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ROBERT ST-JEAN, CHIEF FINANCIAL AND ADMINISTRATION OFFICER
DELIVERED IN MONTRÉAL – 2014 ANNUAL PUBLIC MEETING
CHECK AGAINST DELIVERY

As Mr. Smith and Mr. Desjardins-Siciliano explained, 2013 was a year characterized by many adjustments. It was a also year that saw the completion of many projects funded through the Government of Canada's capital investment of over $1 billion in VIA Rail since 2007, of which $96 million was awarded in 2013.

Overall, we maintained commercial operation levels comparable to those of 2012. And this despite the fact that 2013 was the first full year following the frequency adjustments introduced in 2012. In fact, it was one of VIA Rail's priorities in 2013 to align the frequency and schedules of our departures with our clients' needs. We will continue working in this direction, a strategy which, combined with our other initiatives, should help grow our business.

Let's move on to the Corporation's performance and financial situation in 2013.

Our total Operating Expenses were $578 million, an increase of 4% compared to the previous year. This variation is largely due to increased costs related to our pension plan. I will come back to this point in a minute.
Despite the comparable levels of commercial activity in 2012, the year 2013 was characterized by both a number of achievements at the operational level as well as challenges from our competitors, most notably the use of cars for travel between cities.

Our competition, along with the reorganization of our schedules, especially of our long-haul trains whose frequencies have decreased since the fall of 2012, largely account for the reduction of revenue seen in 2013. Total revenue for the year was $270 million, a reduction of 2.3% compared to 2012, even though we transported approximately the same number of passengers as in 2012.

Although we were able to contain the increase of our Operating Expenses to less than 1% (or $4 million), our Operating Deficit increased by $28 million over the year, largely attributable to the increase in employer contributions to the pension plan.

That said, a higher level of pension fund contributions, more favorable interest rates and positive return on investment helped to significantly increase the solvency of our pension plans. As well, the implementation of a gradual change to pension cost sharing between employers and employees, along with other measures currently under discussion, should generate additional savings this fiscal year and in subsequent years.

In 2013, we continued to increase efficiency across many departments of the corporation. These initiatives, designed to increase productivity and performance, are underway and are already showing operational and financial benefits. Here are a few examples:

- We are optimizing our train fleet by using lighter, more versatile cars that can accommodate more passengers
- We succeeded, despite increasing fuel costs, to reduce our fuel consumption by 8%, which corresponds to a savings of $3.5 million over the year. This was accomplished by improving train handling through the installment of a telemetry system and because of the modernization of our locomotives, which are now more efficient

- Although the total distance travelled by our trains decreased by 3% in 2013, the occupancy rate increased by 2 percentage points, rising from 54% in 2012 to 56% in 2013
- Following the last few years of work to modernize our operations, 90% of our stations have now been redesigned according to market demand and client needs. Some are now equipped with self-service tools and modern surveillance equipment
- Our Eastern long-haul train, the *Ocean*, recorded a slightly higher occupancy rate of 71.7% in 2013, an increase of 3.5% compared to the previous year, despite the fact that the frequencies were reduced in October, 2012.

Furthermore, we reduced our payroll by close to 3%, or $6 million over 2013. This was largely due to the adjustment of our frequencies.

As mentioned earlier, the total number of passengers who travelled on our network in 2013 was slightly lower than the ridership recorded in 2012. However, within the Montréal-Ottawa-Toronto triangle, frequencies were increased, and ridership also saw an increase over the year. Revenue within the Québec city – Windsor corridor in the last quarter of 2013 increased by 6% compared to the same period in 2012.

Following 2013's year of adjustments, certain signs from the first quarter of 2014 are positive.

The first three months of 2014 continued to show a positive revenue trend in the Québec city – Windsor corridor. We also saw greater productivity from all employees.

However, the results of the first quarter of the year for our entire network were slightly lower than the same period last year, despite a January characterized by harsh weather, which usually favours travelling by train. It should be noted, though, that the positive impact of ridership during the Easter long weekend will be recorded in the second quarter this year, unlike most years, including 2013, when it normally occurs in the first quarter. Finally, significant increase in freight traffic is creating a growing challenge for passenger rail service, especially for Via Rail, whose trains cross Canada from sea to sea. This reality makes it more difficult for us to achieve our On-time performance goals.

At this time, I'd like to emphasize that the recent adjustments and improvements were made following a series of strategic and necessary business decisions. These choices will help build a strong foundation for the future development of our business, and ensures Canadian taxpayers that we are managing public funds respectfully and responsibly.

Thank you