



NOTICE OF ANNUAL MEETING OF UNITHOLDERS
April 24, 2007

TAKE NOTICE that the Annual Meeting of Unitholders (the "Meeting") of TRANSFORCE INCOME FUND (the "Fund") will be held at:

Place: Hyatt Regency Calgary
700 Centre Street SE
Calgary, Alberta

Date: April 24, 2007

Time: 9:00 am

The purposes of the Meeting are to:

1. receive the financial statements of the Fund for the fiscal year ended December 31, 2006 and the auditors' report thereon;
2. elect the trustee of the Fund;
3. direct and instruct the trustee of the Fund with respect to the election of the trustees of TFI Operating Trust, a wholly-owned subsidiary of the Fund;
4. appoint the auditors of the Fund and authorize the trustees of TFI Operating Trust to fix their remuneration;
5. direct and instruct the trustee of the Fund with respect to the appointment of the auditors of TFI Operating Trust; and
6. transact such other business as may properly be brought before the Meeting.

If you are unable to attend the Meeting in person, please date, sign and return the enclosed form of proxy. Proxies to be used at the Meeting must be deposited with Computershare Trust Company of Canada, 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1, not later than 5:00 p.m., EST on Friday, April 20, 2007 or with the Chairman of the Meeting before the commencement of the Meeting.

SIGNED at Montreal, Quebec
March 7, 2007

By Order of the Board of Directors

A handwritten signature in black ink, appearing to read "Alain Bédard".

Alain Bédard
President and Chief Executive Officer
TransForce Administration Inc.
Administrator of TransForce Income Fund

MANAGEMENT PROXY CIRCULAR

SOLICITATION OF PROXIES BY MANAGEMENT

This Management Proxy Circular is furnished in connection with the solicitation by the management of TransForce Administration Inc. (“TransForce Administration”), the administrator of TransForce Income Fund (the “Fund”), of proxies to be used at the Annual Meeting of Unitholders of the Fund (the “Meeting”) to be held at the time and place and for the purposes set forth in the Notice of Meeting. It is expected that the solicitation will be made primarily by mail. However, officers and employees of TransForce Administration may also solicit proxies by telephone, telecopier, e-mail or in person. The total cost of solicitation of proxies will be borne by the Fund.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the enclosed form of proxy are directors and officers of TransForce Administration. **A Unitholder has the right to appoint as his/her proxy a person, who need not be a Unitholder, other than those whose names are printed on the accompanying form of proxy.** A Unitholder who wishes to appoint some other person to represent him or her at the Meeting may do so either by inserting such other person’s name in the blank space provided in the form of proxy or by completing another proper form of proxy.

A Unitholder who has given a proxy may revoke it, as to any motion on which a vote has not already been cast pursuant to the authority conferred by it, by an instrument in writing executed by the Unitholder or by his attorney authorized in writing or, if the Unitholder is a corporation, under its corporate seal or by an officer or attorney thereof duly authorized. The revocation of a proxy, in order to be acted upon, must be deposited with Computershare Trust Company of Canada at the address indicated in the Notice of the Meeting, not later than 5:00 p.m., EST on Friday, April 20, 2007 or with the Chairman of the Meeting before the commencement of the Meeting.

EXERCISE OF DISCRETION BY PROXIES

Units represented by properly executed proxies in favour of the persons designated in the enclosed form of proxy, in the absence of any direction to the contrary, will be voted: (i) for the election of the trustee of the Fund; (ii) for the direction and instruction of the trustee of the Fund with respect to the election of the trustees (the “OT Trustees”) of TFI Operating Trust, a wholly-owned subsidiary of the Fund; (iii) for the appointment of auditors of Fund; and (iv) for the direction and instruction of the trustee of the Fund with respect to the appointment of the auditors of TFI Operating Trust, as stated under such headings in this Management Proxy Circular. With respect to amendments or variations to matters identified in the Notice of Meeting and with respect to other matters which may properly come before the Meeting, such units will be voted by the persons so designated in their discretion. At the time of printing this Management Proxy Circular, management of TransForce Administration knows of no such amendments, variations or other matters.

VOTING UNITS

As at March 1, 2007, there were 73,023,781 trust units and 13,766,316 special voting units (collectively, the “Units”) of the Fund issued and outstanding, for a total of 86,790,097 Units. One special voting unit is issued for each issued and outstanding tracking share unit of TFI Holdings Inc., a subsidiary of the Fund. Each Unit entitles the holder thereof to one vote. The Fund has fixed March 19, 2007 as the record date for the purpose of determining Unitholders entitled to receive Notice of the Meeting. Any registered Unitholder of record as at the close of business on March 19, 2007 will be entitled to vote at the Meeting.

NON-REGISTERED UNITHOLDERS

Only a registered Unitholder or a person appointed by a registered Unitholder as its proxy is permitted to vote at the Meeting. The sole registered Unitholder of the Fund is The Canadian Depository for Securities Limited, or “CDS”, a clearing agency. In order to permit voting of Units by persons who beneficially own them (the “Non-Registered Holders”), and in accordance with National Instrument 54-101 of the Canadian Securities Administrators, entitled “Communication with Beneficial Owners of Securities of a Reporting Issuer”, the Fund has distributed copies of the Notice of Meeting and this Management Proxy Circular (collectively, the “Meeting Materials”) to the various intermediaries (the “Intermediaries”) that Non-Registered Holders deal with in respect of the Units, such as securities dealers or brokers, banks, trust companies, and trustees or administrators of self-administered RRSPs, RRIFs, RESPs and similar plans, for distribution to Non-Registered

Holders. Intermediaries are required to forward the Meeting Materials to Non-Registered Holders, and often use a service company for this purpose. Non-Registered Holders will either:

- (a) typically, be provided with a computerized form (often called a “voting instruction form”) which is not signed by the Intermediary and which, when properly completed and signed by the Non-Registered Holder and returned to the Intermediary or its service company, will constitute voting instructions which the Intermediary must follow. In order for the applicable computerized form to validly constitute a voting instruction form, the Non-Registered Holder must properly complete and sign the form and submit it to the Intermediary or its service company in accordance with the instructions of the Intermediary or service company. In certain cases, the Non-Registered Holder may provide such voting instructions to the Intermediary or its service company through the internet or through a toll-free telephone number; or
- (b) less commonly, be given a proxy form which has already been signed by the Intermediary (typically by a facsimile, stamped signature), which is restricted to the number of Units beneficially owned by the Non-Registered Holder but which is otherwise not completed. In this case, the Non-Registered Holder who wishes to submit a proxy should properly complete the proxy form and submit it to Computershare Trust Company of Canada, 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1.

In either case, the purpose of these procedures is to permit Non-Registered Holders to direct the voting of the Units which they beneficially own. A Non-Registered Holder may revoke voting instructions which have been given to an Intermediary at any time by written notice to the Intermediary.

Should a Non-Registered Holder who receives a voting instruction form wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should print his or her own name, or that of such other person, on the voting instruction form and return it to the Intermediary or its service company. Should a Non-Registered Holder who receives a proxy form wish to vote at the Meeting in person (or have another person attend and vote on behalf of the Non-Registered Holder), the Non-Registered Holder should strike out the names of the persons set out in the proxy form and insert the name of the Non-Registered Holder or such other person in the blank space provided and submit it to Computershare Trust Company of Canada at the address set out above.

In all cases, Non-Registered Holders should carefully follow the instructions of their Intermediary, including those regarding when, where and by what means the voting instruction form or proxy form must be delivered.

PRINCIPAL UNITHOLDERS

As at March 1, 2007, to the best knowledge of the Fund, the following persons beneficially owned, directly or indirectly, or exercised control or direction over more than 10% of the issued and outstanding Units:

| <u>Name</u> | <u>Number of Units</u> | <u>Percentage</u> |
|---|------------------------|-------------------|
| Jolina Capital Inc. ⁽¹⁾ | 14,297,103 | 16.47% |
| Fidelity Management & Research Company, FMR Co., Inc. and Fidelity Management Trust Company | 10,525,398 | 14.41% |

⁽¹⁾ Jolina Capital Inc. is a company controlled by Mr. Emanuele (Lino) Saputo.

ELECTION OF TRUSTEE OF THE FUND

The Fund was constituted as a trust under the laws of the Province of Quebec. Computershare Trust Company of Canada has been the trustee of the Fund since April 28th, 2006, date at which National Bank Trust Inc. assigned all of its shareholding activities. **The persons named in the enclosed form of proxy intend to vote for the election of Computershare Trust Company of Canada as the trustee of the Fund.** Computershare Trust Company of Canada will hold office until the next annual meeting or until the election of its successor, unless it resigns or its office becomes vacant by removal or other cause.

ELECTION OF TRUSTEES OF TFI OPERATING TRUST

TFI Operating Trust, which is a wholly-owned subsidiary of the Fund, was constituted as a trust under the laws of the Province of Quebec. Pursuant to the Declaration of Trust of the Fund, Unitholders will be asked at the Meeting to adopt a resolution directing and instructing the trustee of the Fund to elect the OT Trustees that will compose the board of trustees of

TFI Operating Trust (the “Board”). **The persons named in the enclosed form of proxy intend to vote to direct and instruct the trustee of the Fund to elect as OT Trustees the nine nominees whose names are set forth below.** Each OT Trustee will hold office until the next annual meeting of TFI Operating Trust or until the election of his or her successor, unless he or she resigns or his or her office becomes vacant by removal, death or other cause.

