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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**Form 8-K**

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**CURRENT REPORT  
Pursuant to Section 13 or 15(d)  
Of the Securities Exchange Act of 1934**

**Date of Report (Date of earliest event reported): February 4, 2015**

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**XPO LOGISTICS, INC.**  
(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction of  
incorporation)

**001-32172**  
(Commission  
File Number)

**03-0450326**  
(I.R.S. Employer  
Identification No.)

**Five Greenwich Office Park  
Greenwich, CT 06831**  
(Address of principal executive offices)

**(855) 976-4636**  
(Registrant's telephone number, including area code)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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## Item 2.02. Results of Operations and Financial Condition

Based on the information available as of February 2, 2014, and the expectations outlined below, XPO Logistics, Inc. (“XPO”) achieved its year-end 2014 targets for an annual revenue run rate of at least \$3 billion and an adjusted earnings before interest, taxes, depreciation and amortization (“EBITDA”) run rate of at least \$150 million as of December 31.

XPO further expects its financial results for the fourth quarter ended December 31, 2014, to include:

- Total revenue in the range of \$825 million to \$835 million, reflecting an increase of 221% to 225% from the fourth quarter of 2013.
- Net revenue in the range of \$295 million to \$305 million, reflecting an increase of 456% to 475% from the fourth quarter of 2013.
- Adjusted EBITDA in the range of \$39 million to \$42 million, compared with \$0.3 million of adjusted EBITDA for the fourth quarter of 2013.

The above information is subject to change as XPO completes its financial close process and its outside auditors audit such information.

### Cautionary Note

This report contains preliminary unaudited and estimated financial results for our fiscal quarter ended on December 31, 2014. In preparing this information, management made a number of complex and subjective judgments and estimates about the appropriateness of certain reported amounts and disclosures as well as estimates relating to the components and calculation of our provision for taxes, among other metrics. The preliminary financial results included in this report have been prepared by, and are the responsibility of, our management. Our actual financial results for the fourth quarter of 2014 have not yet been finalized by management. In addition, our outside auditor, KPMG LLP, has not audited, reviewed, compiled or performed any procedures with respect to the preliminary financial results and, as a result, does not express an opinion or any other form of assurance with respect to the preliminary financial results. These results are not a comprehensive statement of all financial results for the fourth quarter of 2014. We are required to consider all available information through the finalization of our financial statements and their possible impact on our financial conditions and results of operations for the period, including the impact of such information on the complex judgments and estimates referred to above. As a result, subsequent information or events may lead to material differences between the information about the results of operations described herein and the results of operations described in our subsequent annual report. Accordingly, you should not place undue reliance on these preliminary financial results.

### Non-GAAP Financial Measures

This report contains certain non-GAAP financial measures as defined under Securities and Exchange Commission (“SEC”) rules, such as adjusted earnings (loss) before interest, taxes, depreciation and amortization (“EBITDA”) for the quarter ended December 31 2014. As required by SEC rules, we provide reconciliations of this measure to the most directly comparable measure under United States generally accepted accounting principles (“GAAP”), which are set forth in this report. We believe that adjusted EBITDA improves comparability from period to period by removing the impact of our capital structure (interest expense from our outstanding debt), asset base (depreciation and amortization), tax consequences and transaction and integration costs related to certain acquisitions we have completed. In addition to its use by management, we believe that adjusted EBITDA is a measure widely used by securities analysts, investors and others to evaluate the financial performance of companies in our industry. Other companies may calculate adjusted EBITDA differently, and therefore our measure may not be comparable to similarly titled measures of other companies. Adjusted EBITDA is not a measure of financial performance or liquidity under GAAP and should not be considered in isolation or as an alternative to net income, cash flows from operating activities and other measures determined in accordance with GAAP. Items excluded from adjusted EBITDA are significant and necessary components of the operations of our business, and, therefore, adjusted EBITDA should only be used as a supplemental measure of our operating performance.

The following table reconciles management’s estimated net loss available to common stockholders for the year ended December 31, 2014, to management’s estimate for adjusted EBITDA for the same period.

**Reconciliation of Non-GAAP Measures**  
**XPO Logistics, Inc.**  
**Consolidated Reconciliation of EBITDA to Net Loss**  
(In millions)

	Three Months Ended December 31, 2014	
	From	To
Net loss available to common shareholders	\$(55.3)	\$(49.3)
Preferred dividends	0.7	0.7
Non-cash accounting preferred stock beneficial conversion charge	40.9	40.9
Net loss	<u>(13.7)</u>	<u>(7.7)</u>
Interest expense	16.7	16.7
Income tax expense (benefit)	1.0	(4.0)
Other depreciation and amortization	34.0	35.0
<b>EBITDA</b>	<u>\$ 38.0</u>	<u>\$ 40.0</u>
Transaction and integration costs	1.0	2.0
XPO Express and XPO Last Mile rebranding costs	—	—
<b>Adjusted EBITDA</b>	<u>\$ 39.0</u>	<u>\$ 42.0</u>

**Item 7.01. Regulation FD Disclosure.**

The information set forth under Item 2.02 is incorporated under this Item by reference.

On February 4, 2015, XPO announced that it intends to offer through a private placement up to \$350 million aggregate principal amount of senior notes due 2019 (the “Notes”). The offering is subject to market and other conditions. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated by reference herein.

The Notes will be offered to qualified institutional buyers in reliance on Rule 144A under the Securities Act of 1933, as amended (the “Securities Act”). The Notes will not be registered under the Securities Act. Unless so registered, the Notes may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. This report shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sales of the Notes in any state in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state.

XPO acquired New Breed Holding Company (“New Breed”) on September 2, 2014, Pacer International, Inc. (“Pacer”) on March 31, 2014, and 3PD Holding Company (“3PD”) on August 15, 2013. Attached hereto as Exhibit 99.2 and incorporated herein by reference is certain unaudited pro forma financial information to combine the historical statements of operations of XPO, the statements of income of New Breed, the statements of comprehensive income of Pacer and the statements of comprehensive loss of 3PD. The pro forma information also includes the contemplated private placement of Notes described above.

The information contained in Item 2.02 and in this Item 7.01 in this Current Report on Form 8-K, including Exhibits 99.1 and 99.2, is being furnished and shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section. The information in this Current Report on Form 8-K shall not be incorporated by reference into any filing under the Exchange Act or the Securities Act, except as expressly set forth by specific reference in such a filing.

**Forward-Looking Statements**

*This document includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. In some cases, forward-looking statements can be identified by the use of forward-looking terms such as “anticipate,” “estimate,” “believe,” “continue,” “could,” “intend,” “may,” “plan,” “potential,” “predict,” “should,” “will,” “expect,” “objective,” “projection,” “forecast,” “goal,” “guidance,” “outlook,” “effort,” “target” or the negative of these terms or other comparable terms. However, the absence of these words does not mean that the statements are not forward-looking. These forward-looking statements are based on certain assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate in the circumstances.*

*These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions that may cause actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. Factors that might cause or contribute to a material difference include those discussed in XPO’s filings with the SEC and the following: economic conditions generally; competition; XPO’s ability to find suitable acquisition candidates and execute its acquisition strategy; the expected impact of the acquisitions, including the expected impact on XPO’s results of operations; the ability to realize anticipated synergies and cost savings with respect to acquired companies; XPO’s ability to raise debt and equity capital; XPO’s ability to attract and retain key employees to execute its growth strategy; litigation, including litigation related to alleged misclassification of independent contractors; the ability to develop and implement a suitable information technology system; the ability to maintain positive relationships with XPO’s networks of third-party transportation providers; the ability to retain XPO’s and acquired companies’ largest customers; XPO’s ability to successfully integrate New Breed and other acquired businesses; rail and other network changes; weather and other service disruptions; and governmental regulation. All forward-looking statements set forth in this document are qualified by these cautionary statements and there can be no assurance that the actual results or developments anticipated will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, XPO or its businesses or operations. Forward-looking statements set forth in this document speak only as of the date hereof, and XPO undertakes no obligation to update forward-looking statements to reflect subsequent events or circumstances, changes in expectations or the occurrence of unanticipated events except to the extent required by law.*

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits.

