MANAGEMENT'S DISCUSSION AND ANALYSIS

For the third quarter ended

September 30, 2016

CONTENTS

GENERAL INFORMATION

The following is TransForce Inc.'s management discussion and analysis ("MD&A"). Throughout this MD&A, the terms "Company" and "TransForce" shall mean TransForce Inc., and shall include its independent operating subsidiaries. This MD&A provides a comparison of the Company's performance for its three- and nine-month periods ended September 30, 2016 with the corresponding three- and nine-month periods ended September 30, 2015 and it reviews the Company's financial position as at September 30, 2016. It also includes a discussion of the Company's affairs up to October 20, 2016. This discussion should be read in conjunction with the consolidated financial statements and accompanying notes as at and for the year ended December 31, 2015.

In this document, all financial data are prepared in accordance with the International Financial Reporting Standards ("IFRS"). All amounts are in Canadian dollars, and the term "dollar", as well as the symbols "$" and "C$", designate Canadian dollars unless otherwise indicated. Variances may exist as numbers have been rounded. This MD&A also uses non-IFRS financial measures. Refer to the section of this report entitled "Non-IFRS Financial Measures" for a complete description of these measures.

The Company's unaudited condensed consolidated interim financial statements have been approved by its Board of Directors ("Board") upon recommendation of its audit committee on October 20, 2016. Prospective data, comments and analysis are also provided wherever appropriate to assist existing and new investors to see the business from a corporate management point of view. Such disclosure is subject to reasonable constraints for maintaining the confidentiality of certain information that, if published, would probably have an adverse impact on the competitive position of the Company.

Additional information relating to the Company can be found on its website at www.transforcecompany.com. The Company's continuous disclosure materials, including its annual and quarterly MD&A, annual and quarterly consolidated financial statements, annual report, annual information form, management proxy circular and the various press releases issued by the Company are also available on its website or directly through the SEDAR system at www.sedar.com.

FORWARD-LOOKING STATEMENTS

The Company may make statements in this report that reflect its current expectations regarding future results of operations, performance and achievements. These are "forward-looking" statements and reflect management's current beliefs. They are based on information currently available to management. Words such as "may", "could", "should", "would", "believe", "expect", "anticipate" and words and expressions of similar import are intended to identify these forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from historical results and those presently anticipated or projected.

The Company wishes to caution readers not to place undue reliance on any forward-looking statements which reference issues only as of the date made. The following important factors could cause the Company's actual financial performance to differ materially from that expressed in any forward-looking statement: the highly competitive market conditions, the Company's ability to recruit, train and retain qualified drivers, fuel price variations and the Company's ability to recover these costs from its customers, foreign currency fluctuations, the impact of environmental standards and regulations, changes in governmental regulations applicable to the Company's operations, adverse weather conditions, accidents, the market for used equipment, changes in interest rates, cost of liability insurance coverage, downturns in general economic conditions affecting the Company and its customers, and credit market liquidity.

The foregoing list should not be construed as exhaustive, and the Company disclaims any obligation subsequently to revise or update any previously made forward-looking statements unless required to do so by applicable securities laws. Unanticipated events are likely to occur. Readers should also refer to the section "Risks and Uncertainties" at the end of this MD&A for additional information on risk factors and other events that are not within the Company's control. The Company's future financial and operating results may fluctuate as a result of these and other risk factors.

SELECTED FINANCIAL DATA AND HIGHLIGHTS

(unaudited) *(in thousands of dollars, except per share data)*	**Third quarters ended September 30**		**Nine months ended September 30**	
	2016	2015	**2016**	2015
Revenue before fuel surcharge	**897,448**	913,242	**2,668,042**	2,692,131
Fuel surcharge	**78,012**	96,430	**219,432**	310,968
Total revenue	**975,460**	1,009,672	**2,887,474**	3,003,099
EBITDA[1]	**116,958**	117,244	**320,974**	340,883
Operating income	**72,424**	72,759	**186,114**	209,977
Net income	**51,503**	41,630	**594,240**	119,791
Net income from continuing operations	**51,069**	31,903	**110,672**	105,127
Adjusted net income from continuing operations[1]	**56,411**	48,578	**142,810**	142,697
Net cash flow from continuing operations	**88,302**	86,905	**228,093**	222,058
Free cash flow from continuing operations[1]	**81,341**	56,435	**190,302**	165,756
Per share data				
EPS – diluted	**0.55**	0.41	**6.18**	1.16
EPS from continuing operations – diluted	**0.54**	0.32	**1.15**	1.02
Adjusted EPS from continuing operations – diluted[1]	**0.60**	0.48	**1.49**	1.39
Free cash flow from continuing operations[1]	**0.88**	0.57	**2.01**	1.64
Dividends	**0.170**	0.170	**0.510**	0.510
As a percentage of revenue before fuel surcharge				
EBITDA margin[1]	**13.0%**	12.8%	**12.0%**	12.7%
Depreciation of property and equipment	**3.6%**	3.6%	**3.6%**	3.6%
Amortization of intangible assets	**1.4%**	1.3%	**1.4%**	1.3%
Operating margin[1]	**8.1%**	8.0%	**7.0%**	7.8%
Operating ratio[1]	**91.9%**	92.0%	**93.0%**	92.2%

Q3 Highlights

- TransForce delivered satisfactory Q3 results despite the continuing negative effect of lower freight volume due to weak economic fundamentals. Total revenue from continuing operations declined 3%, mainly because of fuel surcharge and freight volume decreases, while operating income from continuing operations was stable year-over-year on higher overall operating margin.
- Total revenue decreased by $34.2 million, to $975.5 million, as a result of decreases in fuel surcharge and volumes, offset by business acquisitions.
- In the Package and Courier segment, total revenue from e-commerce services grew 26%, or $14.8 million, to $71.2 million in Q3 2016 and in the Truckload segment, grew 29%, or $6.3 million, to $28.4 million.
- Operating income from continuing operations was virtually unchanged from the same quarter last year at $72.4 million. The consolidated operating margin[1] slightly increased from 8.0% in last year's Q3 to 8.1%.
- Net income was $51.5 million, up 24% from last year as a result of lower net finance costs and effective tax rate, which were offset by lower net income from discontinued operations. Last year's net income was $41.6 million. The diluted earnings per share (diluted "EPS") were 55 cents, up 34% from 41 cents last year.
- Adjusted diluted EPS from continuing operations[1], a non-IFRS measure, increased 25% to 60 cents from 48 cents in Q3 2015.
- Free cash flow ("FCF") from continuing operations[1], a non-IFRS measure, was $81.3 million, significantly higher than the $56.4 million generated in Q3 2015, due to lower capital expenditures from continuing operations.
- In Q3, the Company's long-term debt was similar to last quarter's level at $853.9 million. Solid cash flow generation from continuing operations was used, in part, to repurchase 1.6 million common shares for a cash consideration of $41.8 million during the quarter.
- On August 18, 2016, the Company entered into a new loan agreement for $75 million bearing interest at 3.95% and maturing in August 2019.
- On September 28, 2016, the Company announced the renewal of its normal course issuer bid ("NCIB") program from September 30, 2016 to September 29, 2017.
- Quarterly dividend increased 12% to $0.19 per share from $0.17 previously.

[1] *Refer to the section "Non-IFRS financial measures".*

ABOUT TRANSFORCE

Services

TransForce is a North American leader in the transportation and logistics industry, operating across Canada and the United States through its subsidiaries. TransForce creates value for shareholders by identifying strategic acquisitions and managing a growing network of wholly-owned operating subsidiaries. Under the TransForce umbrella, companies benefit from financial and operational resources to build their businesses and increase their efficiency. TransForce companies service the following segments:

- Package and Courier;
- Less-Than-Truckload;
- Truckload;
- Logistics.

Seasonality of operations

The activities conducted by the Company are subject to general demand for freight transportation. Historically, demand has been relatively stable with the first quarter being generally the weakest in terms of demand. Furthermore, during the harsh winter months, fuel consumption and maintenance costs tend to rise.

Human resources

The Company has 14,187 employees who work in TransForce's different business segments across North America. This compares to 15,665 employees as at September 30, 2015. The year-over-year decrease of 1,478 is attributable to the sale of the Waste group (-707 employees), to the closure of the rig moving services (-73 employees) and to rationalizations affecting 714 employees mainly in the Package and Courier and Less-Than-Truckload ("LTL") segments. Business acquisitions added 16 new employees in the last twelve months. The Company considers that it has a relatively low turnover rate among its employees and that employee relations are very good.

Equipment

The Company has the largest trucking fleet in Canada and a presence in the U.S. market. As at September 30, 2016, the Company had 5,348 power units and 17,386 trailers. This compares to 6,039 power units and 17,814 trailers as at September 30, 2015. The decreases are mainly due to the sale of the Waste group, the closure of the rig moving services and the reduction of the fleet in the LTL segment.

Terminals

TransForce's head office is in Montréal, Québec and its executive office is located in Etobicoke, Ontario. As at September 30, 2016, the Company had 369 terminals. Of these, 278 are located in Canada, 166 and 112 respectively in Eastern and Western Canada. The Company also had 91 terminals in the United States. This compares to 423 terminals as at September 30, 2015. 20 terminals were disposed of as part of the sale of the Waste group. The terminal consolidation achieved in the last twelve months decreased the total number of terminals by 35, mainly in the Package and Courier and LTL segments, and in the rig moving services. In Q3 2016, the Company closed 4 sites.