The following table sets out the names of each of the persons proposed to be nominated for election as an OT Trustee, all other positions and offices with the Fund and its subsidiaries now held by such person, his or her municipality of residence, his or her principal occupation, the year in which such person became an OT Trustee, the year in which such person became a director of TransForce Inc. (if applicable), and the number of Units of the Fund over which control or direction is exercised by such person as of March 1, 2007.

| <u>Name, Municipality of Residence and Position</u> | <u>Principal Occupation</u> | <u>First Year as OT Trustee</u> | <u>First Year as Director of TransForce Inc.</u> | <u>Number of Units</u> |
|---|--|---------------------------------|--|------------------------|
| Alain Bédard, C.A., C.M.A. ⁽⁴⁾ Calgary, Alberta, Canada Chairman of the Board and Trustee of TFI Operating Trust, President and Chief Executive Officer of TransForce Administration | President and Chief Executive Officer TransForce Administration | 2002 | 1993 | 4,225,777 |
| André Bérard ⁽¹⁾⁽³⁾ Montreal, Quebec, Canada Lead Trustee of TFI Operating Trust | Corporate Director | 2003 | — | 12,192 |
| Richard Guay ⁽¹⁾⁽³⁾ Montreal, Quebec, Canada Trustee of TFI Operating Trust and Chairman of the Audit Committee | Corporate Director | 2004 | — | 3,145 |
| Joe Marsilli, C.A. Montreal, Quebec, Canada Trustee of TFI Operating Trust | Vice President Investments and Finance Jolina Capital Inc. (holding company) | 2002 | 2002 | 27,258 |
| Sheila O’Brien, C.M. ⁽²⁾ Calgary, Alberta, Canada Trustee of TFI Operating Trust and Chairwoman of the Human Resources and Compensation Committee | Corporate Director and Business Consultant | 2006 | — | 5,445 |
| Katherine A. Rethy ⁽²⁾⁽³⁾ Toronto, Ontario, Canada Trustee of TFI Operating Trust and Chairwoman of the Corporate Governance and Nominating Committee | Corporate Director | 2003 | — | 1,320 |
| Ronald D. Rogers ⁽¹⁾⁽⁵⁾ Calgary, Alberta, Canada Trustee of TFI Operating Trust | Corporate Director | 2006 | — | 11,982 |
| Joey Saputo ⁽²⁾⁽⁶⁾ Montreal, Quebec, Canada Trustee of TFI Operating Trust | President Gestion Soplajoey Inc. (holding company) | 2002 | 1996 | 167,746 |
| H. John Stollery ⁽²⁾ Mississauga, Ontario, Canada Trustee of TFI Operating Trust | Chairman of the Board Process Capital Corporation (manufacturing company) | 2002 | 2000 | — |

⁽¹⁾ Member of the Audit Committee.

⁽²⁾ Member of the Human Resources and Compensation Committee.

⁽³⁾ Member of the Corporate Governance and Nominating Committee.

- (4) Alain Bédard was a director of Arbec Forest Products Inc. (formerly Uniforêt Inc.), which filed for protection under the *Companies' Creditors Arrangement Act* (Canada) in April 2001. In May 2003, the company entered into a plan of arrangement with its creditors, and completed the implementation of this plan in February 2004.
- (5) Ronald D. Rogers was a director of GT Group Telecom Inc. ("GT"), sitting on the Board of Directors as a representative of Shaw Communications Inc. In early June 2002, Mr. Rogers resigned as a director of GT. GT filed for protection under the *Companies' Creditors Arrangement Act* (Canada) in late June 2002.
- (6) Joey Saputo was a director of 3741851 Canada Inc. (formerly Expert Medic Inc.), which was declared bankrupt under the *Bankruptcy and Insolvency Act* (Canada) on August 30, 2005.

Alain Bédard studied accounting and finance at the University of Sherbrooke, Quebec. After graduating he joined the accounting firm KPMG where he advanced to the position of Senior Auditor. From 1978 to 1984 Mr. Bédard was Controller of Normick Perron Inc. He then joined Saputo Inc., a leading Canadian food company, where he worked for 11 years and became Vice President of Finance. In 1993, he replaced Mr. Lino Saputo on the Board of Directors of Cabano-Kingsway Inc. and became CEO in 1996 and Chairman of the Board in 1997. Mr. Bédard quickly aligned Cabano-Kingsway Inc. with his strategic vision, guiding its evolution into publicly traded TransForce Inc. in 1997.

André Bérard retired as Chief Executive Officer of the National Bank of Canada in January 2002 and as Chairman of the Board in March 2004, following more than forty years with the bank.

Richard Guay was Senior Executive Vice President, Retail and Commercial Financial Services, of the Laurentian Bank of Canada until his retirement in 2003. Prior to joining the Laurentian Bank, Mr. Guay worked at the National Bank of Canada. He is presently a director of other corporations and Senior Executive Vice-President of Melior Development Inc.

Joe Marsilii is Vice President Investments and Finance of private holding company Jolina Capital Inc., joining Jolina in August 2001. From 1992 to 2001, Mr. Marsilii held various positions in the Quebecor group of companies, including Quebecor Printing, Quebecor Multimedia and in Nurun Inc. as Vice President Investments primarily responsible for acquisitions. Mr. Marsilii holds a chartered accountancy designation and practiced with KPMG.

Sheila O'Brien is a corporate director and business consultant. She is also President of Belvedere Investments, a private investment company. Prior to March 2007, she was a special advisor to the President on Student Life, University of Calgary.. She has had a successful thirty-year career as a senior executive in the oil and gas and petrochemical sectors in the areas of human resources, investor relations and public and government relations. Prior to 2004, Ms. O'Brien was Senior Vice-President, Human Resources, Public Affairs, Investor and Government Relations at NOVA Chemicals Corporation, a producer of commodity plastics and chemicals. At NOVA she was the architect of a corporate restructuring practice that was designated a World Wide Best Practice by Watson Wyatt Consulting Firm.

Katherine A. Rethy has held Vice-President Positions with Noranda Inc. and Falconbridge Ltd. between 1996 and 2006, including Senior Vice President, Information Systems, Procurement, Logistics, Enterprise Risk Management & Facility. Prior to joining Noranda Inc., Ms. Rethy worked at DuPont Canada Inc., where she had several roles including Director, Materials, Logistics and Services. She has also worked as a policy advisor in the Ontario government and as a judicial law clerk.

Ronald David Rogers retired as chief financial officer and senior vice-president of Shaw Communications. Prior to that, he held Vice President Positions with Crown Management Board of Saskatchewan, Moore Corporation and Warrington Inc. In addition he was president of Greb Footwear (the footwear division of Warrington). He has been involved in many mergers and acquisitions and financial transactions in North America, Europe, Australia and Asia involving both public and private companies.

Joey Saputo is President of a holding company, Gestion Soplajoey Inc. He has held a variety of positions within Saputo Inc. and Jolina Capital Inc., since 1985. Mr. Saputo is also President of the Montreal Impact, a professional soccer team he helped form in 1993.

H. John Stollery has been Chairman of Process Capital Corporation since 2000. Prior to joining Process Capital, he was CEO of TST Solutions Inc., TNT Canada and TNT North America. Mr. Stollery has served as Chairman of the Canadian Trucking Alliance, treasurer and Vice Chairman of the Ontario Trucking Association and as a board member of the Canadian Tariff Committee of the Freight Carriers Association of Canada. In 1996, he was named "Transportation Person of the Year for Ontario". Prior to entering the trucking industry, Mr. Stollery was president of ICG Propane and held numerous vice president positions with Xerox Canada.

The information as to Units over which the above-named individuals exercise control or direction is not within the knowledge of the Fund and has been furnished by the respective nominees individually.

To the knowledge of the Fund, none of the foregoing nominees for election as an OT Trustee:

- (a) is, or within the last ten years has been, a director or executive officer of any company that, while that person was acting in that capacity:
- (i) was the subject of a cease trade or similar order, or an order that denied such company access to any exemption under applicable securities legislation for a period of more than 30 consecutive days;
 - (ii) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in such company becoming the subject of a cease trade or similar order, or an order that denied such company access to any exemption under applicable securities legislation for a period of more than 30 consecutive days; or
 - (iii) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within the last ten years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his or her assets,

except as set out in the notes to the table under “Election of Trustees of TFI Operating Trust” above.

None of the foregoing nominees for election as an OT Trustee has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed OT Trustee.

EXECUTIVE COMPENSATION

The following table sets out all annual and long term compensation earned by the Chief Executive Officer, Chief Financial Officer and the three next most highly compensated executive officers of the Fund or its subsidiaries (collectively, the “Named Executive Officers”) for services rendered in all capacities to the Fund and its subsidiaries during the fiscal years ended December 31, 2006, 2005 and 2004:

Summary Compensation Table

| Name and Principal Position | Year | Annual Compensation | | | Long-Term Compensation | | | All Other Compensation (\$) |
|---------------------------------------|------|---------------------|------------|---|---|--|--------------------------------------|-----------------------------|
| | | Salary (\$) | Bonus (\$) | Other Annual Compensation ⁽¹⁾ (\$) | Awards | | Plan (as defined below) Payouts (\$) | |
| | | | | | Securities Under Options/SARs Granted (#) | Shares or Units Subject to resale Restrictions (#) | | |
| Alain Bédard | 2006 | 800,000 | 1,440,000 | 354,100 ⁽²⁾ | — | — | 1,824,067 ⁽⁶⁾ | 803 |
| President and Chief Executive Officer | 2005 | 660,000 | 1,500,000 | 232,800 ⁽³⁾ | — | — | 1,070,802 ⁽⁷⁾ | 836 |
| TransForce Administration | 2004 | 600,000 | 922,000 | 209,850 ⁽⁴⁾ | — | — | 830,506 ⁽⁸⁾ | 1,522 |
| Salvatore Vitale | 2006 | 240,000 | 96,000 | — | — | — | 273,610 ⁽⁶⁾ | 8,003 |
| Chief Financial Officer | 2005 | 210,000 | 84,000 | — | — | — | 214,035 ⁽⁷⁾ | 7,124 |
| TransForce Administration | 2004 | 183,654 | 81,000 | — | — | — | 203,057 ⁽⁸⁾ | 6,440 |

| Name and Principal Position | Year | Annual Compensation | | | Long-Term Compensation | | | All Other Compensation (\$) |
|---|-------------------------------------|-------------------------------|-------------------------------|---|---|--|--|-----------------------------|
| | | Salary (\$) | Bonus (\$) | Other Annual Compensation ⁽¹⁾ (\$) | Awards | | Payouts | |
| | | | | | Securities Under Options/SARs Granted (#) | Shares or Units Subject to resale Restrictions (#) | Plan (as defined below) Payouts (\$) | |
| Gary N. King President and Chief Executive Officer TST Solutions L.P. | 2006 2005 2004 | 410,000 400,000 318,750 | 246,000 240,000 195,000 | — — — | — — — | — — — | 453,873 ⁽⁶⁾ 428,071 ⁽⁷⁾ 386,527 ⁽⁸⁾ | 10,843 10,022 8,898 |
| Darshan S. Kailly President and Chief Executive Officer CF Managing Movement | 2006 2005 2004 ⁽⁵⁾ | 375,000 335,000 279,529 | 225,000 201,000 94,773 | — — — | — — — | — — — | 462,164 ⁽⁶⁾ 358,510 ⁽⁷⁾ — | 9,597 9,105 5,803 |
| James P. Houston President Trans4 Logistics/Delivery | 2006 2005 2004 | 275,000 250,000 250,000 | 137,500 125,000 112,500 | — — — | — — — | — — — | 156,916 ⁽⁶⁾ 53,496 ⁽⁷⁾ 26,779 ⁽⁸⁾ | 8,865 8,480 6,073 |

