

Amended Form 51 – 102F4

Business Acquisition Report

Item 1 Identity of Company

1.1 Name and Address of Company

TransForce Inc. (“**TransForce**”)
8801 Trans-Canada Hwy
Suite 500
Saint-Laurent, Québec H4S 1Z6

1.2 Executive Officer

Mr. Alain Bédard, Chairman, President and Chief Executive Officer of TransForce, is knowledgeable about the significant acquisition referred to herein and this Business Acquisition Report. Mr. Bédard’s business telephone number is (647) 729-4079.

Item 2 Details of Acquisition

2.1 Nature of Business Acquired

Since 1985, Contrans Group Inc. (“**Contrans**”) has been one of Canada’s leading providers of freight transportation services to shippers located in Canada and in the United States. Contrans has approximately 1,400 power units and 2,600 trailers under management. Contrans’ market focus is primarily in the full truckload segment where shippers have the exclusive use of a trailer that is generally filled to capacity by volume or weight.

Contrans satisfies diverse customer needs through a wide array of trailer types and services:

- Vans — provide shipments in van trailers throughout Canada and the United States.
- Flatbeds — provide shipments on open trailers throughout Canada and the United States.
- Tanks — provide shipments of liquid and dry bulk material in enclosed tank trailers primarily in Ontario, Québec, Alberta and the northeast area of the United States.
- Bulk — provides shipments in dump and waste trailers primarily in Ontario, Québec, Alberta, Michigan and the northeastern United States.
- Logistics — third-party outsourcing of transportation services to ensure clients meet their worldwide shipping requirements.

2.2 Acquisition Date

On August 12, 2014, TransForce, through its indirect, wholly-owned subsidiary 2420785 Ontario Inc. (the “**Offeror**”), launched a take-over bid to acquire 100% of the outstanding Class A Subordinate Voting Shares (“**Class A Shares**”) and Class B Multiple Voting Shares (“**Class B Shares**”) of Contrans at a price of \$14.60 per share (the “**Offer**”).

Pursuant to the Offer, the Offeror acquired (i) on November 14, 2014, 100% of Contrans' outstanding Class B Shares and 28,114,782 Class A Shares, representing approximately 83% of Contrans' outstanding Class A Shares; (ii) on November 26, 2014, an additional 2,146,407 Class A Shares; and (iii) on December 5, 2014, an additional 2,507,163 Class A Shares, representing in total 96.7% of Contrans' outstanding Class A Subordinate Voting Shares on a fully-diluted basis.

On or about January 4, 2015, the Offeror acquired all remaining Class A Shares pursuant to a "compulsory acquisition" under section 188 of the *Business Corporations Act* (Ontario).

2.3 **Consideration**

The Offeror paid \$14.60 in cash for each of the Class A Shares and Class B Shares.

The Offeror arranged for the satisfaction of funding requirements for the Offer through TransForce's existing credit facilities, and through additional credit facilities with a syndicate of Canadian banks co-led by National Bank of Canada and Royal Bank of Canada of up to \$550 million for the purposes of funding the Offer (the "**Additional Facilities**").

The Additional Facilities were provided pursuant to a binding commitment letter dated July 24, 2014 among TransForce, TFI Holdings Inc., National Bank of Canada, Royal Bank of Canada, National Bank Financial Inc. and RBC Capital Markets. The Additional Facilities are comprised of two term facilities in an aggregate principal amount of \$550 million as follows: (i) a one-year term facility in the principal amount of up to \$250 million; and (ii) a two-year term facility in the principal amount of up to \$300 million.

The definitive documentation for the Additional Facilities is substantially in the form of TransForce's existing credit facilities, and contains representations, warranties, covenants and events of default substantially similar to those set out in TransForce's existing credit facilities, except that the Additional Facilities are term loans.

All loans drawn under the Additional Facilities may be prepaid without penalty, subject to customary breakage costs.

