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

Form 8-K/A
(Amendment No. 1)

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

July 12, 2013
Date of report (Date of earliest event reported)

XPO Logistics, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**001-32172**	**03-0450326**
(State or other jurisdiction of incorporation or organization)	**(Commission File Number)**	**(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)

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 (*see* General Instruction A.2. below):

☐ 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))

Item 2.01. Completion of Acquisition or Disposition of Assets.

This Amendment No. 1 to Form 8-K amends our Form 8-K dated July 12, 2013, originally filed with the Securities and Exchange Commission ("SEC") on July 15, 2013 (the "Original Report"). We filed the Original Report to report the Stock Purchase 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.

Item 9.01. Financial Statements and Exhibits.

(a) Financial Statements of Businesses Acquired.

The consolidated balance sheets of 3PD Holding, Inc. and subsidiaries as of December 31, 2012 and December 31, 2011 and the related consolidated statements of comprehensive loss, changes in stockholders' equity and cash flows for the years ended December 31, 2012, December 31, 2011 and December 31, 2010 required by this Item 9.01(a) are attached hereto as Exhibit 99.2 and are incorporated herein by reference.

The consolidated balance sheets of 3PD Holding, Inc. and subsidiaries as of June 30, 2013 and December 31, 2012, and the related consolidated statements of comprehensive loss, changes in stockholders' equity and cash flows for the six months ended June 30, 2013 and June 30, 2012 required by this Item 9.01(a) are attached hereto as Exhibit 99.3 and are incorporated herein by reference.

(b) Pro Forma Financial Information.

The unaudited pro forma financial information required by Item 9.01(b) pursuant to Article 11 of Regulation S-X is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

(d) Exhibits.

Exhibit Number	
23.1	Consent of Cherry Bekaert LLP, independent auditor
99.1	Pro Forma Financial Information
	Unaudited pro forma condensed combined balance sheet as of June 30, 2013, and statements of operations for the six months ended June 30, 2013 and the year ended December 31, 2012
99.2	Financial Statements of Businesses Acquired
	(i) Report of Independent Auditor
	(ii) Consolidated balance sheets of 3PD Holding, Inc. and subsidiaries as of December 31, 2012 and December 31, 2011, and the related consolidated statements of comprehensive loss, changes in stockholders' equity and cash flows for the years ended December 31, 2012, December 31, 2011 and December 31, 2010
99.3	Financial Statements of Businesses Acquired
	(i) Consolidated balance sheets of 3PD Holding, Inc. and subsidiaries as of June 30, 2013 and December 31, 2012, and the related consolidated statements of comprehensive loss, changes in stockholders' equity and cash flows for the six months ended June 30, 2013 and June 30, 2012

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: August 5, 2013

EXHIBIT INDEX

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99.3	Financial Statements of Businesses Acquired
	(i) Consolidated balance sheets of 3PD Holding, Inc. and subsidiaries as of June 30, 2013 (unaudited) and December 31, 2012, and the related (unaudited) consolidated statements of comprehensive loss, changes in stockholders' equity and cash flows for the six months ended June 30, 2013 and June 30, 2012

Exhibit 23.1

Consent of Independent Auditor

We consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 333-176700 and 333-188848) and on Form S-8 (Nos. 333-183648 and 333-166986) of XPO Logistics, Inc. of our report dated August 2, 2013, with respect to the audited consolidated financial statements of 3PD Holding, Inc. and subsidiaries as of December 31, 2012 and 2011 and for each of the three fiscal years in the period ended December 31, 2012 which appear in this Amendment No. 1 to the Current Report on Form 8-K/A of XPO Logistics, Inc. dated August 5, 2013.

/s/ Cherry Bekaert LLP

Atlanta, GA
August 2, 2013

Exhibit 99.1

On July 12, 2013, XPO Logistics, Inc. ("XPO Logistics" or the "Company") 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. A copy of the 3PD Agreement was filed with the Form 8-K filed with the SEC on July 15, 2013.

The total consideration payable under the 3PD Agreement is approximately $365 million, payable in cash, deferred payments (including an escrow), $8 million of restricted shares of the Company's common stock, and the payoff of certain indebtedness. The closing of the 3PD Transaction is subject to customary closing conditions. The 3PD Agreement includes customary representations, warranties and covenants. Subject to certain limitations, each party has agreed to indemnify the other for breaches of representations, warranties and covenants and other matters. The 3PD Transaction is not subject to any financing condition. The 3PD Agreement contains certain termination rights for both the Company and the sellers and provides that if the Company fails to close the 3PD Transaction after all of its conditions to close have been satisfied or waived, the Company may be required to pay 3PD a termination fee in the amount of $18 million.

On October 24, 2012, XPO Logistics and its wholly-owned subsidiary, XPO Logistics, LLC ("XPO LLC"), entered into a definitive asset purchase agreement (the "Turbo Agreement") with Turbo Logistics, Inc. and Turbo Dedicated, Inc. (together with Turbo Logistics, Inc., "Turbo"), Ozburn-Hessey Logistics, LLC, and OHH Acquisition Corporation. Turbo primarily operates a non-asset-based, third party logistics business in Gainesville, Ga.; Reno, Nev.; Chicago, Ill.; and Dallas, Texas. Pursuant to the Turbo Agreement, on October 24, 2012 the Company purchased substantially all of the assets of Turbo for total cash consideration of $50.075 million, excluding any working capital adjustments, with no assumption of debt (the "Turbo Transaction"). The assets acquired pursuant to the Turbo Agreement included rights under certain contracts, intellectual property, equipment, accounts receivable, and other related assets.

On August 3, 2012, XPO Logistics acquired the freight brokerage operations of Kelron Corporate Services Inc. and certain affiliated companies, which operate a non-asset-based, third party logistics business in Toronto, Ontario; Montreal, Quebec; Vancouver, British Columbia; and Cleveland, Ohio. The purchase was completed through two related transactions (collectively, the "Kelron Transactions"): XPO Logistics' wholly-owned subsidiary, XPO Logistics Canada Inc., an Ontario corporation ("XPO Canada"), entered into a Share Purchase Agreement, dated August 3, 2012 (the "Kelron Share Purchase Agreement"), with 1272387 Ontario Inc., 1272393 Ontario Inc., Keith Matthews and Geoff Bennett (collectively, the "Share Sellers"), pursuant to which XPO Canada purchased all of the outstanding capital stock of Kelron Corporate Services Inc. Contemporaneously with the execution of the Kelron Share Purchase Agreement, XPO LLC entered into an Asset Purchase Agreement, dated August 3, 2012 (the "Kelron Cleveland Agreement" and together with the Kelron Share Purchase Agreement, the "Kelron Purchase Agreements"), with Kelron Distribution Systems (Cleveland) LLC ("Kelron Cleveland"), a Delaware limited liability company, Geoff Bennett and Keith Matthews (collectively, the "Asset Sellers" and together with the Share Sellers, the "Sellers"), pursuant to which XPO LLC purchased substantially all of the assets of Kelron Distribution Systems (Cleveland) LLC. The total consideration payable under the Kelron Purchase Agreements for Kelron Corporate Services, Inc. and Kelron Cleveland (collectively "Kelron") was approximately $8.0 million, payable in cash, deferred payments (including an escrow), and assumption of certain indebtedness. The assets purchased under the Kelron Cleveland Agreement included rights under certain contracts, intellectual property, office equipment, account receivables, and other related assets.

The Kelron Transactions along with the Turbo Transaction and the 3PD Transaction are referred to as the "Transactions" below.

The following unaudited pro forma condensed combined financial statements and related notes combine the historical consolidated balance sheets and statements of operations of XPO Logistics, the consolidated balance sheets and statements of comprehensive loss of 3PD, the combined statement of operations of Turbo, and the consolidated statement of operations of Kelron.