Customers

The Company has a diverse customer base across a broad cross-section of industries with no single client accounting for more than 5% of consolidated revenue. Because of its customer diversity, as well as the wide geographic scope of the Company's service offering and the range of segments in which it operates, a downturn in the activities of individual customers or customers in a particular industry is not expected to have a material adverse impact on the operations of the Company. The Company concluded strategic partnerships with other transport companies in order to extend its service offering to customers across North America.

Revenue by Top Customers' Industry (57% of total revenue)	
Retail	31%
Manufactured Goods	12%
Services	8%
Automotive	8%
Food & Beverage	7%
Building Materials	7%
Energy	5%
Metals & Mining	5%
Forest Products	5%
Chemicals & Explosives	3%
Maritime Containers	3%
Waste Management	2%
Others	4%

(As of June 30, 2016)

CONSOLIDATED RESULTS

This section provides general comments on the consolidated results of operations. A more detailed analysis is provided in the "Segmented results" section.

2016 significant business acquisitions

During the first nine months, the Company acquired 4 businesses in the specialized Truckload operating segment which are not considered significant. Based on historical information, annual revenue from these operations is expected to be $49.0 million.

Revenue from continuing operations

TransForce reported a revenue decrease mainly as a result of decreases in fuel surcharge and volumes. For the third quarter ended September 30, 2016, total revenue decreased by $34.2 million, or 3%, to $975.5 million from $1,009.7 million in Q3 2015. Decreases from fuel surcharge revenue and lower volumes were offset by a $17.5 million contribution from business acquisitions. There was no significant year-over-year foreign currency impact on this quarter's revenue as the average exchange rate used to convert TransForce's revenue generated in U.S. dollars was similar to that used in the same quarter last year. With respect to revenue before fuel surcharge from existing operations, increases in the Package and Courier segment were offset largely by decreases in the regional LTL operations and U.S. domestic Truckload ("TL") operations.

For the nine-month period ended September 30, 2016, total revenue decreased $115.6 million, or 4%, to $2.9 billion. The decrease is mainly due to lower fuel surcharge and volumes from existing operations, offset by the contribution from business acquisitions and foreign currency exchange movements. The currency movements accounted for approximately 1.4% of the revenue increase.

Operating expenses from continuing operations

For the third quarter, the Company's operating expenses decreased by $33.9 million, or 4%, from $936.9 million in 2015 to $903.0 million in 2016. The decline is mainly attributable to decreases in the existing operations' operating expenses of $50.5 million, offset by increases from business acquisitions of $16.6 million. Excluding acquisitions, the decrease is largely attributable to a decrease in fuel prices, demand contraction, rationalization and terminal optimization, resulting in decreases in materials and services expenses of $32.2 million and $13.1 million in personnel expense. This was offset by higher accident costs incurred during this quarter of $3.5 million, of which $1.6 million was in the U.S. TL operation.

For the three-month period ended September 30, 2016, depreciation of property and equipment decreased by $0.7 million. Excluding business acquisitions, depreciation of property and equipment was down by $1.7 million, or 5% as a result of the Company's constant focus on adjusting capacity to match fluctuations in demand. For the same period, intangible asset amortization increased by $0.8 million on a consolidated basis, in part due to business acquisitions.

For the third quarter, the gain on sale of property and equipment increased by $1.8 million on a year-over-year basis. Q3 2016 gains included a $3.2 million profit on dispositions of properties compared to a loss of $0.2 million in 2015.

The operating ratio[1], a non-IFRS measure, slightly improved to 91.9% in this quarter, compared to 92.0% for Q3 2015, as the Company successfully reduced its operating expenses in conjunction with the volume decline. Excluding acquisitions and gains on sale of assets, the operating ratio increased to 92.5% from 92.4% in Q3 2015.

For the nine-month period ended September 30, 2016, the Company's operating expenses decreased $91.8 million, from $2.79 billion in 2015 to $2.70 billion in 2016. Excluding business acquisitions, operating expenses decreased by $163.3 million, or 6%, mainly attributable to fuel price decreases, demand contraction, rationalization and terminal optimization, offset by lower gains on sale of assets. On a consolidated basis, the operating ratio for the nine-month period ended September 30, 2016 increased to 93.0%, up 80 basis points from 2015. Excluding acquisitions and gains on sale of assets, operating expenses decreased almost at the same pace as revenue; as a result, the operating ratio, calculated on the same basis, increased by 50 basis points year-over-year.

Operating income from continuing operations

For the third quarter, TransForce's operating income from continuing operations was virtually unchanged from the same quarter last year at $72.4 million. Significant operating income and margin improvements in the Package and Courier segment were offset by declines in revenue and margins attributable to weaker economic fundamentals affecting the TL operating divisions. As a percentage of revenue before fuel surcharge, the operating margin increased by 10 basis points from 8.0% in last year's Q3 to 8.1%.

For the nine-month period ended September 30, 2016, the operating income from continuing operations decreased by $23.9 million to $186.1 million, compared to $210.0 million in 2015, on lower year-over-year revenue and gains on sale of assets. As a percentage of revenue before fuel surcharge, the operating margin decreased by 80 basis points from 7.8% last year to 7.0%.

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[1] *Refer to the section "Non-IFRS financial measures".*

Finance income and costs

(unaudited) *(in thousands of dollars)*	**Third quarters ended September 30**		**Nine months ended September 30**	
Finance costs (income)	**2016**	2015	**2016**	2015
Interest expense on long-term debt	**8,442**	15,321	**29,270**	45,186
Interest income and accretion	**(639)**	-	**(1,722)**	-
Net foreign exchange loss (gain)	**315**	(1,359)	**3,317**	664
Net change in fair value of foreign exchange derivatives	**(122)**	2,072	**(1,263)**	6,899
Net change in fair value of interest rate derivatives	**(3,687)**	9,713	**8,924**	11,362
Others	**2,372**	570	**5,090**	2,656
Net finance costs	**6,681**	26,317	**43,616**	66,767

Interest expense on long-term debt

Interest expense on long-term debt for the three- and nine-month periods ended September 30, 2016 decreased by $6.9 million and $15.9 million, respectively, mainly due to lower borrowings as a result of the proceeds received from the sale of the Waste group.

Net foreign exchange gain or loss and hedge accounting

Net foreign exchange gains or losses are mainly attributable to the U.S. dollar portion of the Company's credit facility. The Company designates as a hedge a portion of its U.S. dollar denominated debt held against its net investments in U.S. operations. This accounting treatment allows the Company to offset the designated portion of foreign exchange gain (or loss) of its debt against the foreign exchange loss (or gain) of its net investments in U.S. operations and present them in other comprehensive income. For the three- and nine-month periods ended September 30, 2016, $6.4 million of foreign exchange losses and $35.0 million of foreign exchange gains, respectively ($5.5 million and $30.4 million net of tax, respectively) were therefore reclassified to other comprehensive income.

Net change in fair value of derivatives

The Company's derivative financial instruments, which are used to mitigate foreign exchange and interest rate risks, saw their fair values increase by $3.8 million in Q3 2016, while in the same quarter last year their fair values decreased by $11.8 million. For the nine-month period ended September 30, 2016, their fair values decreased by $7.7 million, compared to $18.3 million in 2015. The derivatives' fair value is subject to market price fluctuations in foreign exchange and interest rates.

Others

The other financial expenses mainly comprise bank charges and the net change in fair value of the Company's deferred share units. The latter is the main factor contributing to the increase of other financial expenses for the three- and nine-month periods ended September 30, 2016.

Income tax expense

For the three-month period ended September 30, 2016, the effective tax rate was 22.2%. The income tax expense of $14.7 million reflects a $3.0 million favourable variance versus an anticipated income tax expense of $17.7 million based on the Company's statutory tax rate of 26.9%. The favourable variance is mainly due to positive differences between the statutory rate and the effective rates in other jurisdictions for $2.0 million and a $1.9 million variance from the prior year's adjustments. These variances were offset by a $1.2 million tax expense from non-deductible expenses.

For the nine-month period ended September 30, 2016, the effective tax rate was 22.3%. The income tax expense of $31.8 million reflects a $6.5 million favourable variance versus an anticipated income tax expense of $38.3 million based on the Company's statutory tax rate of 26.9%. The favourable variance is mainly due to positive differences between the statutory rate and the effective rates in other jurisdictions for $5.6 million, a $2.1 million variance from the prior year's adjustments and a $1.8 million variance from non-taxable income, mainly from capital gains. These variances were offset by a $2.4 million tax expense from non-deductible expenses.

Net income from discontinued operations

As a result of the divestiture of its Waste Management segment, which was completed on February 1, 2016, and the Company's decision to cease its operations in rig moving services, these two operating segments have been reclassified and presented on a net basis as discontinued operations in the consolidated statements of income and cash flows.

For the three-month period ended September 30, 2016, the net income from discontinued operations of $0.4 million is mainly attributable to income tax adjustments to the rig moving services' earnings. During this quarter, dispositions of assets held for sale generated proceeds of $8.7 million. As at September 30, 2016, the property and equipment classified as assets held for sale had a carrying value of $4.1 million and are expected to be sold within a year.