- ⁽¹⁾ This column does not include amounts for perquisites and other personal benefits if they total less than \$50,000 and 10% of the total of the annual salary and bonus, which is the disclosure threshold set by the laws that apply to the Fund.
- ⁽²⁾ This amount includes \$288,500 attributable under a supplementary executive retirement program.
- ⁽³⁾ This amount includes \$185,600 attributable under a supplementary executive retirement program.
- ⁽⁴⁾ This amount includes \$166,900 attributable under a supplementary executive retirement program.
- ⁽⁵⁾ Period from January 28, 2004 to December 31, 2004, subsequent to the acquisition of Canadian Freightways Limited by the Fund in January 2004.
- ⁽⁶⁾ Plan payouts are calculated based on the market value of Units at the time of two granting dates on November 30, 2006 (\$13.50 per Unit) and December 22, 2006 (\$13.25 per Unit). The second granting made on December 22, 2006 was due to the change of the reference period of the Plan. Plan payouts amounts include Capitalized Units (as defined below) that will vest in fiscal years 2007 and 2008. For vesting conditions, see “Long-Term Incentive Plan” below.
- ⁽⁷⁾ Plan payouts are calculated based on the market value of Units at the time of granting on November 30, 2005 (\$17.00 per unit). Plan payouts amounts include Capitalized Units (as defined below) that vested in fiscal year 2006 and that will vest in fiscal year 2007. For vesting conditions, see “Long-Term Incentive Plan” below.
- ⁽⁸⁾ Plan payouts are calculated based on the market value of Units at the time of granting on December 13, 2004 (\$14.53 per unit). Plan payouts amounts include Capitalized Units (as defined below) vested in fiscal years 2005 and 2006. For vesting conditions, see “Long-Term Incentive Plan” below.

Option Grants During the Most Recently Completed Fiscal Year

The Fund has not granted any options since its inception. All stock option plans of TransForce Inc. were replaced effective September 30, 2002 by the Long-Term Incentive Plan referred to below.

Options Exercises in Last Fiscal Year and Fiscal Year End Options Value

There were no options held by Named Executive Officers at December 31, 2006, the end of the Fund’s last fiscal year.

Long-Term Incentive Plan

Pursuant to the long-term incentive plan (the “Plan”) of the Fund established on September 17, 2002, Units of the Fund can be offered to executive officers of the Fund and its subsidiaries. The Human Resources and Compensation Committee administers the Plan.

Based upon the Fund’s financial performance benchmarked against certain distributable cash threshold amounts per Unit, Units are purchased on the open market on behalf of Plan participants and are held by a trustee until the rights vest (the “Capitalized Units”). Distributions received on Capitalized Units are reinvested for additional Units of the Fund under the Plan (the “Additional Units”). Vesting of Capitalized Units occurs on the basis of one-third of the total grant per year with the first portion vesting at the time of grant. Vesting of Additional Units occurs immediately at the time of grant. Initially, the reference period for allocations under the Plan was from October 1 to September 30 of each year. As of January 1, 2007, the reference period for allocations under the Plan has been changed and is now from January 1 to December 31 of each year. As such exceptionally in 2006, due to this change of reference period, the participants have received grants based on the financial results of five (5) quarters instead of four (4).

During 2006, an aggregate of 879,866 Units were granted under the Plan to 159 participants. The Units were granted to Plan participants on November 30, 2006 and December 22, 2006 (due to change in the reference period). The fair market value at the dates of grant was \$13.50 and \$13.25 per unit. As such, the Fund recorded a compensation expense of \$11,813,268 in 2006.

Plan Awards in Most Recently Completed Fiscal Year

The following table sets out the number of Units awarded during the fiscal year ended December 31, 2006 under the Plan to the Named Executive Officers:

| Name | Securities, Units or Other Rights ⁽¹⁾ (#) |
|-------------------|---|
| Alain Bédard | 135,861 |
| Salvatore Vitale | 20,379 |
| Gary N. King | 33,799 |
| Darshan S. Kailly | 34,429 |
| James P. Houston | 11,689 |

⁽¹⁾ One-third of the Capitalized Units awarded under the Plan vested in the fiscal year ended December 31, 2006 and the remaining Capitalized Units will vest one-third in each of fiscal year 2007 and fiscal year 2008.

Pension Benefits

Alain Bédard participates in a non-contributory defined benefit pension plan. In addition, Mr. Bédard has entered into a supplementary executive retirement agreement (“SERP”) whereby he receives one year of pensionable service under his SERP for every year he serves as an officer of the Fund, one of its subsidiaries or an associated company as of January 1, 2004.

Retirement eligibility is a function of Mr. Bédard’s age and service. The OT Trustees may credit additional years of service towards retirement eligibility, pension calculation or both, through a special arrangement. Mr. Bédard is eligible to receive SERP benefits as of age 55.

Pensions are calculated based on pensionable service and pensionable earnings. Pensionable earnings for this purpose are defined as base salary. The annual average of Mr. Bédard’s best consecutive 36 months of pensionable earnings is used to calculate his pension.

Mr. Bédard will receive 3% of his average pensionable earnings for each year of pensionable service in a total pension benefit under the pension plan and SERP. The pension is payable for life. A surviving spouse will receive approximately 60% of the pension that is payable to Mr. Bédard. The benefits are not subject to any deductions for social security or other offset amounts.

Based on current compensation and projected pensionable service, the estimated annual benefits payable to Mr. Bédard under the pension plan and SERP are as set forth in the following table:

Pension Plan Table

| | Years of Pensionable Service | | |
|--------------|------------------------------|----------------------|-----------------------|
| | 4.333 (at age 55) | 9.333 (at age 60) | 14.333 (at age 65) |
| Pension plan | \$ 8,185 | \$ 20,740 | \$ 31,851 |
| SERP | \$ 64,812 | \$ 187,503 | \$ 344,390 |
| Total | \$ 72,997 | \$ 208,243 | \$ 376,241 |

For purposes of providing more disclosure to Unitholders, the following table shows a reconciliation of the accrued obligation in respect of pension arrangements applicable to Mr. Bédard, from December 31, 2005 to December 31, 2006, as well as his number of years of eligible service as at December 31, 2006.

| Accrued Obligation as at December 31, 2005 | 2006 Service Cost | Increase (decrease) resulting from other factors | Accrued Obligation as at December 31, 2006 | Years of Eligible Service as at December 31, 2006 |
|--|-------------------|--|--|---|
| \$487,700 | \$249,900 | \$45,500 | \$783,100 | 3 |

Employment Agreements

The Fund and its subsidiaries have not entered into employment agreements with any of the Named Executive Officers.

Indebtedness of Directors, Executive Officers and OT Trustees

As at March 1, 2007, none of the OT Trustees, executive officers, directors, employees or former OT Trustees, executive officers, directors or employees of the Fund was indebted to the Fund or a subsidiary of the Fund in connection with a purchase of securities or for any other matter.

During the fiscal year ended December 31, 2006, none of the OT Trustees, executive officers or directors of the Fund, proposed nominees for election as an OT Trustee, or any associate of the foregoing was indebted to the Fund or any subsidiary of the Fund.

Composition of the Human Resources and Compensation Committee

The Human Resources and Compensation Committee is composed of Sheila O'Brien (Chair), Katherine A. Rethy, Joey Saputo and H. John Stollery. None of the members of the Human Resources and Compensation Committee is an officer or employee of the Fund or a subsidiary of the Fund.

Report on Executive Compensation

(a) General

The compensation of the Fund's senior executives is determined by the OT Trustees upon recommendations made by the Human Resources and Compensation Committee (for the purposes of this section, the Human Resources and Compensation Committee is hereinafter referred to as the "Committee"). The Fund's executive compensation program is designed to pay for performance and be competitive with other Canadian companies of comparable size. The Fund's executive compensation program is comprised of a base salary and variable components in the form of an annual bonus opportunity and grants of Units under the Plan. The variable components of the Fund's executive compensation program are designed to closely link the compensation of the Fund's senior executives and management employees with the performance of the Fund and its subsidiaries.

Total Compensation

The Fund's compensation philosophy is to pay at the 75th percentile for performance, which is at or above the 75th percentile against its peers. Total compensation includes base salary, and the annual bonus opportunity. Base salary is targeted at the median of the industry comparator group, with the opportunity for executives to reach the 75th percentile through the annual bonus program which is based on achieving targets based on financial and other measures as appropriate in a given year.

Base salary

In establishing the base salary of the senior executives of the Fund, including the President and Chief Executive Officer, the Committee takes into consideration the salaries paid to senior executives of other Canadian companies holding positions of similar magnitude, scope and complexity. The Committee reviews the base salary of each senior executive on a regular basis so that it may recommend to the Board that appropriate adjustments be made thereto in order to ensure that the salaries of the Fund's senior executives remain competitive.