For purposes of preparing the unaudited pro forma condensed combined financial statements, XPO Logistics has combined the XPO Logistics consolidated statement of operations for the twelve months ended December 31, 2012 with 3PD's consolidated statement of comprehensive loss for the period ended December 31, 2012, Turbo's combined statement of operations for the period ended October 23, 2012, and Kelron's consolidated statement of operations for the period ended August 2, 2012. The results of Turbo and Kelron for the remainder of the year ended December 31, 2012 were included with the XPO historical results. For purposes of preparing the unaudited pro forma condensed combined financial statements for the six months ended June 30, 2013, XPO Logistics has combined the XPO Logistics condensed consolidated statement of operations and 3PD's consolidated statement of comprehensive loss for the six months ended June 30, 2013.

The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2012 and the six months ended June 30, 2013 give effect to the Transactions as if they had occurred on January 1, 2012. The unaudited pro forma condensed combined balance sheet assumes that the 3PD Transaction was completed on June 30, 2013. The unaudited pro forma condensed combined balance sheet and condensed combined statement of operations of XPO Logistics as of and for the six months ended June 30, 2013 were derived from its unaudited condensed consolidated financial statements as of June 30, 2013 (as filed on Form 10-Q with the SEC on August 1, 2013). The unaudited pro forma condensed combined statement of operations of XPO Logistics for the twelve months ended December 31, 2012 was derived from the audited consolidated financial statements of XPO Logistics for the year ended December 31, 2012 (as filed on Form 10-K with the SEC on March 12, 2013). The unaudited pro forma condensed combined balance sheet and condensed combined statement of operations of 3PD as of and for the six months ended June 30, 2013 were derived from its unaudited consolidated financial statements as of June 30, 2013 included in Exhibit 99.3 hereto. The unaudited pro forma condensed combined statement of operations of 3PD for the twelve months ended December 31, 2012 was derived from its audited consolidated financial statements for the twelve months ended December 31, 2012 included in Exhibit 99.2 hereto. The unaudited pro forma condensed combined statement of operations of Turbo for the 297 days ended October 23, 2012 was derived from its unaudited combined financial statements for the 297 days ended October 23, 2012. The unaudited pro forma condensed combined statement of operations of Kelron for the 215 days ended August 2, 2012 was derived from its unaudited combined financial statements for the 215 days ended August 2, 2012.

The historical consolidated financial information of XPO Logistics, the consolidated financial information of 3PD, the combined financial information of Turbo, and the consolidated financial information of Kelron 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 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.

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 Transactions 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 Transactions.

The Company has arranged for a loan facility with Credit Suisse Securities (USA) LLC, Credit Suisse AG and Morgan Stanley to provide financing for the 3PD Transaction in the event the Company is unable to secure the contemplated equity financing. However, the Company expects to fund the 3PD Transaction with equity financing and cash on hand thus the unaudited pro forma condensed combined financial information reflects such equity financing.

XPO Logistics, Inc.
Unaudited Pro Forma Condensed Combined Balance Sheet
As of June 30, 2013
(In thousands)

	XPO Historic	3PD Historic	Pro Forma Adjustments 2(a)		Pro Forma Combined
ASSETS					
Cash and cash equivalents	$178,155	$ 10,453	$(188,608)	(1)(2)(5)	$ —
Restricted cash	—	1,672	—		1,672
Accounts receivable, net of allowances	89,740	29,235	—		118,975
Prepaid expenses	2,095	741	—		2,836
Deferred tax asset, current	938	258	987	(9)	2,183
Income tax receivable	2,840	303	—		3,143
Other current assets	4,203	1,024	—		5,227
Total current assets	277,971	43,686	(187,621)		134,036
Property and equipment, net of accumulated depreciation	15,554	9,688	—		25,242
Goodwill	69,927	109,697	126,478	(3)	306,102
Identifiable intangible assets, net of accumulated amortization	30,121	96,301	59,199	(4)	185,621
Deferred tax asset, long term	72	—	—		72
Other long-term assets	834	5,378	(4,894)	(2)	1,318
Total long-term assets	116,508	221,064	180,783		518,355
Total assets	$394,479	$264,750	$ (6,838)		$652,391
LIABILITIES AND STOCKHOLDERS' EQUITY					
Accounts payable	$ 23,591	$ 14,747	$ —		$ 38,338
Accrued salaries and wages	5,570	1,953	1,343	(6)	8,866
Accrued expenses, other	23,733	10,043	—		33,776
Current maturities of notes payable and capital leases	850	10,500	(10,500)	(2)	850
Other current liabilities	1,548	169	1,110	(7)	2,827
Total current liabilities	55,292	37,412	(8,047)		84,657
Convertible senior notes	111,197	—	—		111,197
Notes payable and capital leases, net of current maturities	767	145,241	(145,241)	(2)	767
Deferred tax liability, long-term	6,553	23,352	8,963	(3)(4)(9)	38,868
Other long-term liabilities	3,838	3,779	19,092	(1)(2)	26,709
Total long-term liabilities	122,355	172,372	(117,186)		177,541
Stockholders' equity:					
Preferred stock	42,794	—	—		42,794
Common stock	18	52	7,132	(1)(5)(8)	7,202
Additional paid-in capital	267,806	102,593	55,600	(1)(5)(8)	425,999
Treasury stock	(107)	—	—		(107)
Accumulated other comprehensive income (loss)	—	(106)	106	(8)	—
Accumulated deficit	(93,679)	(47,573)	55,557	(6)(7)(8)(9)	(85,695)
Total stockholders' equity	216,832	54,966	118,395		390,193
Total liabilities and stockholders' equity	$394,479	$264,750	$ (6,838)		$652,391

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 Six Months Ended June 30, 2013
(In thousands, except per share data)

	XPO Historic	3PD Historic	Pro Forma Adjustments 3(a)		Pro Forma Combined
Revenue	$251,090	$166,145	$ —		$417,235
Expenses					
Direct expense	215,490	113,612	—		329,102
Gross Margin	35,600	52,533	—		88,133
Selling, general and administrative expense	60,982	46,781	1,546	(1)(2)(3)(4)	109,309
Operating (loss) income	(25,382)	5,752	(1,546)		(21,176)
Other expense	58	—	—		58
Interest expense (income)	6,170	10,074	(9,814)	(5)	6,430
(Loss) income before income tax provision	(31,610)	(4,322)	8,268		(27,664)
Income tax expense (benefit)	296	(1,589)	(7,295)	(6)	(8,588)
Net (loss) income	(31,906)	(2,733)	15,563		(19,076)
Cumulative preferred dividends	(1,486)	—	—		(1,486)
Net (loss) income available to common shareholders	$ (33,392)	$ (2,733)	$ 15,563		$ (20,562)
Basic loss per share					
Net loss	$ (1.84)	$ —	$ —		$ (0.81)
Diluted loss per share					
Net loss	$ (1.84)	$ —	$ —		$ (0.81)
Weighted average common shares outstanding					
Basic weighted average common shares outstanding	18,107	—	7,184	(8)(9)	25,291
Diluted weighted average common shares outstanding	18,107	—	7,184	(8)(9)	25,291

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 December 31, 2012
(In thousands, except per share data)