For the nine-month period ended September 30, 2016, TransForce's net income from discontinued operations amounted to $483.6 million compared to $14.7 million in 2015. The 2016 net income from discontinued operations included the pre-tax gain on sale of the Waste Management segment in the amount of $559.2 million or $490.8 million net of tax.

Net income and adjusted net income from continuing operations

(unaudited) *(in thousands of dollars, except per share data)*	Third quarters ended September 30		Nine months ended September 30	
	2016	2015	**2016**	2015
Net income	**51,503**	41,630	**594,240**	119,791
Amortization of intangible assets related to business acquisitions, net of tax	**7,701**	7,192	**23,510**	21,134
Net change in fair value of derivatives, net of tax	**(2,790)**	8,649	**5,614**	13,426
Net foreign exchange loss (gain), net of tax	**230**	(1,178)	**2,430**	575
Tax on multi-jurisdiction distributions	**201**	2,012	**584**	2,435
Net income from discontinued operations	**(434)**	(9,727)	**(483,568)**	(14,664)
Adjusted net income from continuing operations[1]	**56,411**	48,578	**142,810**	142,697
Adjusted earnings per share from continuing operations[1] – basic	**0.61**	0.49	**1.51**	1.41
Adjusted earnings per share from continuing operations[1] – diluted	**0.60**	0.48	**1.49**	1.39

For the three-month period ended September 30, 2016, TransForce's net income increased $9.9 million to $51.5 million compared to $41.6 million in Q3 2015 due to lower finance costs of $19.6 million, offset by a lower net income from discontinued operations, of $9.3 million. The Company's adjusted net income from continuing operations[1], a non-IFRS measure, which excludes items listed in the above table, was $56.4 million for the third quarter compared to $48.6 million in Q3 2015, up 16% or $7.8 million. The adjusted earnings per share from continuing operations, fully diluted, increased by 25% to 60 cents as a result of higher earnings and share buy-backs; the weighted average number of shares outstanding decreased by 7.0 million, or 7%, on a year-over-year basis.

For the nine-month period ended September 30, 2016, TransForce's net income amounted to $594.2 million compared to $119.8 million in 2015. This significant increase is largely attributable to the gain on the sale of the Waste group of $490.8 million, after tax. The Company's adjusted net income from continuing operations was $142.8 million for the first nine months of 2016 compared to $142.7 million in 2015, virtually unchanged. The adjusted earnings per share from continuing operations, fully diluted, increased by 7% to $1.49.

[1] *Refer to the section "Non-IFRS financial measures".*

SEGMENTED RESULTS

For the purpose of this section, operating income and EBITDA refer to the same definitions as in the section "Non-IFRS financial measures" for the consolidated results. Also, to facilitate the comparison of business level activity and operating costs between periods, the Company compares the revenue before fuel surcharge ("revenue") and reallocates the fuel surcharge revenue to materials and services expenses within operating expenses. Note that "Total revenue" is not affected by this reallocation.

Selected segmented financial information from continuing operations

(unaudited) *(in thousands of dollars)*	Package and Courier	Less-Than-Truckload	Truckload	Logistics	Corporate	Eliminations	Total
Q3 2016							
Revenue before fuel surcharge	**328,431**	**181,077**	**343,316**	**58,126**	**-**	**(13,502)**	**897,448**
% of total revenue[1]	**35%**	**21%**	**38%**	**6%**			**100%**
EBITDA	**42,043**	**22,447**	**52,354**	**7,605**	**(7,491)**	**-**	**116,958**
EBITDA margin[2]	**12.8%**	**12.4%**	**15.2%**	**13.1%**			**13.0%**
Operating income	**33,577**	**15,314**	**24,876**	**6,688**	**(8,031)**	**-**	**72,424**
Operating margin[2]	**10.2%**	**8.5%**	**7.2%**	**11.5%**			**8.1%**
Net capital expenditures[3, 4]	**1,217**	**1,242**	**8,053**	**(3,797)**	**246**		**6,961**
Q3 2015 (restated)							
Revenue before fuel surcharge	318,204	192,072	361,951	58,941	-	(17,926)	913,242
% of total revenue[1]	33%	22%	39%	6%			100%
EBITDA	31,064	20,060	63,960	6,792	(4,632)	-	117,244
EBITDA margin[2]	9.8%	10.4%	17.7%	11.5%			12.8%
Operating income	22,386	12,186	37,302	5,970	(5,085)	-	72,759
Operating margin[2]	7.0%	6.3%	10.3%	10.1%			8.0%
Net capital expenditures	5,874	3,282	20,426	245	643		30,470
YTD 2016							
Revenue before fuel surcharge	**971,146**	**537,543**	**1,031,274**	**171,035**	**-**	**(42,956)**	**2,668,042**
% of total revenue[1]	**35%**	**21%**	**38%**	**6%**			**100%**
EBITDA	**109,248**	**54,902**	**160,148**	**19,071**	**(22,395)**	**-**	**320,974**
EBITDA margin[2]	**11.2%**	**10.2%**	**15.5%**	**11.2%**			**12.0%**
Operating income	**83,300**	**33,200**	**77,282**	**16,277**	**(23,945)**	**-**	**186,114**
Operating margin[2]	**8.6%**	**6.2%**	**7.5%**	**9.5%**			**7.0%**
Total assets	**696,074**	**617,679**	**1,522,586**	**131,320**	**39,595**		**3,007,254**
Net capital expenditures[4]	**9,083**	**4,711**	**27,331**	**(3,774)**	**440**		**37,791**
YTD 2015 (restated)							
Revenue before fuel surcharge	909,679	573,499	1,070,533	190,039	-	(51,619)	2,692,131
% of total revenue[1]	32%	22%	40%	6%			100%
EBITDA	88,795	58,824	181,913	25,255	(13,904)	-	340,883
EBITDA margin[2]	9.8%	10.3%	17.0%	13.3%			12.7%
Operating income	63,724	34,998	104,002	22,587	(15,334)	-	209,977
Operating margin[2]	7.0%	6.1%	9.7%	11.9%			7.8%
Total assets	725,527	686,479	1,573,598	132,063	15,915		3,133,582
Net capital expenditures[5]	11,872	8,515	44,488	(11,090)	2,517		56,302

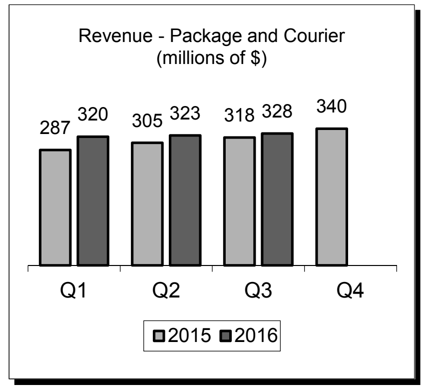
When the Company changes the structure of its internal organization in a manner that causes the composition of its reportable segments to change, the corresponding information for the comparative period is restated to conform to the new structure. The main modification to the composition of reportable segments was the exclusion of the discontinued operations: Waste Management and rig moving services. Rig moving services were previously included in Logistics and Other Services up until Q2 2015. Comparative figures have been restated.

1 *Before eliminations, except for the total.*
2 *As a percentage of revenue before fuel surcharge.*
3 *Additions to property and equipment, net of proceeds from sale of property and equipment and assets held for sale.*
4 *YTD 2016 net capital expenditures include proceeds from the sale of properties for considerations of $2.0 million in the LTL ($1.7 million in Q3), of $10.1 million in the TL (nil in Q3) and of $3.7 million in the Logistics ($3.7 million in Q3).*
5 *YTD 2015 (mainly in Q2 2015) net capital expenditures include proceeds from the sale of properties for considerations of $7.7 million in the LTL, of $19.0 million in the TL and of $12.6 million in Logistics.*

Package and Courier

(unaudited) - (in thousands of dollars)	Third quarters ended September 30				Nine months ended September 30			
	2016	**%**	2015	%	**2016**	**%**	2015	%
Total revenue	**348,742**		342,611		**1,025,635**		985,041	
Fuel surcharge	**(20,311)**		(24,407)		**(54,489)**		(75,362)	
Revenue	**328,431**	**100.0%**	318,204	100.0%	**971,146**	**100.0%**	909,679	100.0%
Materials and services expenses (net of fuel surcharge)	**191,439**	**58.3%**	189,702	59.6%	**575,733**	**59.3%**	534,540	58.8%
Personnel expenses	**68,634**	**20.9%**	70,122	22.0%	**203,753**	**21.0%**	205,943	22.6%
Other operating expenses	**26,236**	**8.0%**	27,345	8.6%	**82,320**	**8.5%**	80,370	8.8%
Depreciation of property and equipment	**4,562**	**1.4%**	4,800	1.5%	**14,124**	**1.5%**	14,281	1.6%
Amortization of intangible assets	**3,904**	**1.2%**	3,878	1.2%	**11,824**	**1.2%**	10,790	1.2%
Loss (gain) on sale of property and equipment	**79**	**0.0%**	(29)	0.0%	**92**	**0.0%**	31	0.0%
Operating income	**33,577**	**10.2%**	22,386	7.0%	**83,300**	**8.6%**	63,724	7.0%
EBITDA	**42,043**	**12.8%**	31,064	9.8%	**109,248**	**11.2%**	88,795	9.8%

Revenue



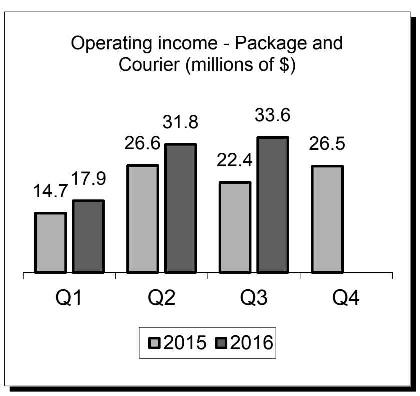
For the quarter ended September 30, 2016, revenue increased by $10.2 million, or 3%, from $318.2 million to $328.4 million compared to the same period last year. The increase is due mainly to an overall increase in volume from e-commerce customers. E-commerce revenue increased by $14.8 million, or 26%, from $56.4 million to $71.2 million compared to the same period in the prior year.