Annual Bonus Opportunity

Senior executives of the Fund or its subsidiaries are eligible to receive an annual bonus. The annual bonus provides an opportunity for management and executive employees to receive an annual cash payment based on the degree of achievement of objectives set by the OT Trustees.

Bonuses paid to senior executives are based upon “revenue growth” and “growth in earnings before interest and taxes” objectives set by the Committee for the Fund and its subsidiaries. The Board or the management may also set other objectives at their discretion, as the case may be. The objectives are approved by the Board upon the recommendation of the Committee. The objectives “at target” are in line with the annual budget approved by the Board.

The target, minimum and maximum annual bonus paid to Named Executive Officers, expressed as a percentage of base salary, is as follows:

| Name and Principal Position | Minimum (% of base salary) | Target (% of base salary) | Maximum (% of base salary) |
|--|-------------------------------|------------------------------|-------------------------------|
| Alain Bédard President and Chief Executive Officer TransForce Administration | 0% | 100% | 200% |
| Salvatore Vitale Chief Financial Officer TransForce Administration | 0% | 40% | 50% |
| Gary N. King President and Chief Executive Officer TST Solutions L.P. | 0% | 40% | 60% |
| Darshan S. Kailly President and Chief Executive Officer CF Managing Movement | 0% | 40% | 60% |
| James P. Houston President Trans4 Logistics/Delivery | 0% | 30% | 50% |

Long-Term Incentive Plan

The purpose of the Plan is to promote a greater alignment of the interests between plan participants and the Unitholders of the Fund. The Plan is a key component of overall executive compensation and plays an important role in the retention of key executives within the Fund and its subsidiaries.

(b) Compensation of the President and Chief Executive Officer

The Committee monitors and assesses the performance of the President and Chief Executive Officer, and determines his compensation levels on an annual basis. For the most recently completed fiscal year, the President and Chief Executive Officer’s compensation consisted of base salary, annual bonus and grants of Units under the Plan. No compensation is paid to the President and Chief Executive Officer for his role as the Chairman of the Board and Trustee of TFI Operating Trust. In its assessment of the President and Chief Executive Officer’s annual compensation, the Committee considered the median compensation offered by other Canadian companies of comparable size and the absolute and relative performance of the Fund relative to such other companies. In addition, the Committee took into account other relevant factors such as pension benefits and costs.

Base salary

For the fiscal year ended December 31, 2006, the base salary paid to the President and Chief Executive Officer was \$800,000. In line with the Fund’s performance relative to a reference group of other Canadian companies of comparable size, this amount is between the 50th and the 75th percentile of the amounts paid out by such other companies, as does the total amount of the remuneration earned by the President and Chief Executive Officer of the Fund for the fiscal year ended December 31, 2006.

Annual Bonus

For the fiscal year ended December 31, 2006, the President and Chief Executive Officer received an annual bonus of \$1.44 million compared to \$1.50 million for the fiscal year ended December 31, 2005. The following performance measures were considered in determining the amount of the bonus paid to the President and Chief Executive of the Fund for this period:

- reinforce and develop the Fund's presence in Western Canada;
- hire and train an Executive Vice President or Chief Operating Officer;
- revenue growth as compared to the previous year;
- growth in earnings before interest and taxes as compared to the previous year;
- growth in earnings before interest, taxes, depreciation, amortization and rent as compared to the previous year;
- growth in distributable income as compared to the previous year; and
- growth in distributable income per unit as compared to the previous year.

Long-Term Incentive Plan

During the fiscal year ended December 31, 2006, the President and Chief Executive Officer received a total of 135,861 Units under the Plan, representing an aggregate award value of \$1,824,067. Since there were two grants in 2006 due to the change of the reference period, 95,621 Units were calculated based on a unit price of \$13.50 and 40,240 Units were calculated based on a unit price of \$13.25. The realizable value of these Units, a portion of which will vest over a period of two years from the date of their grant, will be determined in accordance with the provisions of the Plan. In assessing the appropriate award levels for the President and Chief Executive Officer under the Plan, the Committee considered the Fund's performance for the three most recently completed fiscal years relative to the performance of other Canadian companies of comparable size and relative to the TSX Composite Index.

The above report is submitted on behalf of the Human Resources and Compensation Committee by the OT Trustees whose names appear below:

Sheila O'Brien

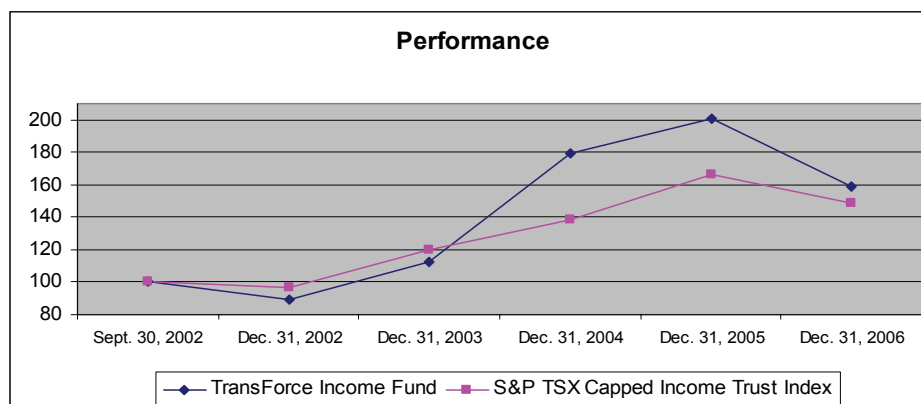
Katherine A. Rethy

Joey Saputo

H. John Stollery

Performance Graph

The Fund's Units commenced trading on the Toronto Stock Exchange on September 30, 2002. The following graph compares the total return of a \$100 investment in the units of the Fund made on September 30, 2002 with the cumulative return of the S&P TSX Capped Income Trust Index for the four year and three-month period ended December 31, 2006.



Compensation of OT Trustees

During the fiscal year ended December 31, 2006, each OT Trustee received annual remuneration of \$35,000 plus a supplementary annual remuneration of \$3,500 for being a member of the Audit Committee, Human Resources and Compensation Committee or Corporate Governance and Nominating Committee and of \$9,000 if such OT Trustee was the

Chairman of one committee. Furthermore, each OT Trustee received \$1,750 per meeting attended in person and \$750 for telephone meetings. During the fiscal year ended December 31, 2006, TFI Operating Trust paid an aggregate of \$526,375 to the OT Trustees for their services in such capacity.

LIABILITY INSURANCE FOR OFFICERS, DIRECTORS AND TRUSTEES

The Fund carries a 10 million dollars liability insurance policy for its Directors and Officers covering claims submitted against them during their mandate. The premium paid by the Fund for the term beginning November 1, 2006 to November 1, 2007 was \$79,400 and such coverage provides a \$250,000 deductible per securities claims and \$100,000 deductible for all other claims.

The Fund carries a 5 million dollars liability insurance policy for the Trustees covering claims submitted against them during their mandate. The premium paid by the Fund for the term beginning November 1, 2006 to November 1, 2007 was \$9,900 and such coverage provides a \$15,000 deductible for any loss.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

No executive officer, OT Trustee or Trustee of the Fund, person proposed for election as an OT Trustee, or any associate or affiliate of the foregoing had an interest in any material transaction effected by the Fund since December 31, 2006 or in any proposed material transaction.

AUDIT COMMITTEE INFORMATION

Reference is made to the section entitled "Audit Committee" of the Fund's Annual Information Form for the fiscal year ended December 31, 2006 for required disclosure relating to the Audit Committee of the Board. The Fund's Annual Information Form is available on SEDAR at www.sedar.com and can also be obtained by contacting the Secretary of the Fund at 8585 TransCanada Highway, Suite 300, Montreal, Quebec H4S 1Z6, Telephone (514) 331-4000.

The Charter of the Audit Committee is annexed to this Management Proxy Circular in Schedule A.

CORPORATE GOVERNANCE

National Policy 58-201 *Corporate Governance Guidelines* and National Instrument 58-101 *Disclosure of Corporate Governance Practices*, which came into force on June 30, 2005, set out a series of guidelines for effective corporate governance. The guidelines address matters such as the composition and independence of corporate boards, the functions to be performed by boards and their committees, and the effectiveness and education of board members. Each reporting issuer such as the Fund must disclose on an annual basis and in prescribed form, the corporate governance practices that it has adopted. The following is the Fund's required annual disclosure of its corporate governance practices.

The Fund was constituted as a trust under the laws of the Province of Quebec. Computershare Trust Company of Canada is the trustee of the Fund. TFI Operating Trust, which is wholly-owned by the Fund, was also constituted as a trust under the laws of the Province of Quebec. At present, nine individuals serve as the OT Trustees and perform generally the same role as that performed by the Board of Directors of TransForce Inc. prior to its conversion from a corporate entity into the Fund in September 2002.

1. Board of Directors

(a) *Disclose the identity of directors who are independent.*

The Board considers that André Bérard, Richard Guay, Joe Marsilii, Sheila O'Brien, Katherine A. Rethy, Ronald D. Rogers, Joey Saputo and H. John Stollery are independent within the meaning of Multilateral Instrument 52-110 *Audit Committees*.

(b) *Disclose the identity of directors who are not independent, and describe the basis for that determination.*

The Board considers that Alain Bédard is not independent within the meaning of Multilateral Instrument 52-110 *Audit Committees* in that he is the President and Chief Executive Officer of the Fund.

- (c) *Disclose whether or not a majority of directors are independent. If a majority of directors are not independent, describe what the board of directors does to facilitate its exercise of independent judgment in carrying out its responsibilities.*

The Board considers that eight of the nine members of the Board are independent within the meaning of Multilateral Instrument 52-110 *Audit Committees*. Accordingly, a majority of the trustees on the Board is independent.

If the nine persons named under “Election of Trustees of TFI Operating Trust” above are elected, eight of the nine members of the Board will be independent within the meaning of Multilateral Instrument 52-110 *Audit Committees*.

