masks are distributed to all major stations in our network and placed on board our trains. Hand sanitizer is available at all key points of contact.
- Messaging to passengers to exercise vigilance, good judgment and follow the usual guidelines for good hygiene.
- Passengers who choose to change their travel plan will be accommodated. For maximum flexibility, passengers can cancel or modify their reservation.

Train service on that day was otherwise operating normally.

The following day, March 13th, both the *Canadian* and *Ocean* had their respective services suspended until (at that time) March 27th.

By March 17th, Corridor service was reduced by 50%.

On March 23rd, VIA Rail further reduced frequencies with two departures per day each direction for all Corridor routes except Toronto - London – Sarnia with one departure in each direction. Business Class and Business Lounges are no longer available. Regional services of Senneterre-Jonquière and Sudbury-White River are reduced to one departure per week in each direction. Winnipeg – Churchill is operating normally except Sleeper class is no longer available.

On March 28th, VIA Rail instituted (and continues to do so) health checks conducted by its employees with customers before boarding trains. This included health questions and looking for visible signs of illness prior to boarding. Passengers would be denied boarding if:

- They are experiencing symptoms similar to a cold or flu (fever, cough, difficulty breathing).
- They have been denied boarding for travel in the last 14 days due to medical reasons related to COVID-19.

On March 31st additional service reductions took place, bringing VIA Rail to an essential service level of approximately 17% (compared to pre-pandemic levels), with one frequency in each direction in the Corridor, with Senneterre-Jonquière and Sudbury-White River to one round trip per week. Regular Winnipeg-Churchill service continued.

On April 6th suspensions of the *Canadian* and the Prince Rupert-Prince George-Jasper service are extended until June 1, 2020.

On April 16th, VIA Rail extends the suspension of the *Ocean* for an indefinite period.

On May 6th, suspensions of the *Canadian* and the *Ocean* are extended until November 2020.

On June 3rd, aligning itself with increases in demand due to the progressive deconfinement implemented by public health authorities in Québec and Ontario, VIA Rail starts the resumption of frequencies, with the addition of trains 62 and 669 between Toronto-Kingston-Montréal and trains 52,48,59 between Toronto-Kingston-Ottawa.

On July 5th VIA Rail resumes the Prince Rupert-Prince George-Jasper service, with one round trip per week.

On July 14th, due to increasing demand, VIA Rail adds trains 28 and 35 on the Quebec City – Montreal – Ottawa route.

At the time of drafting this Amendment passenger volumes have decreased YoY by approximately 90%, and this decrease has been somewhat exacerbated by the reduced service schedule put in place, with far few frequencies. As well, during this period measures limiting seating capacity to deal with social distancing guidelines have put additional pressures on the available capacity for the frequencies in service. Initially this limit was set at 30% of car capacity, however following the mandated use of face covering in order to travel aboard our trains has allowed us to increase the capacity to 50%.

ROUTES	SERVICES
Québec City-Montréal-Ottawa	22 and 39 New: 28 and 35 starting July 14
Toronto-Kingston-Montréal	62, 66, 63 and 669
Toronto-Kingston-Ottawa	48-52-53-59
Toronto-London-Windsor	72 and 75
Toronto-London-Sarnia	84 and 87
Senneterre & Jonquière	One round trip per week
Sudbury-White River	One round trip per week
Winnipeg-Churchill	All trains are operating
<i>The Ocean</i> (Montréal-Halifax)	Cancelled until November 1
<i>The Canadian</i> (Toronto-Vancouver)	
Prince Rupert-Prince George-Jasper	One round trip per week

1.2.2 Cost Containment

Beyond an overall reduction of operating costs, namely TSA charges, food and beverage expenses, certain rolling stock maintenance expenses and fuel, amongst others, that have resulted from the service reductions, VIA Rail has also introduced other cost mitigations.

Since the onset of the Covid-19 pandemic crisis VIA Rail has oriented itself with Government actions, that of social compassion together with an awareness of our obligations to our shareholder. The salary compensation measures themselves, by and large, aligned with the Government of Canada's COVID-19 Economic Response Plan of avoiding layoffs and protecting individuals and families from loss of income.