For the nine-month period ended September 30, 2016, revenue increased by $61.6 million, or 7%, from $909.7 million to $971.1 million compared to the same period in the prior year. Excluding business acquisitions, revenue for the nine-month period ended September 30, 2016 increased by $28.6 million or 3% compared to the prior year. E-commerce revenue increased $63.9 million, or 41%, from $154.9 million to $218.8 million compared to 2015. The trailing twelve-month e-commerce revenue stood at $287.0 million.

Operating expenses

For the quarter ended September 30, 2016, Package and Courier operating expenses decreased by $0.9 million from $295.8 million in 2015 to $294.9 million. The decrease in operating expenses is mainly attributable to personnel cost savings from right sizing the same-day business in the U.S., ongoing strategic personnel changes focused on synergies at several operating divisions within the segment, and lower direct labor costs due to ongoing productivity initiatives. These actions also contributed to the decrease in other operating expenses in the third quarter of 2016. For this quarter, the employee termination costs were $1.5 million lower than in the third quarter of 2015.

For the nine-month period ended September 30, 2016, the Package and Courier operating expenses increased by $41.8 million, or 5%, from $846.0 in 2015 million to $887.8 million. Excluding business acquisitions, materials and services expenses were up $18.4 million or 3% for the nine-month period ended September 30, 2016 mainly due to unfavourable foreign exchange impact on the conversion of expenses. Personnel expenses as a percentage of revenue before fuel surcharge were 160 basis points lower due to the above mentioned savings and lower employee termination costs of $1.4 million.



Operating income

The Company's operating income in the Package and Courier segment for the quarter ended September 30, 2016 significantly increased by 50% or $11.2 million and totalled $33.6 million, compared to $22.4 million in the third quarter of 2015. The increase is primarily attributable to increased volume from increase in e-commerce combined with strong efficiency gains in this segment's operations resulting from operational improvements and cost-saving initiatives. For the three-month period ended September 30, 2016, the Package and Courier operating margin increased 320 basis points year-over-year to 10.2%.

For the nine-month ended September 30, 2016, operating income increased by 31% or $19.6 million , and reached $83.3 million, compared to $63.7 million in the nine-month period of 2015. The operating margin from existing operations increased 160 basis points year-over-year.

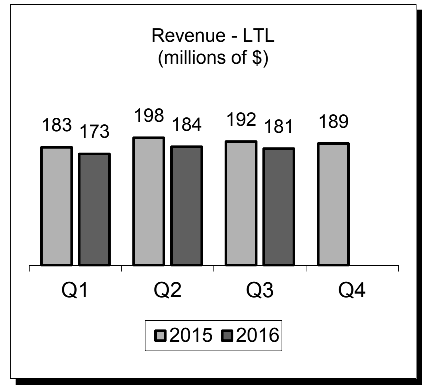
Less-Than-Truckload

(unaudited) - (in thousands of dollars)	Third quarters ended September 30				Nine months ended September 30			
	2016	**%**	2015	%	**2016**	**%**	2015	%
Total revenue	**204,797**		221,901		**605,815**		666,682	
Fuel surcharge	**(23,720)**		(29,829)		**(68,272)**		(93,183)	
Revenue	**181,077**	**100.0%**	192,072	100.0%	**537,543**	**100.0%**	573,499	100.0%
Materials and services expenses (net of fuel surcharge)	**95,118**	**52.5%**	99,562	51.8%	**281,954**	**52.5%**	298,831	52.1%
Personnel expenses	**51,433**	**28.4%**	57,225	29.8%	**159,299**	**29.6%**	176,261	30.7%
Other operating expenses	**13,724**	**7.6%**	15,362	8.0%	**43,659**	**8.1%**	45,996	8.0%
Depreciation of property and equipment	**5,015**	**2.8%**	5,699	3.0%	**15,319**	**2.8%**	17,278	3.0%
Amortization of intangible assets	**2,118**	**1.2%**	2,175	1.1%	**6,383**	**1.2%**	6,548	1.1%
Gain on sale of property and equipment	**(1,645)**	**-0.9%**	(137)	-0.1%	**(2,271)**	**-0.4%**	(6,413)	-1.1%
Operating income	**15,314**	**8.5%**	12,186	6.3%	**33,200**	**6.2%**	34,998	6.1%
EBITDA	**22,447**	**12.4%**	20,060	10.4%	**54,902**	**10.2%**	58,824	10.3%

Revenue

The LTL segment's third quarter revenue decreased by 6%, or $11.0 million, from $192.1 million to $181.1 million. The decline is due to a combination of continuing soft economic conditions in Western Canada and management's decision to not renew low-margin business. Efforts are being made to ensure TransForce continues to profitably service these regional customers and remain in a strong position for an eventual return to normal market conditions. Although the shipment counts were down across the LTL companies, the average revenue per shipment has increased slightly year-over-year.

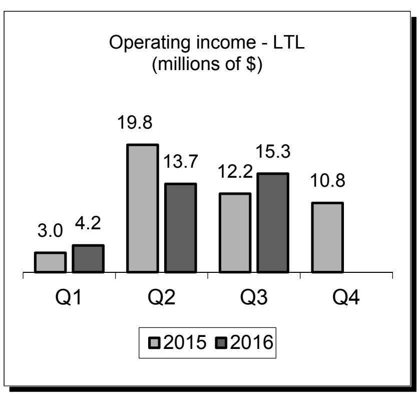
For the nine-month period ended September 30, 2016, revenue decreased by 6%, or $36.0 million, from $573.5 million to $537.5 million. The decrease is largely due to volume decreases offset by positive foreign currency movements of $4.4 million.



Operating expenses

For the third quarter of 2016, operating expenses were down by 8%, or $14.1 million, to $165.8 million compared to $179.9 million last year. Excluding the gain on sale of property and equipment, operating expenses decreased more than the revenue decline because of operational efficiency gains. As a result, total operating expenses excluding gain on sale of property and equipment as a percentage of revenue were 92.5%, an improvement of 120 basis points over the same quarter last year. Operational efficiencies, such as rail service reliability, were improved, which helped to decrease line haul costs and fleet number reductions, resulting in savings on equipment leasing, maintenance, and depreciation costs. In its personnel expenses, the LTL operating divisions benefited from past rationalizations, which resulted in decreases both in dollars and as a percentage of revenue before fuel surcharge. The gain on sale of property and equipment was $1.5 million higher year-over-year. In Q3 2016, one property was sold generating a gain of $1.5 million.

For the nine-month period ended September 30, 2016, operating expenses were down by 6%, or $34.2 million, to $504.3 million compared to $538.5 million last year, which is mainly attributable to volume decreases, which were in turn offset by the gain on sale of property and equipment.



Operating income

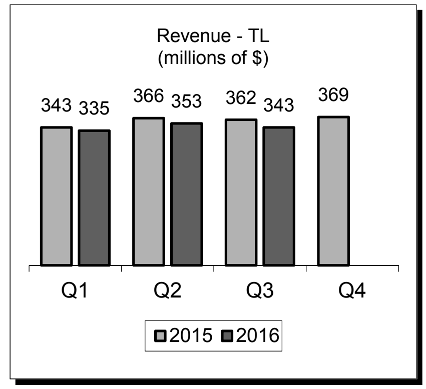
For the quarter ended September 30, 2016, operating income increased by $3.1 million to $15.3 million from $12.2 million in Q3 2015. Savings were realized on operating costs and a gain of $1.6 million was recorded on the sale of property and equipment. The Company's focus on cost control and operational improvements has allowed it to weather the decrease in demand while maintaining a positive operating income. Although the lower Canadian dollar is a positive sign, the Company does not see significant improvements in prices or volumes in the short term. Excluding the gain on sale of property and equipment, the operating margin, as a percentage of revenue before fuel surcharge, for the three-month period ended September 30, 2016 increased by 120 basis points from 6.3% in Q3 2015 to 7.5% because of operational efficiency gains.

For the nine-month ended September 30, 2016, operating income decreased by $1.8 million to $33.2 million from $35.0 million in 2015. Excluding the gain on sale of property and equipment, the operating margin, as a percentage of revenue before fuel surcharge, for the nine-month period ended September 30, 2016 increased by 80 basis points from 5.0% to 5.8% mainly because of favourable currency movements.