	XPO	3PD	3PD		Turbo(4)	Turbo		Kelron(6)	Kelron		
	Historic	Historic	Pro Forma Adjustments 3(a)		Historic January 1, 2012 - October 23, 2012	Pro Forma Adjustments 5(a)		Historic January 1, 2012 - August 2, 2012 7(a)	Pro Forma Adjustments 7(b)		Pro Forma Combined
Revenue	$278,591	$306,064	$ —		$ 99,741	$ —		$ 59,060	$ —		$743,456
Expenses											
Direct expense	237,765	211,760	—		82,752	—		52,596	—		584,873
Gross Margin	40,826	94,304	—		16,989	—		6,464	—		158,583
Selling, general and administrative expense	68,790	80,340	3,781	(1)(2)(3)(4)	15,113	968	(1)	7,221	396	(1)	176,609
Impairment of goodwill	—	—	—		25,753	—		—	—		25,753
Operating (loss) income	(27,964)	13,964	(3,781)		(23,877)	(968)		(757)	(396)		(43,779)
Other expense (income)	363	—	—		—	—		(44)	—		319
Interest expense (income)	3,207	19,809	(19,809)	(5)	1,826	(1,894)	(2)	59	(46)	(2)	3,152
Loss on foreign currency translation	—	—	—					(121)	—		(121)
(Loss) income before income tax provision	(31,534)	(5,845)	16,028		(25,703)	926		(893)	(350)		(47,371)
Income tax (benefit) expense	(11,195)	(3,027)	6,091	(7)	(7,455)	352	(3)	(138)	(91)	(3)	(15,463)
Net (loss) income	(20,339)	(2,818)	9,937		(18,248)	574		(755)	(259)		(31,908)
Cumulative preferred dividends	(2,993)	—	—		—	—		—	—		(2,993)
Net (loss) income available to common shareholders	$ (23,332)	$ (2,818)	$ 9,937		$ (18,248)	$ 574		$ (755)	$ (259)		$ (34,901)
Basic loss per share											
Net loss	$ (1.49)	$ —	$ —		$ —	$ —		$ —	$ —		$ (1.53)
Diluted loss per share											
Net loss	$ (1.49)	$ —	$ —		$ —	$ —		$ —	$ —		$ (1.53)
Weighted average common shares outstanding											
Basic weighted average common shares outstanding	15,694	—	7,184	(8)(9)	—	—		—	—		22,878
Diluted weighted average common shares outstanding	15,694	—	7,184	(8)(9)	—	—		—	—		22,878

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) 3PD Purchase Price

The estimated purchase price of $365,380 and the allocation of the estimated purchase price discussed below are preliminary, and subject to certain post-closing adjustments including a potential adjustment to working capital. A final determination of required adjustments will be made based upon the final evaluation of the fair value of our tangible and identifiable intangible assets acquired and liabilities assumed. The purchase price will be adjusted by the amount by which the final working capital as of the closing date is different from the target working capital per the 3PD Agreement. The estimated purchase price consists of $334,500 of cash payable at the time of closing, a $22,500 holdback which is payable to the sellers upon resolution of certain indemnifiable matters, and $8,380 of XPO Logistics common stock which represents the fair value of 421,719 common shares issued as consideration in conjunction with the 3PD Agreement at the market price at the close on July 31, 2013 of $24.46 per share. The final number of shares to be issued to the sellers will be determined based upon the after-tax proceeds of four shareholders calculated using the July 12, 2013 share price of $18.97. After tax proceeds are currently estimated to be $8,000. The equity portion of the purchase price has been adjusted for a marketability discount related to the holding period restriction associated with the common stock issued as consideration in the 3PD Transaction. The final purchase price will be computed using the value of XPO Logistics common stock on the closing date, therefore the actual purchase price will fluctuate with the market price of XPO Logistics common stock until the acquisition is consummated. As a result, the final purchase price could differ significantly from the current estimate, which could materially impact the unaudited pro forma condensed combined financial statements. The following represents the preliminary estimate of the purchase price to be paid in tabular format:

Description	
Cash payment to Sellers	$334,500
Shares issued to Sellers	8,380
Holdback for resolution of certain indemnifiable matters	22,500
Fair value of total consideration	$365,380

The following table provides sensitivities to changes in purchase price due to changes in the per share price of XPO Logistics common stock:

	Price of XPO Logistics Common Stock	Shares Issued	Calculated Value of Stock Consideration	Fair Value of Stock Consideration	Cash Consideration Transferred	Holdback for Resolution of Certain Indemnifiable Matters	Total Purchase Price
As of July 31, 2013	$ 24.46	421,719	$ 10,315	$ 8,380	$ 334,500	$ 22,500	$365,380
Decrease of 10%	$ 22.01	421,719	$ 9,282	$ 7,541	$ 334,500	$ 22,500	$364,541
Increase of 10%	$ 26.91	421,719	$ 11,348	$ 9,219	$ 334,500	$ 22,500	$366,219

The following tables summarize the purchase price allocation adjustments of the assets acquired and liabilities assumed as if the acquisition date was June 30, 2013. The final allocation of the purchase price will be determined at a later date and is dependent on a number of factors, including the final evaluation of the fair value of tangible and identifiable intangible assets acquired and liabilities assumed. The final evaluation of the fair value of tangible and identifiable intangible assets acquired and liabilities assumed may include adjustments, including increases to amortization resulting from the allocation of the purchase price to amortizable intangible assets, which may be material. Adjustments to the fair value of intangible assets acquired and liabilities assumed will impact the value of goodwill recognized in the 3PD Transaction, and the adjustment to goodwill may be material. For illustrative purposes, the preliminary allocation of the purchase price to the fair value of 3PD's assets acquired and liabilities assumed assuming the acquisition date was June 30, 2013 is presented as follows:

Description	
Estimated purchase price	$365,380
Carrying value of 3PD net assets acquired:[(a)]	92,502
Less: Historic intangible assets	(96,301)
Plus: Fair value of trademarks/trade names	5,500
Plus: Fair value of non compete agreements	6,500
Plus: Fair value of carrier relationships	16,000
Plus: Fair value of customer relationships	110,000
Plus: Fair value of technology	17,500
Less: Fair value of deferred tax liability on step-up of intangible assets	(22,496)
Fair value of increase in intangible assets, net of deferred tax liability	36,703
Fair value of goodwill	$236,175

Description	
Carrying value of 3PD net assets	$ 54,966
Less: Assets not acquired	(15,999)
Plus: Liabilities not assumed	159,149
Plus: Deferred tax liability on historical goodwill	4,083
Less: Historic goodwill	(109,697)
Carrying value of 3PD net assets acquired	$ 92,502

(a) Management believes the historical carrying amounts approximate fair value.

(2) Description of 3PD Pro Forma Adjustments, as presented on the June 30, 2013 Balance Sheet

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

(1) Represents an adjustment for the transaction price of $365,380, consisting of $334,500 of cash payable at the time of closing, a $22,500 holdback which is payable to the sellers upon resolution of certain indemnifiable matters, and $8,380 representing the fair value of 421,719 common shares issued as consideration in conjunction with the 3PD Agreement. The equity portion of the purchase price has been adjusted for a marketability discount related to the holding period restriction associated with the common stock issued as consideration. For pro forma purposes, the purchase price payable in cash will be funded as follows:

Description	
Available cash on hand	$178,155
Common stock issuance, net of issuance costs and restricted cash due	156,345
Total cash consideration payable	$334,500

See footnote 5 for information on the common stock issuance.

(2) Represents adjustments to the combined company for assets and liabilities of 3PD not acquired by XPO Logistics, including assets of $15,999 (consisting of $10,453 of cash, $652 of restricted cash (adjustment was recorded through unrestricted cash based on practical limitations of releasing restricted cash through the captive insurance company), and $4,894 of deferred financing costs) and liabilities of $159,149 (consisting of $10,500 of the current portion of long-term debt, $145,241 of the non-current portion of long-term debt, $29 of interest rate swap liability, and $3,379 of liability related to contingent consideration from a previous acquisition).

(3) Eliminates goodwill and the related deferred tax liability recorded in the historical financial statements of 3PD of $109,697 and $4,083, respectively, and records the preliminary fair value of goodwill resulting from the pro forma allocation of the purchase price as if the acquisition had occurred using a preliminary estimate of $236,175. The adjustment represents the net impact to goodwill of $126,478. Goodwill resulting from the acquisition is not amortized, and will be assessed for impairment at least annually in accordance with applicable accounting guidance on goodwill. The goodwill resulting from the acquisition is not deductible for income tax purposes.