- (d) *If a director is presently a director of any other issuer that is a reporting issuer (or the equivalent) in a jurisdiction or a foreign jurisdiction, identify both the director and the other issuer.*

The following OT Trustees are currently directors of other issuers that are reporting issuers (or the equivalent) in a jurisdiction of Canada or a foreign jurisdiction:

| Name of OT Trustee | Issuer |
|--------------------|--|
| André Bérard | BCE Inc. Bell Canada BMTC Group Inc. Bombardier Inc. Saputo Inc. Tembec Inc. |
| Richard Guay | Alexis Nihon Real Estate Investment Trust |
| Joe Marsilii | Groupe Bikini Village Inc. |
| Sheila O’Brien | Gildan Activewear Inc. |
| Ronald D. Rogers | Corus Entertainment Inc. Parkland Income Fund Pizza Pizza Royalty Income Fund The Brick Group Income Fund |
| H. John Stollery | Process Capital Corp. |

- (e) *Disclose whether or not the independent directors hold regularly scheduled meetings at which non-independent directors and members of management are not in attendance. If the independent directors hold such meetings, disclose the number of meetings held since the beginning of the issuer’s most recently completed financial year. If the independent directors do not hold such meetings, describe what the board does to facilitate open and candid discussion among its independent directors.*

The independent members of the Board meet a least on a quarterly basis without non-independent members of the Board or members of management present. Since January 1, 2006, the independent members of the Board have held five meetings at which non-independent members of the Board and members of management were not present.

- (f) *Disclose whether or not the chair of the board is an independent director. If the board has a chair or lead director who is an independent director, disclose the identity of the independent chair or lead director, and describe his or her role and responsibilities. If the board has neither a chair that is independent nor a lead director that is independent, describe what the board does to provide leadership for its independent directors.*

Alain Bédard, the Chairman of the Board, is not an independent trustee. The Board has appointed André Bérard as “lead trustee” of the Board. The Board considers that André Bérard is independent within the meaning of Multilateral Instrument 52-110 *Audit Committees*.

As lead trustee of the Board, Mr. Bérard provides leadership in ensuring the effectiveness of the Board and is responsible for: (i) ensuring committees of the Board function appropriately; (ii) chairing meetings of the independent members of the Board; (iii) chairing meetings of the Board when Alain Bédard, the Chairman of the Board, is absent; and (iv) ensuring that the Board functions independently of management.

- (g) *Disclose the attendance record of each director for all board meetings held since the beginning of the issuer's most recently completed financial year.*

Since January 1, 2006, the Board has held nine meetings. Attendance of members of the Board at the meetings is set out in the table below.

| OT Trustee | Attendance | OT Trustee | Attendance |
|---------------------|--------------------|--------------------|--------------------|
| Alain Bédard | 8/9 | Sheila O'Brien | 4/5 ⁽²⁾ |
| André Bérard | 9/9 | Katherine A. Rethy | 8/9 |
| Jean-Claude Germain | 3/4 ⁽¹⁾ | Joey Saputo | 9/9 |
| Richard Guay | 9/9 | H. John Stollery | 9/9 |
| Joe Marsilii | 9/9 | Ronald D. Rogers | 7/9 |

⁽¹⁾ Jean-Claude Germain was replaced as a member of the Board on April 26, 2006.

⁽²⁾ Sheila O'Brien was appointed as a member of the Board on April 26, 2006.

2. Board Mandate

Disclose the text of the board's written mandate. If the board does not have a written mandate, describe how the board delineates its role and responsibilities.

The Charter of the Board is annexed to this Management Proxy Circular in Schedule B.

3. Position Description

- (a) *Disclose whether or not the board has developed written position descriptions for the chair and the chair of each board committee. If the board has not developed written position descriptions for the chair and/or the chair of each board committee, briefly describe how the board delineates the role and responsibilities of each such position.*

The Board has developed a written position description for the Chairman of the Board.

The primary role and responsibility of the chair of each committee of the Board is to: (i) in general, ensure that the committee fulfills its mandate, as determined by the Board; (ii) chair meetings of the committee; (iii) report thereon to the Board; and (iv) act as liaison between the committee and the Board and, if necessary, management of the Fund.

- (b) *Disclose whether or not the board and CEO have developed a written position description for the CEO. If the board and CEO have not developed such a position description, briefly describe how the board delineates the role and responsibilities of the CEO.*

The Board and the President and Chief Executive Officer have developed a written position description for the President and Chief Executive Officer.

4. Orientation and Continuing Education

(a) *Briefly describe what measures the board takes to orient new directors regarding*

(i) *the role of the board, its committees and its directors, and*

(ii) *the nature and operation of the issuer's business.*

The Fund provides new members of the Board with an appropriate orientation package and has adopted a New Trustee Training and Development Program.

Members of management meet with the OT Trustees at Board meetings to familiarize the Board with their business issues and opportunities. Once or twice each year, Board meetings are held at operating sites and the OT Trustees tour the site.

(b) *Briefly describe what measures, if any, the board takes to provide continuing education for its directors. If the board does not provide continuing education, describe how the board ensures that its directors maintain the skill and knowledge necessary to meet their obligations as directors.*

On an annual basis, the Board is surveyed to determine the knowledge of its members on various matters. The Fund provides training to the Board on new developments in the law and corporate governance. Two OT Trustees have attended to Director's Education Program.

5. Ethical Business Conduct

(a) *Disclose whether or not the board has adopted a written code for the directors, officers and employees. If the board has adopted a written code:*

(i) *disclose how a person or company may obtain a copy of the code*

The Board has adopted a Code of Ethics for the Fund. A copy of the Code of Ethics is sent to all employees of the Fund and its subsidiaries. The Code of Ethics is available on SEDAR at www.sedar.com and on the Fund's website at www.transforce.ca.

(ii) *describe how the board monitors compliance with its code, or if the board does not monitor compliance, explain whether and how the board satisfies itself regarding compliance with its code*

The Corporate Governance and Nominating Committee ensures that a copy of the Code of Ethics is sent to all new employees. On an annual basis, the Corporate Governance and Nominating Committee questions management as to how the Code of Ethics has been applied. In particular, the Committee determines whether there have been derogations from the Code of Ethics and, if so, the circumstances and details thereof.

(iii) *provide a cross-reference to any material change report filed since the beginning of the issuer's most recently completed financial year that pertains to any conduct of a director or executive officer that constitutes a departure from the code*

There are no such reports.

(b) *Describe any steps the board takes to ensure directors exercise independent judgment in considering transactions and agreements in respect of which a director or executive officer has a material interest.*

Since the inception of the Fund in September 2002, the Fund has not entered into any transactions or agreements in respect of which a member of the Board or an executive officer of the Fund had a material interest.

If such a transaction or agreement arises, the member of the Board who has a material interest therein does not participate in meetings of the Board at which the transaction or agreement is considered.

- (c) *Describe any other steps the board takes to encourage and promote a culture of ethical business conduct.*

In addition to the measures set out above, the Board has adopted “Rules of Conduct of Insiders Respecting Trading of Securities of TransForce Income Fund”. The Rules of Conduct apply to the members of the Board and to senior executives of the Fund and its major subsidiaries. Approximately 50 people are subject to the Rules of Conduct. The Rules of Conduct provide for “blackout” periods during which trading in the securities of the Fund is not permitted, and require that prior approval for trading in securities of the Fund be obtained from either the President and Chief Executive Officer or the Secretary of the Fund.

The Fund has adopted a Disclosure Policy, applicable to all the members of the Board, executive officers, employees and Trustee and its subsidiaries, in compliance with legal disclosure requirements and good corporate governance.

6. Nomination of Directors

- (a) *Describe the process by which the board identifies new candidates for board nomination.*

The Corporate Governance and Nominating Committee is responsible for recommending candidates for election, filling vacancies on the Board and assessing the performance of the Board. The Board also uses the services of recruitment firms in order to identify potential new members of the Board.

- (b) *Disclose whether or not the board has a nominating committee composed entirely of independent directors. If the board does not have a nominating committee composed entirely of independent directors, describe what steps the board takes to encourage an objective nomination process.*

The Corporate Governance and Nominating Committee is composed exclusively of independent trustees.

- (c) *If the board has a nominating committee, describe the responsibilities, powers and operation of the nominating committee.*

The charter of the Corporate Governance and Nominating Committee is attached hereto to this Management Proxy Circular in Schedule C.

7. Compensation

- (a) *Describe the process by which the board determines the compensation for the issuer’s directors and officers.*

The Corporate Governance and Nominating Committee is mandated to review and recommend to the Board for approval the compensation of the members of the Board. The Committee considers time commitment, comparative fees and responsibilities in determining compensation. The compensation of the members of the Board is reviewed by the Corporate Governance and Nominating Committee on an annual basis in light of market conditions and, if appropriate, adjustments are made to the level of remuneration.

The Human Resources and Compensation Committee is mandated to review and recommend to the Board for approval the compensation of the senior officers of the Fund.

Effective January 1, 2007, the Board has adopted a unitholding policy for the OT Trustees under which the OT Trustees must own a minimum of Units equivalent in value of twice their annual retainer as board members. The OT Trustees have a period of four years to comply with such policy.

The Fund also uses the services of outside experts with respect to the compensation of the Fund’s executive officers. The process by which the Fund determines the compensation of its executive officers is described in “Report on Executive Compensation” above.

- (b) *Disclose whether or not the board has a compensation committee composed entirely of independent directors. If the board does not have a compensation committee composed entirely of independent directors, describe what steps the board takes to ensure an objective process for determining such compensation.*

The Corporate Governance and Nominating Committee and the Human Resources and Compensation Committee is composed exclusively of independent trustees.

- (c) *If the board has a compensation committee, describe the responsibilities, powers and operation of the compensation committee.*

The charter of the Human Resources and Compensation Committee is attached hereto to this Management Proxy Circular in Schedule D.

