

# **CONTRANS GROUP INC.**

## **NOTICE OF ANNUAL MEETING OF THE SHAREHOLDERS OF CONTRANS GROUP INC.**

**NOTICE IS HEREBY GIVEN** that an annual meeting (the "Meeting") of shareholders (the "Shareholders") of Contrans Group Inc. (the "Corporation") will be held at the Toronto Stock Exchange, The Gallery, The Exchange Tower, Main Floor, 130 King Street West, Toronto, Ontario, on Thursday, May 13, 2010 at 4:30 p.m. (Toronto time), for the following purposes:

- (a) To receive and consider the audited consolidated financial statements of the Corporation for the year ended December 31, 2009 and the report of the auditors thereon;
- (b) To elect the board of directors of the Corporation for the ensuing year (the "Directors");
- (c) To appoint auditors of the Corporation and to authorize the Directors to fix their remuneration;  
and
- (g) To transact such other business as may properly come before the Meeting or any adjournments thereof.

This notice is accompanied by a form of proxy, a management information circular and an annual report which includes the audited consolidated financial statements and management's discussion and analysis of the Corporation and predecessor entities for the year ended December 31, 2009.

The Directors have by resolution fixed the close of business on March 25, 2010 as the record date for the determination of Shareholders entitled to receive notice of and vote at the Meeting or any adjournments thereof.

Shareholders who are unable to attend the Meeting are requested to complete, date, sign and return the enclosed form of proxy so that as large a representation as possible may be had at the Meeting.

The Directors have by resolution fixed the close of business on the second business day preceding the day of the Meeting (excluding Saturdays, Sundays and holidays) or any adjournments thereof as the time before which proxies to be used or acted upon at the Meeting or any adjournments thereof shall be deposited with the Corporation's transfer agent, Computershare Trust Company of Canada at 100 University Avenue, 9th Floor, Toronto, Ontario.

**DATED** at Woodstock, Ontario this 22<sup>nd</sup> day of March 2010.

By Order of the Board of Directors

(Signed) "*Stanley G. Dunford*"  
Stanley G. Dunford, Chief Executive Officer

# CONTRANS GROUP INC.

## INFORMATION CIRCULAR

### **Solicitation of Proxies**

This information circular is furnished in connection with the solicitation of proxies by the management of Contrans Group Inc. (the "Corporation" or "Contrans" which refers where appropriate to predecessor entities) for use at the annual meeting (the "Meeting") of holders of Shares (as hereunder defined) of the Corporation to be held at the time and place and for the purposes set forth in the accompanying notice of meeting. References in this information circular to the Meeting include any adjournments thereof. It is expected that the solicitation will be primarily by mail; however proxies may also be solicited personally or by telephone by management of the Corporation or by directors, officers or regular employees of the Corporation. No solicitation will be made by specifically engaged employees or soliciting agents. The cost of solicitation will be borne by the Corporation.

The Directors of the Corporation have by resolution fixed the close of business on March 25, 2010 as the record date, being the date for the determination of the registered holders of securities entitled to receive notice of and vote at the Meeting. Duly completed and executed proxies must be received by the Corporation's transfer agent at the address indicated on the enclosed envelope no later than the close of business on the second business day preceding the day of the Meeting (excluding Saturdays, Sundays and holidays) or any adjournments thereof.

Unless otherwise stated, the information contained in this management information circular is as of March 1, 2010. All dollar amounts referenced herein, unless otherwise stated, are expressed in Canadian dollars.

### **Appointment and Revocation of Proxies**

**A shareholder of the Corporation ("Shareholder") has the right to appoint a nominee, other than the persons designated in the enclosed form of proxy (who need not be a Shareholder), to represent them at the Meeting, by inserting the name of their chosen nominee in the space provided for that purpose on the form of proxy or by completing another proper form of proxy and, in either case, delivering the completed and executed proxy to the registered office of the Corporation's transfer agent, Computershare Trust Company of Canada at 100 University Avenue, 9th Floor, Toronto, Ontario, as indicated on the enclosed envelope not later than the close of business on the second business day preceding the day of the Meeting (excluding Saturdays, Sundays and holidays) or any adjournments thereof.**

A Shareholder delivering the enclosed proxy may indicate the manner in which the appointee is to vote with respect to any specific item by checking the appropriate space. If the Shareholder giving the proxy wishes to confer a discretionary authority with respect to any item of business then the space opposite the item is to be left blank. The Shares represented by the proxy submitted by a Shareholder will be voted in accordance with the directions, if any, given in the proxy.

A proxy given pursuant to this solicitation may be revoked by instrument in writing, including another proxy bearing a later date, executed by the Shareholder or by his or her attorney authorized in writing, and deposited at the registered office of the Corporation's transfer agent, Computershare Trust Company of Canada at 100 University Avenue, 9th Floor, Toronto, Ontario, at any time up to and including the last business day preceding the day of the Meeting or with the Chairman of the Meeting on the day of the Meeting or in any other manner permitted by law.

### **Exercise of Discretion by Proxies**

The persons named in the enclosed form of proxy will vote the Shares in respect of which they are appointed in accordance with the direction of the Shareholders appointing them. **In the absence of such direction, such Shares will be voted in favour of the election of the Directors and the appointment of auditors referred to below. The enclosed form of proxy confers discretionary authority upon the persons named therein with respect to amendments or variations to matters identified in the notice of meeting and with respect to other matters which may properly come before the Meeting.** At the time of printing of this information circular, management of the Corporation does not know of any such amendments, variations or other matters to come before the Meeting. However, if any other matters which are not now known to management of the Corporation should properly come before the Meeting, the proxy will be voted on such matters in accordance with the best judgment of the named proxies.

### **Interest of Certain Persons or Companies in Matters to be Acted Upon**

The Corporation is not aware of any material interest of any director, executive officer, nominee for election as a director of the Corporation or of any associate or affiliate of any of the foregoing in respect of any matter to be acted on at the Meeting.

### **Securities and Principal Holders of Voting Securities**

As at March 1, 2010, the following voting securities in the capital of the Corporation were issued and outstanding:

Subordinate Voting Shares	28,469,674
Multiple Voting Shares	1,467,724

Each subordinate voting share (a "Subordinate Voting Share") entitles the holder thereof to one vote on all matters to be acted upon at the Meeting. Each multiple voting share (a "Multiple Voting Share") entitles the holder thereof to ten votes on all matters to be acted upon at the Meeting. Subordinate Voting Shares and Multiple Voting Shares are collectively referred to herein as the "Shares".

The Directors have fixed the record date of March 25, 2010 for the purpose of determining Shareholders entitled to receive notice of and vote at the Meeting. Only persons registered as Shareholders on the books of the Corporation as of the close of business on the record date are entitled to receive notice of and vote at the Meeting. The failure of any Shareholder to receive notice of the Meeting does not deprive the Shareholder of the right to vote at the Meeting.

To the knowledge of the Corporation, the only persons or companies that beneficially owned, directly or indirectly, or exercised control or direction over, voting securities of the Corporation carrying more than 10% of the voting rights attached to any class of voting securities of the Corporation as at March 1, 2010 were as follows:

<b><u>Name</u></b>	<b><u>Number (%) of outstanding Subordinate Voting Shares</u></b>	<b><u>Number (%) of outstanding Multiple Voting Shares</u></b>	<b><u>Percentage of votes attached to all outstanding voting securities of the Corporation</u></b>
Stanley G. Dunford	3,745,883 (13.16%)	1,377,724 (93.87%)	40.61%

## **STATEMENT OF EXECUTIVE COMPENSATION**

### **Compensation Discussion and Analysis**

#### ***Objectives of Compensation Program***

The compensation committee of the Corporation (the "Compensation Committee") is established by the Board of Directors of the Corporation (the "Board") to assist the Board in fulfilling its responsibilities relating to compensation issues and to establish a plan of continuity for executive officers and other members of senior management. The Compensation Committee ensures that the Corporation has an executive compensation plan that is both motivational and competitive so that it will attract, retain and motivate performance of executive officers that will enhance the sustainable profitability and growth of the Corporation.