To date, VIA Rail implemented the following measures:

- Instituting a hiring freeze;
- no re-hiring of seasonal employees;
- the layoff of students and contractual employees;
- expenses directly associated to operations limited to essential and set at minimal levels;
- all initiatives generating operating expenses have been put on hold; and

- travel and other discretionary expenses were reduced to the barest minimum.

In addition, since July, VIA Rail has implemented the following additional measures:

- The temporary layoff of approximately 1,000 unionized on-board employees;
- the pending temporary layoff of approximately 80 non-unionized employees;
- further reduction of marketing expenses; and
- further reduction of professional services.

1.2.3 Labour Management

VIA Rail is now able to assess the longer-term impact on our services and we believe the extraordinary measures put in place during the service reduction phase are no longer required. In July VIA Rail reevaluated its staffing requirements and instituted temporary layoffs and workforce adjustments impacting approximately 1,400 employees.

1.2.4 Canada Emergency Commercial Rental Assistance Program (CECRA)

On April 24, 2020, the Prime Minister announced a new program to help small businesses and provide them with relief for their rent expenses.

The aim of the program is to lower by 75% the rent payable by eligible small businesses, including not-for-profit and charitable organizations which pay less than \$50,000 per month in rent and have temporarily ceased operations or have experienced at least a 70% reduction in revenues. The program covers the months of April, May, and June and has recently been extended for the months of July and August.

The 75% relief would be provided as follows:

- 50% from Federal and provincial governments;
- 25% from the property owners.

2. OBJECTIVES, ACTIVITIES, RISKS, EXPECTED RESULTS, AND PERFORMANCE INDICATORS

2.1 Return to Service Strategy

2.1.1 Context and Trends

As Canada begins its recovery, VIA Rail is uniquely positioned to play an active role in helping Canadians along what is likely to be a long road to normal. And while VIA Rail does not foresee a return to pre Covid-19 volumes until mid-2021 at the earliest, a steady and continued increase in demand is forecast, as deconfinement goes forward.

To that end VIA Rail has developed a Return to Service strategy that aims to strike the right balance between offering essential transportation services and financial responsibility. This strategy is based upon VIA Rail's market research's monthly travel intentions surveys which closely monitor the evolution of the traveling public and their expectations. As well, VIA Rail is closely reviewing external research to validate and complement our own. Working with an external consulting firm, we have built demand models which we will continue to validate against other similar operators, (e.g. Amtrak).

The May and June survey results show clear positive trends.

Leisure travellers' intentions to travel with VIA Rail again by year end have risen to 57% while business travellers' intentions rose to 45%. A great majority of surveyed passengers expressed a high degree of confidence in VIA Rail's ability to keep them safe while travelling, which is critical to bringing passengers back onboard.

Very importantly, a very clear modal shift has been expressed, with a high degree of reluctance for intercity bus service and air travel. We believe that this modal shift will likely make VIA Rail a premier choice for Corridor travel.

2.1.2 Gradual Gated Approach

VIA Rail will adopt a gradual gated Return to Service approach. VIA Rail will monitor the evolution of demand and will adjust capacity when possible by aiming to strike the proper balance between service levels and financial performance. This approach will be decision gated having a well-defined set of signals and triggers which will be overviewed by a cross functional task force representing all of VIA Rail's functions.

Train Operations:

- Train Services adjusted in line with expected market demand in the Corridor;
- Long Distance Trains (The *Canadian* and the *Ocean*) suspended until November 2020;
- Reduced Regional Train Services, but with all operating.

For the Quebec-Windsor Corridor, VIA Rail will adopt a gradual RTS approach. VIA Rail will monitor the evolution of demand and will adjust capacity when possible by aiming to strike the proper balance between service levels and financial performance. Measures applicable to the Corridor will include:

- When possible, adding additional cars to trains that have reached their capacity thresholds (currently at 50%). VIA Rail already has had some "sold-out" trains.
- In the case of same day return markets (ex. Ottawa-Montreal), adding frequencies in order to re-introduce same day return options for these markets (not currently available with the current reduced service levels). The lack of frequencies and same day return options in of itself dampens ridership.
- The addition of frequencies and rebalancing of cycling plans to better address schedule requirements in given markets and allowing the potential for VIA to VIA connections (e.g. Kitchener passenger connecting at Union Station for an east bound frequency).

