

OPERATING REVIEW

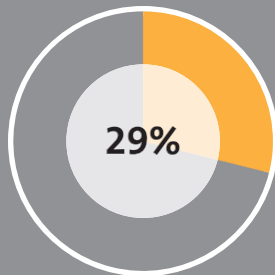
LESS THAN TRUCKLOAD (LTL)

Less Than Truckload continued to be one of TransForce's largest segments, contributing 29% of total 2008 revenue, even after the package and courier business was removed to become its own segment during the year. Its contribution was a slight increase from 27% of total revenues in 2007 when adjusted for the reorganization. Revenues increased to \$645.2 million from \$533.8 million in 2007, an increase of 21%. This increase was the result of both internally generated growth and acquisitions.

Deteriorating economic conditions resulted in overcapacity in the LTL marketplace, particularly in Ontario and Quebec, where manufacturing

declined significantly. Competition for a smaller pool of business resulted in unprecedented pricing pressures as competitors attempted to replace lost business by cutting rates, and existing large customers asked for rate decreases.

A number of cost-cutting measures have been implemented and the focus in the LTL segment in 2009 will continue to be on carefully managing costs while retaining existing customers. The declining year-over-year value of the Canadian dollar and lower fuel costs are positive developments, but are expected to be offset by a continued challenging operating environment.



Revenue
Contribution



LESS THAN TRUCKLOAD

Canadian Freightways

Byers Transport

Epic Express

Click Express

TST Overland Express

Kingsway

Select Daily

Thibodeau

PACKAGE AND COURIER

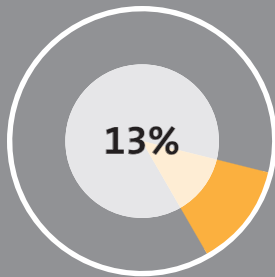
This segment was created in 2008 following the acquisition of ICS Courier late the previous year. Revenues for the year increased to \$296.5 million from \$198.9 million with the ICS acquisition accounting for \$87.6 million of the gain.

Package and Courier revenues contributed 13% of total TransForce revenues, an increase from 10% contributed by the segment's businesses in 2007.

During the year, TransForce made significant investments to facilitate the integration of ICS Courier and Canpar's operations and to leverage new technology to deliver enhanced customer

service more efficiently. The results of these efforts should begin to be seen in 2009, initially through stronger customer retention before being apparent in growth in bottom line results.

While there are some aspects of the segment's business that will not necessarily be affected by the economic downturn, the weaker operating environment does present shorter-term challenges as customers manage their own expenses more closely. In 2009, the segment's focus will be on retaining existing, profitable business and protecting margins.



Revenue
Contribution



PACKAGE AND COURIER

ICS Courier
Canpar

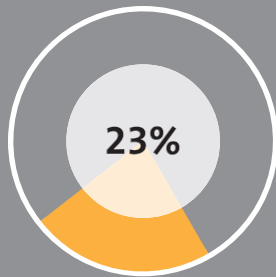
SPECIALIZED SERVICES

The diversification within the Specialized Services segment helped it increase revenues to \$521.8 million in 2008, a 24% increase from \$421.5 million in 2007. This segment accounted for 23% of overall TransForce revenues, a slight increase from 22% in 2007, resulting from organic growth and smaller acquisitions.

Much of the organic growth was attributable to the Oilfield and Oilsand Services division. For most of the year, high oil prices encouraged drilling in the West. With the dramatic correction in the oil market, that has slowed but the longer-term outlook is positive as demand and corresponding drilling activity will inevitably return.

During the year, Matrec, the waste management division completed a series of transactions that increased its size. Early in 2008, it acquired the 50% interest it didn't hold in the Parc Environnemental AES landfill site. In the fourth quarter, it acquired Roland Thibault Inc. and increased its ownership position in Laflèche Environmental Inc.'s landfill and environmental complex. TransForce also bolstered its Personnel Services Division with the acquisition of Unique Personnel.

Each business in the segment is affected differently by the shrinking economy, but with a wide range of operations each reducing costs, it is expected to continue to be a significant contributor to TransForce.



Revenue Contribution



SPECIALIZED SERVICES

Logistics Services

- Stream Logistics
- CK Logistics
- Patriot Freight Services
- E&L Logistics
- Trans4 Logistics
- Transterm / N.A.T.
- St-Lambert
- TST Load Brokerage
- Kobelt Transportation
- Trans Novem

Warehousing & Dedicated Services

- TST Automotive Services

Fleet Management & Personnel Services

- Beadry Personnel Services & Associates
- Unique Personnel Services
- Beadry Leasing

Oilfield & Oilsand Services

- Westfreight Systems
- Hemphill Trucking
- Kos Oilfield Transportation
- Rebel Transport
- McMurray Serv-U Expediting
- Howard's Transport Services

Waste Management Services

- Matrec
- Thibault
- Laflèche Environmental (50% partnership)
- Malex

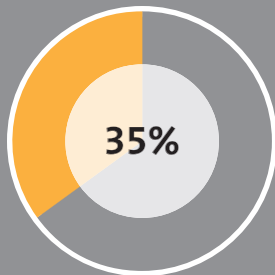
TRUCKLOAD

During the fourth quarter, TransForce combined its Truckload segment with Specialized Truckload, making this segment the Company's largest. Annual revenues were \$798.4 million, an increase of 2% from \$785.9 million in 2007. The Truckload segment accounted for 35% of total revenues in 2008, a decrease from 41% in 2007.

The economic slowdown that was apparent in eastern Canada in 2007, continued in 2008. Few of the industries served by TransForce Truckload companies were immune, as exports to the United States decreased significantly. Volumes in Western Canada were comparatively stronger through the

first part of the year while, elsewhere, the eastern forest products sector, in particular, has suffered. TransForce businesses continued to adjust their operations to match the economic climate, taking trucks off the road in response to a volume decline.

The Truckload segment saw numerous competing carriers moving to shore up their operating revenue by expanding and pursuing business from industries and in regions they had previously ignored. The pricing pressures brought on by this shift will persist into 2009 and it is unlikely that a general recovery in this segment will occur until a broader, North American economic recovery takes place.



Revenue
Contribution



TRUCKLOAD

UTL Transportation Services
Universal Contract Logistics
Legal Freight Services
Winalta

Highland
Highland Intermodal
P & W Intermodal & MTMX
McArthur Express
Trans4 Dedicated Services

Grégoire

Nordique
Kingsway Bulk
GHL Transport
Bergeron

Golden International
Durocher International
Excellent Specialized

JC Germain

TST Expedited and TST Air
TST Truckload

Besner
Couture
Mirabel Dedicated Services
Ganeca
A & M International
Lacaille International
Papineau International
Logitrans
Landry
Lapalme

McGill Air
Martrans