#### ***Overview of the Compensation Philosophy***

The following principles guide the Corporation's overall compensation philosophy:

- (i) compensation is determined on an individual basis by the need to attract, retain and motivate talented executives who are critical to the Corporation's long-term success;
- (ii) calculating total compensation is set with reference to the market for similar positions in comparable transportation companies in Canada in order to provide a competitive level of compensation;
- (iii) an appropriate portion of total compensation is variable and linked to achievements, both individual and corporate;
- (iv) internal equity is maintained such that individuals in similar jobs and locations are treated fairly; and
- (v) the Corporation supports reasonable expenses in order that employees continuously maintain and enhance their skills.

#### ***Compensation Review Process***

The Compensation Committee reviews and recommends the compensation philosophy and guidelines for executive management, for recommendation to the Board for its consideration and approval. The Compensation Committee, which is composed entirely of independent Directors, met three times in 2009.

The Compensation Committee reviews on an annual basis the cash compensation, performance and overall compensation package for each other executive officer. It then submits to the Board recommendations with respect to the bonus and participation in option compensation arrangements for each executive officer.

The Compensation Committee has undertaken to amend the current executive compensation plans entered into with Messrs. Dunford and Rumble, to reflect the conversion of the Fund into the Corporation.

#### ***Elements of Executive Compensation***

The Corporation's executive compensation program is composed of base salaries, short-term incentives in the form of cash bonus opportunities, long-term incentives in the form of options and to a lesser extent competitive group insurance coverage and perquisites. The various components of the Corporation's executive compensation program and the reasons why the Corporation chooses to pay each component are summarized below:

### Short-term Incentive Plan:

<b>Component of Compensation</b>	<b>Summary and Purpose of Component</b>
Base Salary	Salaries form an essential component of the Corporation's compensation mix as they are the first base measure to compare and remain competitive relative to peer groups. Base salaries are fixed and therefore not subject to uncertainty and are used as the base to determine other elements of compensation and benefits.
Annual Performance-Based Cash Incentives	Annual cash incentives are a variable component of compensation designed to reward the Corporation's executive officers for maximizing annual operating performance and improving profitability.
Other Compensation (Perquisites)	Competitive group insurance coverage and perquisites are provided to executive officers to remain competitive relative to peer groups.

### Long-term Incentive Plan:

<b>Component of Compensation</b>	<b>Summary and Purpose of Component</b>
Options	The granting of options is a variable component of compensation intended to reward the Corporation's executive officers for its success in achieving sustained, long-term profitability.

### Base Salary:

In determining base salary of an executive officer, the Compensation Committee takes into account the following factors:

- (a) the particular responsibilities related to the position;
- (b) salaries paid by comparable businesses;
- (c) the experience level of the executive officer; and
- (d) his or her overall performance.

Base salaries of the executive officers, approximate the median salary ranges of comparable entities.

### Annual Performance-based Bonus Payments:

Pay for performance is an important underlying principle of the Corporation's executive compensation philosophy, with the result that variable compensation can represent a substantial portion of total compensation. Executive officers are eligible for ordinary bonuses and supplemental bonuses, as the case may be, payable in cash or through option-based compensation after taking into account financial performance, attainment of certain corporate objects, individual performance and extraordinary corporate events. In taking into account financial performance, it is recognized that executive officers cannot control certain factors (e.g. interest rates). When applying the financial performance criteria, the Compensation Committee considers factors over which the executive officers can exercise control, such as meeting budget targets established by the Board at the beginning of each year, controlling costs, taking successful advantage of business opportunities and enhancing the competitive and business prospects of the Corporation.

The Compensation Committee meets each year to establish criteria in order to be able to consider and evaluate the allocation of ordinary course bonuses payable in cash to executive officers in recognition of the attainment of corporate objective and individual performance, which criteria is set forth below. All awards are at the discretion of the Compensation Committee.

Based in large part on the worldwide economic downturn, the Compensation Committee determined that there would be no bonuses to the Named Executive Officers for the financial year ended December 31, 2009.

Pursuant to the terms of their respective employment agreements, the annual bonus amounts to which each of Messrs. Dunford and Rumble are entitled to, are equal to 125% of annual base salary, payable prior to March 31 of each year for the prior year, provided that the Fund had paid for that prior year trust unit distributions of not less than \$1.25 per unit (less taxes payable on a per unit basis). In addition, each of Messrs. Dunford and Rumble participate in a long-term executive management bonus and profit sharing plan for Contrans in place from time to time, pursuant to which each is entitled to receive annual bonus payments, subject to the terms of such plan, in addition to any other bonus payable to him. Further, each may receive discretionary bonuses as approved by the Compensation Committee from time to time, based on extraordinary performance as may be determined by the Compensation Committee. As discussed above, Messrs. Dunford and Rumble did not receive discretionary bonuses, for the financial year ended December 31, 2009 and the annual bonus amounts payable to them will be reviewed in light of the corporate structure of the Corporation.

#### **Other Compensation:**

##### ***Long-term Incentives***

The Fund, prior to conversion, had an option incentive plan (the "Fund Option Plan"). As discussed below, in 2009 the options issued under the Fund Option Plan were voluntarily cancelled, and no further options were issued in 2009. Upon the conversion of the Fund into the Corporation, a new option incentive plan was adopted (the "Option Plan"), and to date, no options have been issued under the New Plan.

The Board has decided that it is desirable to have an option incentive plan in place to attract, retain and motivate employees, directors, officers and consultants of the Corporation. In determining the granting of long-term incentives to the named executive officers of the Corporation, the Compensation Committee gives consideration to, among other things, the individual's current and potential contribution to the success of the Corporation as well as the relative position of the individual within the Corporation.

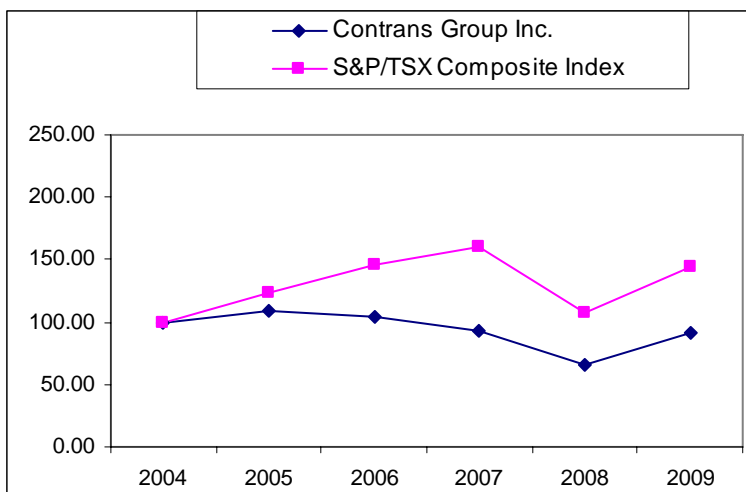
On an annual basis, the Compensation Committee, upon recommendations from the Chief Executive Officer and President, determine if the granting of options to executive officers is appropriate. The Compensation Committee would take into account previous grants when considering new grants. The Compensation Committee would review and approve all new grants for recommendation to the Board. It was determined that no new grants of options would be made for 2009.