Exhibit  
Number

99.1 XPO Logistics, Inc. Press Release, dated February 4, 2015

99.2 Pro Forma Financial Information

Unaudited pro forma condensed combined statements of operations for the nine months ended September 30, 2014, twelve months ended December 31, 2013, nine months ended September 30, 2013, and twelve months ended September 30, 2014.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

XPO LOGISTICS, INC.

/s/ John J. Hardig

John J. Hardig  
Chief Financial Officer

Date: February 4, 2015

## EXHIBIT INDEX

<u>Exhibit Number</u>	<u>Description</u>
99.1	XPO Logistics, Inc. Press Release, dated February 4, 2015
99.2	Pro Forma Financial Information Unaudited pro forma condensed combined statements of operations for the nine months ended September 30, 2014, twelve months ended December 31, 2013, nine months ended September 30, 2013, and twelve months ended September 30, 2014.



## **XPO Logistics Announces Private Offering of \$350 Million Senior Notes**

**GREENWICH, Conn. – February 4, 2015** – XPO Logistics, Inc. (“XPO” or the “Company”) (NYSE: XPO) today announced an offering of \$350 million of 7.875% senior notes due 2019 (the “Notes”). The Notes will be issued as an add-on to the Company’s existing 7.875% senior notes issued in August 2014. The Company intends to use the net proceeds from this offering for general corporate purposes that may include future acquisitions.

The Notes will be offered only to qualified institutional buyers in reliance on Rule 144A under the Securities Act of 1933, and outside the United States, only to non-U.S. investors pursuant to Regulation S. The Notes will not be registered under the Securities Act or any state securities laws and may not be offered or sold in the United States absent an effective registration statement or an applicable exemption from registration requirements or a transaction not subject to the registration requirements of the Securities Act or any state securities laws.

This press release shall not constitute an offer to sell or the solicitation of an offer to buy any security and shall not constitute an offer, solicitation or sale in any jurisdiction in which such offering, solicitation or sale would be unlawful. Any offers of the Notes will be made only by means of a private offering memorandum.

### **About XPO Logistics, Inc.**

XPO Logistics, Inc. (NYSE: XPO) is one of the fastest growing providers of transportation logistics services in North America: the third largest freight brokerage firm, the third largest provider of intermodal services, the largest provider of last mile logistics for heavy goods, the largest manager of expedited shipments and the leading provider of highly engineered, technology-enabled contract logistics, with growing positions in managed transportation, global freight forwarding and less-than-truckload brokerage. The Company facilitates more than 33,000 deliveries a day throughout the U.S., Mexico and Canada.

XPO Logistics has 197 locations and approximately 10,900 employees. Its four business segments – freight brokerage, contract logistics, expedited transportation and freight forwarding – utilize relationships with ground, rail, sea and air carriers to serve over 15,000 customers in the manufacturing, industrial, retail, technology, aerospace, commercial, life sciences and government sectors. The Company has more than 4,000 trucks under contract to its drayage, expedited and last mile subsidiaries, and has access to additional capacity through its relationships with over 28,000 other carriers. For more information: [www.xpo.com](http://www.xpo.com)

## **Forward-looking Statements**

*This press release includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. In some cases, forward-looking statements can be identified by the use of forward-looking terms such as “anticipate,” “estimate,” “believe,” “continue,” “could,” “intend,” “may,” “plan,” “potential,” “predict,” “should,” “will,” “expect,” “objective,” “projection,” “forecast,” “goal,” “guidance,” “outlook,” “effort,” “target” or the negative of these terms or other comparable terms. However, the absence of these words does not mean that the statements are not forward-looking. These forward-looking statements are based on certain assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate in the circumstances.*

*These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions that may cause actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. Factors that might cause or contribute to a material difference include, but are not limited to, those discussed in XPO’s filings with the SEC and the following: economic conditions generally; competition; XPO’s ability to find suitable acquisition candidates and execute its acquisition strategy; the expected impact of the acquisitions, including the expected impact on XPO’s results of operations; the ability to realize anticipated synergies and cost savings with respect to acquired companies; XPO’s ability to raise debt and equity capital; XPO’s ability to attract and retain key employees to execute its growth strategy; litigation, including litigation related to alleged misclassification of independent contractors; the ability to develop and implement a suitable information technology system; the ability to maintain positive relationships with XPO’s networks of third-party transportation providers; the ability to retain XPO’s and acquired companies’ largest customers; XPO’s ability to successfully integrate acquired businesses; rail and other network changes; weather and other service disruptions; and governmental regulation. All forward-looking statements set forth in this press release are qualified by these cautionary statements and there can be no assurance that the actual results or developments anticipated will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, XPO or its businesses or operations. Forward-looking statements set forth in this document speak only as of the date hereof, and XPO undertakes no obligation to update forward-looking statements to reflect subsequent events or circumstances, changes in expectations or the occurrence of unanticipated events except to the extent required by law.*

### **Investor Contact:**

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### **Media Contact:**

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## Exhibit 99.2

On July 29, 2014, XPO Logistics, Inc. (“XPO Logistics” or “XPO” or the “Company”), entered into a definitive Agreement and Plan of Merger (the “New Breed Agreement”) with New Breed Holding Company (“New Breed”) providing for the acquisition of New Breed by XPO (the “New Breed Transaction”). New Breed is one of the preeminent U.S. providers of non-asset based, highly engineered contract logistics for multinational corporations. New Breed’s service offering includes omni-channel distribution, reverse logistics, transportation management, freight bill audit and payment, lean manufacturing support, aftermarket support and supply chain optimization for customers in technology, telecom, e-commerce, aerospace and defense, medical equipment and manufacturing. A copy of the New Breed Agreement was filed with the Form 8-K filed with the SEC on July 30, 2014. The closing of the transaction was effective September 2, 2014.

In conjunction with the New Breed Agreement, the Company entered into a subscription agreement with Louis DeJoy, the Chief Executive Officer of New Breed. Pursuant to the subscription agreement, Mr. DeJoy purchased \$30.0 million of unregistered XPO common stock at a per share purchase price in cash equal to (1) the closing price of XPO common stock on the New York Stock Exchange (“NYSE”) on July 29, 2014 with respect to 50% of such purchase and (2) the closing price of XPO common stock on the NYSE on the trading day immediately preceding September 2, 2014 with respect to the remaining 50% of such purchase. Due to the interrelationship between the New Breed Merger Agreement and the subscription agreement, the Company considers the substance of the consideration paid to be a combination of net cash and equity as described below.

The fair value of the total consideration paid under the New Breed Merger Agreement was \$615.9 million and consisted of \$585.8 million of net cash paid at the time of closing, including an estimate of the working capital adjustment, and \$30.1 million of equity representing the fair value of 1,060,598 shares of the Company’s common stock at the closing market price of \$32.45 per share on September 2, 2014 less a marketability discount on the shares issued due to a holding period restriction. The net cash paid at the time of closing consisted of \$615.8 million less the \$30.0 million used by Louis DeJoy to purchase XPO common stock per the subscription agreement.