- (d) *If a compensation consultant or advisor has, at any time since the beginning of the issuer's most recently completed financial year, been retained to assist in determining compensation for any of the issuer's directors and officers, disclose the identity of the consultant or advisor and briefly summarize the mandate for which they have been retained. If the consultant or advisor has been retained to perform any other work for the issuer, state that fact and briefly describe the nature of the work.*

The Fund has used the data obtained from Mercer Human Resources Consulting ("Mercer") to provide benchmarks for use by the Human Resources and Compensation Committee in determining the compensation of the senior executives of the Fund and its subsidiaries. The Fund has also engaged Mercer to assist in implementing a standard compensation and bonus system for the senior executives of the Fund and its subsidiaries.

8. Other Board Committees

If the board has standing committees other than the audit, compensation and nominating committees, identify the committees and describe their function.

There are no committees of the Board other than the: (i) Audit Committee; (ii) Human Resources and Compensation Committee; and (iii) Corporate Governance and Nominating Committee.

9. Assessments

Disclose whether or not the board, its committees and individual directors are regularly assessed with respect to their effectiveness and contribution. If assessments are regularly conducted, describe the process used for the assessments. If assessments are not regularly conducted, describe how the board satisfies itself that the board, its committees, and its individual directors are performing effectively.

Each member of the Board completes a questionnaire on an annual basis relating to the effectiveness of the Board. The completed questionnaires are analyzed by the Secretary of the Fund, who reports to Katherine A. Rethy, Chair of the Corporate Governance and Nominating Committee. In particular, if two or more members of the Board express the same concern, it is reported to the Chair of the Corporate Governance and Nominating Committee and addressed at the next meeting of the Committee. If necessary, the concern is also addressed at the next meeting of the Board.

APPOINTMENT OF AUDITORS OF THE FUND

The persons named in the enclosed form of proxy intend to vote for the appointment of KPMG LLP, Chartered Accountants, as auditors of the Fund, to serve until the next annual meeting of Unitholders. KPMG LLP, Chartered Accountants, have been the auditors of the Fund since December 18, 2003.

APPOINTMENT OF AUDITORS OF TFI OPERATING TRUST

Pursuant to the Declaration of Trust of the Fund, Unitholders will be asked at the Meeting to adopt a resolution directing and instructing the Trustee to appoint the auditors of TFI Operating Trust. The persons named in the enclosed form of proxy intend to vote to direct and instruct the Trustee to appoint KPMG LLP, Chartered Accountants, as auditors of TFI Operating Trust, to serve until the next annual meeting of TFI Operating Trust. KPMG LLP, Chartered Accountants, have been the auditors of TFI Operating Trust since December 18, 2003.

OTHER MATTERS

Management of TransForce Administration knows of no other matter to come before the Meeting other than those referred to in the Notice of Meeting. However, if any other matters which are not known to the management should properly come before the Meeting, the accompanying form of proxy confers discretionary authority upon the persons named therein to vote on such matters in accordance with their best judgment.

ADDITIONAL INFORMATION

The Fund's financial information is included in its consolidated financial statements, the notes thereto and Management's Discussion and Analysis of Operating Results and Financial Position for the fiscal year ended December 31, 2006. Copies of the foregoing documents and additional information relating to the Fund can be found on SEDAR at www.sedar.com and may also be obtained upon request to the Secretary of the Fund at its head office, 8585 TransCanada Highway, Suite 300, Montreal, Quebec H4S 1Z6, Telephone (514) 331-4000.

AUTHORIZATION

The contents and the mailing of this Management Proxy Circular have been approved by the Board of Directors of TransForce Administration and by the Board.



Alain Bédard
President and Chief Executive Officer
TransForce Administration Inc.,
Administrator of TransForce Income Fund

Signed at Montreal, Quebec
March 7, 2007

SCHEDULE A



Audit Committee Charter Amended and restated October 2006

Purpose

The primary function of the Committee (the "Committee") is to assist the Board of Trustees in fulfilling its oversight responsibilities by reviewing with its auditors: (a) the financial reports and other financial information provided by TransForce Income Fund (the "Fund") to any governmental body or the public; (b) the Fund's systems of internal controls regarding finance and accounting that management and the Board have established; and (c) the Fund's auditing, accounting and financial reporting processes generally.

All of the requirements in this Charter are qualified by the understanding that the role of the Committee is to act in an oversight capacity and is not intended to require a detailed review of the work performed by the independent auditors unless specific circumstances are brought to its attention warranting such a review.

The Committee has the authority to conduct any investigation appropriate to fulfilling its responsibilities and it has direct access to the independent auditors as well as anyone in the organization. The Committee has the ability to retain, at the Fund's expense, specific advisors, consultants or experts it deems necessary in the performance of its duties.

Composition

The Committee shall be comprised of three or more Trustees as determined by the Board. At least 3 members of the Committee must be independent (must be free of any relationship to the Fund that may interfere with the exercise of their independence from management and the Fund).

All members of the Committee must be financially literate and shall possess an understanding of financial statements, including a Fund's balance sheet, income statement and cash flow statement or be able to do so within a reasonable period of time after his or her appointment to the Committee. At least one member of the Committee shall have accounting or related financial management expertise, as the Board, in its business judgment, interprets such qualification.

The members of the Committee shall be elected by the Board at the annual or any regular meeting of the Board. The members of the Committee shall serve until their successors shall be duly elected and qualified or their earlier resignation or removal. If a Chair is not elected by the full Board or is not present at a particular meeting, the members of the Committee may designate a Chair by majority vote of the Committee membership in attendance.

Meetings

The Committee shall meet at least four times annually, or more frequently as circumstances dictate. The Committee should meet at least annually with management, the independent auditors and as a Committee, in separate executive sessions, to discuss any matters that the Committee or each of these groups believe should be discussed privately. In addition, the Committee, or at least the Chair, should meet with the independent auditors and financial management quarterly, either in person or telephonically, to review the Fund's interim financial statements. The Committee Chair shall prepare and/or approve the agenda in advance of each meeting.

Responsibilities and duties

To fulfill its responsibilities and duties, the Committee shall perform the following:

Documents/Reports Review

- a) Committee has adopted this Charter following its approval by the Board based upon the recommendation of the Committee. The Committee shall review, and reassess the adequacy of this Charter at least annually.

- b) Review and discuss with management and the independent auditors the Fund's annual audited financial statements prior to filing or distribution. This review and discussion should encompass the results of the audit, including significant issues regarding accounting principles, practices and judgments.
- c) Review with financial management the quarterly financial results prior to the earlier of the release of earnings or the filing of the Quarterly Report. The Chair of the Committee may represent the entire Committee for purposes of this review.
- d) Review and discuss with management all significant issues surrounding corporate risk including insurance coverage and environmental issues as required.

Independent Accountants

- a) Recommend to the Board the selection of independent auditors, considering independence and effectiveness and approve the fees and other compensation to be paid to the independent accountants.
- b) Make clear that the independent auditors for the Fund are ultimately accountable to the Committee and the Board, that the Committee and Board have the ultimate authority and responsibility to select, evaluate and, where appropriate, replace the independent accountants or to nominate the independent auditor to be proposed for shareholder approval in any proxy statement.
- c) Require the independent auditors to submit on a periodic basis (but at least annually) to the Committee a formal written statement in accordance with Independence Standards delineating all relationships between them and the Fund, actively engage in a dialogue with them with respect to any disclosed relationships or services that may impact their objectivity and independence, and recommend that the Board take appropriate action in response to the report of the independent auditors to satisfy itself of the outside auditors' independence.
- d) Review the performance of the independent auditors and approve any proposed discharge of the independent auditors when circumstances warrant.
- e) Discuss with the independent auditors their audit plan.
- f) Review and approve in advance all non-audit services performed by the auditing firm.

Internal Audit

- a) The audit committee will review and concur in the appointment, replacement, reassignment or dismissal of the director of internal audit.
- b) The audit committee will confirm and assure the independence of the internal auditor.
- c) The audit committee will evaluate, in consultation the director of internal auditing, the audit scope and role of internal audit.
- d) In consultation with management and the independent auditors, the audit committee will evaluate the effectiveness and independence of the Fund's Internal Audit function including the reporting relationship to the Committee and the compliance with the Internal audit charter.
- e) The audit committee will review with the director of internal audit and management, the audit plan, activities, staffing and organizational structure of Internal audit.

Financial Reporting Processes

- a) In consultation with management and the independent auditors, consider the integrity of the Fund's financial reporting processes and controls and whether such controls are adequate.
- b) Discuss significant financial reporting issues including off balance sheet arrangements and/or special purpose entities and the steps management has taken to monitor, control and report such issues.

- c) Review significant findings prepared by the independent auditors together with management's response.
- d) Prior to releasing the year-end earnings, discuss the results of the audit with the independent auditors.
- e) Review the annual budget on an annual basis.
- f) Review and recommend the proposed distribution of available cash on a quarterly basis.
- g) Discuss with the independent auditors their judgments about the quality, not just the acceptability, of the Fund's accounting principles as applied in its financial reporting.
- h) Based on the review and discussions referred to previously, recommend to the Board that the audited financial statements be included in the Fund's Annual Report.
- i) Prepare a report of the Committee to be included in the Fund's Proxy Circular for its Annual Meeting.

Other

- a) The Committee will establish procedures for the receipt, retention and treatment of any complaints received by the Fund regarding accounting, internal accounting controls or auditing matters.
- b) The Committee will review the accounting principles and practices.
- c) The Committee will establish procedures for the confidential, anonymous submission by the employees of the Fund of concerns regarding questionable accounting or auditing matters.
- d) The Committee will determine capital spending authorization level.
- e) Nothing in this Charter will, or be deemed to, decrease or modify any manner adverse to any member of the Committee, such member's right to rely on statements and certifications made by Fund's officers, employees, agents, counsel, experts and auditors.
- f) Nothing in this charter will, or will be deemed to, adversely affect in any manner the rights of members of the Committee to indemnification and advancement of expenses under the Certificate of Incorporation or Bylaws of the Fund or under any contract, agreement, arrangement or understanding benefiting such member.
- g) Notwithstanding any other provision of this Charter, no provision of this Charter will, except to the extent required by applicable law, rule or regulation, be construed to create any duty, liability or obligation on the part of the Committee or its members.