(4) Represents the preliminary allocation of purchase price to identifiable intangible assets, as follows:

	Preliminary Fair Value
Trademarks / Trade Names	$ 5,500
Non Compete Agreements	6,500
Technology	17,500
Carrier Relationships	16,000
Customer Relationships	110,000
	$ 155,500

The adjustment of $59,199 to identifiable intangible assets is a result of the preliminary allocation of purchase price to identifiable intangible assets less the historical net identifiable intangible assets of $96,301. A deferred tax liability was recorded related to the step up of tax basis due to the preliminary allocation of purchase price to identifiable intangible assets of $22,496.

(5) The pro forma financial statements reflect the assumed issuance of approximately $165,397 of common stock to fund the difference between the purchase price and the amount of cash on hand as of June 30, 2013. Net proceeds after fees are expected to be approximately $156,997. The XPO Logistics common stock closing price of $24.46 per share on July 31, 2013 was used to determine the number of shares issued. A $1.00 increase in the issue price of XPO Logistics common stock would decrease the number of shares issued by 265,590 while a $1.00 decrease in the issue price of XPO Logistics common stock would increase the number of shares issued by 288,232. In the event that the Company is unable to secure the contemplated equity financing for the 3PD Transaction, it has arranged for a loan facility with Credit Suisse and Morgan Stanley to finance the acquisition. This facility consists of a $140 million First Lien Facility and a $55 million Second Lien Facility. These facilities bear interest at Adjusted LIBOR plus 5.0% or an Alternate Base Rate plus 4.0% and Adjusted LIBOR plus 9.0% or an Alternate Base Rate plus 8.0%, respectively. If the Company drew down on the available facilities to finance the 3PD Transaction, it would result in $14,666 of interest expense on an annual basis.

(6) As part of the 3PD Transaction, XPO Logistics agreed to guarantee the payment of 3PD management's 2013 annual bonuses totaling $2,015. No future service is required by 3PD management to receive the 2013 annual bonuses from XPO Logistics. The adjustment of $1,343 represents the difference between the total payout and the amount accrued at June 30, 2013.

(7) Reflects adjustments to account for transaction costs of $1,110 related to the 3PD Transaction. As the transaction expenses will not have a continuing impact, the transaction expenses are not reflected in the unaudited pro forma condensed combined statements of operations.

(8) Reflects adjustments to eliminate 3PD's historical common stock, additional paid-in capital, accumulated other comprehensive income, and accumulated deficit of $52, $102,593, ($106), and ($47,573), respectively.

(9) Represents the effect on deferred taxes due to the release of the Federal valuation allowance described below in footnote 6 to the unaudited pro forma condensed combined statement of operations for the six months ended June 30, 2013.

(3) Description of 3PD Pro Forma Adjustments, as presented in the Unaudited Pro Forma Condensed Combined Statements of Operations for the six months ended June 30, 2013 and twelve months ended December 31, 2012

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

(1) To record pro forma amortization expense of $8,202 and $16,403 for the six months ended June 30, 2013 and twelve months ended December 31, 2012 unaudited pro forma condensed combined statements of operations, respectively, on the portion of the purchase price allocated to intangible assets. 3PD had historic amortization of intangible assets of $5,485 and $10,969 for the six and twelve month periods, respectively. The pro forma adjustments reflect the respective incremental increases to amortization expense of $2,717 and $5,434 for the six months ended June 30, 2013 and twelve months ended December 31, 2012. Pro forma amortization is calculated as follows:

			Estimated Amortization (a)	
	Preliminary Fair Value	Estimated Weighted Average Life (years)	For the 6 months ended June 30, 2013	For the 12 months ended December 31, 2012
Trademarks / Trade Names	$ 5,500	3.00	$ 917	$ 1,833
Non Compete Agreements	6,500	5.00	650	1,300
Technology	17,500	6.50	1,346	2,692
Carrier Relationships	16,000	9.00	889	1,778
Customer Relationships	110,000	12.50	4,400	8,800
	$ 155,500		$ 8,202	$ 16,403

(a) 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 $417, and $834 for the six months ended June 30, 2013 and twelve months ended December 31, 2012 unaudited pro forma condensed combined statements of operations, respectively.

(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 $527 and $1,054 for the six months ended June 30, 2013 and twelve months ended December 31, 2012, respectively. 3PD had historic stock compensation expense of $381 and $76 for the six and twelve month periods, respectively. The pro forma adjustments show the respective net differences to stock compensation expense of $146 and $978, respectively. 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, 2012.

(4) Represents the removal of amortization related to deferred financing costs of 3PD not acquired in the 3PD Transaction of $900 and $1,797 for the six months ended June 30, 2013 and twelve months ended December 31, 2012 unaudited pro forma condensed combined statements of operations, respectively.

(5) Represents the removal of interest related to debt of 3PD not assumed in the 3PD Transaction of $9,814, and $19,809 for the six months ended June 30, 2013 and twelve months ended December 31, 2012 unaudited pro forma condensed combined statements of operations, respectively. The $260 interest expense excluded from the pro forma adjustment for the six months ended June 30, 2013 relates to a contractual liability which remains as stipulated in the 3PD Agreement.

(6) Represents the income tax effect of the pro forma adjustments for the six months ended June 30, 2013 of $3,142 calculated using an estimated statutory tax rate of 38.0% (i.e., the United States statutory income tax rate of 35.0% plus an estimated blended state income tax rate of 3.0%) offset by the benefit generated through release of the Company’s Federal tax valuation allowance. The Federal valuation allowance of $10,437 was released in full due to the deferred tax liability generated through the step-up of the intangible assets recorded in the pro forma balance sheet which was deemed sufficient to allow the recognition of the deferred tax benefit related to XPO Logistics’ historical net operating losses for which a full valuation allowance was taken. The state and foreign components of the valuation allowance were not affected by the step-up due to differences in jurisdiction. The net impact to income tax expense (benefit) of ($7,295) is shown in the pro forma condensed combined statement of operations.

(7) Represents the income tax effect of the pro forma adjustments calculated using an estimated statutory tax rate of 38.0% (i.e., the United States statutory income tax rate of 35.0% plus an estimated blended state income tax rate of 3.0%).

(8) Represents the adjustment to basic and diluted weighted average shares outstanding for the effect of 421,719 shares issued as consideration in the 3PD Transaction.

(9) Represents the adjustment to basic and diluted weighted average shares outstanding for the effect of 6,761,932 shares offered to raise capital to fund the 3PD Transaction. The following table provides sensitivities to changes in the number of shares issued to raise capital to fund the 3PD Transaction based on changes in the per share price of XPO Logistics common stock and the effect on earnings per share for each period presented.

	Price of XPO Logistics Common Stock	Shares Issued	Earnings Per Share at June 30, 2013	Adjusted Earnings Per Share at June 30, 2013	Earnings Per Share at December 31, 2012	Adjusted Earnings Per Share at December 31, 2012
As of July 31, 2013	$ 24.46	6,761,932	$ (0.81)	$ (0.81)	$ (1.53)	$ (1.53)
Decrease of $1.00	$ 23.46	7,050,164	$ (0.81)	$ (0.80)	$ (1.53)	$ (1.51)
Increase of $1.00	$ 25.46	6,496,342	$ (0.81)	$ (0.82)	$ (1.53)	$ (1.54)

(4) Turbo Purchase Price

The purchase price of $50,075 and the allocation of the purchase price discussed below are considered final. The following table summarizes the purchase price allocation on the acquisition date of October 24, 2012. For illustrative purposes the allocation of the purchase price to the fair value of Turbo's net assets acquired at the acquisition date of October 24, 2012 is presented as follows.