2.4 **Effect on Financial Position**

TransForce does not currently have any plans or proposals for material changes in its business affairs or the affairs of Contrans which may have a significant effect on the financial performance or financial position of TransForce.

2.5 **Prior Valuations**

Neither Contrans nor TransForce obtained any valuation opinion within the last twelve months required by securities legislation or a Canadian exchange or market to support the consideration paid by TransForce or any of its subsidiaries for Contrans.

2.6 **Parties to Transaction**

The transaction described herein was not with an informed person, associate or affiliate of TransForce.

2.7 Date of Report

May 21, 2015.

Item 3 Financial Statements and Other Information

The following financial statements of Contrans are incorporated by reference in this Business Acquisition Report:

- (i) audited consolidated financial statements as at and for the fiscal years ended December 31, 2013 and 2012, including consolidated statements of comprehensive income, statements of changes in equity and statements of cash flow for the fiscal years ended December 31, 2013 and 2012, statements of financial position as at December 31, 2013 and 2012 and the notes thereto; and
- (ii) unaudited condensed consolidated financial statements as at and for the periods ended September 30, 2014 and 2013, including condensed consolidated interim statements of comprehensive income, statements of changes in equity and statements of cash flow for the periods ended September 30, 2014 and 2013, statements of financial position as at September 30, 2014 and 2013 and the notes thereto.

The foregoing financial statements are available under Contrans' profile on SEDAR at www.sedar.com. The auditors of Contrans have not given their consent to include their audit report contained in Contrans' audited consolidated financial statements as at and for the fiscal years ended December 31, 2013 and 2012 in this Business Acquisition Report.

The following financial statements are annexed to this Business Acquisition Report as Schedule A and form an integral part hereof:

- (a) a *pro forma* statement of financial position of TransForce as at September 30, 2014 that gives effect to the acquisition of Contrans as if it had taken place as at such date;
- (b) a *pro forma* income statement of TransForce that gives effect to the acquisition of Contrans as if it had taken place at the beginning of the fiscal year ended December 31, 2013, for each of the following financial periods:
 - (i) the fiscal year ended December 31, 2013; and
 - (ii) the nine-month period ended September 30, 2014; and
- (c) *pro forma* earnings per share based on the *pro forma* financial statements referred to in paragraph (b) above.

SCHEDULE A

See attached document



**UNAUDITED PRO FORMA CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIODS ENDED SEPTEMBER 30, 2014 AND DECEMBER 31, 2013**

(in thousands of Canadian dollars)	Note 4	TFI 2014-09-30	Contrans 2014-09-30	Pro Forma Adjustments	Pro Forma Consolidated
Assets					
Cash and cash equivalents	c)	-	61,736	(15,671)	46,065
Trade and other receivables		557,362	76,399	-	633,761
Inventoried supplies		8,080	-	-	8,080
Current tax receivable	c)	1,145	-	(1,145)	-
Prepaid expenses		27,420	8,714	-	36,134
Derivative financial instruments		846	-	-	846
Current assets		594,853	146,849	(16,816)	724,886
Property and equipment	a)	957,312	206,496	23,460	1,187,268
Intangible assets	a)	1,222,409	72,636	284,324	1,579,369
Other assets		15,254	-	-	15,254
Deferred tax assets		4,239	-	-	4,239
Derivative financial instruments		162	-	-	162
Non-current assets		2,199,376	279,132	307,784	2,786,292
Total assets		2,794,229	425,981	290,968	3,511,178
Liabilities					
Bank indebtedness	c)	15,671	-	(15,671)	-
Trade and other payables		417,991	43,206	-	461,197
Current tax payable	c)	-	5,879	(1,145)	4,734
Provisions		-	2,657	-	2,657
Derivative financial instruments		1,539	-	-	1,539
Long-term debt		108,190	17,532	-	125,722
Current liabilities		543,391	69,274	(16,816)	595,849
Long-term debt	a) d)	1,033,897	100,647	514,896	1,655,143
	b)			5,703	
Employee benefits		12,230	-	-	12,230
Provisions		31,722	-	-	31,722
Other liabilities		-	1,041	-	1,041
Derivative financial instruments		1,920	-	-	1,920
Deferred tax liabilities	a)	226,741	15,259	32,648	274,648
Non-current liabilities		1,306,510	116,947	553,247	1,976,704
Total liabilities		1,849,901	186,221	536,431	2,572,553
Equity					
Share capital	a)	722,670	177,241	(177,241)	722,670
Contributed surplus	a)	13,550	1,155	(1,155)	13,550
Equity component of convertible debentures		2,155	-	-	2,155
Accumulated other comprehensive income (loss)		25,903	-	-	25,903
Retained earnings	a)	180,050	61,364	(61,364)	174,347
	b)			(5,703)	
Equity attributable to owners of the Company		944,328	239,760	(245,463)	938,625
Total liabilities and equity		2,794,229	425,981	290,968	3,511,178

