

The Vitran Voice

THE OFFICIAL NEWSLETTER OF VITRAN CORPORATION.

SPOTLIGHT

Canadian Publications mail agreement #1475630

Respironics + Vitran = "Vitronics"

One of the basic tenets of marketing philosophy states, "Get close to your customer." Dave Kent, Load Planner at Frontier Transport in Indianapolis (Vitran's premium shorthaul truckload service), jokes that he's very close to one of his customers – he takes them to bed every night. Dave suffers from sleep apnea, a debilitating condition which causes him to stop breathing up to 80 times per hour every night. After an evaluation at a sleep clinic, Dave began using a mask to help regulate his breathing. That device just happened to be manufactured by Respironics, the global leader in medical devices and disease management programs in homecare, hospital and international settings – and a Vitran customer.

Dave is grateful to Respironics for more than a good night's sleep. He also describes the company as a "class act" with professional, friendly people who are clear about their goals and expectations. Frontier Transport moves Respironics products weekly, on an expedited basis, usually from Minnesota to Kennesaw, GA. Frontier's participation is only one link in the Respironics/Vitran partnership, however, which also involves Vitran Express in the US and Canada, as well as Vitran Logistics.

The core of the business is in the Vitran Express service center in Pittsburgh, PA. Joseph Phelan, manager at the service center, has developed a superb relationship with Dave Zerishnek, Respironics' Global Logistics Manager. Joseph created what he calls the "Knoxville Consolidation," a plan which gives Vitran Express the ability to execute two- to three-day deliveries from anywhere in the system to Kennesaw, which was previously not receiving product quickly enough.

"Everyone at Vitran has taken the time to find out what our business is all about," says Dave Zerishnek. "Outstanding service was the basis of the relationship and it has grown from there." Dave explains that Respironics was looking to streamline their transportation and distribution system, with a target of a two-day delivery, regardless of origin or destination. "Joe took that and extended that," Dave says. "He's a man of ideas, and it was never a case of



(L to R) Vitran's Ebenezer Obeng, Bernie Reid and Narin Singh check a Respironics order

'This is our system, work with it' but 'Here's how we can solve your problem.'" Joseph adds, "We definitely have more than a vendor – supplier relationship. We try and act as an integral part of their company, and we often joke that we're going to have shirts made up that have a "Vitronics" logo.

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(L to R) Randy Conboy, Colleen Hughes, Bernie Reid, Dave Zerishnek and Joseph Phelan

ROUND UP

The Freight Connection becomes Vitran Logistics

The Freight Connection Canada Inc., Vitran's Intermodal and Freight Brokerage division, has officially become part of Vitran Logistics, and will now be known under that name. Last year, The Freight Connection in the US undertook the same consolidation, moving under the Vitran Logistics' umbrella. The name changes are part of Vitran's ongoing strategy to offer customers a comprehensive range of seamless transportation and distribution solutions.

Vitran Express announces service center changes

In order to improve overnight service and upgrade facilities, Vitran Express has made a number of recent changes to their service center facilities. The Dayton, OH location is merging with the Cincinnati, OH facility, creating a new hub in Cincinnati. The Ft. Wayne, IN center is moving to a new facility, and Peoria, IL and Mattoon, IL will be combined, relocating to a larger facility in Bloomington, IL. Additional overnight points will be added to the current Mattoon and Dayton service areas.

As Respironics grows its business, Vitran continues to keep pace. Colleen Hughes, Account Manager for Vitran Express in the US, recently traveled with Joseph Phelan and Dave Zerishnek to Canada, when it became evident that Respironics was dissatisfied with their current Canadian provider. After meeting with Bernie Reid, Vice-President of Operations for Vitran Logistics, and the customer service team, Respironics began doing all of their Canadian distribution through Vitran Logistics in October 2002. This includes receiving, warehousing, pick and pack, inventory control, customer service and delivery to Respironics' customers by Vitran Express Canada and Maxxim Express. Respironics was also focused on reducing costs and Bernie and his team were able to achieve this in a number of ways. Carton charges, for example, were slashed in half, when Vitran Logistics found Respironics a cheaper Canadian manufacturer.