On January 5, 2014, XPO Logistics entered into a definitive Agreement and Plan of Merger (the “Pacer Merger Agreement”) with Pacer International, Inc., providing for the acquisition of Pacer by the Company (the “Pacer Transaction”). Pacer is an asset-light North American freight transportation and logistics services provider. The closing of the transaction was effective on March 31, 2014 (the “Effective Time”). At the Effective Time, each share of Pacer’s common stock, par value \$0.01 per share, issued and outstanding immediately prior to the Effective Time was converted into the right to receive (i) \$6.00 in cash and (ii) 0.1017 of a share of XPO common stock, which amount is equal to \$3.00 divided by the average of the volume-weighted average closing prices of XPO common stock for the ten trading days prior to the Effective Time (the “Pacer Merger Consideration”). Pursuant to the terms of the Pacer Merger Agreement, all vested and unvested Pacer options outstanding at the Effective Time were settled in cash based on the value of the Pacer Merger Consideration. In addition, all Pacer restricted stock, and all vested and unvested Pacer restricted stock units and performance units outstanding at the Effective Time were converted into the right to receive the Pacer Merger Consideration. The fair value of the total consideration paid under the Pacer Merger Agreement was \$331.5 million and consisted of \$223.3 million of cash payable at the time of closing and \$108.2 million representing the fair value of 3,688,246 shares of the Company’s common stock at the closing market price of \$29.41 per share on March 31, 2014 less a marketability discount on a portion of shares issued to certain former Pacer executives due to a holding period restriction. The marketability discount did not have a material impact on the fair value of the equity consideration provided.

On July 12, 2013, XPO Logistics entered into a Stock Purchase Agreement (the “3PD Agreement”) with 3PD Holding, Inc. (“3PD”), Logistics Holding Company Limited, Mr. Karl Meyer, Karl Frederick Meyer 2008 Irrevocable Trust II, Mr. Randall Meyer, Mr. Daron Pair, and Mr. James J. Martell to acquire all of the outstanding capital stock of 3PD (the “3PD Transaction”). 3PD is the largest non-asset, third party provider of heavy goods, last-mile logistics in North America. The closing of the 3PD Transaction occurred on August 15, 2013. The fair value of the total consideration paid under the 3PD Agreement was approximately \$364.3 million, paid in cash, deferred payments (including an escrow), and \$7.4 million of restricted shares of the Company’s common stock.

The 3PD Transaction along with the Pacer Transaction and New Breed Transaction are referred to as the “Pro Forma Transactions” below.

The following unaudited pro forma condensed combined financial statements and related notes combine the historical statements of operations of XPO Logistics, the statements of income of New Breed, the statements of comprehensive income of Pacer and the statements of comprehensive loss of 3PD.

For purposes of preparing the unaudited pro forma condensed combined financial statements, XPO Logistics has combined the XPO Logistics consolidated statement of operations with New Breed’s consolidated statement of income and Pacer’s consolidated statement of comprehensive income for the period ended December 31, 2013, and 3PD’s consolidated statement of comprehensive loss for the period ended August 14, 2013. The results of 3PD for the remainder of the year ended December 31, 2013 were included with the XPO historical results. For purposes of preparing the unaudited pro forma condensed combined financial statements for the nine months ended September 30, 2014, XPO Logistics has combined the XPO Logistics condensed consolidated statement of operations with New Breed’s condensed consolidated statement of income for the period ended September 2, 2014 and Pacer’s condensed consolidated statement of comprehensive income for the three months ended March 31, 2014. The results of 3PD and the results of New Breed and Pacer for the remainder of the nine months ended September 30, 2014 were included with the XPO Logistics historical results. For purposes of preparing the unaudited pro forma condensed combined financial statements for the nine months ended September 30, 2013, XPO Logistics has combined the XPO Logistics condensed consolidated statement of operations, New Breed’s condensed consolidated statement of income and Pacer’s condensed consolidated statement of comprehensive income for the nine months ended September 30, 2013, and 3PD’s consolidated statement of comprehensive loss for the period ended August 14, 2013. The results of 3PD for the remainder of the nine months ended September 30, 2013 were included with the XPO historical results. For purposes of preparing the unaudited pro forma condensed combined financial statements for the twelve months ended September 30, 2014, XPO Logistics has subtracted data for the nine months ended September 30, 2013 from the data for the year ended December 31, 2013 (both calculations which combined XPO Logistics’ condensed consolidated statement of operations, New Breed’s condensed consolidated statement of income and Pacer’s condensed consolidated statement of comprehensive income for the nine months ended September 30, 2013 and for the year ended December 31, 2013, respectively) and has added the data for the nine months ended September 30, 2014 (which combined XPO Logistics’ condensed consolidated statement of operations with New Breed’s condensed consolidated statement of income for the period ended September 2, 2014 and Pacer’s condensed consolidated statement of comprehensive income for the three months ended March 31, 2014).

The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2013, nine months ended September 30, 2014, nine months ended September 30, 2013, and twelve months ended September 30, 2014 give effect to the Pro Forma Transactions as if they had occurred on January 1, 2013. The unaudited pro forma condensed combined statement of operations of XPO Logistics as of and for the nine months ended September 30, 2014 were derived from its unaudited condensed consolidated financial statements as of September 30, 2014 (as filed on Form 10-Q with the SEC on November 7, 2014). The unaudited pro forma condensed combined statement of operations of XPO Logistics for the twelve months ended December 31, 2013 was derived from the audited consolidated financial statements of XPO Logistics for the year ended December 31, 2013 (as filed on Form 10-K with the SEC on February 26, 2014). The unaudited pro forma condensed combined statement of operations of XPO Logistics as of and for the nine months ended September 30, 2013 were derived from its unaudited condensed consolidated financial statements as of September 30, 2013 (as filed on Form 10-Q with the SEC on November 5, 2013). The unaudited pro forma condensed combined statement of operations of New Breed for the 245 day period ended September 2, 2014 was derived from its unaudited condensed consolidated financial statements as of September 2, 2014. The unaudited pro forma condensed combined statement of operations of New Breed for the twelve months ended December 31, 2013 was derived from its audited consolidated financial statements for the twelve months

ended December 31, 2013 (as filed on Exhibit 99.2 to Form 8-K/A with the SEC on November 3, 2014). The unaudited pro forma condensed combined statement of operations of New Breed for the nine months ended September 30, 2013 was derived from its unaudited condensed consolidated financial statements as of September 30, 2013. The unaudited pro forma condensed combined statement of operations of Pacer for the three months ended March 31, 2014 was derived from its unaudited condensed consolidated financial statements as of March 31, 2014. The unaudited pro forma condensed combined statement of operations of Pacer for the twelve months ended December 31, 2013 was derived from its audited consolidated financial statements for the twelve months ended December 31, 2013 (as filed on Form 10-K with the SEC by Pacer on February 26, 2014). The unaudited pro forma condensed combined statement of operations of Pacer for the nine months ended September 30, 2013 was derived from its unaudited condensed consolidated financial statements as of September 30, 2013 (as filed on Form 10-Q with the SEC by Pacer on October 25, 2013). The unaudited pro forma condensed combined statement of operations of 3PD for the 226 days ended August 14, 2013 was derived from its unaudited consolidated financial statements for the 226 days ended August 14, 2013.

