

NEWS RELEASE

CONTRANS INCOME FUND ANNOUNCES FIRST QUARTER RESULTS

(Woodstock, Ontario—May 14, 2008) (TSX:CSS.UN)

(unaudited)

Three months ended March 31

(in millions except per unit amounts)

	2008	2007
Revenue - transportation services	\$ 102.3	\$ 106.4
Revenue - fuel surcharges	18.2	13.0
Revenue - total	120.5	119.4
Earnings before income taxes	5.0	7.8
Income taxes	-	(0.3)
Net earnings	\$ 5.0	\$ 8.1
Earnings per unit - basic and diluted	\$ 0.17	\$ 0.28

REPORT FROM THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

“It is quite evident from recent earnings reports that the North American economy, which we felt has been in trouble for quite some time, has continued to deteriorate,” stated Chairman and CEO Stan Dunford. “A strong Canadian dollar has compounded this effect on this country’s manufacturing activity, adversely affecting exports and southbound truck traffic. These factors have had an impact on everyone in our industry, some far more than others.”

“Although we are not completely immune from recessionary pressures, we believe that Contrans remains well-positioned in the current economic circumstances,” continued Mr. Dunford. “We have built a solid, diversified group of customers who value good service and compensate us fairly for rising fuel costs. Over the years we have grown at a respectable and manageable pace, resisting the temptation to grow too fast. Our conservative management style has helped to keep our leverage at a reasonable level. We have recently secured a commitment from our term lender to extend our long-term debt facility for another seven years, an endorsement of the quality of Contrans and its management’s experience and ability to navigate through tough times.”

“Over the years Contrans has faced many challenges, some more severe than others. We have never wavered from our operating principles nor have we ever lost sight of our fundamental goal of adding long-term value for our unitholders. This discipline has allowed us to persevere in tough times and even enabled us to prosper. Contrans’ unitholders can be assured that management will remain focused on operating efficiently, remain vigilant for appropriate opportunities to continue to add value for our unitholders and pursue them aggressively as they appear.”

RESULTS FROM OPERATIONS

Revenue from transportation services has fallen in the first quarter of 2008 compared to the first quarter of 2007 by \$4.1 million. UPM, a major customer of the Fund, closed down its plant in Eastern Canada in August 2007 and has since announced that the plant will not re-open. Revenues from this customer in the first quarter of 2007 were \$3.8 million. The current economic downturn has also reduced freight volumes, particularly into the US, applied pressure to freight rates and has affected traffic patterns. Steadily increasing fuel prices have caused revenue from fuel surcharges to increase in the first quarter of 2008 compared to 2007.

The current economic conditions have also adversely affected operating expenses. With an oversupply of equipment available, equipment utilization has been reduced. The unusually prolonged harsh winter weather in 2008 also negatively impacted operating expenses by contributing to increases in maintenance and accident claim costs of \$0.7 million and \$0.4 million respectively in the first quarter of 2008 compared to 2007.

Selling, general and administration expenses (“SGA”) stayed constant in the first quarter this year compared to last year. Compensation expenses were \$0.4 million lower this year than last year and foreign exchange gains were \$0.2 million higher. These savings were offset by an increase in the provision for doubtful accounts of \$0.2 million and by a \$0.3 million severance provision relating to the Fund’s realignment of its Flatbed and Van business units in Eastern Canada. This realignment will reduce future overhead costs and is expected to improve fleet management.

Net interest expense increased as a result of the average long-term debt, net of cash, being higher in 2008 compared to 2007.

DISTRIBUTABLE CASH

(unaudited)

Periods ended March 31

(in thousands except per unit amounts)

	Three months	
	2008	2007
Cash flow provided by (used in) operating activities	\$ (212)	\$ 7,221
Net change in non-cash working capital	8,875	4,578
Proceeds on sale of equipment	1,125	1,654
Asset retirement obligations - settlements	(4)	(22)
Long-term debt repayments where no financing available	(236)	-
Maintenance capital expenditures	(1,974)	(2,108)
Distributable cash earned	7,574	11,323
Regular distributions declared	9,008	8,993
Surplus (deficit) of distributable cash earned vs. regular distributions declared	\$ (1,434)	\$ 2,330
Distributable cash earned per unit	\$ 0.26	\$ 0.39
Distributions declared per unit - regular	0.31	0.31
Surplus (deficit) of distributable cash earned vs. regular distributions declared per unit	\$ (0.05)	\$ 0.08
Weighted average number of units outstanding	28,795	28,739
<i>Purchase of property and equipment</i>		
Maintenance capital expenditures	\$ 1,974	\$ 2,108
Growth capital expenditures	1,792	1,559
Total	\$ 3,766	\$ 3,667
<i>Repayment of long-term debt</i>		
Long-term debt repayments funded out of surplus cash	\$ -	\$ 191
Long-term debt repayments where no financing available	236	-
Total	\$ 236	\$ 191

The amount of distributions to unitholders in the first quarter has exceeded distributable cash earned. This is primarily due to decreased earnings that resulted from both seasonal and economic pressures. Distributable cash earned in excess of distributions paid in prior periods was used to fund first quarter distributions. Management believes that current unitholders appreciate a stable rate of distributions. Management anticipates improved earnings in the remainder of 2008 and is monitoring the Fund's financial performance to ensure that the current rate of distributions to unitholders can be sustained without compromising the long-term interest of the Fund's unitholders. See also "Forward-Looking Statements".