Now Respironics is considering expanding their Canadian distribution into BC, and Vitran is working on an efficient and cost-effective strategy for that proposal.

"Working with Respironics is a terrific example of how the Vitran divisions function as a single team," says Colleen. "We started slowly, and built a rapport, and both companies have gained trust and a sense of integrity from each other," she continues. Joseph agrees, adding, "Respironics is a successful Fortune 500 company that is doing all the right things in a global marketplace. Vitran is big enough to anticipate and handle the needs of such a company, but small enough to understand that it's the personal relationships that also count."

PRESIDENT'S MESSAGE

Finding the sun behind the clouds



In my last President's Message, I spoke briefly about 2003 and made the following comments:

"We know that the economic outlook for the rest of 2003 is cloudy. We can't count on external factors to grow our business. We can however count on our own initiatives to improve revenues."

Well, at that time I couldn't have guessed just how significant a role that external factors – most of them negative – would play in the operating and financial environment of 2003.

These dark clouds continue to challenge all companies throughout North America to find new and creative ways to meet their customers' needs while maintaining a sharp focus on improving financial results.

We've had a lot of unusual events in the first quarter of 2003. We experienced one of the harshest winters in many years. We continue to deal with a very soft North American economy, particularly in the US. The war in Iraq brought more uncertainty. Fuel costs, primarily the result of the war, remain volatile and we continue to work hard at mitigating the impact of these cost spikes. The SARS virus penetrated the North American community and in particular, hit Toronto. Now in Canada a case of mad-cow disease has struck the western provinces.

Finally, the weakening of the US dollar and the corresponding strengthening of the Canadian dollar has caused many companies doing trade between the United States and Canada severe difficulty. It too has had its impact on Vitran.

Despite all the doom and gloom, we continue to find ways – albeit slowly – to improve our results. Our prime focus remains meeting our customers' requirements on a daily basis. At the same time we have to find ways to expand the margins in every one of our operating groups, service centers and operating facilities. That task falls solely on the shoulders of every single one of us at Vitran.

There's bound to be some new and nasty economic force just around the corner. But because our company is strong and we are all focused on continually improving service and revenues, I am confident that we will achieve good results in 2003. As always, I look forward to working with each of you to deliver optimal service to our customers and optimal return from our business. This will keep us strong now and allow us to grow in the future.

Rick E. Gaetz
President & CEO

1Q Flash

all dollars quoted are Canadian

Revenue

(in millions of dollars)

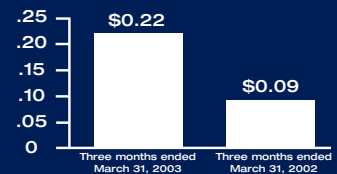


Net Income

(in millions of dollars)



Earnings per Share



Hallmark says it with Vitran

Canada's favorite greeting card company approached Vitran Express Canada late last year with a challenge: deliver 214 stores, the majority with "QuickSet" units (display units pre-packed with Hallmark cards), to a major Canadian supermarket chain within a specific and short window of time. No problem, Vitran answered, gearing up to pick up the QuickSet displays from Hallmark's Aurora, ON, distribution center in preparation for their journey to supermarkets in Western Canada. There was just one important P.S. – Vitran, under the direction of the Hallmark team, had to help dismantle and dispose of the competitor's card displays currently installed in the supermarkets, a job that had to be done within an early morning two-hour delivery time window. There were other challenges too – like how to keep the cards condensation-free (the QuickSet displays were shrink-wrapped in plastic) throughout their long, cold trip.