The historical consolidated financial information of XPO Logistics, the consolidated financial information of New Breed, the consolidated financial information of Pacer, and the consolidated financial information of 3PD have been adjusted in the unaudited pro forma condensed combined financial statements to give effect to pro forma events that are (1) directly attributable to the Pro Forma Transactions, (2) factually supportable, and (3) with respect to the statements of operations, expected to have a continuing impact on the combined results. The pro forma events may not be indicative of actual events that would have occurred had the combined businesses been operating as a separate and independent business and may not be indicative of future events which may occur. The unaudited pro forma condensed combined financial information should be read in conjunction with the accompanying notes to the unaudited pro forma condensed combined financial statements.

In addition, the unaudited pro forma condensed combined financial statements give effect to a proposed private placement of \$350 million aggregate principal amount of 7.875% senior notes due September 1, 2019 issued at an assumed premium of 5% (the "\$350 million private placement").

The unaudited pro forma condensed combined financial statements have been presented for illustrative purposes only and are not intended to represent or be indicative of what the combined company's financial position or results of income actually would have been had the Pro Forma Transactions and the \$350 million private placement been completed as of the dates indicated. In addition, the unaudited pro forma condensed combined financial information does not purport to project the future financial position or operating results of the combined company. The unaudited pro forma condensed combined financial information does not include the impact of any revenue, cost or other operating synergies that may result from the Pro Forma Transactions.

**XPO Logistics, Inc.**  
**Unaudited Pro Forma Condensed Combined Statement of Operations**  
**For the Nine Months Ended September 30, 2014**  
(In thousands, except per share data)

	<u>XPO</u>	<u>New Breed</u>					<u>Pacer</u>			
	<u>Historic</u>	<u>Historic</u>	<u>Conforming</u>	<u>Pro Forma</u>			<u>Historic</u>	<u>Pro Forma</u>		
		<u>January 1, 2014 -</u>	<u>Adjustments 2(a)</u>	<u>Adjustments 2(b)</u>			<u>January 1, 2014 -</u>	<u>Adjustments 4(a)</u>		
		<u>September 2, 2014</u>					<u>March 31, 2014</u>			
<b>Revenue</b>	\$ 1,525,882	\$ 387,768	\$ —	\$ —			\$ 235,500	\$ —		
<b>Operating expenses</b>										
Cost of purchased transportation and services	1,170,509	—	—	—			185,200	—		
Direct operating expense	102,118	322,964	14,710	(1)	(258)	(1)(7)(8)(9)(11)	22,000	(310)	(1)(5)(6)(7)(8)(9)	461,224
Sales, general and administrative expense	300,148	101,617	(14,710)	(1)	(56,674)	(1)(12)(13)(14)	47,600	(16,729)	(1)(2)(9)(10)(11)	361,252
Total operating expenses	1,572,775	424,581	—	—	(56,932)		254,800	(17,039)		2,178,185
<b>Operating (loss) income</b>	(46,893)	(36,813)	—	56,932			(19,300)	17,039		
Other expense (income)	546	—	—	—			(300)	—		
Interest expense (income)	31,303	18,907	—	26,178	(4)	(5)(6)	300	(91)	(4)	76,597
<b>(Loss) income before income tax provision</b>	(78,742)	(55,720)	—	30,754			(19,300)	17,130		
Income tax (benefit) provision	(25,147)	(14,709)	—	14,589	(2)		(3,800)	8,964	(3)	(20,103)
<b>Net (loss) income</b>	(53,595)	(41,011)	—	16,165			(15,500)	8,166		
Cumulative preferred dividends	(2,208)	—	—	—			—	—		
<b>Net (loss) income available to common shareholders</b>	\$ (55,803)	\$ (41,011)	\$ —	\$ 16,165			\$ (15,500)	\$ 8,166		
<b>Basic loss per share</b>										
Net loss	\$ (1.13)									
<b>Diluted loss per share</b>										
Net loss	\$ (1.13)									
<b>Weighted average common shares outstanding</b>										
Basic weighted average common shares outstanding	49,497			4,484	(3)		—			
Diluted weighted average common shares outstanding	49,497			4,484	(3)		—			

See accompanying notes to the Unaudited Pro Forma Condensed Combined Financial Statements.

**XPO Logistics, Inc.**  
**Unaudited Pro Forma Condensed Combined Statement of Operations**  
**For the Year Ended December 31, 2013**  
**(In thousands, except per share data)**

	<u>XPO</u>	<u>NewBreed</u>	<u>Conforming</u>		<u>Pacer</u>		<u>3PD</u>		<u>Pro Forma</u>		<u>Pro Forma</u>	
	<u>Historic</u>	<u>Historic</u>	<u>Adjustments 2(a)</u>		<u>Historic</u>	<u>Adjustments 4(a)</u>	<u>Historic</u>	<u>January 1, 2013 -</u>	<u>Adjustments 6(a)</u>		<u>Pro Forma</u>	<u>Combined</u>
	<u>\$702,303</u>	<u>\$ 586,923</u>	<u>\$ —</u>		<u>\$980,600</u>	<u>\$ —</u>	<u>\$ 214,457</u>	<u>August 14, 2013</u>	<u>\$ —</u>		<u>\$2,484,283</u>	
<b>Revenue</b>												
<b>Operating expenses</b>												
Cost of purchased transportation and services	578,796	—	—		753,900	—	147,239		—		1,479,935	
Direct operating expense	6,355	476,224	24,817	(1)	(1,266)	(9)(11)	93,000	(1,192)	(7)(8)(9)	8,015	—	605,953
Sales, general and administrative expense	169,477	61,865	(24,817)	(1)	15,503	(1)	119,200	25,714	(1)(2)(9)(10)(11)	66,289	(11,546)	(1)(2)(3)(4)(5)(6)
Total operating expenses	754,628	538,089	—		966,100	24,522	221,543	(11,546)		221,543	(11,546)	2,507,573
<b>Operating (loss) income</b>	(52,325)	48,834	—		(14,237)	14,500	(24,522)	(7,086)	11,546	(7,086)	11,546	(23,290)
Other expense	478	—	—		—	—	290	—		290	—	768
Interest expense (income)	18,169	19,942	—		45,755	(4)(5)(6)	1,100	(363)	(4)	14,824	(14,824)	(7)
<b>(Loss) income before income tax provision</b>	(70,972)	28,892	—		(59,992)	13,400	(24,159)	(22,200)	26,370	(22,200)	26,370	(108,661)
Income tax (benefit) provision	(22,442)	11,680	—		(23,397)	(2)	5,400	(8,780)	(3)	(5,369)	12,398	(8)
<b>Net (loss) income</b>	(48,530)	17,212	—		(36,595)	8,000	(15,379)	(16,831)	13,972	(16,831)	13,972	(78,151)
Cumulative preferred dividends	(2,972)	—	—		—	—	—	—	—	—	—	(2,972)
Undistributed earnings attributable to Series A Preferred Stock	—	(11,948)	—		11,948	(10)	—	—	—	—	—	—
<b>Net (loss) income available to common shareholders</b>	<u>\$ (51,502)</u>	<u>\$ 5,264</u>	<u>\$ —</u>		<u>\$ (24,647)</u>	<u>\$ 8,000</u>	<u>\$ (15,379)</u>	<u>\$ (16,831)</u>	<u>\$ 13,972</u>	<u>\$ (16,831)</u>	<u>\$ 13,972</u>	<u>\$ (81,123)</u>
<b>Basic loss per share</b>												
Net loss	\$ (2.26)											\$ (1.56)
<b>Diluted loss per share</b>												
Net loss	\$ (2.26)											\$ (1.56)
<b>Weighted average common shares outstanding</b>												
Basic weighted average common shares outstanding	22,752				29,111	(3)						51,863
Diluted weighted average common shares outstanding	22,752				29,111	(3)						51,863

See accompanying notes to the Unaudited Pro Forma Condensed Combined Financial Statements.