The Committee relies on the expertise and knowledge of management and the public accounting firm in carrying out its oversight responsibilities. Management of the Fund is responsible for determining that the Fund's financial statements are complete, accurate, and in accordance with generally accepted accounting principles. The public accounting firm is responsible for auditing the Fund's financial statements. It is not the duty of the Committee to plan or conduct audits, to determine that the financial statements are complete, accurate and are in accordance with generally accepted accounting principles, to conduct investigations, or to assure compliance with laws and regulations of the Fund's internal policies, procedures or controls.

SCHEDULE B



Charter of the Board of Trustees of TFI Operating Trust Amended and restated October 2006

This charter is intended as a tool to assist the trustees (the "**Trustees**") of TFI Operating Trust (the "**Trust**"), a trust wholly-owned by TransForce Income Fund (the "**Fund**"), in fulfilling their responsibilities as members of the board of Trustees of the Trust (the "**Board**"). It is not an attempt to limit, enlarge or change in any way the responsibilities of the Trustees as determined by the laws and regulations of the authorities nor to change in any way the declaration of trust of the Trust dated September 17, 2002 as may be amended from time to time (the "**Declaration of Trust**"). In case of contradiction between the present charter and any provision of the Declaration of Trust, the terms and conditions of the Declaration of Trust shall prevail.

The business affairs of the Fund and its subsidiaries shall be managed under the direction of the Board. The Board may, by resolution, delegate its authority to the Fund's management or to committees of the Board ("**Committees**"). Committees and the Fund's management shall be subject at all times to the direction and control of the Board.

In carrying out its duties, the Board shall have access to such management personnel as it deems necessary and shall have the authority to engage, at the Fund's expense, such reasonable independent advisors and professionals as the Board, in the exercise of its judgment, deems appropriate.

Without limiting the Board's general governance responsibilities, the Board shall:

- See that an effective Board is in place and that the Board possesses within its membership the appropriate skills to enable it to fulfill its responsibilities.
- Elect the President and Chief Executive Officer of the Fund and replace if necessary. Elect all other executive officers of the Fund on the recommendation of the President and Chief Executive Officer. Ensure that successors are identified or that a plan is in place to identify successors for the President and Chief Executive Officer and for other senior management positions of the Fund.
- Adopt and annually review a strategic plan.
- Approve the annual budget and the proposed distribution of available cash.
- The Board will determine capital spending authorization level.
- Under established policies, approve significant decisions not delegated to management involving major acquisitions (i.e. those with an enterprise value of \$100 million or more), divestitures, capital investments and loan facilities.
- Through its committee system provide oversight regarding certain activities of the Fund. The current Committees are (a) Human Resources and Compensation, (b) Corporate Governance and Nominating, and (c) Audit.
- Designate additional committees from time to time as may be necessary to fulfill the responsibilities of the Board.
- Perform an evaluation at least annually to determine whether the Board and its Committees are functioning effectively including with respect to the timing, amount and content of information distributed to Board members, the size and composition of the Board, and the frequency and agenda of Board meetings.

Membership and Meetings

The Board shall consist of eight to eleven trustees in accordance with the Declaration of Trust. Trustees shall stand for election by the trustee of the Fund as directed by the Unitholders of the Fund at each annual meeting. The Board may also appoint replacement trustees as required.

At least a majority of Trustees shall satisfy the applicable independence requirements proposed by the applicable stock exchanges on which the Fund's securities are listed and applicable securities regulatory authorities. The Board as a whole shall annually review and make a determination as to each Trustee's status as an independent Trustee.

The Board shall meet no less than five times per year and the independent Trustees shall meet *in camera* at least four times per year. A quorum of the Board shall consist of a majority of the Trustees.

SPECIFIC ROLES AND RESPONSIBILITIES

Oversight of the Fund

- The Board shall supervise the management of the business and affairs of the Fund and its subsidiaries to ensure that appropriate monitoring and control systems are in place. While day-to-day management of the Fund and its subsidiaries is the responsibility of the senior executives, as delegated by the Board, the Board must oversee these operations and reserve the power to intervene in management's decisions when required.
- The Board, and each Trustee, is expected to understand and meet the duties and performance standards expected of them by the applicable statutory and regulatory rules governing the Fund, by the Declaration of Trust and by the present Charter.

Oversight of the Committees of the Board

- The Board shall establish such Committees as the Board deems necessary to assist the Board in meeting its responsibilities. Each Committee shall be composed of a majority of independent trustees and shall report to the Board on its deliberations after each Committee meeting. Members of management and non-independent trustees may be invited to committee meetings by the Chair of a Committee, but shall not participate in the *in camera* sessions of any Committee.
- The Chair of the Board shall appoint the Chair of each Committee upon recommendation of the Corporate Governance and Nominating Committee.
- The Board shall establish and approve a Charter for each standing Committee and shall require each Committee to annually review its performance against the Committee Charter and provide a report thereon to the Board.
- Each standing Committee shall annually provide the Board with a report on its activities in the previous year.

Oversight and Succession Planning for Executive Officers

- The Board shall actively supervise the succession planning processes of the Fund and its major subsidiaries, including the selection, appointment, development, evaluation and compensation of senior executive officers of the Fund and of its major subsidiaries.
- The Board shall oversee the annual performance review of senior executive officers and shall establish the annual performance targets for each senior executive officer in accordance with the targets for the Fund.
- The Board shall oversee the Fund's overall approach to human resources and compensation philosophy.

Strategic Planning

- The Board shall establish, oversee and receive regular updates on the strategic direction, plans and priorities of the Fund, and shall monitor the implementation and effectiveness of those plans through reports from senior executives of the Fund.

Risk Management and Capital Management

- The Board shall monitor and assess the procedures implemented for identifying the principal risks of the Fund's businesses, and receive regular updates on the status of risk management activities and initiatives.
- The Board shall consider and approve all Fund activities related to major capital expenditures, raising capital, allocation of resources among the Fund's lines of business, organizational restructurings and other major financial activities.

Promoting a Culture of Integrity

- The Board shall promote a culture of integrity at the Fund through the actions of the Board, the interaction of the Board with senior executives and external parties, and through the selection and review of the senior executives.
- The Board shall oversee treatment of conflict of interest policies, related party transaction procedures and treatment of confidential information.
- The Board shall establish and annually review the Fund's *Code of Ethics*.
- Each Trustee shall act in the highest ethical manner and with integrity in all professional dealings.

Internal Control and Financial Reporting

- The Board shall ensure the integrity of the Fund's internal controls and management information systems by establishing appropriate internal and external audit and control systems and by receiving regular status updates thereon.
- The Board shall oversee and ensure compliance with applicable legislative, regulatory and Fund policy requirements, and ensure that systems are in place to ensure compliance on an ongoing basis.
- The Board shall review all financial reports and related materials of the Fund prior to release, and shall receive a detailed analysis of those reports from senior executives and from the Audit Committee to assist the review. The Board shall ensure that the financial reports of the Fund reflect the financial condition of the Fund with accuracy and transparency.
- The Board shall establish and annually review the Fund's *Whistle Blower Policy*.

Communication

- The Board shall establish a Disclosure Policy to govern the release of information about the Fund, and shall regularly review the Disclosure Policy and approve in advance disclosure items as required therein.
- The President and Chief Executive Officer or other designated senior executive officers shall make public comments on behalf of the Fund. Trustees may communicate with the Unitholders on behalf of the Fund when authorized by the Chair of the Board and the President and Chief Executive Officer.
- Unitholders of the Fund may communicate with the Board or the independent members thereof by writing to the Chair of the Board in care of the Corporate Secretary of the Fund.

Review of the Board and Individual Trustees

- The Board shall oversee annual, formal evaluations of the Board, the Chair, Board Committees and individual Trustees. The evaluation will be led by the Corporate Governance and Nominating Committee.
- The Board shall annually receive a report from the Corporate Governance and Nominating Committee on the overall size and operation of the Board and its Committees, and shall consider and implement any changes emanating from that report to ensure effective operation of the Board and its Committees.
- The Board shall annually review the qualifications of each Trustee prior to nominating that Trustee for re-election.

Trustee Succession and Selection Criteria

- The Chair of the Board shall maintain an analytical framework for assessing desired competencies, expertise, skills, background and personal qualities that are sought in potential candidates for the Board. This framework shall be used both for assessing the current structure of the Board and in selecting candidates for the Board.
- The Corporate Governance and Nominating Committee will make a recommendation on nomination of a trustee to the Board. The Chair and President and Chief Executive Officer shall meet with any potential candidates prior to nomination to discuss the time commitments and performance expectations of the position.

Oversight of Subsidiaries

- The Board shall oversee the operational structure of the Fund and its subsidiaries. This responsibility shall primarily be carried out by Board review of the strategy, operation and risk of the Fund's divisions and business units, including the main operating entities.

Development of Corporate Governance Program

- The Board shall oversee the development and implementation of the corporate governance program at the Fund. Governance policies, practices and procedures shall be regularly reviewed against a global comparative group to ensure that the Fund has an encompassing and effective governance system in place.

Board and Committee Meeting Attendance and Preparation

- Trustees must attend all Board and applicable committee meetings unless there is a compelling reason for non-attendance.
- The Board expects that each Trustee will prepare for each meeting of the Board by reviewing materials provided in advance of the meeting. The expected preparation time required for each meeting will depend on the topics to be addressed at that meeting. The Board, or any individual trustee, shall also receive any additional material or information from the employees of the Fund that is requested to prepare for a meeting.

Change in Trustee's Circumstances

- The Board shall require each Trustee to inform the Chair of a change in his or her principal occupation or country of residency and to offer his or her resignation to the Chair. The Chair will deliberate with the Corporate Governance and Nominating Committee on the appropriate course of action.

Conflict of Interest

- The Board shall establish and monitor procedures for identification of and dealing with conflicts of interest. Trustees must recuse themselves from a particular matter where there may be a perception of conflict or a perception that they may not bring objective judgment to the consideration of the matter.
- Trustees shall annually complete an *Information Form* to facilitate the detection of any conflicts of interest at the Board level.