Truckload

(unaudited) - (in thousands of dollars)	Third quarters ended September 30				Nine months ended September 30			
	2016	**%**	2015	%	**2016**	**%**	2015	%
Total revenue	**376,167**		402,888		**1,124,678**		1,208,890	
Fuel surcharge	**(32,851)**		(40,937)		**(93,404)**		(138,357)	
Revenue	**343,316**	**100.0%**	361,951	100.0%	**1,031,274**	**100.0%**	1,070,533	100.0%
Materials and services expenses (net of fuel surcharge)	**180,581**	**52.6%**	185,110	51.1%	**538,960**	**52.3%**	555,757	51.9%
Personnel expenses	**98,071**	**28.6%**	102,260	28.3%	**298,261**	**28.9%**	301,647	28.2%
Other operating expenses	**14,325**	**4.2%**	13,943	3.9%	**43,928**	**4.3%**	41,094	3.8%
Depreciation of property and equipment	**21,626**	**6.3%**	21,459	5.9%	**65,030**	**6.3%**	62,514	5.8%
Amortization of intangible assets	**5,852**	**1.7%**	5,199	1.4%	**17,836**	**1.7%**	15,397	1.4%
Gain on sale of property and equipment	**(2,015)**	**-0.6%**	(3,322)	-0.9%	**(10,023)**	**-1.0%**	(9,878)	-0.9%
Operating income	**24,876**	**7.2%**	37,302	10.3%	**77,282**	**7.5%**	104,002	9.7%
EBITDA	**52,354**	**15.2%**	63,960	17.7%	**160,148**	**15.5%**	181,913	17.0%

Revenue

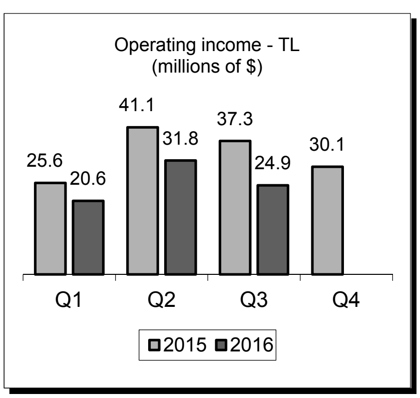


For the three-month period ended September 30, 2016, TL revenue decreased by $18.7 million or 5%, from $362.0 million in Q3 2015 to $343.3 million. This decrease is largely due to the difficulties faced by the specialized divisions servicing the oil and gas industry and the challenging U.S. freight market, where both volume and rates are being pressured. For the three-month period ended September 30, 2016, the minor acquisitions in the specialized TL operating segment contributed $12.5 million to revenue. As part of its asset-light strategy, the TL segment maintained its proportion of revenues from brokerage services and, as a result, had $52.7 million in brokerage revenues in the third quarter of 2016 representing 14% of total revenue, which is comparable to 2015.

For the nine-month period ended September 30, 2016, revenue decreased by $39.3 million or 4% mainly attributable to volume decreases, which were offset by the contribution from business acquisitions of $27.2 million and by foreign currency movements totalling $17.9 million. On the brokerage side, on a year to date basis, revenues amounted to $156.6 million, which represents 14% of total revenue in 2016, as in 2015. E-commerce revenue in the TL segment somewhat compensated the overall decrease in revenue. It increased $16.4 million, or 28%, from $59.4 million in 2015 to $75.8 million this year.

Operating expenses

Operating expenses decreased by $6.2 million or 2% from $324.6 million in Q3 2015 to $318.4 million in Q3 2016. On a year-to-date basis, operating expenses decreased by $12.5 million from $966.5 million for the nine-month period ended September 30, 2015 to $954.0 million in 2016, a decrease of 1%. For the quarter ended September 30, 2016, material and services expenses decreased by $4.5 million or 2% and personnel expenses decreased by $4.2 million or 4%. Excluding the acquisitions of 2016, material and services expenses decreased by $12.1 million or 7% and personnel expenses decreased by $6.9 million or 7%. Despite cost reduction initiatives, the expenses as a percentage of revenues increased as a result of a reduction in revenues and a higher year-over-year accident cost of $2.9 million during the quarter. The Company continues to focus on being cost-conscious and its priority remains to improve the efficiency and profitability of its existing fleet and network of independent contractors. The Company continues to dispose of any excess assets while generating gains on these sales. On a year-to-date basis a gain of $10.0 million on sale of assets was realized, similar to the $9.9 million realized in the same period last year. As the synergies from the rationalization plan are realized, management is confident that operating margins will further improve for the TL segment.



Operating income

The Company's operating income in the TL segment for the quarter ended September 30, 2016 decreased by $12.4 million to $24.9 million, compared to $37.3 million in Q3 2015. This represents an operating margin of 7.2% for this quarter compared to 10.3% in Q3 2015. On a year-to-date basis, operating income decreased by $26.7 million from $104.0 million to $77.3 million, which results in an operating margin of 7.5% compared to 9.7% for the same period last year. The decrease in operating margin is mainly attributable to the U.S. TL operating divisions of TransForce for which the revenue per mile decreased while the total operating costs per mile were relatively stable. The current U.S. market is persistently challenging in regards to rates, while equipment cost reductions have yet to be achieved. On the Canadian market, revenue from the Canadian specialized and conventional TL divisions was challenged as well. The TL segment will continue to focus on cost initiatives to mitigate the difficult freight market and maintain its margins.

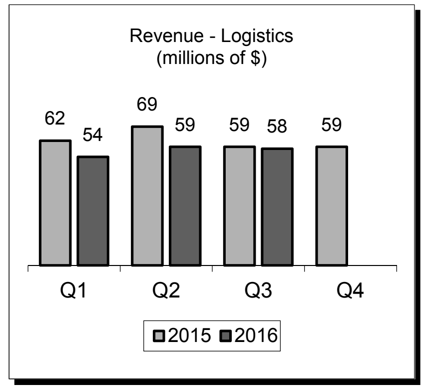
Logistics

(unaudited) - (in thousands of dollars)	Third quarters ended September 30				Nine months ended September 30			
	2016	**%**	2015	%	**2016**	**%**	2015	%
Total revenue	**59,256**		60,198		**174,302**		194,105	
Fuel surcharge	**(1,130)**		(1,257)		**(3,267)**		(4,066)	
Revenue	**58,126**	**100.0%**	58,941	100.0%	**171,035**	**100.0%**	190,039	100.0%
Materials and services expenses (net of fuel surcharge)	**42,514**	**73.1%**	42,394	71.9%	**123,522**	**72.2%**	139,114	73.2%
Personnel expenses	**6,965**	**12.0%**	7,064	12.0%	**21,862**	**12.8%**	21,597	11.4%
Other operating expenses	**2,745**	**4.7%**	2,707	4.6%	**8,402**	**4.9%**	8,860	4.7%
Depreciation of property and equipment	**315**	**0.5%**	372	0.6%	**982**	**0.6%**	1,246	0.7%
Amortization of intangible assets	**602**	**1.0%**	450	0.8%	**1,812**	**1.1%**	1,422	0.7%
Gain on sale of property and equipment	**(1,703)**	**-2.9%**	(16)	0.0%	**(1,822)**	**-1.1%**	(4,787)	-2.5%
Operating income	**6,688**	**11.5%**	5,970	10.1%	**16,277**	**9.5%**	22,587	11.9%
EBITDA	**7,605**	**13.1%**	6,792	11.5%	**19,071**	**11.2%**	25,255	13.3%

Revenue

For the quarter ended September 30, 2016, revenue from the Logistics segment decreased by 1%, from $58.9 million to $58.1 million, or $0.8 million year-over-year. Excluding business acquisition, revenue decreased by 9%, or $5.3 million, which is attributable to lower volumes from current customers.

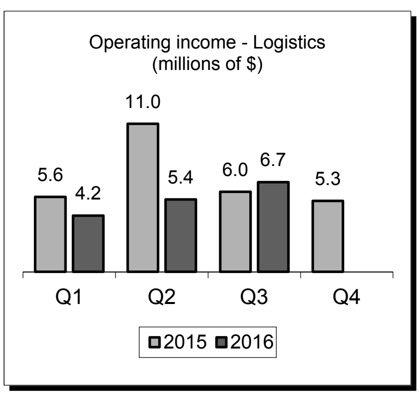
For the nine-month period ended September 30, 2016, revenue decreased by 10% or $19.0 million year-over-year, from $190.0 million to $171.0 million. Excluding business acquisition, revenue decreased by 16%, or $31.1 million, attributable to lower volumes and to non-recurring revenue of approximately $13.0 million in 2015.



Operating expenses

For the quarter ended September 30, 2016, operating expenses decreased by 3% or $1.6 million compared to the third quarter of 2015, from $53.0 million to $51.4 million. This decrease was mostly attributable to the gain on sale of a property during this quarter. Excluding business acquisition, materials and services expenses represented 72.4% as a percentage of revenue before fuel surcharge, an increase of 50 basis points when compared to the same quarter last year, while other operating expenses remained stable as a percentage of revenue before fuel surcharge.