**XPO Logistics, Inc.**  
**Unaudited Pro Forma Condensed Combined Statement of Operations**  
**For the Nine Months Ended September 30, 2013**  
(In thousands, except per share data)

	<u>XPO</u>	<u>New Breed</u>	<u>Conforming</u>	<u>Pro Forma</u>		<u>Pro Forma</u>	<u>3PD</u>	<u>Pro Forma</u>						
	<u>Historic</u>	<u>Historic</u>	<u>Adjustments</u>	<u>Adjustments</u>	<u>Pacer</u>	<u>Adjustments</u>	<u>Historic</u>	<u>Adjustments</u>	<u>Pro Forma</u>					
			<u>2(a)</u>	<u>2(b)</u>	<u>Historic</u>	<u>4(a)</u>	<u>January 1, 2013 -</u>	<u>6(a)</u>	<u>Combined</u>					
					<u>August 14, 2013</u>		<u>August 14, 2013</u>							
<b>Revenue</b>	\$445,071	\$ 428,268	\$ —	\$ —	\$720,700	\$ —	\$ 214,457	\$ —	\$ 1,808,496					
<b>Operating expenses</b>														
Cost of purchased transportation and services	374,636	—	—	—	551,300	—	147,239	—	1,073,175					
Direct operating expense	2,077	342,071	18,875	(1)	(901)	(8)(9)(11)	70,200	(887)	(7)(8)(9)	8,015	—	439,450		
Sales, general and administrative expense	112,159	48,146	(18,875)	(1)	11,408	(1)	88,800	20,540	(1)(2)(9)	66,289	(11,546)	(1)(2)(3)	(4)(5)(6)	316,921
Total operating expenses	488,872	390,217	—	—	10,507	—	710,300	19,653	—	221,543	(11,546)	—	—	1,829,546
<b>Operating (loss) income</b>	<u>(43,801)</u>	<u>38,051</u>	<u>—</u>	<u>(10,507)</u>	<u>10,400</u>	<u>(19,653)</u>	<u>(7,086)</u>	<u>11,546</u>	<u>(21,050)</u>					
Other expense	294	—	—	—	—	—	290	—	—	584				
Interest expense (income)	12,585	14,833	—	34,487	(4)(5)(6)	900	(272)	(4)	14,824	(14,824)	(7)	62,533		
(Loss) income before income tax provision	(56,680)	23,218	—	(44,994)	9,500	(19,381)	(22,200)	26,370	(84,167)					
Income tax (benefit) provision	(18,748)	9,100	—	(17,548)	(2)	3,500	(7,266)	(3)	(5,369)	12,398	(8)	(23,933)		
<b>Net (loss) income</b>	<u>(37,932)</u>	<u>14,118</u>	<u>—</u>	<u>(27,446)</u>	<u>6,000</u>	<u>(12,115)</u>	<u>(16,831)</u>	<u>13,972</u>	<u>(60,234)</u>					
Cumulative preferred dividends	(2,229)	—	—	—	—	—	—	—	(2,229)					
Undistributed earnings attributable to Series A Preferred Stock	—	(9,810)	—	9,810	(10)	—	—	—	—					
<b>Net (loss) income available to common shareholders</b>	<u>\$ (40,161)</u>	<u>\$ 4,308</u>	<u>\$ —</u>	<u>\$ (17,636)</u>	<u>\$ 6,000</u>	<u>\$ (12,115)</u>	<u>\$ (16,831)</u>	<u>\$ 13,972</u>	<u>\$ (62,463)</u>					
<b>Basic loss per share</b>														
Net loss	\$ (1.99)								\$ (1.21)					
<b>Diluted loss per share</b>														
Net loss	\$ (1.99)								\$ (1.21)					
<b>Weighted average common shares outstanding</b>														
Basic weighted average common shares outstanding	20,167			31,517	(3)				51,684					
Diluted weighted average common shares outstanding	20,167			31,517	(3)				51,684					

See accompanying notes to the Unaudited Pro Forma Condensed Combined Financial Statements.

**XPO Logistics, Inc.**  
**Unaudited Pro Forma Condensed Combined Statement of Operations**  
**For the Twelve Months Ended September 30, 2014**  
(In thousands, except per share data)

	XPO Historic	New Breed Historic October 1, 2013 - September 2, 2014	Conforming Adjustments 2(a)	Pro Forma Adjustments 2(b)	Pacer Historic October 1, 2013 - March 31, 2014	Pro Forma Adjustments 4(a)	Pro Forma Combined
<b>Revenue</b>	\$ 1,783,114	\$ 546,423	\$ —	\$ —	\$ 495,400	\$ —	\$ 2,824,937
<b>Operating expenses</b>							
Cost of purchased transportation and services	1,374,669	—	—	—	387,800	—	1,762,469
Direct operating expense				(1)(7)			(1)(5)(6)
Sales, general and administrative expense	106,396	457,117	20,652	(1)(623)	44,800	(615)	(7)(8)(9) 627,727
Total operating expenses	357,466	115,336	(20,652)	(1)(52,579)	78,000	(11,555)	(1)(2)(9) 466,016
<b>Operating (loss) income</b>	1,838,531	572,453	—	(53,202)	510,600	(12,170)	2,856,212
Other expense (income)	(55,417)	(26,030)	—	53,202	(15,200)	12,170	(31,275)
Interest expense (income)	730	—	—	—	(300)	—	430
<b>(Loss) income before income tax provision</b>	36,887	24,016	—	37,446	500	(182)	98,667
Income tax (benefit) provision	(93,034)	(50,046)	—	15,756	(15,400)	12,352	(130,372)
<b>Net (loss) income</b>	(28,841)	(12,129)	—	8,740	(1,900)	7,450	(26,680)
Undeclared cumulative preferred dividends	(64,193)	(37,917)	—	7,016	(13,500)	4,902	(103,692)
Undistributed earnings attributable to Series A Preferred Stock	(2,951)	—	—	—	—	—	(2,951)
<b>Net (loss) income available to common shareholders</b>	—	(2,138)	—	2,138	—	—	—
	\$ (67,144)	\$ (40,055)	\$ —	\$ 9,154	\$ (13,500)	\$ 4,902	\$ (106,643)
<b>Basic loss per share</b>							
Net loss	\$ (1.50)						\$ (1.99)
<b>Diluted loss per share</b>							
Net loss	\$ (1.50)						\$ (1.99)
<b>Weighted average common shares outstanding</b>							
Basic weighted average common shares outstanding	44,689			8,892	(3)	—	53,581
Diluted weighted average common shares outstanding	44,689			8,892	(3)	—	53,581

See accompanying notes to the Unaudited Pro Forma Condensed Combined Financial Statements.

**Notes to Unaudited Pro Forma Condensed Combined Financial Data**

**(Dollar Amounts are Presented in Thousands)**

**(1) New Breed Purchase Price**

The purchase price of \$615,857 and the allocation of the purchase price below are considered final, except for the fair value of accounts receivable, property and equipment, intangible assets, taxes and assumed liabilities. For illustrative purposes the allocation of the purchase price to the fair value of New Breed's net assets acquired at the acquisition date of September 2, 2014 is presented as follows.