In 2009, the Fund completed a voluntary option cancellation program offered to all holders of options resulting in the cancellation of all the Fund's options. This program was initiated primarily as a result of the fact that due to the economic turmoil, and the resulting trading price of the Fund's Units being substantially below the exercise prices of the outstanding options, the purposes of the option plan were not being met.

The components of the Chief Executive Officer's compensation are the same as those which apply to the other senior executive officers of the Corporation, namely base salary, bonus and long-term incentives in the form of options and certain perquisites. The Chairman of the Compensation Committee presents recommendations to the Board of Directors of Contrans with respect to the Chief Executive Officer's compensation. In setting the Chief Executive Officer's salary and bonus, the Compensation Committee reviews salaries and bonuses paid to other senior officers of the Corporation, salaries and bonuses paid to other chief executive officers in the industry and the Chief Executive Officer's impact on the achievement of the Corporation's objectives for the previous financial year, including the amount of distributions paid throughout the year. See "Termination and Change of Control Benefits" for further information regarding the Chief Executive Officer's employment terms.

## Performance Graph

The following graph compares the yearly percentage change in the cumulative total Shareholder return over the last five years of the trust units of the Fund, and as of December 3, 2009, Subordinate Voting Shares of the Corporation, against the cumulative total return of the S&P/TSX Composite Index assuming a \$100 investment was made on December 31, 2004 and the reinvestment of any distributions.



	2004	2005	2006	2007	2008	2009
Contrans Group Inc.	100.00	109.22	104.68	92.63	65.88	90.69
S&P/TSX Composite Index	100.00	124.13	145.55	159.86	107.10	144.65

Contrans focuses on maintaining profitability of its operations. The Corporation's positive performance is reflective of its management team's commitment to maintaining and improving profitability. This becomes more challenging in difficult economic times and a changing business environment. Despite the slight downward trend shown in the performance graph for the years 2006 through 2008, it has been the Corporation's philosophy to continue to pay compensation to its executive officers at competitive levels in order to retain and motivate those executives who are critical to the long-term success of the Corporation. While the Corporation maintains its commitment to paying competitive salaries to all executives, as a result of the recent economic turmoil, the executive officers of the Corporation agreed to a 5% salary cut, in order to better position the corporation in these difficult economic times.

## Summary Compensation Table

Under applicable securities legislation, the Corporation is required to disclose certain financial and other information relating to the compensation of its Chief Executive Officer, Chief Financial Officer, and the Corporation's three, or less as the case may be, most highly compensated executive officers other than the Chief Executive Officer and Chief Financial Officer, whose total compensation exceeds \$150,000.

The following table provides information for the financial year ended December 31, 2009 regarding compensation paid to or earned by the Chief Executive Officer of Contrans, the Chief Financial Officer of Contrans and the other most highly compensated executive officers of Contrans, other than the Chief Executive Officer and Chief Financial Officer, whose total compensation exceeded \$150,000 as at December 31, 2009 (the "Named Executive Officers").

Name and Principal Position	Year	Salary (\$)	Share Awards (\$)	Option Awards (\$)	Non-equity Incentive Plan Compensation		Pension value (\$)	All Other Compensation <sup>(3)</sup> (\$)	Total Compensation (\$)
					Annual incentive plans <sup>(1) (2)</sup> (\$)	Long-term incentive Plans (\$)			
Stanley G. Dunford Chief Executive Officer of Contrans	2009	497,387	Nil	Nil	77,348 <sup>(2)</sup>	Nil	Nil	11,881	586,616
	2008	513,555	Nil	Nil	720,024 <sup>(2)</sup>	Nil	Nil	11,774	1,245,353
Gregory W. Rumble President and Chief Operating Officer of Contrans	2009	366,542	Nil	Nil	57,000 <sup>(2)</sup>	Nil	Nil	11,898	435,440
	2008	365,509	Nil	Nil	518,958 <sup>(2)</sup>	Nil	Nil	10,641	895,108
James S. Clark Vice President, Finance and Chief Financial Officer of Contrans	2009	159,156	Nil	Nil	Nil	Nil	Nil	775	159,931
	2008	163,750	Nil	Nil	145,000	Nil	Nil	1,038	309,788
David W. Golton Vice President Tank Operations of Contrans	2009	163,979	Nil	Nil	Nil	Nil	Nil	775	164,754
	2008	168,300	Nil	Nil	170,000	Nil	Nil	1,038	339,338
Scott B. Talbot Vice President Bulk Operations of Contrans	2009	163,979	Nil	Nil	Nil	Nil	Nil	775	164,754
	2008	168,300	Nil	Nil	230,000	Nil	Nil	1,038	399,338

### Notes:

- (1) Amounts in this column represent annual bonus amounts earned and payable for each Named Executive Officer. Amounts are paid prior to March 31<sup>st</sup> of the year following the year amounts earned. No annual bonus was paid for in 2009.
- (2) Includes annual payment amounts to Mr. Dunford in the amount of \$77,348 (\$75,461-2008) and to Mr. Rumble in the amount of \$57,000 (\$43,958-2008) representing 15% of each executive's respective base salary listed under the column heading "Salary" as senior executive benefit payments under the terms of each executive's employment agreement. See "Termination and Change of Control Benefits" and elsewhere in this management information circular for further details regarding the respective employment agreements of Messrs. Dunford and Rumble.
- (3) Includes contributions to the cost of term life insurance, and for Messrs. Dunford and Rumble disability insurance premiums.
- (4) Table includes compensation paid by the Fund prior to the Plan of Arrangement among the Corporation, the Fund and the subsidiaries of the Fund which closed on October 23, 2009 (the "Arrangement") and compensation paid by the Corporation following the Arrangement.

Under the terms of each of the employment agreements of Messrs. Dunford and Rumble, Contrans shall make annual adjustments to each executive's annual base salary based on the increase in the Ontario Consumer Price Index. Under the terms of their respective employment agreements, the amount of annual base salary noted in the Summary Executive Compensation Table above payable to each of Messrs. Dunford and Rumble for 2009 shall be the amount payable for the period from March 1, 2009 through February 28, 2013 after which time such annual base salary may be renegotiated, subject to the terms of the employment agreements. Each of Messrs. Dunford and Rumble are also entitled to an annual bonus amount equal to 125% of his annual base salary, payable prior to March 31 of each year for

the prior year, provided that distributions of not less than \$1.25 per unit have been paid for that prior year (less taxes payable on a per unit basis). Each of Messrs. Dunford and Rumble is also entitled to receive compensation that includes participation in the long-term executive management bonus and profit sharing plan for Contrans to be calculated and paid annually as approved by the Compensation Committee and executive benefits being an annual cash payment equal to 15% of base salary and health and related employee benefits otherwise provided in connection with such executive's position. In addition, each is entitled to short-term and long-term disability insurance coverage.

### **Incentive Plan Awards**

There are currently no outstanding awards under the Corporation's stock option plan (the "Option Plan"), as discussed above. The Corporation does not grant any share-based awards.

### **Pension Plan Benefits**

There are no pension plan benefits in place for the Named Executive Officers.

### **Termination and Change of Control Benefits**

The Corporation has entered into employment agreements with two of the Named Executive Officers of the Corporation, namely Messrs. Dunford and Rumble, in connection with each of their respective services as executive officers of the Corporation, which provide for payments to each Named Executive Officer in connection with termination, retirement, or change of control of the Corporation, as described below. No other Named Executive Officer is entitled to termination or change of control benefits in connection with his employment as an executive officer of the Corporation. The Compensation Committee has undertaken to amend the current executive compensation plans entered into with Messrs. Dunford and Rumble in 2010, to reflect the conversion of the Fund into the Corporation.