For the nine-month period ended September 30, 2016, operating expenses decreased 8% or $12.7 million compared to 2015, from $167.5 million to $154.8 million. This decrease was mostly attributable to lower year-over-year revenues, which were offset by a lower gain on sale of property and equipment compared to last year.



Operating income

The Company's operating income in the Logistics segment for the quarter ended September 30, 2016 increased 12% or $0.7 million compared to the third quarter of 2015, from $6.0 million to $6.7 million. The increase is primarily attributable to a gain on sale of a property for $1.7 million. Excluding this gain, operating income decreased by $1.0 million on lower volume from existing operations, a non-recurring volume loss and a lower margin resulting from weaker economic conditions. Excluding the gain on sale of property and equipment, the Logistics operating margin decreased to 8.6% compared to 10.1% in the same quarter in 2015.

For the nine-month period ended September 30, 2016, operating income decreased by 28% or $6.3 million compared to 2015, from $22.6 million to $16.3 million. The decrease is primarily attributable to lower volume and lower gain on sale of property and equipment.

LIQUIDITY AND CAPITAL RESOURCES

Sources and uses of cash

(unaudited) *(in thousands of dollars)*	**Third quarters ended September 30**		**Nine months ended September 30**	
	2016	2015	**2016**	2015
Sources of cash:				
Net cash from continuing operations	**88,302**	86,905	**228,093**	222,058
Proceeds from sale of property and equipment	**12,902**	11,793	**41,752**	51,830
Proceeds from sale of assets held for sale	**-**	-	**-**	20,553
Increase in bank indebtedness	**-**	-	**-**	15,950
Net proceeds from long-term debt	**-**	7,777	**-**	-
Net cash from discontinued operations	**7,686**	25,999	**765,705**	53,152
Others	**-**	3,872	**-**	1,113
Total sources	**108,890**	136,346	**1,035,550**	364,656
Uses of cash:				
Purchases of property and equipment	**19,863**	42,263	**79,426**	128,685
Business combinations, net of cash acquired	**-**	10,747	**22,968**	37,143
Decrease in bank indebtedness	**17,467**	4,278	**10,857**	-
Net repayment of long-term debt	**7,985**	-	**718,088**	32,854
Dividends paid	**15,800**	17,084	**48,543**	51,892
Repurchase of own shares	**41,752**	61,974	**150,108**	114,082
Others	**6,023**	-	**5,560**	-
Total usage	**108,890**	136,346	**1,035,550**	364,656

Cash flow from continuing operations

For the nine-month period ended September 30, 2016, net cash from continuing operations increased by 3% from $222.1 million in 2015 to $228.1 million. The $6.0 million increase is mainly attributable to year-over-year variations in net changes in non-cash operating working capital, interest paid and income tax paid.

Cash flow used in investing activities from continuing operations

Property and equipment

The following table presents the additions of property and equipment by category for the three- and nine-month periods ended September 30, 2016 and 2015.

(unaudited) *(in thousands of dollars)*	**Third quarters ended September 30**		**Nine months ended September 30**	
	2016	2015	**2016**	2015
Additions to property and equipment:				
Purchases as stated on cash flows statements	**19,863**	42,263	**79,426**	128,685
Additions that did not affect cash	**-**	-	**117**	-
	19,863	42,263	**79,543**	128,685
Additions by category:				
Land and buildings	**4,777**	2,848	**7,426**	6,215
Rolling stock	**13,866**	34,215	**65,675**	112,306
Equipment	**1,220**	5,200	**6,442**	10,164
	19,863	42,263	**79,543**	128,685

The Company invests in new equipment to maintain its quality of service while keeping maintenance costs low. Its capital expenditures reflect the level of reinvestment required to keep its equipment in good order as well as maintain an adequate allocation of its capital resources. In line with its asset light model, increasing the use of independent contractors to replace owned equipment is beneficial for the Company as it reduces capital needs to serve customers. The Company intends to further pursue this conversion strategy.

Lower 2016 additions of rolling stock compared to 2015 is attributable to two main factors. In 2015, the Company's U.S. TL division had a higher than normal acquisition program for the second half of the year. The second factor is that 2016 additions were contained to match the decline in demand.

The following table indicates the proceeds and gains or losses from sale of property and equipment and assets held for sale from continuing operations by category for the three- and nine-month periods ended September 30, 2016 and 2015.

(unaudited) *(in thousands of dollars)*	**Third quarters ended September 30**		**Nine months ended September 30**	
	2016	2015	**2016**	2015
Proceeds by category:				
Land and buildings	**5,409**	24	**15,828**	39,357
Rolling stock	**7,415**	11,769	**25,794**	32,605
Equipment	**78**	-	**130**	421
	12,902	11,793	**41,752**	72,383
Gains (losses) by category:				
Land and buildings	**3,167**	(222)	**6,566**	11,969
Rolling stock	**2,170**	3,727	**7,513**	9,083
Equipment	**(55)**	(1)	**(91)**	(5)
	5,282	3,504	**13,988**	21,047

For the nine-month period ended September 30, 2016, the Company disposed of properties for a total consideration of $15.8 million ($39.4 million in 2015), which generated a $6.6 million gain ($12.0 million in 2015).

Business acquisitions

For the nine-month period ended September 30, 2016, cash used in business acquisitions totalled $23.0 million ($37.1 million in 2015). In 2016, the Company acquired four businesses in the specialized Truckload operating segment which are not considered significant. Based on historical information, annual revenue from these operations is expected to be $49.0 million.

Cash flow from discontinued operations

For the nine-month period ended September 30, 2016, the discontinued operations generated cash flow from their operating and investing activities of $765.7 million. In the first quarter of 2016, TransForce received $758.9 million for the sale of its Waste Management segment to GFL, after customary closing adjustments, and a promissory note in the amount of $25 million, payable in four years and bearing interest at an annual rate of 3%. In 2015, discontinued operations generated cash flows of $53.2 million.

Free cash flow from continuing operations

(unaudited) *(in thousands of dollars, except per share data)*	**Third quarters ended September 30**		**Nine months ended September 30**	
	2016	2015	**2016**	2015
Net cash from continuing operations	**88,302**	86,905	**228,093**	222,058
Additions to property and equipment	**(19,863)**	(42,263)	**(79,543)**	(128,685)
Proceeds from sale of property and equipment	**12,902**	11,793	**41,752**	51,830
Proceeds from sale of assets held for sale	**-**	-	**-**	20,553
Free cash flow from continuing operations[1]	**81,341**	56,435	**190,302**	165,756
Free cash flow from continuing operations per share[1]	**0.88**	0.57	**2.01**	1.64

The Company's objectives when managing its cash flow from operations are to ensure proper capital investment in order to provide stability and competitiveness to its operations, to ensure sufficient liquidity to pursue its growth strategy, and to undertake selective business acquisitions within a sound capital structure and a solid financial position.

For the nine-month period ended September 30, 2016, TransForce generated a free cash flow from continuing operations of $190.3 million, compared to $165.8 million in 2015, which represents a year-over-year increase of $24.5 million. This increase is due to lower capital additions, which were partially offset by lower proceeds from disposal of property and equipment and assets held for sale compared to 2015. On a per share basis, the free cash flow for the nine-month period ended September 30, 2016 totalled $2.01, versus $1.64 in 2015, up 23%.

Based on the September 30, 2016 closing share price of $27.17, the free cash flow from continuing operations generated by the Company in the last twelve months represented a yield of 12.2%.

[1] *Refer to the section "Non-IFRS financial measures".*

Financial position

(unaudited) *(in thousands of dollars)*	**As at September 30, 2016**	As at Dec. 31, 2015	As at Dec. 31, 2014
Total assets	**3,011,684**	3,377,870	3,438,589
Long-term debt	**853,863**	1,615,100	1,617,742
Shareholders' equity	**1,420,816**	1,027,372	1,029,413
Debt-to-equity ratio[1]	**0.60**	1.57	1.57
Debt-to-capital ratio[2]	**0.38**	0.61	0.61

Compared to December 31, 2015, the Company's total assets, long-term debt and shareholders' equity varied mainly due to the sale of the Waste group and, to a lesser extent, currency fluctuation. Total assets decreased by $366.2 million due to the Waste disposition for $219.4 million[3]. Approximately $50.0 million of the decrease is attributable to currency variations compared to December 31, 2015, $26.4 million is attributable to lower income taxes recoverable and derivative financial instruments and $23.6 million is due to the disposal of asset held for sale. Long-term debt decreased by $761.2 million compared to last year mainly due to the proceeds from the sale of the Waste group. Shareholders' equity increased mostly as a result of the $490.8 million after-tax gain on the sale of the Waste group. Consequently, the debt-to-equity ratio and the debt-to-capital ratio improved significantly compared to December 31, 2015 and 2014. The Company's current financial position reflects an appropriate debt level to further pursue its acquisition strategy. Strict cash flow management and cash flow generated from operations have allowed the Company to pursue debt reduction when the situation has dictated.

As at September 30, 2016, the Company's working capital (current assets less current liabilities) was $4.8 million. At that date, assets held for sale included rig moving property and equipment having a carrying amount of $4.1 million, which are expected to be sold within a year and the majority of the current tax payable of $49.4 million will be paid in January 2017.