<u>Description</u>	
Purchase price	\$615,857
Carrying value of New Breed net assets acquired	148,893
Plus: Fair value of trademarks/trade names	4,460
Plus: Fair value of contractual customer relationships asset	115,120
Less: Fair value of contractual customer relationships liability	(5,640)
Plus: Fair value of non-contractual customer relationships	15,210
Plus: Fair value of acquired technology	19,580
Plus: Fair value adjustment to property and equipment	25,196
Plus: Asset for acquired favorable leasehold interests	2,034
Less: Liability for acquired unfavorable leasehold interests	(3,049)
Less: Net deferred tax liability on step-up of net tangible and intangible assets	<u>(57,217)</u>
Fair value of goodwill	<u>351,270</u>

**(2) Description of New Breed Conforming and Pro Forma Adjustments, as presented for the 245 days ended September 2, 2014 in the nine months ended September 30, 2014 Unaudited Pro Forma Condensed Combined Statement of Operations and in the Unaudited Pro Forma Condensed Combined Statements of Operations for the twelve months ended December 31, 2013, the nine months ended September 30, 2013, and the 337 days ended September 2, 2014 in the twelve months ended September 30, 2014 Unaudited Pro Forma Condensed Combined Statement of Operations**

- a. Represents conforming reclassification adjustments to present New Breed historical financial information in line with the XPO Logistics presentation:
- (1) To reclassify net sales, general and administrative expense of \$14,710, \$24,817, \$18,875 and \$20,652 for the 245 days ended September 2, 2014, twelve months ended December 31, 2013, nine months ended September 30, 2013 and 337 days ended September 2, 2014 unaudited pro forma condensed combined statements of operations, respectively, to direct operating expense to conform to the XPO presentation. Historical information technology-related direct operating expense of \$4,399, \$6,347, \$4,788 and \$5,958 for the 245 days ended September 2, 2014, twelve months ended December 31, 2013, nine months ended September 30, 2013 and 337 days ended September 2, 2014 unaudited pro forma condensed combined statements of operations, respectively, was reclassified from direct operating expense to sales, general and administrative expense. The expense represents the cost of New Breed's corporate information technology functions which XPO classifies as sales, general and administrative expense. Historical depreciation expense classified within sales, general and administrative expense of \$19,109, \$31,164, \$23,663 and \$26,610 for the 245 days ended September 2, 2014, twelve months ended December 31, 2013, nine months ended September 30, 2013 and 337 days ended September 2, 2014 unaudited pro forma condensed combined statements of operations, respectively, was reclassified from sales, general and administrative expense to direct operating expense. The expense represents the depreciation related to New Breed's operating facilities which was previously classified in a separate line item on the historical statements of operations.

b. Represents purchase price adjustments for the New Breed Transaction as follows:

- (1) To record pro forma depreciation and amortization expense of \$16,420, \$24,116, \$18,088 and \$22,448 for the 245 days ended September 2, 2014, twelve months ended December 31, 2013, nine months ended September 30, 2013 and 337 days ended September 2, 2014 unaudited pro forma condensed combined statements of operations, respectively, on the portion of the purchase price allocated to tangible and intangible assets. Historical depreciation expense related to New Breed's proprietary technology was \$2,930, \$4,194, \$2,949 and \$4,175 for the 245 days ended September 2, 2014, twelve months ended December 31, 2013, nine months ended September 30, 2013 and 337 days ended September 2, 2014, respectively. Historical amortization expense of New Breed's intangible assets was \$0, \$942, \$942 and \$0 for the 245 days ended September 2, 2014, twelve months ended December 31, 2013, nine months ended September 30, 2013 and 337 days ended September 2, 2014, respectively. The pro forma adjustment reflects the incremental increase to depreciation and amortization expense of \$13,490, \$18,980, \$14,197 and \$18,273 for the 245 days ended September 2, 2014, twelve months ended December 31, 2013, nine months ended September 30, 2013 and 337 days ended September 2, 2014, respectively. \$2,228, \$3,477, \$2,789 and \$2,916 were recorded through direct operating expense and \$11,262, \$15,503, \$11,408 and \$15,357 were recorded through sales, general and administrative expense, respectively. Pro forma depreciation and amortization is calculated as follows:

	Preliminary Fair Value	Estimated Weighted Average Life (years)	Estimated Depreciation/Amortization(a)			
			For the 245 days ended September 2, 2014	For the 12 months ended December 31, 2013	For the 9 months ended September 30, 2013	For the 337 days ended September 2, 2014
Trademarks/trade names	\$ 4,460	1.00	\$ —	\$ 4,460	\$ 3,345	\$ 1,115
Non-contractual customer relationships	15,210	14.00	729	1,086	815	1,000
Contractual customer relationships asset	115,120	12.00	10,353	10,618	7,964	13,007
	<u>\$ 134,790</u>		<u>\$ 11,082</u>	<u>\$ 16,164</u>	<u>\$ 12,124</u>	<u>\$ 15,122</u>
Technology	\$ 19,580	4.00	\$ 3,286	\$ 4,895	\$ 3,671	\$ 4,510
Fair value adjustment to property and equipment	25,196	8.24	2,052	3,057	2,293	2,816
	<u>\$ 44,776</u>		<u>\$ 5,338</u>	<u>\$ 7,952</u>	<u>\$ 5,964</u>	<u>\$ 7,326</u>
Total depreciation and amortization expense			<u>\$ 16,420</u>	<u>\$ 24,116</u>	<u>\$ 18,088</u>	<u>\$ 22,448</u>

- (a) For the trademarks/trade names and customer relationships intangible assets, amortization expense has been calculated in proportion to the weight of the undiscounted cash flows used to determine the fair value of the respective assets. For the remaining intangible assets, amortization expense has been calculated using the straight-line method over the estimated useful life.
- (2) Represents the income tax effect of the pro forma adjustments based on the statutory tax rate adjusted for the impact of non-deductible transaction costs.



- (3) Represents the adjustment to basic and diluted weighted average shares outstanding to account for the effects of the August 2013 and February 2014 equity issuances and the Pro Forma Transactions as if they had occurred on January 1, 2013 for purposes of presenting earnings per share.
- (4) To remove historic interest expense related to the long-term debt not assumed in the New Breed Transaction and the amortization of deferred financing costs eliminated in purchase accounting of \$18,962, \$20,164, \$14,972 and \$24,154 for the 245 days ended September 2, 2014, twelve months ended December 31, 2013, nine months ended September 30, 2013 and 337 days ended September 2, 2014 unaudited pro forma condensed combined statements of operations, respectively.
- (5) To record pro forma interest expense related to the issuance of the 7.875% Senior Notes due 2019 and amortization of the respective debt issuance costs of \$26,931, \$41,447, \$31,085 and \$37,293 for the 237 days ended August 25, 2014, twelve months ended December 31, 2013, nine months ended September 30, 2013 and 329 days ended August 25, 2014 unaudited pro forma condensed combined statements of operations, respectively.
- (6) To record interest expense related to the issuance of the proposed \$350 million private placement by XPO Logistics and amortization of the respective debt issuance costs of \$18,209, \$24,472, \$18,374 and \$24,307 for the nine months ended September 30, 2014, twelve months ended December 31, 2013, nine months ended September 30, 2013 and twelve months ended September 30, 2014 unaudited pro forma condensed combined statements of operations, respectively. The pro forma adjustments assume an interest rate on the debt of 7.875% and a premium of 5% which results in an effective interest rate of 6.645%. The following table shows a sensitivity analysis of the effect of a 1/8% change in the stated interest rate on pro forma interest expense:

	<u>Assumed Stated Interest Rate</u>	<u>Assumed Effective Interest Rate</u>	<u>For the Nine Months Ended September 30, 2014</u>	<u>For the Twelve Months Ended December 31, 2013</u>	<u>For the Nine Months Ended September 30, 2013</u>	<u>For the Twelve Months Ended September 30, 2014</u>
Assumed interest rate	7.875%	6.645%	\$ 18,096	\$ 24,322	\$ 18,261	\$ 24,157
Decrease of 1/8%	7.750%	6.523%	\$ 17,765	\$ 23,876	\$ 17,927	\$ 23,714
Increase of 1/8%	8.000%	6.766%	\$ 18,428	\$ 24,767	\$ 18,596	\$ 24,599

- (7) To remove historic amortization of the deferred rent liability eliminated in purchase accounting of (\$469), \$355, \$137 and (\$251) for the 245 days ended September 2, 2014, twelve months ended December 31, 2013, nine months ended September 30, 2013 and 337 days ended September 2, 2014 unaudited pro forma condensed combined statements of operations, respectively.
- (8) To remove amortization of the deferred contract costs eliminated in purchase accounting of \$1,171, \$1,668, \$1,271 and \$1,568 for the 245 days ended September 2, 2014, twelve months ended December 31, 2013, nine months ended September 30, 2013 and 337 days ended September 2, 2014 unaudited pro forma condensed combined statements of operations, respectively.
- (9) To record net amortization of acquired favorable and unfavorable leasehold interests recorded in purchase accounting of (\$78), (\$95), (\$55) and (\$118) for the 245 days ended September 2, 2014, twelve months ended December 31, 2013, nine months ended September 30, 2013 and 337 days ended September 2, 2014 unaudited pro forma condensed combined statements of operations, respectively.
- (10) To eliminate undistributed earnings attributable to Series A preferred stock in purchase accounting of \$11,948, \$9,810 and \$21,758 for the twelve months ended December 31, 2013, nine months ended September 30, 2013 and 337 days ended September 2, 2014 unaudited pro forma condensed combined statements of operations, respectively.
- (11) To record amortization of a loss contract recorded in purchase accounting of \$768, \$3,335, \$2,501 and \$1,602 for the 245 days ended September 2, 2014, twelve months ended December 31, 2013, nine months ended September 30, 2013 and 337 days ended September 2, 2014 unaudited pro forma condensed combined statements of operations, respectively.

- (12) Represents the removal of \$57,929 of non-recurring deal costs incurred by New Breed in the 245 days ended September 2, 2014 and 337 days ended September 2, 2014 in conjunction with the New Breed Transaction.
- (13) Represents the removal of \$6,250 of non-recurring deal costs incurred by XPO in the 245 days ended September 2, 2014 and 337 days ended September 2, 2014 in conjunction with the New Breed Transaction.
- (14) To remove historic New Breed stock compensation expense of \$3,757 related to the vesting of equity awards outstanding to New Breed employees upon a change in control in the 245 days ended September 2, 2014 and 337 days ended September 2, 2014. No stock compensation expense was recorded by XPO related to New Breed employees in the periods presented. Compensation expense has not been recognized for performance-based awards due to the inability to determine whether the performance goals would have been met assuming the performance based targets were set on January 1, 2013.

**(3) Pacer Purchase Price**

The purchase price of \$331,488 and the allocation of the purchase price below are considered final, except for the fair value of taxes and assumed liabilities. For illustrative purposes the allocation of the purchase price to the fair value of Pacer's net assets acquired at the acquisition date of March 31, 2014 is presented as follows.

<u>Description</u>	
Purchase price	\$331,488
Carrying value of Pacer net assets acquired	74,925
Plus: Fair value of trademarks/trade names	2,760
Plus: Fair value of non-compete agreements	2,310
Plus: Fair value of contractual customer relationships	66,250
Plus: Fair value of non-contractual customer relationships	1,010
Plus: Fair value of acquired technology	13,190
Less: Fair value adjustment to property and equipment	(2,501)
Plus: Asset for acquired favorable leasehold interests	1,455
Less: Liability for acquired unfavorable leasehold interests	(3,941)
Less: Net deferred tax liability on step-up of net tangible and intangible assets	(12,364)
Fair value of goodwill	<u>\$188,394</u>

**(4) Description of Pacer Pro Forma Adjustments, as presented for the three months ended March 31, 2014 in the nine months ended September 30, 2014 Unaudited Pro Forma Condensed Combined Statement of Operations and in the Unaudited Pro Forma Condensed Combined Statements of Operations for the twelve months ended December 31, 2013 and the nine months ended September 30, 2013, and the six months ended March 31, 2014 in the twelve months ended September 30, 2014 Unaudited Pro Forma Condensed Combined Statement of Operations**

a. Represents purchase price adjustments for the Pacer Transaction as follows:

- (1) To record pro forma depreciation and amortization expense of \$4,605, \$30,534, \$22,900 and \$12,239 for the three months ended March 31, 2014, twelve months ended December 31, 2013, nine months ended September 30, 2013, and six months ended March 31, 2014 unaudited pro forma condensed combined statements of operations, respectively, on the portion of the purchase price allocated to tangible and intangible assets. There was no historical intangible asset amortization expense recorded by Pacer for the three, twelve, nine, and six month periods, respectively. Historical depreciation expense related to Pacer's proprietary technology was \$473, \$1,786, \$1,314 and \$945 for the three

months ended March 31, 2014, twelve months ended December 31, 2013, nine months ended September 30, 2013, and six months ended March 31, 2014, respectively. The pro forma adjustments are shown on a net basis. \$89, \$398, \$307 and \$180 were recorded through direct operating expense and \$4,043, \$28,350, \$21,279 and \$11,114 were recorded through sales, general and administrative expense, respectively. Pro forma depreciation and amortization is calculated as follows:

	Fair Value	Estimated Weighted Average Life (years)	Estimated Depreciation/Amortization(a)			
			For the 3 months ended March 31, 2014	For the 12 months ended December 31, 2013	For the 9 months ended September 30, 2013	For the 6 months ended March 31, 2014
Trademarks/trade names	\$ 2,760	1.00	\$ —	\$ 2,760	\$ 2,070	\$ 690
Non-compete agreements	2,310	6.00	96	385	289	192
Non-contractual customer relationships	1,010	14.00	18	72	54	36
Contractual customer relationships—# 1	25,800	8.00	672	3,380	2,535	1,517
Contractual customer relationships—# 2	39,490	3.00	3,022	20,772	15,579	8,215
Contractual customer relationships—# 3	960	3.00	80	297	222	155
	<u>\$72,330</u>		<u>\$ 3,888</u>	<u>\$ 27,666</u>	<u>\$ 20,749</u>	<u>\$ 10,805</u>
Technology	\$13,190	4.00	\$ 824	\$ 3,298	\$ 2,473	\$ 1,649
Fair value adjustment to property and equipment	(2,501)	5.82	(107)	(430)	(322)	(215)
	<u>\$10,689</u>		<u>\$ 717</u>	<u>\$ 2,868</u>	<u>\$ 2,151</u>	<u>\$ 1,434</u>
Total depreciation and amortization expense			<u>\$ 4,605</u>	<u>\$ 30,534</u>	<u>\$ 22,900</u>	<u>\$ 12,239</u>

- (a) For the trademarks/trade names and customer relationships intangible assets, amortization expense has been calculated in proportion to the weight of the undiscounted cash flows used to determine the fair value of the respective assets. For the remaining intangible assets, amortization expense has been calculated using the straight-line method over the estimated useful life.
- (2) As part of the Pacer Transaction, Pacer management entered into new employment agreements with XPO Logistics which provide for stock compensation. Based on the contractual nature of the agreements, the adjustments reflect the change in stock compensation expense under each arrangement. All new arrangements include only time-based awards. Stock compensation under the new agreements was \$194, \$1,708, \$1,514 and \$388 for the three months ended March 31, 2014, twelve months ended December 31, 2013, nine months ended September 30, 2013, and six months ended March 31, 2014, respectively. Pacer had historic stock compensation expense of \$555, \$2,523, \$2,000 and \$1,078 for the three, twelve, nine and six month periods, respectively. The pro forma adjustments show the respective net reductions to stock compensation expense of \$361, \$815, \$486 and \$690, respectively.
- (3) Represents the income tax effect of the pro forma adjustments based on the statutory tax rate adjusted for the impact of non-deductible transaction costs.
- (4) To remove historic interest expense related to the amortization of deferred financing costs eliminated in purchase accounting of \$91, \$363, \$272 and \$182 for the three months ended March 31, 2014, twelve months ended December 31, 2013, nine months ended September 30, 2013, and six months ended March 31, 2014, respectively.