#### **Stanley G. Dunford, Chief Executive Officer**

##### *Termination Without Cause*

Pursuant to the terms of Mr. Dunford's employment agreement, Mr. Dunford is entitled to receive a lump sum payment in the event that his employment is terminated by Contrans without just cause in an amount equal to: (i) 36 months of Mr. Dunford's then current annual base salary; (ii) 36 months of Mr. Dunford's annual bonus (calculated based on the average bonus earned by Mr. Dunford in the two preceding complete fiscal years); (iii) 36 months of Mr. Dunford's Executive Benefits; (iv) 45% of Mr. Dunford's then current annual base salary in lieu of further executive benefits; (v) 24 weeks of Mr. Dunford's then current annual base salary in lieu of vacation pay (entitled to 8 weeks paid vacation per year); (vi) 36 months of continued coverage under Mr. Dunford's short-term and long-term disability coverage; and (vii) Mr. Dunford will have the opportunity to purchase his company-owned automobile at net book value or if the vehicle is leased by Contrans, he will be allowed continued use of the vehicle for the lesser of the remaining lease or three years. In the event Mr. Dunford is not paid within two weeks of termination, interest shall accrue and be payable on the 36 months' remuneration at the Royal Bank of Canada prime lending rate plus two basis points compounded daily. For clarity, in addition to the foregoing 36 month's remuneration, Contrans shall pay to Mr. Dunford for the year of termination any earned and not yet paid annual base salary (pro rated to the date of termination) plus reimbursement for any accumulated automobile expense, accrued vacation pay and authorized business expenses not yet paid by Contrans and his annual bonus calculated for the stub period from the date of last calculation to the date of termination on the basis of the annual bonus paid for the prior year pro rated for such period on a daily basis. Mr. Dunford shall also be entitled to such payments described above in the event Contrans terminates Mr. Dunford's employment due to his inability to perform his fundamental duties as a result of physical or mental disability for a period of the longer of: (i) greater than 6 consecutive months and (ii) such longer period as is required for Mr. Dunford to qualify for long-term disability benefits and the issuance of units under the unit Option Plan.

### *Termination on a Change of Control*

In the event Mr. Dunford elects to terminate his employment agreement as a result of a change of control, Contrans shall pay Mr. Dunford remuneration in accordance with the payments set forth above under "Termination Without Cause". Under Mr. Dunford's employment agreement, a "change of control" is deemed to have occurred if, either (i) at any time any person, entity or group of persons or entities acting jointly or in concert, who is not at such date the holder of 20% or more of the total issued and outstanding voting rights issued by the Corporation, acquires direct or indirect beneficial ownership, control or direction (including, without limitation, the power to vote) over more than 20% of the issued and outstanding voting rights issued by the Corporation; or (ii) at any time after Mr. Dunford ceases to hold voting rights in the Corporation (comprised of any combination of Subordinate Voting Shares and Multiple Voting Shares as defined in the articles of the Corporation) having not less than 33% of all voting rights issued by the Corporation.

In the event of (i) above, Mr. Dunford is entitled to invoke this termination clause at any time commencing on the date of the first anniversary following the change of control for a period of 24 months after the change of control. In the event of (ii) above, Mr. Dunford is entitled to invoke this termination clause at any time commencing on the date of the change of control for a period of 24 months thereafter.

### *Termination by Involuntary Reduction in Remuneration*

Any reduction in the overall remuneration or the general method of calculating the remuneration without the agreement of Mr. Dunford will result in a termination of Mr. Dunford's employment contract and Contrans shall pay to Mr. Dunford the amount described above under "Termination Without Cause".

### *Voluntary Resignation*

Should Mr. Dunford terminate his employment agreement upon voluntary resignation in accordance with the terms of his employment agreement, he is eligible to only those amounts owing to him as of the date of his resignation, including any accrued and unpaid vacation pay.

### *Treatment of Options*

The treatment of any options held by Mr. Dunford on termination of his employment for any reason shall be in accordance with the terms of the Option Plan, as described under "Compensation Discussion and Analysis". The Directors may determine at any time that all or any portion of an unvested option shall vest automatically or pursuant to a vesting schedule determined by the Directors. However, in the event of a change of control (as defined in the Option Plan) all outstanding options shall become immediately exercisable notwithstanding any determination by the Directors of the Corporation.

### *Non-Competition Condition*

Mr. Dunford's employment agreement contains a condition that he shall not, without the prior consent of the Board, at any time while employed by Contrans or an affiliate thereof, and for a period of 6 months following the date of termination of his employment agreement, for whatever reason, either individually or in partnership or jointly or in conjunction with any person as principal, agent, employee, shareholder or in any other manner whatsoever carry on or lend money to, guarantee the debts or obligations of, any person engaged in or concerned with or interested in a business directly competing with the business carried on by Contrans, at that time, within Canada, except: (A) where the opportunity to so participate has first been offered, in writing, to Contrans and the Board has failed to accept within 2 weeks, and carry through within the timeframe contemplated in the notice for commencement of the business or making of the investment; or (B) Mr. Dunford will not have an active management role in the business and the investment is for an amount of less than \$5,000,000.

### *Non-Disclosure Condition*

Mr. Dunford's employment agreement also contains a condition that he shall not (either during the continuance of his employment or at any time thereafter) disclose any information relating to the private and confidential affairs of Contrans or relating to any secrets of Contrans to any person other than for Contrans' purposes and shall not use for his own purposes or for any other than Contrans' purposes any such confidential information.

### **Gregory W. Rumble, President and Chief Operating Officer**

#### *Termination Without Cause*

Pursuant to the terms of Mr. Rumble's employment agreement, Mr. Rumble is entitled to receive a lump sum payment in the event that his employment is terminated by Contrans without just cause in an amount equal to: (i) 24 months of Mr. Rumble's then current annual base salary; (ii) 24 months of Mr. Rumble's annual bonus (calculated based on the average bonus earned by Mr. Rumble in the two preceding complete fiscal years); (iii) 24 months of Mr. Rumble's Executive Benefits; (iv) 30% of Mr. Rumble's then current annual base salary in lieu of further executive benefits; (v) 16 weeks of Mr. Rumble's then current annual base salary in lieu of vacation pay (entitled to 8 weeks paid vacation per year); (vi) 24 months of continued coverage under Mr. Rumble's short-term and long-term disability coverage; and (vii) with respect to automobile payments, an amount equivalent to the monthly allowance and expense reimbursements made to Mr. Rumble in the 2 complete preceding fiscal years. In the event Mr. Rumble is not paid within two weeks of termination, interest shall accrue and be payable on the 24 months' remuneration at the Royal Bank of Canada prime lending rate plus two basis points compounded daily. For clarity, in addition to the foregoing 24 month's remuneration, Contrans shall pay to Mr. Rumble for the year of termination any earned and not yet paid annual base salary (pro rated to the date of termination) plus reimbursement for any accumulated automobile expense, accrued vacation pay and authorized business expenses not yet paid by Contrans and his annual bonus calculated for the stub period from the date of last calculation to the date of termination on the basis of the annual bonus paid for the prior year pro rated for such period on a daily basis. Mr. Rumble shall also be entitled to such payments described above in the event Contrans terminates Mr. Rumble's employment due to his inability to perform his fundamental duties as a result of physical or mental disability for a period of the longer of: (i) greater than 6 consecutive months and (ii) such longer period as is required for Mr. Rumble to qualify for long-term disability benefits and the issuance of units under the unit Option Plan.

