

Import-Export Container Drayage Services

With Challenger Logistics

With the increase in global commerce, the business of sourcing and shipping products overseas has become a distinct part of many companies' operations. Challenger Logistics' new Import-Export Container Drayage Service (CDS) provides customers with the additional option of transporting containers between the port, the railway terminal, and their dock or our warehouse.

"By adding CDS to the services of our Intermodal Division, which moves freight on the rail between major centres, we're now streamlining our customers' import-export operations with end-to-end, monitored, transportation services," says David Warne, Intermodal Manager, Challenger Logistics.

Along with Challenger's head office location in Cambridge, Ontario, we have CDS operations located in Toronto, Montreal and Vancouver, each serving the ports and all major intermodal rail facilities. Every CDS location includes a fleet of satellite equipped city vehicles to ensure tracking of your containers is uninterrupted. Challenger also maintains a fleet of versatile container chassis that can handle any size and weight of marine container, including 20 ft., 40 ft. standard, 40 ft. high cube and 45 ft. units.

Dedicated Import-Export Services

As an example of the import service, a customer first sends our import-export coordinators their inbound shipping manifest. From this, Challenger continuously tracks the movement of the container with the forwarder, steamship line or railway, refining the arrival date to ensure the container is picked up promptly and avoids costly storage and demurrage charges.

Challenger's import-export service solutions offer your choice of transportation methods including drayage, intermodal rail, and

transport truck. As with all our logistics services, we're backed by Challenger's substantive fleet of trucks, state-of-the-art technology, specialized staff in each division, and access to third-party carriers with the same high standards of quality as Challenger's.



Container drayage is a new service offered by Challenger Logistics, providing significant advantages to current customers who are interested in improving efficiency and attaining greater control over their flow of traffic.

Challenger Logistics is a full service third party logistics provider offering a full range of distribution, transportation, warehousing and supply chain management services backed by dedicated professionals and superior information technology.

For more information contact us at 1-800-265-6358 or e-mail the Container Drayage Services Group at CDS@challenger.com.

Connections

Challenger Goes Platinum!

With Our 7th Canada's 50 Best Managed Companies Award

Challenger is pleased and honoured to be awarded the Platinum designation of Canada's 50 Best Managed Companies for 2007.

The Platinum award brings ongoing prestige and recognition of excellence to its select few recipients and is presented to businesses having won the award for a seventh consecutive year.

As Canada's manufacturers struggle and currency fluctuations change the shape of our economy, Challenger has diversified into new sectors, counting on our strengths as an innovative company with superb people to continue our business growth strategy right into and beyond the New Year. "We use our award as a rallying point when we are faced with adversity or on those days when we think we can't see the finish line," says Eugene Moser, President, Challenger Motor Freight. "As a united team, we continue to achieve our desired results."

In the past year this diversification has brought us into the intermodal and drayage service market, making Challenger a more valuable provider to our customer base. In addition to our comprehensive single source road, rail, and truckload service throughout North America, we also provide air and ocean shipping around the globe.

In 2007, Challenger purchased Lodwick Transport, a 60-truck long-haul refrigeration carrier, several dry bulk tankers, and four sets of dump trains, all to expand services for our clients and increase our market reach as a company. Challenger additionally enhanced the systems of our business operations with a new High Availability Disaster Recovery System that would reduce downtime from a disaster from 36 to only two hours.

We've also developed a Driver Training Internet Portal, providing the flexibility to drivers of completing their training from



home or during layovers while on the road. With the addition of more than 600 new automatic transmission power units to the fleet and our continual driver training, Challenger provides customers with some of the best numbers in fuel efficiency and safe transportation of their freight in the industry.

"This award has been a great source of pride for all our employees," said Eugene Moser, President, Challenger Motor Freight. "Each and every one of us has had a part in making Challenger a 50 Best Managed company."

In our warehouse, we've ensured our customers' freight is available and ready to ship at a moment's notice through the installation of the latest Warehouse Management Software components and sequencing functionality.

"The 50 Best Managed Companies award also provides a tangible independent acknowledgement of our credibility," said Eugene. "When calling on new customers, diversifying into new markets, or competing to attract the best and the brightest new employees to Challenger, we highlight our 50 Best status and what it stands for."

Challenger has found a sense of achievement in knowing we are among a very select group. But knowing this, we also realize we must continue to strive for improvement in being the best in the business.



CHALLENGER
MOTOR FREIGHT
We go the Distance

Connections

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Challenger Wins Driver Retention Award

Ensuring Your Freight is in Good Hands

In a time when the North American transportation industry is experiencing a critical driver shortage, Challenger has won the 2007 Canadian Driver Retention award for a carrier with more than 100 power units. The award was presented at the annual OTR/SelecTrucks Canadian Recruiting and Retention Conference.



Eugene Moser, President and Tanya Theroux, Cambridge Driver Services Manager receiving the award.