Contractual obligations

The following table indicates the Company's contractual obligations with their respective maturity dates at September 30, 2016, excluding future interest payments.

(unaudited) *(in thousands of dollars)*	**Total**	**Less Than 1 year**	**1 to 3 years**	**3 to 5 years**	**After 5 years**
Unsecured revolving facility – *June 2020*	**532,718**	-	-	532,718	-
Unsecured debentures – *December 2020*	**125,000**	-	-	125,000	-
Term loan – *August 2019*	**75,000**	-	75,000	-	-
Finance lease obligations	**25,791**	11,071	13,028	1,692	-
Conditional sales contracts and other long-term debt	**99,708**	33,650	61,249	4,809	-
Operating leases (see commitments)	**449,641**	118,690	154,220	75,204	101,527
Total contractual obligations	**1,307,858**	**163,411**	**303,497**	**739,423**	**101,527**

As at September 30, 2016, the Company had $41.2 million of outstanding letters of credit ($32.6 million on December 31, 2015).

Term loans, having a carrying value of $559.1 million as at December 31, 2015 were fully repaid in February 2016 from the proceeds of the sale of the Waste group.

On June 22, 2016, TransForce reached an agreement to amend and extend its existing credit facility to June 2020. The facility is unsecured and can be extended annually. The total available amount was increased by $155 million to $1.2 billion and the agreement provides similar terms and covenants.

On August 18, 2016, the Company entered into a new loan agreement for $75 million. This loan takes the form of a term loan carrying an interest rate of 3.95% with an August 2019 maturity date. This term loan may be repaid, without penalty, after August 18, 2018, subject to the approval of the Company's syndicate of bank lenders.

[1] *Long-term debt divided by shareholders' equity.*
[2] *Long-term debt divided by the sum of shareholders' equity and long-term debt.*
[3] *As at December 31, 2015, the Waste Management segment's net assets were presented on a net basis under "Disposal group held for sale" on the statements of financial position.*

The following table indicates the Company's financial covenants to be maintained under its credit facility. These covenants are measured on a consolidated rolling twelve-month basis:

Covenants	*Requirements*	*As at September 30, 2016*
Funded debt-to-EBITDA ratio [ratio of total debt plus letters of credit and some other long-term liabilities to earnings before interest, income tax, depreciation and amortization ("EBITDA"), including last twelve months adjusted EBITDA from business acquisitions]	< 3.50	2.12
EBITDAR-to-interest and rent ratio [ratio of EBITDAR (EBITDA before rent and including last twelve months adjusted EBITDAR from business acquisitions) to interest and net rent expenses]	> 1.75	3.05

The Company believes it will be in compliance with these covenants for the next twelve months.

Commitments, contingencies and off-balance sheet arrangements

The following table indicates the Company's commitments with their respective terms at September 30, 2016.

(unaudited) *(in thousands of dollars)*	**Total**	**Less than 1 year**	**1 to 3 years**	**3 to 5 Years**	**After 5 years**
Operating leases – rolling stock	**105,187**	46,304	50,658	8,075	150
Operating leases – real estate & others	**344,454**	72,386	103,562	67,129	101,377
Total off-balance sheet obligations	**449,641**	**118,690**	**154,220**	**75,204**	**101,527**

Long-term real estate leases totalling $344.5 million includes six significant real estate commitments for an aggregate value of $151.1 million, which expire between 2024 and 2035. A total of 304 properties constitute the remaining real estate operating leases.

Dividends and outstanding share data

Dividends

The Company declared $15.5 million in dividends, or 17 cents per outstanding common share, in the third quarter of 2016. For the nine-month period ended September 30, 2016, dividends declared were $47.5 million, or 51 cents per outstanding common share.

The Board of Directors has approved a 12% dividend increase over its previous quarterly dividend of $0.17 per share. This increase is in keeping with TransForce's stated dividend policy and reflects the Company's ability to generate a strong free cash flow. The new quarterly dividend of $0.19 per share will be effective as of the next regular payment.

NCIB on common shares

Pursuant to the renewal of the normal course issuer bid ("NCIB"), which began on September 30, 2016 and will expire on September 29, 2017, the Company is authorized to repurchase for cancellation up to a maximum of 6,000,000 of its common shares under certain conditions. The Board of TransForce believes that, at appropriate times, repurchasing its shares through the NCIB represents a good use of TransForce's financial resources, as such action can protect and enhance shareholder value when opportunities or volatility arise.

For the nine-month period ended September 30, 2016, the Company repurchased 3,702,200 common shares (2015 – 4,524,300) at a price ranging from $22.00 to $27.30 (2015 - $21.93 to $27.92) for a total purchase price of $90.7 million (2015 - $114.1 million).

SIB on common shares

On February 11, 2016, the Company announced a substantial issuer bid ("SIB") to purchase, for cancellation, up to 10 million common shares for an aggregate purchase price not to exceed $220 million (the "Offer").

The Offer was made by way of a "modified Dutch Auction" pursuant to which shareholders may tender all or a portion of their shares at a price not less than $19.00 and not more than $22.00 per share, in increments of $0.10 per share, or without specifying a purchase price, in which case their shares would be purchased at the purchase price determined in accordance with the Offer.

The offer expired on March 28, 2016. In Q1, TransForce purchased and cancelled 2,699,924 common shares at a price of $22.00 per share, for a total purchase price of $59.4 million under this SIB.

Outstanding shares, stock options and restricted share units

A total of 91,313,449 common shares were outstanding as at September 30, 2016 (December 2015 – 97,632,502). There was no significant change in the Company's outstanding share capital between September 30, 2016 and October 20, 2016.

As at September 30, 2016, the number of outstanding options to acquire common shares issued under the Company's stock option plan was 5,821,437 (December 2015 – 4,933,922) of which 4,066,104 were exercisable (December 2015 – 3,450,848). On July 21, 2016, the Board of Directors approved the grant of 1,038,657 stock options under the Company's stock option plan. Each stock option entitles the holder to purchase one common share of the

Company at an exercise price based on the closing price of the volume weighted average trading price of the Company's shares for the last five trading days immediately preceding the effective date of the grant.

As at September 30, 2016, the number of restricted share units (''RSUs'') granted under the Company's equity incentive plan to the benefit of its senior employees was 360,746 (December 2015 – 224,033). On July 21, 2016, the Board of Directors approved the grant of 142,799 RSUs under the Company equity incentive plan. The RSUs will vest after 2.5 consecutive years of service from the grant date. Upon satisfaction of the required service period, the plan provides for settlement of the award through shares.

Legal proceedings

The Company is involved in litigation arising from the ordinary course of business primarily involving claims for bodily injury and property damage. It is not feasible to predict or determine the outcome of these or similar proceedings. However, the Company believes the ultimate recovery or liability, if any, resulting from such litigation individually or in total would not materially adversely affect the Company's financial condition or performance and, if necessary, have been provided for in the financial statements.

OUTLOOK

In Canada, the Company's major market, low oil prices continue to negatively impact the economy while the effects of a weak currency have yet to provide a significant boost to the manufacturing sector. This persistent weakness is restraining organic growth in TransForce's main operating markets. In the U.S., healthy consumer spending is favourable for the Package and Courier segment, but a soft manufacturing sector is expected to further affect TL activities. As these relatively challenging conditions limit organic growth over the short-term, key drivers for revenue and operating income growth remain further efficiency improvement, asset rationalization, tight cost controls, as well as the execution of a disciplined acquisition strategy in the fragmented North American transportation and logistics market.

In the Package and Courier and LTL segments, TransForce's priorities remain the consolidation of its operations, administration and IT platforms where more savings and efficiency gains can be achieved. In Package and Courier, TransForce will remain proactive in implementing measures to further optimize asset utilization, which includes completing the optimization of businesses in U.S. same-day operations. Although the Company believes that general economic conditions will remain challenging, these initiatives will allow TransForce to be in a favourable position to capture an increasing share of the growing e-commerce delivery business.

In LTL, the lower value of the Canadian dollar provides opportunities for export-oriented manufacturers, but the Company must remain disciplined in adapting supply to demand as overcapacity continues to affect the industry. To this end, the Company will continue to focus on major cities and high-density regions to enhance value. Finally, TransForce will seek to further leverage its enhanced density and capabilities in intermodal activities that generate higher returns due to their asset-light nature.

In the TL market, TransForce will continue to focus on its asset-light strategy and seek additional brokerage revenue, which generates a higher return on capital employed. Given a weak business environment in the US freight transportation market, TransForce will remain disciplined in regards to supply management, while sustaining its efforts to optimize the utilization of existing assets. The Company will also continue to deploy leading-edge analytical tools across its network in order to allow its people to make appropriate business decisions and maximize returns. As the TL market is fragmented, TransForce also aims to gain further size and density across North America by pursuing its selective business acquisition strategy.

Finally, the Company believes it can further grow its presence in the Logistics sector, as these non-asset-based activities represent a strategic complement to conventional transportation services. Logistics requires less capital to reinvest in, thereby generating solid free cash flow.

As the Company continues to gradually adopt an asset-light business model, capital will be increasingly deployed in initiatives that provide a better return on capital employed and solid cash flow. In so doing, TransForce aims to increasingly distinguish itself by providing innovative, value-added solutions to its growing North American customer base. In the short term, TransForce will use its cash flow to prioritize share repurchase and debt reimbursement.