For the Long-Distance routes (The *Canadian*: Toronto – Vancouver and The *Ocean*: Montreal – Halifax), VIA Rail is currently planning to resume operations in November 2020 and will only offer Coach Class service (Seated Cars Economy Class). VIA Rail is planning to resume Sleeper Service in May 2021.

For the Regional routes, VIA Rail will maintain the current service (Montreal-Senneterre, Montreal-Jonquière, Jasper-Prince Rupert and Sudbury White River at one roundtrip per week and Winnipeg-Churchill at the pre-Covid19 level –

i.e. two roundtrips per week between Winnipeg and The Pas and three roundtrips per week between The Pas and Churchill).

An increase in car onboard capacity:

VIA Rail has limited the onboard capacity for the safety of our passengers and employees. Initially this limit was set at 30% of car capacity. The mandated use of face coverings in order to travel aboard our trains has allowed for a capacity increase to 50%. VIA Rail will continue to monitor health authority's guidance as well as global best practices to evaluate the timing of any future increase of seating capacity beyond the current 50%.

Other Return to Service Measures:

As VIA Rail transitions from the current reduced service into the RTS phase, measures that were suspended will be reinstated when and as appropriate, including:

- Dynamic market pricing;
- the right sizing and the right configuration of trains consists; and
- in station and on-board services such the re-introduction of Business Class or other food and beverage services.

2.1.3 Risks

Impact of a second wave or other events

As for the possibility of future events which could disrupt the return to service assumptions, such as the impact of a possible second wave of Covid-19, VIA Rail's RTS strategy was developed from the outset with the flexibility to adjust to such unforeseen events. Our proposed process continuously monitors signposts providing VIA Rail with the insights to adjust services, either upwards or downwards based on future developments. As this evolving situation requires an operator to remain agile, we believe that our approach allows us to deal with the uncertainties that the future holds.

Based on the high number of variables related to a possible second wave, we have not modeled the potential financial impacts caused if such an event would take place. As such, if and when a second wave does occur, a probable drop in ridership will likely require VIA Rail to take additional measures. As in our service reduction phase implemented in March, and if a second wave would lead to some level of re-confinement measures, VIA Rail would reduce services to minimum service levels to reduce operating expenses.

Health & Safety

The safety and security of passengers, employees, and the public constitute VIA Rail's primary concern. The potential of exposure to the Covid-19 virus carries with it several physical health risks for the public as well as VIA Rail's employees. As a continuing mitigation, in accordance with public health authorities, to protect all individuals and reduce the spread of the virus, VIA Rail has implemented numerous safety measures such as:

- Strict cleanliness and hygiene protocols, including the regular and thorough cleaning of all hard surfaces in trains and increased daily cleaning and disinfection of stations, with special attention to surfaces such as door handles, handrails, elevators, washrooms, switches, etc.
- Mandatory use of face coverings in all stations and trains. Disposable masks are distributed to all major stations in our network and placed on board our trains. Hand sanitizer is available at all key points of contact.
- Messaging to passengers to exercise vigilance, good judgment and follow the usual guidelines for good hygiene.
- Health checks conducted by employees with customers before boarding trains. This includes health questions and looking for visible signs of illness prior to boarding.
- Limiting seating capacity on trains to respect physical distancing guidelines.
- Daily employee self health screening prior to physically reporting to work.
- In addition to the physical health risks, the isolation and safety measures carry with them a mental health risk for employees. To this end, all employees have access to services such as telemedicine and the employee assistance program. In addition, regular communications go out to all employees to promote mental health and workplace safety whether onsite or working from home.

Reputation

VIA Rail has a high level of visibility with the public. The decisions and strategic initiatives of the company may have a positive or negative impact on the perceptions of Canadians and communities across the country, and their propensity to take the train. As individuals are naturally apprehensive about travelling on public modes it is important that they perceive VIA Rail as a safe way to travel to avoid reputational damage for the company. As a means of ensuring customer perceptions, VIA Rail regularly communicates, on its digital channels and in its stations, the latest guidelines from public health authorities and the policies it has in place to comply with those guidelines.