Description	
Purchase price	$ 50,075
Less: Fair value of Turbo net assets acquired	(4,345)
Less: Fair value of Trademarks / Trade Names	(725)
Less: Fair value of Non Compete Agreements	(1,800)
Less: Fair value of Customer Relationships	(10,000)
Fair value of Goodwill	$ 33,205

(5) Description of Turbo Pro Forma Adjustments, as presented for the 297 days ended October 23, 2012 in the twelve months ended December 31, 2012 Unaudited Pro Forma Condensed Combined Statement of Operations

a. Represents purchase price adjustments for the acquisition of Turbo as follows:

(1) To record pro forma amortization expense of $1,522 for the 297 day period ended October 23, 2012 unaudited pro forma condensed combined statement of operations on the portion of the purchase price allocated to intangible assets. Turbo had historic amortization of intangible assets of $554 for the 297 day period. The pro forma adjustment shows the incremental increase to amortization expense of $968 for the period ended October 23, 2012. Pro forma amortization is calculated as follows:

	Fair Value	Estimated Weighted Average Life (years)	Estimated Amortization (a) For the 297 days ended October 23, 2012
Trademarks / Trade Names	$ 725	0.75	$ 725
Non Compete Agreements	1,800	10.00	146
Customer Relationships	10,000	12.50	651
	$12,525		$ 1,522

(a) Amortization expense has been calculated using the straight-line method over the estimated useful life.

(2) Represents the removal of interest related to debt of Turbo not assumed in Turbo Transaction of $1,894 for the 297 day period ended October 23, 2012 unaudited pro forma condensed combined statements of operations.

(3) Represents the income tax effect of the pro forma adjustments calculated using an estimated statutory tax rate of 38.0% (i.e., the United States statutory income tax rate of 35.0% plus an estimated blended state income tax rate of 3.0%).

(6) Kelron Purchase Price

The purchase price of $2,647 and the allocation of the purchase price discussed below are considered final. The following table summarizes the purchase price allocation on the acquisition date of August 3, 2012. For illustrative purposes the allocation of the purchase price to the fair value of Kelron's net liabilities acquired at the acquisition date of August 3, 2012 is presented as follows.

Description	
Purchase price	$ 2,647
Plus: Fair value of Kelron net liabilities acquired	2,878
Less: Fair value of Trademarks / Trade Names	(251)
Less: Fair value of Technology	(75)
Less: Fair value of Non Compete Agreement	(377)
Less: Fair value of Customer Relationships	(1,207)
Fair value of Goodwill	$ 3,615

(7) Description of Kelron Pro Forma Adjustments, as presented for the 215 days ended August 2, 2012 in the twelve months ended December 31, 2012 Unaudited Pro Forma Condensed Combined Statement of Operations

a. The following table shows the calculation of the total Kelron column in the unaudited pro forma condensed combined statement of operations for the 215 day period ending August 2, 2012.

	Historic Kelron (excluding Kelron Cleveland) January 1, 2012 - August 2, 2012				Cleveland Historic January 1, 2012 - August 2, 2012	Total Kelron
	Historic in $CAD, Canadian GAAP	US GAAP Adjustments	Historic in $CAD, US GAAP	Historic in $USD, US GAAP	Historic in $USD, US GAAP	Historic in $USD, US GAAP
Revenue	$ 56,470	$ —	$ 56,470	$ 56,072	$ 2,988	$ 59,060
Expenses						
Direct expense	50,380	—	50,380	50,025	2,571	52,596
Gross Margin	6,090	—	6,090	6,047	417	6,464
Selling, general and administrative expense	6,927	—	6,927	6,878	343	7,221
Impairment of goodwill	—	—	—	—	—	—
Operating (loss) income	(837)	—	(837)	(831)	74	(757)
Other (income) expense	(44)	—	(44)	(44)	—	(44)
Interest expense	59	—	59	59	—	59
Loss on foreign currency translation	(121)	—	(121)	(120)	(1)	(121)
(Loss) income before income tax provision	(973)	—	(973)	(966)	73	(893)
Income tax (benefit) expense	(284)	145(i)	(139)	(138)	—	(138)
Net (loss) income	(689)	(145)	(834)	(828)	73	(755)
Cumulative preferred dividends	—	—	—	—	—	—
Net (loss) income available to common shareholders	$ (689)	$ (145)	$ (834)	$ (828)	$ 73	$ (755)

(i) Represents the income statement impact from a Canadian GAAP to US GAAP measurement difference in which US GAAP requires measurement of an uncertain tax position as the largest amount that is greater than 50% likely of being realized upon settlement, and Canadian GAAP requires measurement of the best estimate of the amount that is more likely than not to be realized.

b. Represents purchase price adjustments for the acquisition of Kelron as follows:

(1) To record pro forma amortization expense of $396 for the 215 day period ended August 2, 2012 unaudited pro forma condensed combined statement of operations on the portion of the purchase price allocated to intangible assets. Kelron had no historic amortization of intangible assets for the period. Pro forma amortization is calculated as follows:

	Fair Value	Estimated Weighted Average Life (years)	Estimated Amortization (a) For the 215 days ended August 2, 2012
Trademarks / Trade Names	$ 251	0.33	$ 251
Technology	75	1.50	29
Non Compete Agreements	377	5.00	44
Customer Relationships	1,207	10.00	72
	$ 1,910		$ 396

(a) Amortization expense has been calculated using the straight-line method over the estimated useful life.

(2) Represents the removal of interest related to extinguished debt of Kelron of $59 for the 215 day period ended August 2, 2012 unaudited pro forma condensed combined statement of operations and interest expense on the notes payable issued to the sellers for $13 for the 215 day period ended August 2, 2012 unaudited pro forma condensed combined statement of operations.

(3) Represents the income tax effect of the pro forma adjustments calculated using the Canadian statutory income tax rate, adjusted for an Ontario Provisional rate, of 26.0%.

Exhibit 99.2

3PD HOLDING, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

As of December 31, 2012 and 2011 and for the years ended December 31, 2012, 2011 and 2010

And Report of Independent Auditor

3PD HOLDING, INC. AND SUBSIDIARIES

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Report of Independent Auditor

To the Board of Directors
3PD Holding, Inc.
Marietta, Georgia

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of 3PD Holding, Inc. and subsidiaries (the “Company”), which comprise the consolidated balance sheets as of December 31, 2012 and 2011, and the related statements of comprehensive loss, changes in stockholders’ equity and cash flows for each of the three years ended December 31, 2012, 2011, and 2010, and the related notes to the consolidated financial statements.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of 3PD Holding, Inc. and subsidiaries as of December 31, 2012 and 2011, and the results of their operations and their cash flows for each of the three years ended December 31, 2012, 2011, and 2010 in conformity with accounting principles generally accepted in the United States of America.

/s/ Cherry Bekaert LLP

Atlanta, Georgia
August 2, 2013

3PD HOLDING, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2012 AND 2011

	2012	2011
ASSETS		
Current Assets		
Cash and cash equivalents	$ 4,918,245	$ 5,914,344
Restricted cash	2,512,091	3,313,908
Accounts receivable, net of allowance for doubtful accounts of $14,271 and $14,928 in 2012 and 2011, respectively	25,957,242	22,269,833
Prepaid expenses and other current assets	4,551,094	2,657,067
Deferred income taxes	—	78,496
Total Current Assets	37,938,672	34,233,648
Property and equipment, net	9,195,339	7,042,837
Other Assets		
Other intangibles, net	101,785,432	112,754,663
Goodwill	109,696,658	116,339,195
Deferred financing costs, net	5,793,367	7,533,464
Other assets	500,401	752,167
Total Other Assets	217,775,858	237,379,489
Total Assets	$264,909,869	$278,655,974
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Current portion of long-term debt	$ 9,660,000	$ 7,861,593
Accounts payable	12,400,293	10,794,682
Accrued expenses	6,243,813	7,079,577
Other current liabilities	192,413	266,322
Deferred income taxes	178,869	—
Total Current Liabilities	28,675,388	26,002,174
Deferred income taxes	25,027,710	35,054,240
Long-term debt, net of current portion	150,432,829	154,065,556
Other liabilities	3,464,283	3,719,696
Total Liabilities	207,600,210	218,841,666
Stockholders' Equity		
Common stock ($0.01 par value; 6,500,000 shares authorized; 5,171,830 shares in 2012 and 2011 issued and outstanding)	51,718	51,718
Additional paid-in capital	102,212,708	101,909,057
Accumulated other comprehensive loss	(115,279)	(125,309)
Accumulated deficit	(44,839,488)	(42,021,158)
Total Stockholders' Equity	57,309,659	59,814,308
Total Liabilities and Stockholders' Equity	$264,909,869	$278,655,974

The accompanying notes are an integral part of these consolidated financial statements.

