

Message from the President

The people of VIA Rail Canada strive to be leaders in service excellence in passenger transportation. Despite challenges early in the year, VIA's performance in 2005 was one of the best yet for the passenger rail service.

As we entered the year, the Canadian travel industry was still struggling to recover from the market downturn that began in 2003. Despite this, by the end of 2005 we had increased revenues by \$31 million. We reversed the decline in on-time performance with one of the best year-over-year improvements ever achieved. And we carried more customers than ever – with ridership passing the four million mark for the first time in the current network's history.

Everyone at VIA helped to make these results possible. Early in the year we developed a new Strategic Plan to align all of VIA's people, energy and resources with what we do best – serving our customers. We found new and innovative ways to deliver a service that goes beyond business-as-usual, providing a travel experience that anticipates and exceeds the high expectations of our customers. We brought new entrepreneurial energy to running the business of passenger rail, increasing productivity and value-for-money. We renewed our fundamental commitment to provide Canadians with a passenger service that is safe, secure, and environmentally sustainable.

Results in 2005 demonstrate the remarkable fit between rail and the demands of travel today. While every mode has its place in the public transportation system, Canadians are choosing to travel by rail in record numbers because it provides a unique alternative to travel by other modes – efficient and high quality service, comfort and security, and year-round reliability, at a reasonable cost.

That service will continue to depend on the talents of VIA's people. Our Strategic Plan includes a new focus on those talents, transforming the way we manage human resources. This transformation involves a comprehensive review of training programs, compensation and performance incentives, and hiring and succession planning to ensure that we have the right people, with the right talents, to take passenger rail into the future.

Of course, the future of passenger rail also depends on policy direction from the Government of Canada. VIA's management and Board of Directors are actively addressing the long-term role of passenger rail in Canada. It is hoped that these concerns will be addressed through clear policy decisions with respect to operating funding and investment in rail infrastructure and equipment by our shareholder.

The Board has expressed its confidence in VIA's management, and a commitment to provide sound oversight and a strategic, long-term direction for the Corporation.

We believe in the value of the service we provide. We believe in the potential of passenger rail for the future. And we are committed to delivering the best possible service to Canadians, now and in the years ahead.