The stakes were high for Hallmark Canada: they had captured crucial floor space away from a competitor in a key grocery chain. They had never undertaken an installation and delivery of this magnitude with QuickSet displays, and could not afford to disrupt the daily operations of their newest customer. Vitran had to perform flawlessly, to satisfy both Hallmark and its customer.

"The project was a tremendous success," Dana Baker, Hallmark's Receiving/Shipping/Stock Control Section Manager, comments. "First, we received a total commitment and a buy-in from everyone at Vitran, from Tony [Trichilo], Rob [Cobban], Lou [Sirizzotti] and Richard [Case], to every terminal person and every driver. They all understood the importance of the project."

Dana also points to the fact that he did a whirlwind tour of the Vitran terminals in Western Canada, meeting all staff and showing a training video that detailed set-up procedures and special handling requirements for the units. Rob Cobban, Vitran Western

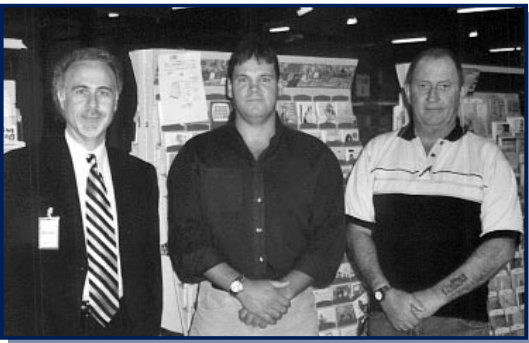
Division Vice-President, coordinated conference calls at every session, so everyone was on the same page regarding expectations and goals.

Using Maxximum Express, Vitran's expedited service, Vitran achieved 100 per cent on-time delivery for all QuickSet installations, without incident, and despite severe winter weather conditions, including an avalanche on the infamous Rogers Pass route through the Rocky Mountains of British Columbia. Hallmark's customer's store managers rated the QuickSet process as "exceeding their expectations" and were completely happy with Vitran's prompt deliveries and efficient dismantling and installation techniques. The project went so well that Hallmark is filming a video about it, to be used to show prospective customers how smooth and seamless QuickSet deliveries and set-ups can be.

"It might seem strange to say this," says Dana, "This is the first time I had ever dealt with a transportation company that delivered what they promised. Everyone at Vitran is to be commended for their effort."



Vitran Express Canada driver Dave Bousfield prepares to seal the trailer containing Hallmark's QuickSet display units



From L to R, Vitran's Lou Sirizzotti poses with Kevin Nelson from Hallmark and driver Dave Bousfield

Canadian Transpo Show builds Vitran Logistics presence



From L to R, Gord Kipfer, Vice-President, Sales and Marketing, Vitran Logistics Canada, Melanie Lacharite, Bilingual Load Coordinator and Robert Hachey, Vitran Logistics' Montreal commercial agent, get ready to welcome visitors to the Vitran Logistics booth

"It's important to attend trade shows," says Gord Kipfer, Vitran Logistics' Vice-President of Sales and Marketing. "Besides taking advantage of the opportunity to speak informally to many of your customers, trade shows are a great way to explore partnerships with other carriers, and to find out the latest goings-on in the industry," he continues. A team from Vitran Logistics traveled to Montreal, QC recently to attend the spring 2003 Transpo Canada show, Canada's major transportation trade forum.

Vitran Logistics' presence at this year's Transpo show was also important in introducing the fact that The Freight Connection Canada Inc., Vitran's Intermodal and Freight Brokerage company, is changing its name to Vitran Logistics. "We were able to let customers know that although the name has changed, the services will remain the same," Gord says.

Because the show was held in Montreal this year, there was a strong Quebec representation, making it an ideal opportunity to highlight Vitran Logistics'

Montreal services. Robert Hachey, Vitran Logistics' Montreal agent, began with the company in 2001, and since then Quebec business has increased over 500 per cent.

Overall, the show was a success, Gord says, generating excellent leads for potential new business, as well as developing a new relationship with two carriers.