3PD HOLDING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

FOR THE YEARS ENDED DECEMBER 31, 2012, 2011, AND 2010

	2012	2011	2010
Net Revenue	$306,064,468	$262,179,690	$236,609,216
Cost of Revenue	211,760,155	178,762,614	154,934,280
Gross Profit	94,304,313	83,417,076	81,674,936
Operating Expenses	80,340,008	77,423,345	76,011,557
Income from Operations	13,964,305	5,993,731	5,663,379
Other Expenses:			
Interest expense	19,809,341	17,545,387	16,189,409
Net Loss Before Income Taxes	(5,845,036)	(11,551,656)	(10,526,030)
Benefit from (Provision for) Income Taxes:			
Current	(303,552)	(798,328)	(760,945)
Deferred	3,330,258	3,599,409	4,071,600
	3,026,706	2,801,081	3,310,655
Net Loss	(2,818,330)	(8,750,575)	(7,215,375)
Other Comprehensive Income (Loss):			
Foreign currency translation adjustment, net of tax	(120,440)	10,277	77,813
Unrealized gain (loss) on interest rate swap, net of tax	130,470	(243,188)	—
	10,030	(232,911)	77,813
Comprehensive Loss	$ (2,808,300)	$ (8,983,486)	$ (7,137,562)

The accompanying notes are an integral part of these consolidated financial statements.

3PD HOLDING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2012, 2011, AND 2010

	Common Stock		Additional	Accumulated Other		Total
	Number of Shares	Amount	Paid-in Capital	Comprehensive Income (Loss)	Accumulated Deficit	Stockholders' Equity
Balance, January 1, 2010	5,171,830	$51,718	$101,464,322	$ 29,789	$(26,055,208)	$75,490,621
Stock-based compensation	—	—	365,384	—	—	365,384
Foreign currency translation adjustment, net of tax of $47,691	—	—	—	77,813	—	77,813
Net loss	—	—	—	—	(7,215,375)	(7,215,375)
Balance, December 31, 2010	5,171,830	$51,718	101,829,706	107,602	(33,270,583)	68,718,443
Stock-based compensation	—	—	79,351	—	—	79,351
Foreign currency translation adjustment, net of tax of $(6,095)	—	—	—	10,277	—	10,277
Unrealized loss on interest rate swap, net of tax of $144,260	—	—	—	(243,188)	—	(243,188)
Net loss	—	—	—	—	(8,750,575)	(8,750,575)
Balance, December 31, 2011	5,171,830	51,718	101,909,057	(125,309)	(42,021,158)	59,814,308
Stock-based compensation	—	—	303,651	—	—	303,651
Foreign currency translation adjustment, net of tax of $81,930	—	—	—	(120,440)	—	(120,440)
Unrealized gain on interest rate swap, net of tax of $(77,459)	—	—	—	130,470	—	130,470
Net loss	—	—	—	—	(2,818,330)	(2,818,330)
Balance, December 31, 2012	5,171,830	$51,718	$102,212,708	$ (115,279)	$(44,839,488)	$57,309,659

The accompanying notes are an integral part of these consolidated financial statements.

3PD HOLDING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2012, 2011, AND 2010

	2012	2011	2010
Cash flows from operating activities:			
Net loss	$ (2,818,330)	$ (8,750,575)	$ (7,215,375)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Depreciation and amortization	15,888,131	14,496,357	12,461,190
Provision for doubtful accounts	—	175,611	—
Stock-based compensation	303,651	79,351	365,384
Interest paid in kind	6,027,273	4,869,304	—
Loss (Gain) on sale of property and equipment	(32,756)	1,874	90,127
Deferred income taxes	(3,126,628)	(3,737,574)	(4,023,909)
Changes in operating assets and liabilities (net of effects of acquisition):			
Accounts receivable	(3,687,409)	(4,102,902)	(1,357,749)
Prepaid expenses and other assets	(1,699,260)	(158,689)	1,472,646
Accounts payable and accrued expenses	769,847	(743,319)	5,562,643
Other liabilities	(198,852)	(425,614)	362,662
Net cash provided by operating activities	11,425,667	1,703,824	7,717,619
Cash flows from investing activities:			
Acquisition of Home Delivery Group, LLC, net of cash acquired	—	(16,000,000)	—
Proceeds from sale of property and equipment	146,528	103,001	60,354
Purchases of property and equipment	(5,388,078)	(4,327,944)	(3,179,076)
Restricted cash	801,817	130,783	(137,861)
Net cash used in investing activities	(4,439,733)	(20,094,160)	(3,256,583)
Cash flows from financing activities:			
Proceeds from long-term debt, net of financing costs	—	133,386,873	—
Repayments of long-term debt	(7,861,593)	(117,187,000)	(3,700,360)
Net cash provided by (used in) financing activities	(7,861,593)	16,199,873	(3,700,360)
Effect of exchange rate changes on cash	(120,440)	10,277	77,813
Net change in cash and cash equivalents	(996,099)	(2,180,186)	838,489
Cash and Cash Equivalents at Beginning of Year	5,914,344	8,094,530	7,256,041
Cash and Cash Equivalents at End of Year	$ 4,918,245	$ 5,914,344	$ 8,094,530
Supplemental disclosures of cash flow information:			
During 2012, the Company recorded a purchase price adjustment of $6,642,537 to deferred income taxes related to the acquisition of Home Delivery Group, LLC.			
Cash paid during the year for:			
Income taxes	$ 13,692	$ 618,833	$ 876,254
Interest	$13,470,195	$ 12,537,723	$16,189,409

The accompanying notes are an integral part of these consolidated financial statements.

Note 1—Nature of business

3PD Holding, Inc. (3PD Holding), formerly known as 3PD, Inc. and Last Mile Holding Company, Inc., a Delaware corporation, was formed on October 4, 2006. On November 30, 2006, 3PD Holding entered into an agreement with an investor for the acquisition and merger of 3P Delivery, Inc. (3P Delivery) and General Transportation Services, Inc. (GTS). On June 12, 2007, 3PD Holding entered into an agreement to acquire all of the issued and outstanding shares of capital stock of CRT Corporation (CRT) and Affinity Holdings, Inc. (Affinity Holdings). Effective January 1, 2008, 3P Delivery, GTS, and CRT merged; CRT being the surviving entity and a subsidiary of 3PD Holding, Inc. The names of CRT and Affinity Holdings were changed to 3PD, Inc. and 3PDIC, Inc., respectively.

Effective July 6, 2009, 3PD, Inc. acquired 100% of the outstanding shares of Penchant Software, Inc. (Penchant). Penchant's primary software product, dispatchOffice, and other services are utilized by 3PD.

Effective November 9, 2011, 3PD, Inc. acquired the net assets of The Home Delivery Group LLC (HDG), a Nevada limited liability company that provided last mile delivery services across the United States.