DISTRIBUTABLE CASH EARNED – RECONCILIATION

Cash used to fund working capital, capital expenditures or debt repayments does not affect amounts that can be distributed to unitholders when financing is available. Similarly, cash generated by changes in non-cash working capital is not considered distributable to unitholders. Proceeds from the sale of retired highway equipment effectively reduce the cost of maintenance capital expenditures and therefore these proceeds should be considered when determining what amounts can be distributed to unitholders. Settlements of asset retirement obligations reflect amounts paid by the Fund, at the termination of equipment leases, to bring such equipment to the condition that was stipulated and agreed to in each lease contract. Accordingly, these settlements need to be considered when determining distributable cash earned since they are not deducted from cash provided by (used in) operating activities in the consolidated statements of cash flow. Maintenance capital expenditures are necessary to sustain current revenue levels and therefore reduce the amount of cash that is available for distribution.

USE OF NON-GAAP FINANCIAL MEASURES

Management has included certain non-GAAP measures to supplement its consolidated financial statements which are presented in accordance with Canadian GAAP. Non-GAAP measures do not have any standardized meaning prescribed under Canadian GAAP and therefore they are unlikely to be comparable to similar measures employed by other issuers. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with Canadian GAAP. Management has included these non-GAAP measures for the reasons set forth below.

Distributable cash flow, maintenance capital expenditures, growth capital expenditures, long-term debt repayments funded out of surplus cash, long-term debt repayments where no financing available:

Management believes that these measures are useful supplements to the information contained in the Fund's statements of cash flow as they facilitate a greater depth of analysis. Accordingly, these measures can enhance the evaluation of the Fund's historical and prospective operating performances as well as the sustainability of the Fund's distributions.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands except for per unit amounts)

(unaudited)

For the periods ended March 31

	Three Months	
	2008	2007
Revenue	\$ 120,528	\$ 119,403
Operating expenses	99,912	95,652
Selling, general and administration expenses	10,329	10,310
Amortization of property and equipment	3,031	3,335
Amortization of intangible assets	944	1,037
	6,312	9,069
Net interest expense (income) - long-term	1,529	1,257
- short-term	(163)	(9)
Earnings before Income Taxes	4,946	7,821
Income tax provision:		
Current	262	232
Future	(280)	(476)
	(18)	(244)
Net Earnings and Comprehensive Income	\$ 4,964	\$ 8,065
Earnings per unit - basic and diluted	\$ 0.17	\$ 0.28
Weighted average number of units outstanding - basic and diluted	28,795	28,739

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

(in thousands)

(unaudited)

For the periods ended March 31

	Three Months	
	2008	2007
Retained Earnings – Beginning of Period	\$ 7,380	\$ 18,975
Net earnings	4,964	8,065
Premium paid on units repurchased	-	(48)
Distributions declared	(9,008)	(8,993)
Retained Earnings – End of Period	\$ 3,336	\$ 17,999

CONSOLIDATED BALANCE SHEETS

(in thousands)

<i>As at</i>	Unaudited March 31 2008	Audited December 31 2007
Assets		
Current Assets		
Cash and cash equivalents	\$ 16,231	\$ 18,301
Accounts receivable	59,591	54,599
Income taxes recoverable	435	-
Other current assets	7,718	6,021
	83,975	78,921
Property and Equipment	107,673	107,295
Intangible Assets	21,961	22,905
Goodwill	61,478	61,478
	\$ 275,087	\$ 270,599
Liabilities and Unitholders' Equity		
Current Liabilities		
Operating loan	\$ 8,848	\$ -
Accounts payable and accrued liabilities	29,912	31,191
Distributions payable	3,010	2,996
Income taxes payable	-	417
Current portion of long-term debt	7,782	7,806
	49,552	42,410
Long-term Debt	83,057	82,553
Asset Retirement Obligations	1,211	1,192
Future Income Taxes	15,380	15,660
	149,200	141,815
Unitholders' Equity		
Contributed surplus	766	744
Trust units	121,785	120,660
Retained earnings	3,336	7,380
	125,887	128,784
	\$ 275,087	\$ 270,599

Signed on behalf of the Board of Trustees

Stan G. Dunford, Trustee

Archie M. Leach, C.A., Trustee

CONSOLIDATED STATEMENTS OF CASH FLOW

(in thousands)

(unaudited)

For the periods ended March 31

	Three Months	
	2008	2007
Cash Provided by (Used in)		
Operating Activities		
Net earnings	\$ 4,964	\$ 8,065
Items not affecting cash:		
Unrealized foreign exchange loss	55	19
Unit-based compensation expense	22	37
Long-term debt – accretion	37	35
Asset retirement obligations – accretion	13	13
Amortization of property and equipment	3,031	3,335
Amortization of intangible assets	944	1,037
Future income taxes	(280)	(476)
Gain on sale of equipment	(123)	(266)
	8,663	11,799
Change in non-cash working capital	(8,875)	(4,578)
	(212)	7,221
Investing Activities		
Expended on acquisitions	-	(3,256)
Asset retirement obligations – settlements	(4)	(22)
Proceeds on sale of equipment	1,125	1,654
Purchase of property and equipment	(3,766)	(3,667)
	(2,645)	(5,291)
Financing Activities		
Distributions paid	(8,994)	(9,092)
Net change in operating loan	8,848	-
Proceeds from long-term debt	44	15
Repayment of long-term debt	(236)	(191)
Repurchase of trust units	-	(91)
Issuance of trust units	1,125	1,435
	787	(7,924)
Decrease in Cash and Cash Equivalents	(2,070)	(5,994)
Cash and Cash Equivalents – Beginning of Period	18,301	2,844
Cash and Cash Equivalents – End of Period	\$ 16,231	\$ (3,150)

For further information please contact:

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