Directors' and Trustees' Remuneration and Stake Ownership

- The Board shall oversee a review of Trustee compensation to ensure development of a compensation strategy that properly aligns the interests of trustees with the long-term interests of the Fund and unitholders of the Fund.
- The Board shall establish and annually review the Fund's *Rules of Conduct of Insiders Respecting Trading of Securities of the Fund*.

Trustee Orientation and Continuing Education

- The Fund shall provide an orientation program for new Trustees, as well as an ongoing continuing education program for all Trustees. The program will include update materials, and on-site visits to the Fund's operations by the Trustees to better understand the Fund's strategies, operations and the external business and competitive environment.

Protection of Trustees

- The Fund shall indemnify Trustees against losses that may arise from the appropriate exercise of their authority as Trustees, and shall arrange for an adequate level of directors and officers liability insurance to supplement this indemnification. Such insurance shall be disclosed to and overviewed by Trustees annually.

SCHEDULE C



Corporate Governance and Nominating Committee Charter

Purpose

The primary functions of the Corporate Governance and Nominating Committee (the "Committee") are to develop and maintain the corporate governance and nominating policies of TransForce Income Fund (the "Fund"), and to assist TFI Operating Trust's Board of Trustees (the "Board") in:

- (i) identifying, screening and recruiting qualified individuals to become Board members;
- (ii) determining the composition of the Board and its committees;
- (iii) assessing the Board's and Trustee effectiveness;
- (iv) ensuring Trustee orientation and development;
- (v) ensuring that current and effective governance practices are in place, including overseeing compliance with the Code of Ethics;
- (vi) directing and approving the Fund's compensation of its Board members;

Committee Membership

The Committee shall be comprised of no less than three members, all of whom must qualify as independent and must be free of any relationship that may interfere with the exercise of their independence and judgment.

The members of the Committee shall be appointed annually by the Board at a duly convened meeting of the Board. The Chairman of the Committee (the "Chairman") shall be appointed by the Chairman of the Board. The members of the Committee will serve until their resignation, retirement, removal by the Board, or until their successors shall be duly appointed and qualified. No member of the Committee may be removed except by majority vote of the independent Trustees then in office, and no reduction in the number of members constituting the full Committee should have the effect of reducing the term of an incumbent member.

Committee Meetings

The Committee shall meet at least quarterly, or more frequently as circumstances dictate. In addition the Chairman of the Board or any Committee member may call a special meeting of the Committee. The greater of two or 1/3 of the members of the Committee shall constitute a quorum.

At least annually, the Committee shall meet without the presence of the Fund's Management and report on meetings thereof to the Board, including a description of all actions taken by the Committee at the meeting. The Committee shall keep written minutes of its meetings and such minutes shall be maintained with the books and records of the Fund.

Committee Authority and Responsibilities

The Committee shall have the power to perform the following:

A. Implement Corporate Governance Policies

1. Provide recommendations to the Board to enhance the Board's effectiveness, including with respect to the timing, amount and content of information distributed to Board members, the size and composition of the Board, and the frequency of Board meetings, the structure of the Board, including Committees and other roles as required.

2. Develop and review on an annual basis, or more frequently if appropriate, the corporate governance policies and practices of the Fund to ensure that such policies and practices are appropriate for the Fund and comply with the applicable laws, regulations, and listing standards, and to recommend any changes as necessary to the Board.
3. Create, recommend to the Board for adoption, and maintain a Corporate Code of Ethics for Trustees, executive officers, and employees. Upon the adoption of the Corporate Code of Ethics, the Committee will oversee its implementation and enforcement.
4. Appoint subcommittees for any purpose that the Committee deems appropriate and may delegate to such subcommittees such power and authority as the Committee deems appropriate. Notwithstanding the foregoing (i) no subcommittee shall consist of fewer than two members, and (ii) the Committee shall not delegate to a subcommittee any power or authority required by any law, regulation or listing standard to be exercised by the Committee as a whole.
5. Consider any other corporate governance issues that arise from time to time, and develop appropriate recommendations for the Board.

B. Assess Board Membership Needs and Recommended Board Nominees

1. Periodically assess the Board's needs and identify suitable candidates for consideration as nominees to the Board that will help strengthen and balance the Board. In identifying any candidates, the Committee shall consider whether each candidate would qualify as independent, and where appropriate, his or her financial expertise, and any other qualifications the Committee deems relevant. The Committee shall review the qualifications thereof, and nominate candidates to fill vacancies accordingly.
2. Recommend Trustees to be selected for membership on Board committees. Committee recommendations may consider the qualifications for membership on each committee.
3. Periodically evaluate the effectiveness of the Board and its Trustees and institute training or development activities as it deems necessary.

Charter Evaluation

The Committee shall annually evaluate whether this Charter appropriately addresses the matters that are or should be within its scope.

In conducting its evaluation, the Committee may address all matters that it considers relevant to its performance, including but not limited to, the following:

1. The adequacy, appropriateness and quality of the information and recommendations presented by management to the Committee and by the Committee to the Board.
2. The manner in which they were discussed or debated.
3. Whether the number and length of meetings of the Committee were adequate for the Committee to complete its work in a thorough and thoughtful manner.

The Committee shall report to the Board the results of any evaluation, including any recommended amendments to this Charter and any recommended changes to corporate governance policies and procedures and the Fund's Corporate Code of Ethics.

Investigations and Studies: Outside Advisors

The Committee may conduct or authorize investigations into or studies of matters within the scope of the Committee's authority and responsibilities, and may retain, at the Fund's expense, outside advisors, including executive search firms, such as it deems necessary.

The Committee shall have the sole authority to retain or terminate any such outside advisors, and to retain outside counsel and any other advisors as the Committee may deem appropriate in its sole discretion. The Committee shall have the sole authority to approve related fees and retention terms.

Related Party Transactions

All proposed related party transactions should be presented to the Committee for its consideration. If required by law, or OSC regulations, such transactions must obtain Committee approval.

SCHEDULE D



MANDATE OF THE HUMAN RESOURCES AND COMPENSATION COMMITTEE

The following description of the mandate of the Human Resources and Compensation Committee of TransForce Income Fund complies with applicable Canadian laws and regulations, such as the rules of the Canadian Securities Administrators, and with the disclosure and listing requirements of the Toronto Stock Exchange (collectively, the “**Canadian Corporate Governance Standards**”), as they exist on the date hereof. The mandate of the Human Resources and Compensation Committee of the Corporation (the “**Human Resources and Compensation Committee**”) shall be reviewed annually by the Board of Trustees in order to ensure on-going compliance with such standards.

1. **Membership and Quorum**

- a minimum of three directors
- only “independent” (as contemplated by Canadian Corporate Governance Standards) shall be appointed, the whole as determined by the Board;
- members of the Human Resources and Compensation Committee shall be appointed annually by the Board of Trustees upon recommendation of the Corporation’s Corporate Governance Committee; such members may be removed or replaced, and any vacancies on the Human Resources and Compensation Committee shall be filled by the Board upon the recommendation of the Corporation’s Corporate Governance Committee; membership on the Human Resources and Compensation Committee shall automatically end at such time the Board determines that a member ceases to be “independent” as determined in the manner set forth above;
- quorum is a majority of members.

2. **Frequency and Timing of Meetings**

- normally in conjunction with the Corporation’s Board meetings
- at least four times a year and as necessary

3. **Mandate**

The responsibilities of the Human Resources and Compensation Committee include the following:

(a) Monitoring officers’ performance assessment, succession planning and compensation

- In collaboration with the Chairman of the Board, or Lead Independent Director, reviewing corporate goals and objectives relevant to the CEO, evaluating the CEO’s performance in light of those goals and objectives and such other factors as the Human Resources and Compensation Committee deems appropriate and in the best interest of the Corporation, and establishing the CEO’s compensation based on this evaluation;
- overseeing the succession planning systems and policies for management put in place by the Chief Executive Officer (“**CEO**”), including processes to identify, develop and retain the talent of outstanding personnel;
- recommending the appointment of senior officers, and approving the terms and conditions of their appointment and termination or retirement;

- reviewing the evaluation of the performance of the Fund's senior officers and recommending to the Board the officers' compensation;
- retaining and replacing any independent firm to advise on the Committee executive compensation, including fixing such firm's fees and other retention terms;
- overseeing all relationships between independent compensation consulting firms and the Corporation, including adopting a policy and procedures for the pre-approval of compensation consulting services and non-compensation consulting services that may be provided by such firms, overseeing the disclosure of the compensation consulting services and non-compensation consulting services and reviewing the total amount of fees paid by the Corporation to consulting firms for such services;
- reviewing and approving any proposed change in the Corporation's benefit and incentive plans with respect to the Corporation's officers;
- examining each element of executive remuneration and reporting annually on compensation practices, including producing for review and approval by the Board a report on executive compensation for inclusion in the Corporation's management proxy circular.

(b) Reviewing human resources practices

- overseeing the existence of appropriate human resources systems, such as hiring policies, training and development policies and compensation structures so that the Corporation can attract, motivate and retain executives and personnel who exhibit high standards of integrity as well as competence;
- developing a compensation philosophy and policy that rewards the creation of shareholder value and reflects an appropriate balance between the short and longer-term performance of the Corporation;
- approving annually the comparator group used to benchmark the compensation of the CEO and senior officers of the Fund;
- reviewing with the CEO and making recommendation to the Board, with respect to the design of incentive-compensation plans and equity-based plans;
- advising the Board on policy with respect to the administration of the Corporation's long term incentive programs and overseeing the administration thereof, including recommending to the Board grants of awards thereunder;
- monitoring pension, strategic labour and social issues.

(c) Evaluating the performance of the Human Resources and Compensation Committee

- Overseeing the existence of processes to annually evaluate the performance of the Human Resources and Compensation Committee.

The Human Resources and Compensation Committee shall report annually to the Board on the adequacy of its mandate. In addition, the chair of the Human Resources and Compensation Committee shall report regularly to the Board on the business of the Human Resources and Compensation Committee.