3PD Holding and its wholly owned subsidiaries (collectively the "Company") provide last mile delivery and logistics services across the United States and Canada.

3PD Holding's fiscal year begins on January 1st and ends on December 31st. Its wholly owned subsidiaries follow a 52-53 week fiscal year that ends on the Sunday closest to December 31. The fiscal years of the wholly owned subsidiaries in 2012, 2011, and 2010 ended on December 30, 2012, January 1, 2012, and January 2, 2011, respectively.

Note 2—Summary of significant accounting policies

Principles of Consolidation—The accompanying consolidated financial statements present the financial position and results of operations of 3PD Holding and its wholly owned subsidiaries, 3PD, Inc.; 3PDIC, Inc. and 3PD Canada. The consolidated financial statements also include SD Logistics, LLC (SD), a Delaware limited liability company that provides freight shipping services across the United States. SD is owned by certain individual stockholders of 3PD Holding.

Although 3PD Holding has no ownership interest in SD, it is considered the primary beneficiary of SD through its wholly-owned subsidiary, 3PD, Inc. Prior to the transfer of SD's interests to certain individual stockholders of 3PD Holding, SD was a division of GTS. Because 3PD, Inc. effectively carries all of the risks and rewards of ownership of SD, it is considered the primary beneficiary. Therefore, 3PD Holding consolidates the results of SD's operations. Significant intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates—The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition—Revenues are recognized at the time (1) the services are performed, (2) evidence of an arrangement exists, (3) the fee is fixed or determinable and (4) collection is probable. Certain locations have a guaranteed fee regardless of the amount of services provided, and the related revenue is recognized in the period to which it applies.

Note 2—Summary of significant accounting policies (continued)

Cash and Cash Equivalents—The Company considers all highly liquid investments with an original maturity of three months or less at the time of purchase to be cash equivalents.

Restricted Cash—Restricted cash represents cash held as security under insurance contracts.

Accounts Receivable—Accounts receivable consist of trade accounts receivable due from customers. Accounts receivable are stated at cost, less an allowance for doubtful accounts. The allowance is based on collection experience, management's analysis of specific accounts receivable, current economic conditions, delinquency experience, and other risks inherent in the accounts receivable portfolio. Accounts receivable are written off against the allowance account when the Company has exhausted all reasonable collection efforts.

Concentrations of Credit Risk—The Company places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation (FDIC) covers $250,000 for substantially all depository accounts and temporarily provides unlimited coverage for certain qualifying and participating non-interest bearing transaction accounts through December 31, 2012; however, effective January 1, 2013, the FDIC discontinued the additional unlimited coverage. From time to time during the year, the Company had amounts on deposit in excess of the insured limits. As of December 31, 2012, the Company had approximately $4.7 million in cash and cash equivalents which exceed these insured amounts.

The Company had four major customers which accounted for approximately $213.5 million, $182.2 million, and $171.9 million or 69.8%, 69.5%, and 72.7% of the Company's consolidated net revenues for the years ended December 31, 2012, 2011, and 2010, respectively. These customers accounted for approximately 58%, 51%, and 55% of the consolidated accounts receivable as of December 31, 2012, 2011, 2010, respectively.

Property and Equipment—Property and equipment are stated at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets. Useful lives range from 3 to 10 years. Leasehold improvements are amortized over the shorter of the remaining lease term or the useful life of the asset. Long-lived assets held and used by the Company are reviewed for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. Expenditures for maintenance and repairs are charged to expense as incurred. When an asset is retired or otherwise disposed of, the cost and accumulated depreciation are removed from the account and any gain or loss is included in the results of operations.

Capitalized Software Development Costs—Cost in the preliminary project stage of developing or acquiring internal use software is expensed as incurred. Once the preliminary assessment is complete and it is probable that the project will be completed, will result in new software or added functionality of existing software, and will be used for the function intended, subsequent software development costs are capitalized. The capitalized costs are amortized on a straight-line basis over the estimated useful life of the software of 3 years.

Capitalized software development costs totaled approximately $2,926,000 and $1,525,000 at December 31, 2012 and 2011, respectively.

Note 2—Summary of significant accounting policies (continued)

Accounting for Business Combinations—The Company allocates the purchase price of acquired companies to the assets acquired and liabilities assumed based on their estimated fair values. Such valuations require management to make significant estimates and assumptions. Management makes estimates of fair value based upon historical experience, as well as information obtained from the management of the acquired companies. These estimates are inherently uncertain. Unanticipated events and circumstances may occur which may affect the accuracy or validity of such assumptions, estimates or actual results. In certain business combinations that have been treated as stock purchases for income tax purposes, the Company has recorded deferred taxes relating to differences between the book and tax bases of acquired assets and liabilities. These business combinations resulted in deferred tax liabilities as the book values were reflected at fair values whereas the tax basis was carried over from the acquired company. Such deferred taxes were initially estimated based on preliminary information and are subject to change as valuations and tax returns are finalized.

Goodwill and Other Intangible Assets—Goodwill and intangible assets that have indefinite useful lives are not amortized but rather are tested at least annually for impairment. For 2012, 2011, and 2010, no impairment of goodwill was identified during the annual impairment testing. Intangible assets that have finite useful lives are amortized over their estimated useful lives. Intangible assets with finite useful lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Intangible assets subject to amortization consist of acquired customer relationships, non-compete agreements and developed technology. Acquired customer relationships and developed technology are amortized by the straight-line method over the estimated useful lives and non-compete agreements are amortized by the straight-line method over the term of the related agreements. The Company evaluates the estimated useful lives each reporting period when events or changes in circumstances indicate a potential change.

Deferred Financing Costs—Deferred financing costs are amortized over the terms of the related loans using the straight-line method which approximates the effective interest method.

Amortization expense was approximately $1,800,000, $1,750,000, and $613,000 for the years ended December 31, 2012, 2011, and 2010, respectively.

Fair Value of Financial Instruments—Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. In determining fair value, the accounting standards establish a three level hierarchy for inputs used in measuring fair value as follows: Level 1 inputs are quoted prices in active markets for identical assets or liabilities; Level 2 inputs are observable for the asset or liability, either directly or indirectly, including quoted prices in active markets for similar assets or liabilities; and Level 3 inputs are unobservable and reflect our own assumptions.

The interest rate swap as of December 31, 2012 and 2011 was measured using widely accepted valuation techniques including a discounted cash flow analysis on the expected cash flows. This analysis reflects the contractual terms of the derivative, including the period to maturity, and uses observable market-based inputs including interest rates curves. The fair value of the interest rate swap was determined using the market standard methodology and accordingly is classified in Level 2 of the fair value hierarchy.

Note 2—Summary of significant accounting policies (continued)

Stock-Based Compensation—The Company accounts for stock-based compensation for all share-based payment awards in accordance with the methodology defined in ASC 718, *Compensation—Stock Compensation.* The compensation costs related to all new grants and any unvested portion of prior grants have been measured based on the grant-date fair value of the award. Consistent with the authoritative guidance, awards are considered granted when all required approvals are obtained and when the participants have reached a mutual understanding of the key terms of the performance conditions. Additionally, compensation costs for share-based awards with performance conditions are based on the probability of the achievement of such performance conditions.

Income Taxes—The Company uses the asset and liability method related to accounting for income taxes. Deferred tax assets and liabilities (tax benefits and liabilities expected to be realized in the future) are recognized for the expected future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and net operating loss and tax credit carry forwards.

The carrying value of the Company's deferred tax assets assumes that it will be able to generate, based on certain estimates and assumptions, sufficient future taxable income in certain tax jurisdictions to utilize these deferred tax benefits. If these estimates and related assumptions change in the future, it may be required to establish a valuation allowance against the carrying value of the deferred tax assets, which would result in additional income tax expense. On a periodic basis the Company assesses the need for adjustment of the valuation allowance. Based on the forecasted and prior years' taxable income, no valuation allowance has been established at December 31, 2012 and 2011 because the Company believes that it is more likely than not that the future benefit associated with the deferred tax assets will be realized.