The notes on pages 5 to 7 are an integral part of these pro forma condensed consolidated financial statements.

TransForce Inc.
PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME
For the nine-month period ended September 30, 2014 - UNAUDITED

(In thousands of Canadian dollars,
except per share amounts)

	Note 4	TFI 2014-09-30 9 months	Contrans 2014-09-30 9 months	Pro Forma Adjustments	Pro Forma Consolidated 2014-09-30 9 months
Revenue		2,315,654	385,086	-	2,700,740
Fuel surcharge		325,013	70,249	-	395,262
		2,640,667	455,335	-	3,096,002
Materials and services expenses		1,568,967	286,366	-	1,855,333
Personnel expenses		626,062	93,524	-	719,586
Other operating expenses	b)	165,088	18,243	(870)	182,461
		2,360,117	398,133	(870)	2,757,380
Income before the following:		280,550	57,202	870	338,622
Depreciation of property and equipment		77,039	18,944	-	95,983
Amortization of intangible assets	a)	28,403	2,959	6,390	37,752
Impairment of intangible assets		27,839	-	-	27,839
Gain on sale of property and equipment		(19,310)	(1,048)	-	(20,358)
Gain on sale of business		(1,126)	-	-	(1,126)
Income from operating activities		167,705	36,347	(5,520)	198,532
Finance income		(6,761)	(342)	-	(7,103)
Finance costs	d)	54,725	4,680	13,133	71,103
	b)			(1,435)	
Net finance costs		47,964	4,338	11,698	64,000
Income before income taxes		119,741	32,009	(17,218)	134,532
Income tax expense	e)	34,990	8,230	(4,477)	38,743
Net income from continuing operations		84,751	23,779	(12,741)	95,789
Gain on sale of discontinued operations – net of tax		-	26,327	-	26,327
Discontinued operations		-	834	-	834
Net income		84,751	50,940	(12,741)	122,950
Pro forma earnings per share					
Pro forma basic earnings per share					1.25
Pro forma diluted earnings per share					1.23

The notes on pages 5 to 7 are an integral part of these pro forma condensed consolidated financial statements.

TransForce Inc.
PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF INCOME
For the year ended December 31, 2013 - UNAUDITED

(In thousands of Canadian dollars,
except per share amounts)