TransForce is well positioned to benefit significantly when the economy recovers more vigorously, and management is confident that the steps it has taken and has planned will continue to grow shareholder value. The Company aims to deliver on this commitment by adhering to its operating principles and by executing its strategy with the same discipline and rigour that have made TransForce a North American leader in the transportation and logistics industry.

SUMMARY OF EIGHT MOST RECENT QUARTERLY RESULTS

(unaudited) - (in millions of dollars, except per share data)

	Q3'16	Q2'16	Q1'16	Q4'15	Q3'15	Q2'15	Q1'15	Q4'14
Total revenue	975.5	977.8	934.2	1,026.8	1,009.7	1,029.9	963.6	986.2
EBITDA[1]	117.0	118.1	85.9	111.8	117.2	136.6	87.0	105.0
Adjusted net income from continuing operations[1]	56.4	54.9	31.5	42.9	48.6	66.6	27.5	43.3
Adjusted EPS from continuing operations - diluted[1]	0.60	0.58	0.32	0.43	0.48	0.65	0.26	0.41
Net income	51.5	39.1	503.6	43.6	41.6	64.1	14.0	43.2
EPS – basic	0.56	0.42	5.16	0.45	0.42	0.63	0.14	0.42
EPS – diluted	0.55	0.41	5.09	0.44	0.41	0.62	0.13	0.41
Net income from continuing operations	51.1	44.3	15.3	40.6	31.9	60.2	13.0	32.4
EPS from continuing operations – basic	0.55	0.47	0.16	0.42	0.32	0.59	0.13	0.32
EPS from continuing operations – diluted	0.54	0.47	0.15	0.41	0.32	0.58	0.12	0.31

The differences between the quarters are mainly the result of business acquisitions. In Q1 2016, higher net income and basic and diluted EPS are mainly due to the $490.8 million after-tax gain on the sale of the Waste Management segment.

NON-IFRS FINANCIAL MEASURES

Financial data have been prepared in conformity with IFRS. However, certain measures used in this discussion and analysis do not have any standardized meaning under IFRS and could be calculated differently by other companies. The Company believes that certain non-IFRS financial measures, when presented in conjunction with comparable IFRS financial measures, are useful to investors and other readers because that information is an appropriate measure for evaluating the Company's operating performance. Internally, the Company uses this non-IFRS financial information as an indicator of business performance. These measures should be considered in addition to, not as a substitute for or superior to, measures of financial performance prepared in accordance with IFRS.

Adjusted net income from continuing operations: Net income excluding amortization of intangible assets related to business acquisitions, net changes in the fair value of derivatives, net foreign exchange gain or loss, net income or loss from discontinued operations and items that are not in the Company's normal business, net of tax. In presenting an adjusted net income from continuing operations and adjusted earnings per share from continuing operations, the Company's intent is to help provide an understanding of what would have been the net income and earnings per share in a context of significant business combinations and excluding specific impacts and to reflect earnings from a strictly operating perspective. The amortization of intangible assets related to business acquisitions comprises amortization expense of customer relationships, trademarks, non-compete agreements and permits accounted for in business combinations and the income tax effects related to this amortization. Management also believes, in excluding amortization of intangible assets related to business acquisitions, it provides more information on the amortization of intangible asset expense portion, net of tax, that will not have to be replaced to preserve the Company's ability to generate similar future cash flows. See reconciliation on page 7.

Adjusted earnings per share from continuing operations: Adjusted net income from continuing operations divided by the weighted average number of common shares outstanding.

EBITDA: Net income from continuing operations before finance income and costs, income tax expense, depreciation and amortization. Management believes EBITDA to be a useful supplemental measure. EBITDA is provided to assist in determining the ability of the Company to generate cash from its operations.

Operating income: Net income from continuing operations before finance income and costs and income tax expense as stated in the unaudited condensed consolidated interim financial statements.

Operating margin and EBITDA margin are calculated as a percentage of revenue before fuel surcharge.

[1] *Refer to the section "Non-IFRS financial measures".*

EBITDA ***(unaudited)*** ***(in thousands of dollars)***	**Third quarters ended September 30**		**Nine months ended September 30**	
	2016	2015	**2016**	2015
Net income from continuing operations	**51,069**	31,903	**110,672**	105,127
Net finance costs	**6,681**	26,317	**43,616**	66,767
Income tax expense	**14,674**	14,539	**31,826**	38,083
Operating income	**72,424**	72,759	**186,114**	209,977
Depreciation of property and equipment	**31,862**	32,607	**96,446**	96,242
Amortization of intangible assets	**12,672**	11,878	**38,414**	34,664
EBITDA	**116,958**	117,244	**320,974**	340,883

Free cash flow from continuing operations: Net cash from continuing operations less additions to property and equipment plus proceeds from sale of property and equipment and assets held for sale. Management believes that this measure provides a benchmark to evaluate the performance of the Company in regard to its ability to meet capital requirements.

Free cash flow from continuing operations per share: Free cash flow from continuing operations divided by the weighted average number of common shares outstanding.

Operating expenses: Operating expenses, as defined in the unaudited condensed consolidated interim financial statements.

Operating ratio: Operating expenses, net of fuel surcharge revenue, divided by revenue before fuel surcharge. Although the operating ratio is not a recognized financial measure defined by IFRS, it is a widely recognized measure in the transportation industry, which we believe provides a comparable benchmark for evaluating the Company's performance. Also, to facilitate the comparison of business level activity and operating costs between periods, the Company compares the revenue before fuel surcharge ("revenue") and reallocates the fuel surcharge revenue to materials and services expenses within operating expenses.

Operating ratio ***(unaudited)*** ***(in thousands of dollars)***	**Third quarters ended September 30**		**Nine months ended September 30**	
	2016	2015	**2016**	2015
Operating expenses (net of fuel surcharge revenue)	**825,024**	840,483	**2,481,928**	2,482,154
Revenue before fuel surcharge	**897,448**	913,242	**2,668,042**	2,692,131
Operating ratio	**91.9%**	92.0%	**93.0%**	92.2%

RISKS AND UNCERTAINTIES

The following are major risk factors facing the Company, for which more detailed information can be found in the December 31, 2015 MD&A:

- Competition;
- Regulation;
- Operating Environment;
- General Economic Conditions;
- Interest Rate Fluctuations;
- Currency Fluctuations;
- Price of Fuel;
- Insurance;
- Collective Agreements;
- Acquisitions and Integration Risks;
- Environmental Matters;
- Environmental Contamination;
- Key Personnel;
- Loan Default;
- Credit Facilities;
- Credit Risks; and
- Availability of Capital.

Other than the risks specifically mentioned to be related to the Waste Management segment disposed of on February 1, 2016, there are no changes affecting the above-mentioned risk factors.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions about future events. These estimates and the underlying assumptions affect the reported amounts of assets and liabilities, the disclosures about contingent assets and liabilities, and the reported amounts of revenues and expenses. Such estimates include the valuation of accounts receivable, goodwill, intangible assets, identified assets and liabilities acquired in business combinations, other long-lived assets, income taxes, site restoration obligations and pension obligations. These estimates and assumptions are based on management's best estimates and judgments.

Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which management believes to be reasonable under the circumstances. Management adjusts such estimates and assumptions when facts and circumstances dictate. Actual results could differ from these estimates. Changes in those estimates and assumptions are recognized in the period in which the estimates are revised.

CHANGES IN ACCOUNTING POLICIES

Adopted during the period

The following new standards, and amendments to standards and interpretations, are effective for the first time for interim periods beginning on or after January 1, 2016 and have been applied in preparing the unaudited condensed consolidated interim financial statements:

- Annual Improvements to IFRS (2012-2014 cycle)
- Disclosure Initiative: Amendments to IAS 1

These new standards did not have a significant impact on the Company's unaudited condensed consolidated interim financial statements.

To be adopted in future periods

The following new standards and amendments to standards are not yet effective for the year ended December 31, 2016, and have not been applied in preparing the unaudited condensed consolidated interim financial statements:

- IFRS 9, Financial Instruments
- IFRS 15, Revenue from Contracts with Customers
- IFRS 16, Leases
- Disclosure Initiative: Amendments to IAS 7
- Recognition of Deferred Tax Assets for Unrealized Losses: Amendments to IAS 12
- Classification and Measurement of Share-based Payment Transactions: Amendments to IFRS 2

Further information can be found in note 3 of the September 30, 2016 unaudited condensed consolidated interim financial statements.

CONTROLS AND PROCEDURES

Disclosure controls and procedures ("DC&P")

The President and Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO"), have designed DC&P, or have caused them to be designed under their supervision, in order to provide reasonable assurance that:

- material information relating to the Company is made known to the CEO and CFO by others, particularly during the period in which the interim and annual filings are being prepared; and
- information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation.

Internal controls over financial reporting ("ICFR")

The CEO and CFO have also designed ICFR, or have caused them to be designed under their supervision, in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

The control framework used to design the Company's ICFR is based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) on Internal Control – Integrated Framework (2013 framework).

Changes in internal controls over financial reporting

No changes were made to the Company's ICFR during the nine-month period ended September 30, 2016 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.