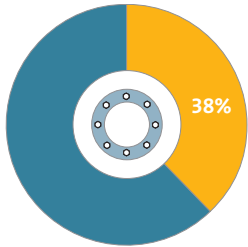


OPERATING REVIEW

Less-Than-Truckload and Parcel Delivery

REVENUE CONTRIBUTION



The Less-Than-Truckload (LTL) and Parcel Delivery segment remained TransForce's largest in 2007, contributing 38% of all revenues, a slight increase from 37% in 2006. The segment generated \$732.7 million in revenues over the past year, an increase from \$669.6 million in 2006. This growth was led primarily by Canpar, the parcel division, and full-year contribution from acquisitions which more than offset lower volumes in LTL that resulted from weakness in the manufacturing sector in eastern Canada.

The strength of the segment was further increased by the strategic acquisitions of the Thibodeau Group and Information Communication Services – ICS, a specialized structured route courier company. Already a leader in the Canadian parcel

delivery business, TransForce intends to capture synergies in the Canpar and ICS operations by combining them into a new business segment, separate from the LTL companies. The Fund will begin reporting from five segments, including the new Canadian Package and Courier Services segment, in the first quarter of 2008.

With fuel costs and the Canadian dollar expected to remain at high levels throughout 2008, LTL and the new Package and Courier segment will maintain pricing discipline and continue to optimize operating efficiencies, in 2008. TransForce will also consider acquisitions in the sector that meet its strict criteria for value enhancement.

Less-Than-Truckload

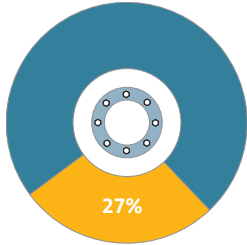


Parcel Delivery



Specialized Services

REVENUE CONTRIBUTION



Specialized Services increased revenues to \$519.1 million in 2007, a 27% increase over 2006 and contributed 27% of TransForce's revenues in 2007, up from 23% a year earlier. Within this diversified segment solid performance was recorded by Matrec, the waste management subsidiary, as well as by logistics and dedicated fleet management operations such as E&L Logistics. TransForce's expansion into personnel services also contributed to the segment's growth. Significant acquisitions accounted for \$47.7 million of the year-over-year revenue increase.

The Oilfield Services group was affected by lower natural gas prices and higher drilling costs which reduced activity by the energy companies they serve. This was compounded by changes to Alberta's oil and gas royalty regime. These business conditions led to reduced revenues and

a non-cash goodwill impairment loss of \$56 million in the fourth quarter.

While industry conditions turned against Oilfield Services in 2007, the longer-term fundamentals of the business remain positive. Other operations stand to benefit from economic conditions that may encourage client companies to outsource more of their logistics and fleet management and to increase their use of services that provide contract drivers such as Beaudry Personnel Services, acquired during the year and Unique Personnel, acquired in early 2008.

TransForce will continue to make opportunistic acquisitions that will add to revenues and the bottom line while working with the skilled people in Specialized Services who can deliver organic growth and greater efficiency.

Logistics Services



Warehousing & Dedicated Services



Fleet Management & Personnel Services



Oilfield & Oilsand Services



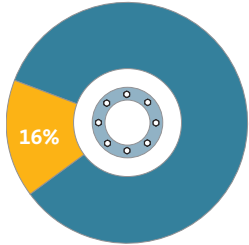
Waste Management Services



OPERATING REVIEW

Specialized Truckload

REVENUE CONTRIBUTION



The Specialized Truckload segment accounted for 16% of TransForce’s overall revenues in 2007, comparable to the 17% in 2006. The segment’s operating companies increased their revenue contribution to \$315.9 million in 2007 from \$307.8 million the prior year.

The companies in the Specialized Truckload segment provide knowledge-based, higher value-added services to industries with very specific transportation needs ranging from mining and forest products to furniture manufacturers. Other companies offer expedited shipping and container transport. As some of their clients continue to experience unfavourable business conditions, particularly in eastern Canada, most of the increase in year-over-year revenues in Specialized

Truckload was the result of a number of smaller acquisitions such as McArthur Express which joined TransForce in early 2007.

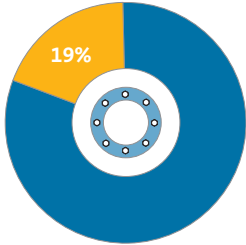
While less affected by the broader economic climate, the outlook for this segment is tempered somewhat by how demand for natural resources in the United States and elsewhere will respond to lower activity in some sectors. The operating companies in this segment continue to monitor market conditions closely and are adjusting their operations accordingly to defend operating margins as necessary. The Specialized Truckload segment continues to focus on maximizing opportunities to provide the highest-possible margin services to client industries while minimizing operating costs.

Specialized Truckload



Truckload

REVENUE CONTRIBUTION



The Truckload segment reported revenues of \$372.5 million compared with \$408.5 million in 2006. With the growth of other segments, its share of TransForce revenues was 19% in 2007, down from 23% the previous year.

This segment was most affected by the slowing of the economy in 2007. Business conditions in eastern Canada were weaker than they have been in at least two decades and, even in the economically stronger West, there was some deterioration in the latter part of the year.

In Eastern and Central Canada, market conditions softened as manufacturing slowed and exports to the United States declined. Some international competitors tried to replace lost business in their main markets

by turning to the domestic Canadian market, resulting in lower rates across the industry. Long-haul east-west volumes were reduced but, within the western region, Truckload remained relatively strong as the local economy continued to be robust.

Businesses in the Truckload segment are adjusting their operations to their respective local market conditions and watching for changes in the U.S. economy that will set the direction for their clients. Some are emphasizing securing new, big-box retail clients. Others are focusing on retaining the most profitable clients while further aligning their people, processes and technology for optimal performance. Determined actions to protect margins will continue in 2008.

Truckload