	Note 4	TFI 2013-12-31 12 months	Contrans 2013-12-31 12 months	Pro Forma Adjustments	Pro Forma Consolidated 2013-12-31 12 months
Revenue		2,783,323	459,924	-	3,243,247
Fuel surcharge		326,323	82,166	-	408,489
		3,109,646	542,090	-	3,651,736
Materials and services expenses		1,766,455	339,826	-	2,106,281
Personnel expenses		817,841	111,343	-	929,184
Other operating expenses		196,316	20,019	-	216,335
		2,780,612	471,188	-	3,251,800
Income before the following:		329,034	70,902	-	399,936
Depreciation of property and equipment		98,043	23,830	-	121,873
Amortization of intangible assets	a)	37,853	3,631	8,520	50,004
Impairment of intangible assets		63,113	-	-	63,113
Gain on sale of property and equipment		(16,215)	(845)	-	(17,060)
Gain on sale of business		-	-	-	-
Income from operating activities		146,240	44,286	(8,520)	182,006
Finance income		(1,783)	(375)	-	(2,158)
Finance costs	d)	76,144	7,516	17,510	101,170
Net finance costs		74,361	7,141	17,510	99,012
Income before income taxes		71,879	37,145	(26,030)	82,994
Income tax expense	e)	9,522	10,326	(6,768)	13,080
Net income from continuing operations		62,357	26,819	(19,262)	69,914
Gain on sale of discontinued operations – net of tax		-	-	-	-
Discontinued operations		-	2,612	-	2,612
Net income		62,357	29,431	(19,262)	72,526
Pro forma earnings per share					
Pro forma basic earnings per share					0.78
Pro forma diluted earnings per share					0.77

The notes on pages 5 to 7 are an integral part of these pro forma condensed consolidated financial statements.

1. Basis of preparation

The unaudited pro forma condensed consolidated financial statements ("Pro Forma Financial Statements") have been prepared by management in connection with the filing of TransForce Inc.'s ("TransForce") (the "Company") Business Acquisition Report regarding the acquisition completed in the last quarter of 2014 of Contrans Group Inc. ("Contrans") (the "Acquisition").

The Pro Forma Financial Statements have been prepared for illustrative purposes only and give effect to the Acquisition as further described in Note 3 and pursuant to the assumptions and adjustments described in Note 4. The unaudited pro forma consolidated statement of financial position as at September 30, 2014 gives effect to the Acquisition as if it had occurred as at September 30, 2014. The unaudited pro forma consolidated statements of income for the periods ended as at September 30, 2014 and December 31, 2013 give effect to the Acquisition as if it had occurred as at January 1, 2013.

The Pro Forma Financial Statements are not necessarily indicative of the financial position and results of operations that would have been achieved if the proposed Acquisition had been completed on the dates or for the period presented, nor do they claim to project the results of operations or financial position of the consolidated entities for any future period or as of any future date. Any potential synergies that may be realized and integration costs that may be incurred upon completion of the proposed Acquisition, if successful, have been excluded from the Pro Forma Financial Statements.

In preparing the unaudited pro forma consolidated Statement of financial position and the unaudited pro forma condensed consolidated statement of income, the following historical information, that was prepared in accordance with International Financial Reporting Standards ("IFRS"), was used:

- a) For the Unaudited Pro Forma Consolidated Statement of financial position as at September 30, 2014:
 - (i) the unaudited consolidated statement of financial position of TransForce as at September 30, 2014; and
 - (ii) the unaudited consolidated statement of financial position of Contrans as at September 30, 2014.
- b) For the Unaudited Pro Forma Condensed Consolidated Statement of Income for the nine months ended September 30, 2014:
 - (i) the unaudited consolidated statement of income of TransForce for the nine months ended September 30, 2014; and
 - (ii) the unaudited consolidated statement of income of Contrans for the nine months ended September 30, 2014.
- c) For the Unaudited Pro Forma Condensed Consolidated Statement of Income for the year ended December 31, 2013:
 - (i) the audited consolidated statement of income of TransForce for the year ended December 31, 2013; and
 - (ii) the audited consolidated statement of income of Contrans for the year ended December 31, 2013 restated to take into account the discontinued operations from the waste collection segment sold on May 1, 2014.

In the opinion of TransForce's management, these Pro Forma Financial Statements include all adjustments necessary for a fair presentation of the transaction described in the notes to the Pro Forma Financial Statements applied on a basis consistent with TransForce's accounting policies.