#### *Termination on a Change of Control*

In the event Mr. Rumble elects to terminate his employment agreement as a result of a change of control, Contrans shall pay Mr. Rumble remuneration in accordance with the payments set forth above under "Termination Without Cause". Under Mr. Rumble's employment agreement, a "change of control" is deemed to have occurred if, either: (i) Mr. Dunford is no longer holding the office of Chief Executive Officer and Chairman of Contrans and/or the Corporation; or (ii) if at any time any person, entity or group of persons or entities acting jointly or in concert, who is not at such date the holder of 20% or more of the total issued and outstanding voting rights issued by the Corporation, acquires direct or indirect beneficial ownership, control or direction (including, without limitation, the power to vote) over more than 20% of the issued and outstanding voting rights issued by the Corporation or at any time after Mr. Dunford ceases to hold voting rights in the Corporation (comprised of any combination of Subordinate Voting Shares and Multiple Voting Shares as defined in the Articles of the Corporation) having not less than 33% of all voting rights issued by the Corporation.

In the event of (i) above, Mr. Rumble is entitled to invoke this termination clause at any time commencing on the date of the first anniversary following the change of control for a period of 24 months after the change of control. In the event of (ii) above, Mr. Rumble is entitled to invoke this termination clause at any time commencing on the date of the change of control for a period of 24 months thereafter.

*Termination by Involuntary Reduction in Remuneration*

Any reduction in the overall remuneration or the general method of calculating the remuneration without the agreement of Mr. Rumble will result in a termination of Mr. Rumble’s employment contract and Contrans shall pay to Mr. Rumble the amount described above under “Termination Without Cause”.

*Voluntary Resignation*

Should Mr. Rumble terminate his employment agreement upon voluntary resignation in accordance with the terms of his employment agreement, he is eligible to only those amounts owing to him as of the date of his resignation, including any accrued and unpaid vacation pay.

*Treatment of Options*

The treatment of any options held by Mr. Rumble on termination of his employment for any reason shall be in accordance with the terms of the Option Plan, as described under “Compensation Discussion and Analysis”. The Directors may determine at any time that all or any portion of an unvested option shall vest automatically or pursuant to a vesting schedule determined by the Directors. However, in the event of a change of control (as defined in the Option Plan) all outstanding options shall become immediately exercisable notwithstanding any determination by the Directors of the Corporation.

*Non-Competition Condition*

Mr. Rumble’s employment agreement contains a condition that he shall not, without the prior consent of the Board, at any time while employed by Contrans or an affiliate thereof, and for a period of 6 months following the date of termination of his employment agreement, for whatever reason, either individually or in partnership or jointly or in conjunction with any person as principal, agent, employee, shareholder or in any other manner whatsoever carry on or lend money to, guarantee the debts or obligations of, any person engaged in or concerned with or interested in a business directly competing with the business carried on by Contrans, at that time, within Canada, except: (A) where the opportunity to so participate has first been offered, in writing, to Contrans and the Board has failed to accept within 2 weeks, and carry through within the timeframe contemplated in the notice for commencement of the business or making of the investment; or (B) Mr. Rumble will not have an active management role in the business and the investment is for an amount of less than \$5,000,000.

*Non-Disclosure Condition*

Mr. Rumble’s employment agreement also contains a condition that he shall not (either during the continuance of his employment or at any time thereafter) disclose any information relating to the private and confidential affairs of Contrans or relating to any secrets of Contrans or its affiliates to any person other than for Contrans’ purposes and shall not use for his own purposes or for any other than Contrans’ purposes any such confidential information.

**Estimated Incremental Payment on Change of Control or Termination**

The estimated incremental payments from Contrans to each of Messrs. Dunford and Rumble on termination without cause, termination on a change of control and termination by involuntary reduction in remuneration, assuming there is a change of control or termination, as discussed above, that has occurred on December 31, 2009, are as follows:

	Stanley G. Dunford	Gregory W. Rumble
Lump Sum Payment	\$3,406,042	\$1,686,161
Continuation of Benefits	\$361,810	\$78,510

## **Compensation of Directors of the Corporation and Directors of Contrans**

Directors of the Corporation ("Directors") are entitled to compensation for services rendered to the Corporation in their capacities as Directors. For the year ended December 31, 2009, compensation for Directors was \$25,000 per year plus an additional \$5,000 per year for the chair of the audit committee and \$3,000 per year for each chair of any other committee. For the year ended December 31, 2009, all Directors were paid \$2,000 for each meeting attended in person and \$500 for each meeting attended by conference call. The Directors are also entitled to be reimbursed for reasonable travel and other expenses properly incurred by them in attending board or committee meetings in connection with their services as Directors as applicable. As a result of the recent economic turmoil, the Directors agreed to a 5% reduction to the stated fees effective April 15, 2009.

Messrs. Dunford and Rumble, who are Named Executive Officers, are not compensated in their respective capacities as Directors of the Corporation. All compensation paid to Messrs. Dunford and Rumble relates to their respective capacities as executive officers of the Corporation. See "Summary Executive Compensation Table" for details concerning compensation paid to Messrs. Dunford and Rumble.

The following table provides information regarding compensation paid or earned by the Directors of the Corporation or its subsidiaries during the financial year ended December 31, 2009.

Name	Fees earned (\$)	Share awards (\$)	Option-based awards (\$)	Non-equity incentive plan compensation (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
G. Ross Amos	61,789	Nil	Nil	Nil	Nil	259 <sup>(1)</sup>	62,048
Robert B. Burgess	65,153	Nil	Nil	Nil	Nil	Nil	65,153
Archie M. Leach	67,589	Nil	Nil	Nil	Nil	Nil	67,589
P. Anthony Ennis	44,864	Nil	Nil	Nil	Nil	Nil	44,864

Notes:

- (1) Mr. Amos was paid this amount for reimbursement of travel expenses incurred during 2009 in connection with his role as a Director.
- (2) P. Anthony Ennis is a director of Contrans Holding GP Inc., Contrans Services GP Inc., and Contrans Corp., subsidiaries of the Corporation.

### **Incentive Plan Awards**

There were no Option Plan awards outstanding for any Director, as at December 31, 2009.

### **Indebtedness of Directors, Executive Officers and Employees**

As at March 1, 2010, no current or former Director or executive officer or employee of the Corporation or any of its subsidiaries, as applicable, nor any associate of such person is or has been during the financial year ended December 31, 2009, indebted to the Corporation or any of its subsidiaries in connection with a purchase of securities or otherwise, nor has the indebtedness of any of them to another entity been the subject of a guarantee, support agreement, letter of credit or similar arrangement or undertaking provided by the Corporation or any of its subsidiaries.

### **Liability Insurance**

Contrans provides insurance for the benefit of the Directors against liability incurred by them in such capacities. The current annual policy limit is \$50 million and contains a deductible clause of \$100,000, excluding securities claim coverage, where the deductible is \$200,000. The deductibles are payable by Contrans. During the policy period of May 31, 2009 to May 31, 2010, Contrans has paid a premium of \$244,989 for this insurance.

## **Interests of Informed Persons in Material Transactions**

No informed person of the Corporation, nor any proposed nominee for election as a Director of the Corporation nor any associate or affiliate of such persons, has had any material interest, direct or indirect, in any transaction or any proposed transaction since the commencement of the Corporation's last financial year or in any proposed transaction, which has materially affected or would materially affect the Corporation or its predecessor, Contrans Income Fund (the "Fund").

The Corporation acquires in the ordinary course of business a portion of its requirements for tractors and equipment repairs from Peterbilt of Ontario Inc. Mr. Dunford, Chief Executive Officer of the Corporation, owns directly a majority interest in Peterbilt of Ontario Inc.

