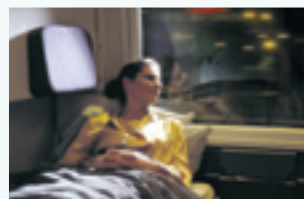


Service



The quality of VIA's services is legendary, top-rated internationally and consistently praised by rail passengers. High-quality service delivery has always been the foundation of VIA's competitive edge in the marketplace, and remains critical to creating and keeping loyal customers.

VIA maintained high customer ratings in 2003, with 95 per cent of customers saying that service met or exceeded their expectations.

New service level

VIA introduced the new *Comfort* class, a redesigned and improved economy service, providing comfortable and affordable basic transportation across Canada, for travellers who do not wish to avail themselves of sleeping car accommodations. On transcontinental trains, *Comfort* class customers have access to the Skyline dome car, with its coffee shop and superb views of the countryside. In addition to complimentary pillows and blankets, snacks and reasonably priced meals are available. Travellers in *Comfort* Class may also enjoy dining car service, with the exception of the *Silver & Blue™* dining car during peak season.

New and improved passenger cars

VIA continued to introduce its new, Renaissance passenger cars into service. First launched on the *Enterprise* overnight service between Montreal and Toronto in 2002, the new equipment is now available on all trains between Montreal and Quebec City, and on certain trains between Montreal and Ottawa and Montreal and Halifax. The initial revenue-testing phase identified several technical issues that are being addressed through a staged equipment modification program.

The self-propelled Rail Diesel Cars used for passenger services on Vancouver Island and between Sudbury and White River have been completely overhauled and are now back in service. The refurbished equipment provides customers with additional comfort, and much more reliable travel. Also in Western Canada, VIA introduced Panorama dome cars on the *Skeena™*, in conjunction with a new improved level of service, offering customers a much enhanced visual experience on their journey through the mountains and along the Skeena River.

Upgrading stations

Over the past four years, VIA has invested in upgrading and enhancing the quality and appearance of stations, and improving passenger comfort. Important renovations and improvements were completed at 25 major passenger stations while work continued across the network, focusing on general repairs, painting, upgrading heating and cooling systems, and site repairs to parking lots and platforms.

For example, VIA completed major renovations at the Pacific Central Station in Vancouver. The renovations included the expansion of the *Silver & Blue* lounge, improved access to the departure terrace, new ticket counters and the relocation and installation of a baggage conveyor. In line with the Renaissance station development program, the work has preserved the beauty of the heritage station while giving customer facilities a more modern look and better utility.

In Halifax, VIA completed a \$2.9 million redevelopment of its heritage station, including major repairs and improved rental space to generate new revenue. The facility is now a productive intermodal station serving both passenger rail and regional bus passengers, integrating the transportation activities of Acadian Bus Lines. In addition, new tenancies have filled much of the vacant space.

VIA also completed energy conservation projects at various stations and installed wayside power facilities. These facilities provide the electricity needed for cooling, refrigeration and heating systems while trains are in the station or parked in the maintenance centre yard. This allows for a reduction in engine idling and reduces fuel consumption, as well as greenhouse gas emissions.

Enhanced e-business services

VIA has pioneered the innovative application of technology to allow customers faster, more convenient access to passenger rail ticketing and reservations. VIA was the first passenger train company in the world to access the airline computer reservation system in 1995 and the first to create an online Internet booking service in 1997.



The Canadian Chamber of Commerce named VIA's Web site the Best Business-to-Consumer Web site for a large Canadian enterprise in 2003. VIA's online booking and research services currently draw approximately 500,000 visitors per month. The Web site attracted a 60 per cent increase in new users during the year. Approximately 16 per cent or \$34.8 million of all 2003 sales were booked online.

VIA's customized online booking service for the Ontario provincial government also received a Gold Award at the Public Sector Quality Fair 2003. The streamlined booking service for government employees, which helps to make VIA their first travel choice for intercity trips, was expected to save the Ontario government an estimated \$300,000 in travel transaction fees for the year 2003 alone.

In 2003 VIA became the first and only passenger transportation company in Canada to offer customers the option of both reserving and purchasing travel tickets through the use of self-serve kiosks. Thirty-three self-service ticketing kiosks have been installed at major stations in the Quebec City - Windsor Corridor. These kiosks help to eliminate the need for customers to wait in line during peak travel periods, while reducing the costs of ticket sales for VIA and allowing ticket office employees to concentrate their efforts on promoting and selling our products to customers who prefer personal interaction.

In partnership with Bell Canada, Intel and PointShot Wireless, VIA conducted extensive testing of wireless Internet access in selected *VIA 1* cars between Montreal and Toronto — the first passenger carrier in Canada to test such service. Wireless access has the potential of giving VIA a competitive advantage by enhancing business traveller productivity. Many customers have asked to travel exclusively in the "connected cars" during the tests. The feasibility of offering wireless services on a permanent basis will be evaluated in 2004.

Lastly, VIA added procurement activities to its Web site so that prospective suppliers from anywhere in the world can register and view a list of current opportunities for doing business with VIA. In addition to opening up access to a wider selection of suppliers, VIA has also found buyers for some of its surplus assets through this same site.

Improved *VIA Préférence* program

VIA's customer reward program, *VIA Préférence*[™], has been highly successful since it was introduced in 1996, and VIA has continually improved the program to better recognize and serve its best customers. In 2003, the program was redesigned to make it more efficient and responsive to the individual needs of members.

VIA changed the way inbound communications from *VIA Préférence* members are handled to provide a more personal, customer-focused service. In the past, many calls, letters, faxes and e-mails from *VIA Préférence* members were handled by a marketing firm on VIA's behalf. Now, this gap between customers and VIA staff has been eliminated. All communications from members are handled directly by VIA's own customer service specialists. This not only allows VIA to build stronger, more personal relationships with active train travelers: it helps VIA gain much better knowledge and understanding of each customer's travel needs and priorities, and deliver a service that responds to those needs.

In addition, telephone sales and customer relations agents now have access to the *VIA Préférence* database, including customer profiles. Agents can view this information while serving customers to ensure more personal, customized service for *VIA Préférence* members.

In response to member feedback, VIA has also introduced more reward options, including one-way trips, children's tickets and cash upgrades for *VIA 1* travel, and made significant improvements to the *VIA Préférence* Web site. These changes provide more flexibility, greater value and better recognition to the Corporation's most loyal customers.