2. Significant accounting policies

The accounting policies used in preparing the Pro Forma Financial Statements are set out in TransForce's audited consolidated financial statements for the year ended December 31, 2013. In preparing the Pro Forma Financial Statements, a review of available information was undertaken to identify accounting policy differences between TransForce and Contrans. While management believes that the significant accounting policies of TransForce and Contrans are consistent in all material respects, additional accounting policy differences may be identified until the time that TransForce includes Contrans's in its own financial reporting processes.

3. Acquisitions

On November 14, 2014, the Group acquired control of Contrans through the purchase of 84% of its shares (the remaining 16% was acquired during the remainder of 2014) for \$14.60 per share for an aggregate consideration of \$514.9 million which was paid in cash.

The transaction will be accounted for as a business combination by TransForce.

The assets and the liabilities acquired are to be recorded at their estimated fair market values, which are based on preliminary management estimates and are subject to final valuation adjustments. The excess of purchase price on net identifiable assets acquired will be allocated to goodwill.

Purchase Price		514,896
Net assets acquired		
Contrans shareholder's equity as at September 30, 2014		239,760
Adjustments to fair value of assets and liabilities acquired		
Property and equipment	23,460	
Intangibles assets	284,324	
Deferred tax liabilities	(32,648)	275,136
Total net assets acquired		514,896

The fair value determination of the assets acquired and liabilities assumed is preliminary and is based on management's best estimates and information known at the time of preparing these consolidated financial statements. Since the Company is still in the process of finalising the valuation of intangible assets and other assets and liabilities assumed at the date of acquisition, the allocation of the purchase consideration is subject to change.

Transactions costs of \$5.7 million have been incurred by the Company to complete the Acquisition of which \$2.3 million have been expensed as at September 30, 2014.

The Acquisition and the transaction costs have been financed with \$550 million of new credit facilities.

4. Pro Forma adjustments

The Pro Forma Financial Statements includes the following adjustments:

- To reflect the Acquisition as further described in Note 3, the elimination of Contrans historical shareholders' equity balances. The amortization of intangible assets have been adjusted to record the estimated additional amortization expenses amounting \$6.4 million (\$8.5 million – 2013) following the adjustment of fair value of intangible assets acquired from Contrans. Transforce is in the process of evaluating the fair value of the acquired intangible assets, therefore the amortization expense is preliminary.
- To reflect TransForce's acquisition costs of \$5.7 million incurred of which \$3.4 million have been expensed after September 30, 2014. Those costs are charged directly to Retained earnings. These costs are to be written-off through net income but have resulted in a pro forma adjustment to the Pro Forma Consolidated Statement of income since these charges are a non-recurring expense directly attributable to the Acquisition. Since only \$2.3 million have been expensed as at September 30, 2014, the pro forma adjustment is \$0.9 million in Other operating expenses and \$1.4 million in Finance costs.
- To present Bank indebtedness and Current tax receivable on net basis against Cash and cash equivalents and Current tax payable respectively.
- To reflect the impact resulting of the financing of the Acquisition.
- To adjust the income tax expense for the impacts of the various pro forma items affecting the Unaudited Pro Forma Consolidated Statement of Income as described above.

5. Pro forma basic and diluted earnings per share

The pro forma basic earnings per share and the weighted average number of common shares outstanding have been calculated as follows:

<i>(in thousands of dollars and number of shares)</i>	Nine months ended Sept. 30, 2014	Twelve months ended Dec. 31, 2013
Pro forma net income	122,950	72,526
Weighted average number of common shares	98,437,584	92,589,293
Pro forma earnings per share – basic	1.25	0.78

The pro forma diluted earnings per share and the weighted average number of common shares outstanding after adjustment for the effects of all dilutive common shares have been calculated as follows:

<i>(in thousands of dollars and number of shares)</i>	Nine months ended Sept. 30, 2014	Twelve months ended Dec. 31, 2013
Pro forma net income	122,950	72,526
Weighted average number of diluted common shares	100,314,328	94,209,498
Pro forma earnings per share – diluted	1.23	0.77