2.1.4 Monitoring Return to Service with the Board of Directors

All aspects of the RTS will include an oversight by VIA Rail's Board of Directors.

This will include but not be limited to decisions such as the addition or the cancellation of a frequency in the Corridor or on Regional routes, the resumption of service on the *Canadian* and the *Ocean*, increasing the on-board capacity beyond 50%.

The COVID-19 era requires resilience, agility and an approach tailored to deal with a situation which continues to evolve. VIA Rail will continuously monitor the evolution of our ridership and will rapidly adjust services (increasing or decreasing) or maintain status quo for any given market.

2.1.5 Impacts on Expected Results

There are of course marked impacts to various results and KPIs in the short term as a result of these unprecedented reductions in train services and ridership. These include:

- Capacity Deployed (Seat Miles)
- RASM (Revenue Per Available Seat Miles)
- CASM (Costs Per Available Seat Miles)
- RASM/CASM
- Train Miles
- Car Miles
- Seat Miles
- Average Passengers per Train
- Fuel Consumption
- Average Load Factor
- Average Number of Employees During Year

These impacts are predominantly consequential within VIA Rail's Fiscal Year of 2020 and the detailed values are available within Table 7 "KEY PERFORMANCE INDICATORS" in Annex 1 of this Amendment to the Corporate Plan.

It is also worth noting that while these impacts are indicative of the drastic changes in the short-term operating environment, Capital Programs and other Corporate Orientations are by and large unaffected.

2.1.6 Update on Other Corporate Orientations

1. Quebec-Windsor Corridor Fleet Renewal.

The Corridor Fleet Renewal project is progressing well, and first deliveries of the 32 new bi-directional trains will start in the first half of 2022 and run until 2024.

Expected Results / Risks

While there is a delay currently forecast with the production of the two trainsets scheduled for winter testing in 2021-2022, VIA Rail and Siemens have developed mitigations to ensure that no overall project impact will result. Therefore, the expected result of the delivery of the trainsets as per the contract schedule is unchanged. VIA Rail of course closely monitors all Fleet Renewal deliverables versus the contract schedule.

2. Quebec-Toronto Dedicated Track Proposal - High Frequency Rail (HFR).

The Government of Canada and the Canada Infrastructure Bank (CIB) will commit a total of \$71.1 million to further explore VIA Rail's High Frequency Rail (HFR) Quebec City – Toronto dedicated track proposal.

This funding has been used to establish a Joint Project Office (JPO) between the CIB and VIA Rail to explore the possibility of HFR in Quebec City-Toronto Corridor, focusing on the de-risking activities, including finalizing legal and regulatory work, consulting stakeholders, completing technical, financial and commercial analysis and interoperability and integration with transit in Montreal and Toronto.

Expected Results / Risks

The expected results of the de-risking activities and analysis required in support of a final investment decision by Government together with the preliminary design work for a multi-modal passenger hub in Dorval remain unchanged.

3. Ensure reliable and sustainable access to stations owned by third parties

VIA Rail is highly dependent on access to its two major hubs, Toronto Union Station and Montreal Central Station, where approximately 50% of all VIA Rail passengers start or end their trips. To that end it has created a joint committee with the owner Metrolinx to optimize the use of Union Station.

Expected Results / Risks

The expected results that:

- VIA Rail will maintain its current access and capacity to both Central Station and Union Station as well as the capacity for future growth, either for HFR or non-HFR operations;
- VIA Rail will renew the two TSA agreements that involve access to Union Station, namely the Union Station Rail Corridor and the Metrolinx TSAs will be renewed during the period covered by this Corporate Plan;
- VIA Rail will extend the lease for the non-track sections of Montréal's Central station (i.e. the commercial spaces included in the Great Hall).

4. Improve reliability and efficiency of railway track access

97.5% of infrastructure over which VIA Rail operates is owned by third party host railways.

VIA Rail believes that future Train Service Agreements with host railways should feature best practices regarding capacity and punctuality management in order to strengthen our business and respect our passenger train schedules. This would lead to a more efficient use of Canada's national railway network, to the benefit of freight and passenger services alike.

5. Negotiate implementation terms and timing with CN to comply with crossing regulations

New Grade Crossing Regulations (GCR) were issued in 2014 with a compliance deadline of November 2021.