This year, Challenger was recognized for our high retention rates and the steps we have taken to achieve retention percentages significantly better than the industry average. More importantly, this award demonstrates that once recruited, Challenger drivers are happy to pursue their profession with us. Keeping experienced, long-term drivers on board enables us to serve our customers better, implement new initiatives quicker, and provide a base of knowledge and mentoring for new drivers to the company.

Our drivers provide the essential role of delivering our customers' freight safely and on time to its destination. Challenger's drivers are our ambassadors out on the road and at the customer's place of business. Our Recruiting Department works diligently to find drivers with the appropriate skills needed to fulfill both roles. Applicants are all rated on a point system, which objectively measures the required skill levels. Challenger looks for a level of professionalism and takes the time to ensure drivers have a realistic view of our expectations for the job. "Once on the job Challenger believes in investing in our drivers by following-up on their feedback and suggestions, providing continued safety education, and helping them achieve their career goals," says Tanya Theroux, Driver Services Manager, Challenger Motor Freight.

We hire both experienced and relatively new drivers and provide training based on the person's skill level. "We attribute our success in retaining drivers, in part, to our hiring process as well as to Challenger's company culture, which is based on an open door policy," says Tanya.

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*Tanya Theroux,
Driver Services Manager,
Challenger Motor Freight.*

During their orientation, recruits are personally welcomed by our CEO, Dan Einwechter or our President, Eugene Moser. To help smooth the transition into the company and the job, for the next 90 days drivers are assigned a mentor. They also begin work under the watch of a Driver Manager specifically chosen for new recruits.

"Our drivers are our biggest employee force and though all our jobs are important to the company, it starts with the driver," says Tanya. "We're here to support that position." Challenger's new facility reinforces this ideology. Both entrances to the building are identical, though one is used for visitors and one for drivers. The facility's assets were designed for the efficiency of the drivers' needs, helping them to do their business and quickly return to the road or go home to their family at the end of a run.

To the 1422 drivers currently on board, we appreciate their ongoing efforts in winning this award and in particular for making Challenger a secure and friendly carrier for our customers to entrust their business.



Letter from Dan



With another year ahead and a successful one just past, I find myself reflecting on how we've continued to exceed our goals as a company when so many in the industry have fallen short. I recognize it is the people we have at Challenger and the diversity of the skill sets they own that have made us do so well. I am tremendously proud that they have chosen to be here and their efforts reinforce why we have such a great reputation.

Evidenced by our recent award wins; the Platinum level of Canada's 50 Best Managed Companies award and the OTR/SelecTrucks Retention award, I know they are truly achieved because of

the people we have working for us. And if we look at 2007 as a backdrop, this was a challenging year for all Canadian carriers.

But what does this recognition mean to Challenger as we move forward? As the market stands ready to turn, and I believe it will do so dramatically in the next six months, capacity will become extremely lean. During this time, as the market tightens up, Challenger can look to these same people who brought us through a tough year, to deliver our customers the high quality service in 2008 that they are accustomed to.

Over the course of a year, it is easy to be consumed with daily activities and become critical with ourselves. The

Platinum award is a testament to how good a company is. We all need to pause and reflect on how we earned it as we continue in our goal of constant improvement and going the distance for our customers.

Thank you for your continued trust in us,

*Dan Einwechter
Chairman and CEO*

A Year in Review

As the Canadian dollar climbed, driver shortages increased, and a pre-buy of trucks due to engine technology changes went underway in 2007, Canadian carriers have pulled through one of the most significantly challenging years we have faced in our industry.

Several trucking company associations issued reports last year, proposing the industry has experienced a transportation recession since mid-2006. If we follow the pattern of previous freight recessions, averaging 14 – 16 months, this means on a positive note that the North American trucking industry has already turned the corner and should return to normal by the second quarter of 2008.

In response to this changing climate, Challenger has continued to achieve growth and be recognized for outstanding achievement, such as with our Platinum level Canada's 50 Best Managed Companies Award.

The following are three areas in which we have concentrated our efforts:

- We have expanded our operations by adding intermodal rail services, import-export container drayage, waste transportation, refrigeration services, and warehouse sequencing.
- We have faced the driver shortage by maintaining our high recruiting standards and open-door management policies. In return, Challenger was presented in 2007 with the OTR/SelecTrucks Canadian Driver Retention Award.



Rebecka Torn, Communications Manager, OTA presenting the Enviro Award to Eugene Moser, President, Challenger Motor Freight.

- We have purchased 600 automatic transmission power units, resulting in a 40% improvement in fuel. The result has been greater economy, faster training, and less operational stress on the driver. Additionally, the Ontario Trucking Association presented Challenger with the Enviro Award 2007 for being among the first to incorporate the "smog free" truck into our fleet.

As carriers face the most challenging times in 30 years, we have the process, the technology, and more importantly – the people – to keep Challenger at the forefront of the Canadian trucking industry.