## **STATEMENT OF CORPORATE GOVERNANCE PRACTICES**

### **Corporate Governance**

National Policy 58-201 Corporate Governance Guidelines ("NI 58-201") sets out best practices guidelines for effective corporate governance, which address matters such as the constitution and independence of boards, the functions to be performed by boards and their committees and the recruitment, effectiveness and education of board members. A description of the Corporation's corporate governance practices is set out below, including a discussion of the principal matters relating to corporate governance practices as set out in National Instrument 58-101 Disclosure of Corporate Governance Practices ("NI 58-101") which provides for specific disclosure on corporate governance practices that must be disclosed in the Corporation's management information circular.

This discussion statement has been prepared by the Corporate Governance and Nominating Committee and has been approved by the Board.

### **The Board of Directors**

A majority of the members of the Board are independent within the meaning of NI 58-201. Neither Mr. Dunford nor Mr. Rumble is independent as they are also officers of the Corporation. Additionally, Mr. Dunford is a significant Shareholder. Mr. Dunford is the Chairman of the Board and the Board has not appointed a lead Director. The independent Directors hold in-camera sessions without management present as required during Committee meetings. In addition, as each of the committees of the Board is comprised of all independent Directors, the independent Directors meet regularly exclusive of management. Given the small size of the Board and the ability of independent Directors to discuss matters relating to Contrans independent of management Directors, the Board believes that sufficient independent leadership exists amongst the independent Directors.

The independent Directors do not hold regularly scheduled meetings at which non-independent Directors and members of management are not present, however, as noted above, they regularly hold in-camera sessions to review the business operations, corporate governance and financial results of the Corporation and they meet regularly at committee meetings independent of management. The Board believes that such in-camera sessions and committee meetings facilitate open and candid discussion among its independent Directors.

The following table sets forth a summary of each Director's attendance at board and committee meetings since the beginning the Corporation's financial year ended December 31, 2009.

Name	Board 16 meetings		Audit Committee 4 meetings		Compensation Committee 3 meetings		Corporate Governance Committee 1 meeting	
	Number	%	Number	%	Number	%	Number	%
Stanley G. Dunford	12	75%		n/a		n/a		n/a
Gregory W. Rumble	16	100%		n/a		n/a		n/a
G. Ross Amos	15	94%	4	100%	3	100%	1	100%
Robert B. Burgess	16	100%	4	100%	3	100%	1	100%
Archie M. Leach	14	88%	4	100%	3	100%	1	100%

Mr. Dunford is also a member of the Board of Directors of Brick Brewing Co. Limited. Mr. Amos is also a member of the Board of Directors of Drive Products Income Corporation.

### Board Mandate

The Board is responsible for fostering the short and long-term success of the Corporation and is accountable to Shareholders. The Board discharges its responsibilities directly and through its committees, currently consisting of the Audit Committee, the Compensation Committee and the Corporate Governance and Nominating Committee.

A copy of the Board charter, setting out its mandate, responsibilities and the duties of its members is attached as Schedule "A" to this management information circular.

### Position Descriptions

Written position descriptions have been developed by the Board for the Chairman of the Board and the chair of each Board committee.

The roles and responsibilities of the Chief Executive Officer are set out in the Dunford Employment Agreement which is reviewed and approved by the Compensation Committee. See "Employment Agreements - Dunford Employment Agreement".

### New Director Orientation and Continuing Education

The Corporate Governance and Nominating Committee, is responsible for ensuring that new Directors are provided with an orientation and education program which will include written information about the duties and obligations of Directors, the business and operations of Contrans, documents from recent Board meetings, and opportunities for meetings and discussion with senior management and other Directors.

The Board recognizes the importance of ongoing Director education and the need for each Director to take personal responsibility for this process. To facilitate ongoing education of the Corporation's Directors, the Corporate Governance and Nominating Committee: (a) periodically canvases the Directors to determine their training and education needs and interests; (b) arranges ongoing visitation by Directors to Contrans' facilities and operations; and (c) arranges for presentations by Vice Presidents and General Managers of Contrans with respect to specific business operations.

## **Code of Business Conduct and Ethics**

The Board has not adopted a formal Code of Business Conduct and Ethics for its directors, officers and employees.

The Board encourages and promotes an overall culture of ethical business conduct by promoting compliance with applicable laws, rules and regulations; providing guidance to trustees, directors, officers and employees to help them recognize and deal with ethical issues; promoting a culture of open communication, honesty and accountability; and ensuring awareness of disciplinary action for violations of ethical business conduct.

## **Nomination of Directors**

The Corporate Governance and Nominating Committee, which is composed entirely of independent Directors, is responsible for identifying and recruiting new candidates for nomination to the Board. The process by which the Board would identify new candidates is through recommendations of the Corporate Governance and Nominating Committee taking into account the following considerations: (a) the competencies and skills the Board, as a whole, should possess; (b) the competencies and skills that each existing Director possesses; (c) the competencies and skills each new nominee will bring to the Board; and (d) whether or not each new nominee can devote sufficient time and resources to his or her duties as a Board member.

The Corporate Governance and Nominating Committee's responsibilities include periodically reviewing the charters of the Board and the committees of the Board; assisting the Chairman of the Board in carrying out his responsibilities; considering and, if thought fit, approving requests from Directors for the engagement of independent counsel in appropriate circumstances; preparing and recommending to the Board a set of corporate governance guidelines, and annually a "Statement of Corporate Governance Practices" to be included in the Corporation's management information circular; annually reviewing the Board's relationship with management to ensure the Board is able to, and in fact does, function independently of management; assisting the Board by identifying individuals qualified to become Board members and members of Board committees; and assisting the Board in monitoring compliance by the Corporation with legal and regulatory requirements.

## **Compensation**

The Compensation Committee, which is composed entirely of independent Directors, among other things, determines appropriate compensation for the officers and employees of Contrans. The Compensation Committee is comprised of three Directors, Archie M. Leach (Chairman), Robert B. Burgess and G. Ross Amos. The process by which appropriate compensation is determined is through periodic and annual reports from the Compensation Committee on Contrans' overall compensation and benefits philosophies.

The Compensation Committee's responsibilities include reviewing and making recommendations to the Directors regarding any equity or other compensation plan and regarding the total compensation package of the Chief Executive Officer, considering and approving the recommendations of the Chief Executive Officer regarding the total compensation packages for the other officers of Contrans, and assisting with the preparing and reviewing annually, prior to recommendation to the Board, the Statement of Executive Compensation included in the Corporation's management information circular.

## **Audit Committee**

Information regarding the Corporation's Audit Committee is contained in the Corporation's annual information form (the "AIF") dated March 22, 2010 under the heading "Audit Committee". The AIF is available on SEDAR at [www.sedar.com](http://www.sedar.com).

## Board Assessments

The current practice of the Board is for the Board to make ongoing, informal assessments of the performance of the Board, committees and individual Directors.

## Equity Compensation Plan Information

The following table provides details of the compensation plans under which equity securities of the Corporation were authorized for issuance as of December 31, 2009.

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights <sup>(1)</sup>	Weighted-average price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
Equity compensation plans approved by security holders	Nil	N/A	2,993,739
Equity compensation plans not approved by security holders	Nil	N/A	Nil
Total	Nil	N/A	2,993,739

Note:

(1) Represents number of Subordinate Voting Shares reserved for issuance upon the exercise of options.

## Option Plan:

The Fund, prior to conversion, had an option incentive plan (the "Fund Option Plan"). In 2009 the Fund completed a voluntary option cancellation program offered to all holders of options resulting in the cancellation of all of the Fund's options. This program was initiated primarily as a result of the fact that due to the economic turmoil, and the resulting trading price of the Fund's Shares being substantially below the exercise prices of the outstanding options, the purposes of the Option Plan were not being met.