- (5) To remove historic amortization of the deferred rent liability eliminated in purchase accounting of \$22, \$157, \$118 and \$61 for the three months ended March 31, 2014, twelve months ended December 31, 2013, nine months ended September 30, 2013, and six months ended March 31, 2014, respectively.
- (6) To remove historic amortization of the lease origination costs eliminated in purchase accounting of \$13, \$51, \$33 and \$31 for the three months ended March 31, 2014, twelve months ended December 31, 2013, nine months ended September 30, 2013, and six months ended March 31, 2014, respectively.
- (7) To remove historic amortization of the deferred planned major maintenance costs eliminated in purchase accounting of \$268, \$1,069, \$794 and \$543 for the three months ended March 31, 2014, twelve months ended December 31, 2013, nine months ended September 30, 2013, and six months ended March 31, 2014, respectively.
- (8) To remove historic amortization of the deferred gain on sale leaseback transactions eliminated in purchase accounting of \$76, \$698, \$623 and \$151 for the three months ended March 31, 2014, twelve months ended December 31, 2013, nine months ended September 30, 2013, and six months ended March 31, 2014, respectively.
- (9) To record net amortization of the favorable and unfavorable leasehold interests recorded in purchase accounting related to Pacer's railcar, chassis and real property leases of \$300, \$1,662, \$1,361 and \$601 for the three months ended March 31, 2014, twelve months ended December 31, 2013, nine months ended September 30, 2013, and six months ended March 31, 2014, respectively. \$216, \$1,325, \$1,108 and \$433 were recorded through direct operating expense and \$84, \$337, \$253 and \$168 were recorded through sales, general and administrative expense, respectively, based on the nature of the respective leases.
- (10) Represents the removal of \$15,798, \$1,307 and \$17,105 of non-recurring deal costs incurred by Pacer in the three months ended March 31, 2014, twelve months ended December 31, 2013, and six months ended March 31, 2014, respectively, in conjunction with the Pacer Transaction.
- (11) Represents the removal of \$4,529, \$177 and \$4,706 of non-recurring deal costs incurred by XPO in the three months ended March 31, 2014, twelve months ended December 31, 2013, and six months ended March 31, 2014, respectively, in conjunction with the Pacer Transaction.

**(5) 3PD Purchase Price**

The purchase price of \$364,329 and the allocation of the purchase price below are considered final. For illustrative purposes the allocation of the purchase price to the fair value of 3PD's net assets acquired at the acquisition date of August 15, 2013 is presented as follows.

<u>Description</u>	
Purchase price	\$364,329
Carrying value of 3PD net assets acquired	14,026
Plus: Fair value of trademarks/trade names	5,900
Plus: Fair value of non-compete agreements	1,550
Plus: Fair value of customer relationships	110,600
Plus: Fair value of carrier relationships	12,100
Plus: Fair value of acquired technology	18,000
Less: Net deferred tax liability on step-up of net tangible and intangible assets	(29,196)
Fair value of goodwill	<u>\$231,349</u>

(6) **Description of 3PD Pro Forma Adjustments, as presented for the 226 days ended August 14, 2013 in the twelve months ended December 31, 2013 and nine months ended September 30, 2013 Unaudited Pro Forma Condensed Combined Statements of Operations**

a. Represents purchase price adjustments for the 3PD Transaction as follows:

- (1) To record pro forma depreciation and amortization expense of \$14,850 for the 226 days ended August 14, 2013 unaudited pro forma condensed combined statement of operations on the portion of the purchase price allocated to tangible and intangible assets. 3PD had historic depreciation and amortization of the respective tangible and intangible assets of \$6,812 for the 226 days ended August 14, 2013. The pro forma adjustment reflects the incremental increase to depreciation and amortization expense of \$8,038 for the 226 days ended August 14, 2013. Pro forma depreciation and amortization is calculated as follows:

	<u>Fair Value</u>	<u>Estimated Weighted Average Life (years)</u>	<u>Estimated Depreciation/Amortization(a)</u> <u>For the 226 days ended August 14, 2013</u>
Trademarks/tradenames	\$ 5,900	4.00	\$ 1,078
Non-compete agreements—principals	950	5.00	118
Non-compete agreements—other executives	600	4.00	93
Carrier relationships	12,100	2.00	3,746
Customer relationships	110,600	10.00	7,029
	<u>\$130,150</u>		<u>\$ 12,064</u>
Technology	\$ 18,000	4.00	\$ 2,786
Total depreciation and amortization expense			<u>\$ 14,850</u>

- (a) For the trademarks/trade names and customer relationships intangible assets, amortization expense has been calculated in proportion to the weight of the undiscounted cash flows used to determine the fair value of the respective assets. For the remaining intangible assets, amortization expense has been calculated using the straight-line method over the estimated useful life.
- (2) Represents the removal of management fees related to the former owners of 3PD of \$745 for the 226 days ended August 14, 2013 unaudited pro forma condensed combined statements of operations.
- (3) As part of the 3PD Transaction, 3PD management entered into new employment agreements with XPO Logistics which provide for stock compensation. Based on the contractual nature of the agreements, the adjustments reflect the change in stock compensation expense under each arrangement. Stock compensation under the new agreements was \$497 for the 226 days ended August 14, 2013. 3PD had historic stock compensation expense of \$1,597 for the 226 day period. The pro forma adjustment shows the respective net difference to stock compensation expense of (\$1,100). The stock compensation expense recognized in the pro forma financial statements for the new arrangements includes only the time-based awards granted. Compensation expense has not been recognized for performance-based awards due to the inability to determine whether the performance goals would have been met assuming the performance based targets were set on January 1, 2013.
- (4) Represents the removal of amortization related to deferred financing costs of 3PD not acquired in the 3PD Transaction of \$1,117 for the 226 days ended August 14, 2013 unaudited pro forma condensed combined statements of operations, respectively.

- (5) Represents the removal of \$13,301 of non-recurring deal costs incurred by Sellers in the 226 days ended August 14, 2013 unaudited pro forma condensed combined statements of operations, respectively, in conjunction with the 3PD Transaction.
- (6) Represents the removal of \$3,321 of non-recurring deal costs incurred by XPO in the 226 days ended August 14, 2013 unaudited pro forma condensed combined statements of operations, respectively, in conjunction with the 3PD Transaction.
- (7) Represents the removal of interest related to debt of 3PD not assumed in the 3PD Transaction of \$14,824 for the 226 days ended August 14, 2013 unaudited pro forma condensed combined statements of operations, respectively.
- (8) Represents the income tax effect of the pro forma adjustments based on the statutory tax rate adjusted for the impact of non-deductible transaction costs.