Revised information from CN does not, at this time, provide a definitive schedule.

6. Explore expanding services in South Western Ontario

South Western Ontario (SWO) is a key and significant market that is underserved. VIA Rail will explore expanding services in this area with particular emphasis on the Toronto – Kitchener, Toronto – London markets, as well as also explore furthering its partnership with Metrolinx. No authority is sought at this time.

Expected Results / Risks

The expected results – exploring partnerships with Metrolinx and other delivery options, submission of a business case at a later date – are unaffected by the impacts of the pandemic.

7. Ensure that the *Ocean* service can resume following the loss of access to the Halifax rail loop.

VIA Rail has developed an appropriate technical solution utilizing equipment (rolling stock) only. This will ensure service can resume and be maintained following the loss of access to the Halifax rail loop in November 2020. Upon resumption of service the revised train configuration will be used.

8. Develop options to offset the poor OTP and resultant service delivery issues and financial difficulties.

The *Canadian*, VIA Rail's flagship long distance train, has experienced significant challenges due to unsustainable OTP issues, infrastructure work by host railways, schedule and frequency changes. VIA Rail is exploring options to address these constraints in Western Canada while augmenting predictable daytime intercity service and city pairs.

3. FINANCIAL OVERVIEW

3.1 Introduction

Due to the Covid-19 pandemic crisis VIA Rail's forecast financial performance and the operating funding deficit for 2020 have changed significantly since the preparation and approval of VIA Rail's 2020-2024 Corporate Plan.

VIA Rail is facing an unprecedented revenue shortfall of \$375 million for Fiscal Year 2020-2021 due to the Covid-19 crisis and the resultant decline in travel and therefore is seeking an increase of \$187.5 million of operating funding for Fiscal Year 2020-2021 towards partially offsetting this shortfall.

All changes within this Amendment and this Financial Overview are strictly limited to addressing the Fiscal Year 2020-2021 operating budget, however please note that there are updates within the included financial statements that reflect earlier routine reprofile requests.

With the exclusion of the above-mentioned updates, this Amendment does not update or address VIA Rail's financial performance or operating deficit beyond Fiscal Year 2020-2021 nor does it seek any additional capital funding.

Any changes for the period beyond Fiscal Year 2020-2021 will be addressed within the 2021-2025 Corporate Plan as appropriate. A complete update will follow in subsequent Corporate Plans.

3.2 Revenue Loss Sharing Approach

VIA Rail will minimize the impact of this revenue shortfall through the numerous cost containment measures it has already implemented and encompassed within the gradual gated Return to Service strategy described earlier within this Amendment. As also noted earlier, VIA Rail believes that the transportation services it provides are an essential part of Canada's recovery.

VIA Rail estimates that it will be able to compensate 50%, or \$187.5 million, of the revenue shortfall of \$375 million for fiscal year 2021 through these measures. While this will be challenging, VIA Rail has shown a demonstrable capacity to achieve or exceed aggressive targets.

- Total Expected Revenue Shortfall: \$375.0 million
- Committed Cost Containment: (\$187.5 million)

Total Additional Operating Funds Sought \$187.5 million

3.3 Overview of the 2020-2021 Financial Plan

VIA Rail's 2020 results will be significantly impacted by the events of the rail blockades and the Covid-19 pandemic crisis. The first quarter of VIA Rail's 2020 Fiscal Year (Ending March 31st, 2020), required an additional \$10.9 million beyond what was originally forecast.

Fortunately, the strong positive results during the previous quarters of 2019 allowed for this \$10.9 million to be offset and VIA Rail was able to close off Government Fiscal Year 2019-2020 without having to request additional funding.

It will however be impossible to achieve that same result for Government Fiscal Year 2020-2021 without additional funding.

As described earlier within this Amendment, VIA Rail has implemented various cost containment measures and expects that it will be able to reduce its costs by \$187.5 million (\$749.2 million less \$561.7million) or 50% of the expected loss of revenue income of \$375 million.

VIA Rail therefore anticipates that additional funding of \$187.5 million will be required for Fiscal Year 2020-2021.

ANNEX 1. FINANCIAL STATEMENTS AND BUDGETS