Upon the conversion of the Fund into the Corporation, a new option incentive plan was adopted (the "Option Plan"), and to date, no options have been issued under the Option Plan.

Option grants are an important element of the Corporation's compensation policy and enable the Corporation to attract and retain talented people in a competitive global environment. If the Corporation is not successful in attracting and retaining talented employees, its ability to execute strategy, drive financial results and increase Shareholder value may be adversely affected.

The eligible participants under the Option Plan include employees, directors, officers and consultants of the Corporation and its affiliated entities. Options are personal to each eligible participant and are not assignable. The Option Plan provides that (i) the aggregate number of Subordinate Voting Shares reserved for issuance pursuant to options granted to insiders under the Option Plan or any other security based compensation arrangements shall not exceed 10% of the total number of securities then outstanding; (ii) the aggregate number of Subordinate Voting Shares issued to insiders pursuant to the exercise of options under the Option Plan or any other security based compensation arrangements, within a one-year period, shall not exceed 10% of the total number of securities then outstanding; (iii) the aggregate number of Subordinate Voting Shares issued to any one insider and such insider's associates pursuant to the exercise of options, within a one-year period, shall not exceed 5% of the total number of securities then outstanding; and (iv) the aggregate number of Subordinate Voting Shares reserved for issuance to any one person pursuant to the grant of options shall not exceed 5% of the total number of securities then outstanding (all on a non-diluted basis). Any Subordinate Voting Shares subject to a share option which for any reason is cancelled or terminated without having been exercised shall again be available for grant under the Option Plan.

The maximum number of Subordinate Voting Shares reserved for issuance pursuant to options granted under the Option Plan is 2,993,739, which represents 10% of the Corporation's current issued and outstanding capital. As at December 31, 2009, no options had been granted to eligible participants under the Option Plan.

The exercise price for options granted pursuant to the Option Plan is determined by the Directors at the time each option is granted, provided that such price shall not be less than the closing price of the Subordinate Voting Shares on the Toronto Stock Exchange (the "TSX") on the last business day immediately preceding the date of grant of such option, or, if no trading occurred on that date, not less than the weighted average of the bid and ask prices on the five consecutive trading days preceding the date of grant.

Options must be exercised no later than 10 years after the date of grant or such lesser periods as the applicable grant or any regulations of the Directors pursuant to the Option Plan may prescribe. The Directors have the authority to determine when any option will become exercisable and may determine that the option will be exercisable in installments or pursuant to a vesting schedule.

In the event of the termination or retirement of a participant under the Option Plan, each option shall cease to be exercisable within a period of 30 days after the termination date or retirement date, or such longer period as determined by the Directors but which shall not in any event exceed the earlier of (i) the expiry date of such option; and (ii) 36 months following the termination date or retirement date of any other participant. In the event of the death of a participant, the legal representatives of the participant may exercise the options held by the participant within such period after the date of the participant's death as shall be determined by the Directors, provided that no option shall remain outstanding for any period which exceeds the earlier of (i) the expiry date of the option and (ii) 12 months following the date of the death of the participant. The Directors may determine at any time that all or any portion of an unvested option shall vest automatically or pursuant to a vesting schedule determined by the Directors. However, in the event of a change of control (as defined in the Option Plan) all outstanding options shall automatically become exercisable regardless of any determination by the Directors of the Corporation. Contrans will not provide any optionee with financial assistance in order to enable such optionee to exercise options granted under the Option Plan.

The Option Plan provides that in the event that the expiry of an option falls within, or within two days, of a trading blackout imposed by the Corporation, the expiry date of such option shall be automatically extended to the tenth business day following the end of the blackout period.

The Directors may also, subject to Shareholder and regulatory approval, make the following amendments to the Option Plan:

- (i) any amendment to the number of units issuable under the Option Plan, including an increase to a fixed maximum number of securities or a change from a fixed maximum number of securities to a fixed maximum percentage. A change to a fixed maximum percentage which was previously approved by Shareholders will not require additional shareholder approval;
- (ii) any change to the definition of "Participants" which would have the potential of narrowing or broadening or increasing Insider participation;
- (iii) the addition of any form of financial assistance;
- (iv) any amendment to a financial assistance provision which is more favourable to Participants;
- (v) any addition of a cashless exercise feature, payable in cash or units which does not provide for a full deduction in the number of underlying units from the Option Plan;

- (vi) the addition of deferred or restricted share units or any other provision which results in Participants receiving units while no cash consideration is received by the Corporation;
- (vii) any other amendments that may lead to significant or unreasonable dilution in the Corporation's outstanding units or may provide additional benefits to Participants, especially to Insiders, at the expense of the Corporation and its existing Shareholders.

The Directors may, subject to regulatory approval where required or any applicable Shareholder approval required by law or regulation, in its sole discretion make all other amendments to the Option Plan that are not of the type contemplated in subparagraph (a) above, including, without limitation:

- (i) amendments of a housekeeping nature;
- (ii) the addition of or a change to vesting provisions of an option or the Option Plan;
- (iii) a change to the termination provisions of an option or the Option Plan which does not entail an extension beyond the original expiry date (subject to an extension resulting from options expiring during blackout periods); and
- (iv) the addition of a cashless exercise feature, payable in cash or units, which provides for a full deduction of the number of underlying units from the Option Plan reserve.

In the event of a proposed sale or conveyance of all or substantially all of the outstanding Subordinate Voting Shares of the Corporation, the Corporation may give written notice to all participants that their respective options may be exercised only within 30 days after the date of such notice, following which all rights of the participants shall terminate and shall not be reinstated unless the proposed sale or conveyance is not completed within 180 days after the date of the notice. In the event of certain events deemed to be a "change of control" of the Corporation and/or any of its subsidiaries, all outstanding options shall become immediately exercisable, notwithstanding any prior determination by the Directors to the contrary.

The Directors may discontinue the Option Plan at any time provided however that no such right may, without the consent of the Participant, in any manner adversely affect his rights under any Option theretofore granted under the Option Plan.

## **PARTICULARS OF MATTERS TO BE ACTED UPON**

### **Election of Directors**

The articles of the Corporation provides that there will be a minimum of three Directors and a maximum of ten Directors with the number of Directors within that range being fixed by resolution of the Directors. There are currently five Directors of the Corporation.

Unless otherwise directed, the persons named in the enclosed form of proxy intend to vote in favour of the election, as Directors of the Corporation, of the nominees whose names are set forth below. All of the nominees are currently Directors of the Corporation. Each Director will hold office for a term expiring at the close of the next annual meeting of Shareholders, unless his office is vacated earlier due to death, removal, resignation or ceasing to be duly qualified. The Directors do not contemplate that any of the nominees will be unable to serve as a Director, but should that circumstance arise for any reason prior to the Meeting, the persons named in the enclosed form of Proxy reserve the right to vote for another nominee at their discretion.

The following table and the notes thereto set forth the names, province and country of residence of the persons proposed to be nominated for election as Directors, their principal occupations or employments, the periods during which they have served as Directors of the Corporation and the number of Shares beneficially owned, directly or indirectly, or over which control or direction is exercised, by each of them. The information below with respect to period of time a Director has served in such capacity includes the period of time such Director was a Director or Trustee of predecessor entities. The statement as to the number of Shares beneficially owned by the nominees for election as Directors of the Corporation is in each instance based upon information furnished by the person concerned and is at March 1, 2010. Each Director elected will hold office until the close of business of the first annual meeting of Shareholders following his election unless his office is earlier vacated.

<b>Name and Province of Residence</b>	<b>Position with the Corporation</b>	<b>Principal Occupation</b>	<b>No. of Shares Beneficially Owned, Controlled or Directed <sup>(1)</sup></b>	<b>Director Since</b>
Stanley G. Dunford Ontario, Canada	Chairman of Directors and Chief Executive Officer	Chairman of the Directors and Chief Executive Officer of Contrans	5,123,607 <sup>(2)</sup>	1988
Gregory W. Rumble Ontario, Canada	Director, President and Chief Operating Officer	President and Chief Operating Officer of Contrans	453,321	1991
Robert B. Burgess <sup>(3) (4) (5)</sup> Ontario, Canada	Director	Barrister and Solicitor	186,055	1984
Archie M. Leach <sup>(3) (4) (5)</sup> Ontario, Canada	Director	President and Chief Executive Officer of Carroll Hospital Group, a manufacturer of healthcare products	476,312	1992
G. Ross Amos <sup>(3) (4) (5)</sup> Ontario, Canada	Director	President of Everest Canadian Property Company, a real estate investment bank	4,847	2002

Notes:

- (1) The information as to Shares beneficially owned or over which control or direction is exercised, not being within the knowledge of the Corporation, has been furnished by the proposed nominees
- (2) See "Securities and Principal Holders of Voting Securities"
- (3) Member of the Audit Committee
- (4) Member of the Compensation Committee
- (5) Member of the Corporate Governance and Nominating Committee

### **Appointment of Auditors of the Corporation**

The auditors of the Corporation are KPMG LLP, Chartered Accountants. Unless authority to do so is withheld, the persons named in the enclosed form of proxy intend to vote for the appointment of KPMG LLP, Chartered Accountants, as the auditors of the Corporation, to hold office until the next annual meeting of Shareholders, at a remuneration to be fixed by the Directors. KPMG LLP, Chartered Accountants, was first appointed as auditors on May 21, 2003.

### **Additional Information**

Additional information relating to the Corporation can be found on SEDAR at [www.sedar.com](http://www.sedar.com). Financial information is provided in the Corporation's financial statements for the financial years ended December 31, 2009 and 2008 and related management's discussion and analysis of financial results, which can be found in the Corporation's annual report to Shareholders, which accompanies this information circular and has also been filed on SEDAR. Shareholders may also contact the Secretary of Contrans Group Inc. by phone at 519-421-4600 or by e-mail at [jmiller@contrans.ca](mailto:jmiller@contrans.ca) to request copies of these documents.

**Directors' Approval**

The contents of this management information circular and the sending thereof have been approved by the Directors of the Corporation.

*"Stanley G. Dunford"*  
Chairman of Directors

Woodstock, Ontario  
March 22, 2010

## **SCHEDULE “A”**

### **MANDATE OF THE BOARD OF DIRECTORS OF CONTRANS GROUP INC.**

#### ***Purpose***

The Board of Directors of Contrans Group Inc. (“Contrans”) is ultimately responsible for the stewardship of Contrans and the operation of the business of Contrans. The Board of Directors will discharge its responsibilities directly and through committees currently consisting of an Audit Committee, Compensation Committee and Corporate Governance and Nominating Committee of Contrans. The Board of Directors shall meet regularly to review the business operations, governance and financial results of Contrans.

#### ***Composition***

The Board of Directors shall be constituted at all times of a majority of individuals who, subject to any exemptions set out in Multilateral Instrument 52-110 *Audit Committees* (“MI 52-110”), will be independent. An “independent” director is a director who has no direct or indirect material relationship with Contrans. A “material relationship” is a relationship which could, in the view of the Board of Directors of Contrans, be reasonably expected to interfere with the exercise of the director’s independent judgement or a relationship deemed to be a material relationship pursuant to MI 52-110.

The following are the primary responsibilities of the Chairman:

- Chairing all meetings of the Board of Directors in a manner that promotes meaningful discussion.
- Providing leadership to the Board to enhance the Board’s effectiveness.
- Managing the Board, including:
  - ↳ Preparing the agenda of the Board meetings and ensuring pre-meeting material is distributed in a timely manner and is appropriate in terms of relevance, efficient format and detail;
  - ↳ Adopting procedures to ensure that the Board can conduct its work effectively and efficiently, including committee structure and composition, scheduling, and management of meetings;
  - ↳ Ensuring meetings are appropriate in terms of frequency, length and content; and
  - ↳ Ensuring that, where functions are delegated to appropriate committees, the functions are carried out and results are reported to the Board.

#### ***Responsibilities***

The Board of Directors’ responsibilities include, without limitation to its general mandate, the following specific responsibilities:

- The assignment to committees of directors of Contrans the general responsibility for developing Contrans’ approach to: (i) financial reporting and internal controls; (ii) corporate governance and nomination issues; and (iii) issues relating to compensation of directors, officers and employees;

- With the assistance of the Audit Committee:
  - ↳ Recommending the appointment of auditors and assessing the independence of the auditors;
  - ↳ Ensuring the integrity of Contrans' internal control and management information systems;
  - ↳ Identifying the principal risks of Contrans' business and ensuring that appropriate systems are in place to manage these risks; and
  - ↳ Approving interim and annual financial statements of Contrans.
- With the assistance of the Compensation Committee:
  - ↳ Approving the compensation of directors and senior management; and
  - ↳ Developing the corporate objectives that the Chief Executive Officer is responsible for meeting, and assessing the Chief Executive Officer against these objectives.
- With the assistance of the Corporate Governance and Nominating Committee:
  - ↳ Developing Contrans' approach to corporate governance, including developing a set of corporate governance principles and guidelines that are specifically applicable to Contrans; and
  - ↳ Ensuring that an appropriate selection process for new nominees to the Board of Directors of Contrans is in place and developing Contrans' approach to nomination and review of directors.
- Regularly assess the effectiveness of the Board of Directors of Contrans as a whole, the Audit Committee, Compensation Committee and Corporate Governance and Nominating Committee and the contribution of individual directors, including consideration of the appropriate size of the Board of Directors of Contrans. Such assessments will take place on an informal basis taking into account the relatively small size of the Board, the composition of committees with independent Directors and the Board's regular meetings.
- Review and consider appropriate orientation and education programs for new recruits to the Board of Directors of Contrans.
- Succession planning and the appointment, training and monitoring of senior management.
- The adoption of a strategic planning process and the approval and review, on at least an annual basis, of a strategic plan that takes into account business opportunities and business risks.
- To consider what competencies and skills the board, as a whole, should possess and what competencies and skills each existing director possesses.
- With the assistance of the Committees, review and approve:
  - ↳ All documents required to be filed publicly, including Contrans' management information circular, annual information form, annual and interim financial statements and MD&A, annual report and press releases;
  - ↳ The content of the corporate web site;
  - ↳ Procedures for the timely disclosure of material information;
  - ↳ The insider trading policy of Contrans;

- ↳ Procedures to ensure that shareholder enquiries are dealt with on a timely basis; and
- ↳ Procedures to ensure that only authorized spokespersons are communicating on behalf of Contrans with analysts, the media and investors.
- Performing such other functions as prescribed by law or assigned to the Board of Directors of Contrans in the by-laws governing Contrans.

***Administrative Procedures***

- The members of the Board of Directors are expected to attend all meetings of the Board of Directors unless prior notification of absence is provided.
- The members of the Board of Directors are required to have reviewed board materials in advance of the meeting and be prepared to discuss such materials at the meeting.
- A written agenda for each meeting shall be sent to each member in advance of the meeting. Detailed minutes of each meeting summarizing issues discussed and actions recommended shall be prepared by the Secretary. All minutes shall be approved by a majority of the members.
- The Board of Directors shall provide contact information on the website of Contrans for an officer who will be responsible for receiving feedback from shareholders.