The Company recognizes and measures benefits for uncertain tax positions, which requires significant judgment from management. The Company first determines whether it is "more likely than not" that it would be able to sustain its position if it were analyzed with full knowledge of all the relevant facts and other information. For those tax positions that meet this threshold, the Company measures the amount of tax benefit based on the largest amount of tax benefit that the Company has a greater than 50% chance of realizing in a final settlement with the relevant authority.

Those tax positions failing to qualify for initial recognition are recognized in the first period in which they meet the more likely than not standard, or are resolved through negotiation or litigation with the taxing authority, or upon expiration of the statute of limitations. The Company's policy is to recognize interest and penalties related to uncertain tax positions as a component of income tax expense in its consolidated statements of comprehensive loss.

The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction, and various states and foreign jurisdictions. With the exception of net operating loss carry forwards, the Company is no longer subject to U.S. federal or state tax examinations by tax authorities for years before 2009 due to the expiration of the statute of limitations.

Note 2—Summary of significant accounting policies (continued)

Interest Rate Swap—The Company uses a financial based derivative contract to manage exposure to interest rate risks. GAAP requires companies to recognize all derivative instruments as either assets or liabilities on the consolidated balance sheet at fair value. As such, the derivative instrument of the Company is recorded on the consolidated balance sheet at fair value in non-current liabilities. The recognition and classification of gains and losses that result from changes in the fair value of a derivative depends on the purpose for issuing and holding the derivative. For a derivative instrument designated as a cash-flow hedge, the effective portion of the gains and losses of the derivative is recorded in the consolidated balance sheet in accumulated other comprehensive income(loss) until the hedge transaction is recognized in earnings. The ineffective portion of the gain or loss of the derivative is recognized immediately in earnings. Gains or losses from changes in the fair value of derivatives that are not accounted for as hedges are recognized immediately in earnings.

See Note 8 for further information on the Company's interest rate swap.

Advertising Costs—Advertising costs are expensed as incurred. Advertising expense amounts are approximately $919,000, $832,000, and $599,000 for the years ended December 31, 2012, 2011, and 2010, respectively.

Foreign Currency Translation—The functional currency of 3PD Canada is the applicable local currency. Accounts of 3PD Canada are translated into U.S. dollars using year-end exchange rates for assets and liabilities and average exchange rates for revenue and expense accounts. Adjustments resulting from translation are included in accumulated other comprehensive loss, a separate component of stockholders' equity.

New Accounting Pronouncements—In June 2011, the Financial Accounting Standards Board (FASB) issued guidance that eliminates the current option to report other comprehensive income and its components in the statement of equity. Companies can elect to present items of net income and other comprehensive income in one continuous statement or in two separate but consecutive statements. There are no changes to the accounting for items within comprehensive income. The new presentation requirements are effective for annual and interim reporting periods beginning after December 15, 2011, with early adoption permitted. The adoption of the guidance impacts presentation only and did not affect the Company's financial condition.

In September 2011, the FASB issued an update to an accounting standard that permits an entity to make a qualitative assessment of whether it is more likely than not that a reporting unit's fair value is less than its carrying value before applying the two-step goodwill impairment model that is currently required. If it is determined through the qualitative assessment that a reporting unit's fair value is, more likely than not, greater than its carrying value, the remaining impairment steps would be unnecessary. The qualitative assessment is optional, allowing companies to proceed directly to the quantitative assessment. This update is effective for annual and interim goodwill impairment tests performed in fiscal years beginning after December 15, 2011. The Company adopted this guidance beginning with the year ended December 31, 2012.

Note 3—Property and equipment

Property and equipment at December 31, 2012 and 2011 consist of:

	2012	2011
Equipment	$ 7,716,970	$ 7,413,278
Vehicles	3,216,989	3,072,124
Leasehold improvements	1,970,367	1,788,698
Furniture and fixtures	669,165	597,441
Software	6,842,789	3,153,136
	20,416,280	16,024,677
Less accumulated depreciation and amortization	(11,220,941)	(8,981,840)
	$ 9,195,339	$ 7,042,837

Depreciation expense was approximately $3,122,000, $2,732,000 and $1,995,000 for the years ended December 31, 2012, 2011, and 2010, respectively.

Note 4—Acquisition

In November 2011, 3PD, Inc. acquired the net assets of HDG. The total purchase price has been allocated to tangible and intangible assets acquired and liabilities assumed based on the fair market values at the acquisition date. HDG's operating results have been included in the Company's consolidated financial results of operations since the acquisition date.

The following table summarizes the estimated fair value of the assets acquired and liabilities assumed at the date of acquisition:

Assets:	
Accounts receivable	$ 1,075,234
Other assets	61,787
Property and equipment	80,166
Customer lists	17,831,000
Goodwill (final)	423,732
Total assets acquired	$19,471,919
Liabilities:	
Bank overdraft	$ (255,884)
Accounts payable	(501,652)
Deferred tax liability	(26,447)
Accrued expenses	(323,822)
Net assets acquired	$18,364,114

The Company recorded an intangible asset for the customer list in the amount of $17,831,000 that will be amortized over 15 years on a straight-line basis.

Note 4—Acquisition (continued)

The following table presents a summary of the purchase price consideration for HDG:

Cash paid	$16,000,000
Deferred payments	3,079,947
Estimated contingent consideration	(589,495)
Resolved contingent consideration	(126,338)
	$18,364,114

Pursuant to the acquisition agreement, $3.0 million of the cash consideration was placed in escrow until May 2014 to compensate the Company for potential losses arising from, among other things, legal claims and litigation, breaches of representations, warranties, covenants and other financial metrics as defined in the agreement. Contingent consideration has been recognized as a reduction in purchase price for a financial metric that was resolved in March 2012 and for an estimated resolution for a separate financial metric that was measured for the twelve months ending November 2012. The estimated contingent consideration was resolved in November 2012 and resulted in a $2,426,281 reduction of the escrow accounts that was paid in February 2013. The $2,426,281 receivable from the escrow is included in prepaid expenses and other current assets in the accompanying consolidated balance sheets. The gain on contingent consideration totaled $1,836,786 and is included as a reduction of operating expenses on the accompanying 2012 consolidated statements of comprehensive loss.

The deferred payment is the estimated fair value of a $2,000,000 deferred payment to be paid based on the earliest of a change in control as defined in the agreement or 2021 and an additional deferred payment of $2,000,000 to be paid on the latest of a change in control as defined in the agreement or May 2014. The additional deferred payment is also subject to the escrow provisions if the potential losses exceed the escrow balance. The deferred payments are included in other liabilities in the accompanying consolidated balance sheets at the estimated fair value at December 31, 2012 of $3,284,762. The estimated value is based on management's estimate of the payout date discounted at 5.79%.

Note 5—Goodwill and intangible assets

Changes in the carrying amount of goodwill for the years ended December 31, 2012 and 2011 are as follows:

	2012	2011
Beginning balance	$116,339,195	$109,272,926
Acquisition of HDG	—	7,066,269
Purchase price adjustment of HDG	(6,642,537)	—
Ending balance	$109,696,658	$116,339,195

The purchase price adjustment in 2012 for HDG was due to new information that presented itself which allowed for the same book and tax treatment of intangibles. The noncurrent deferred tax liability was adjusted for the same amount. There was no impact on the consolidated statements of comprehensive loss.

Note 5—Goodwill and intangible assets (continued)

A summary of intangible assets at December 31, 2012 and 2011 is as follows:

	2012	2011
Amortized intangible assets		
Customer relationships	$171,891,000	$171,891,000
Non-compete agreements	290,000	290,000
Developed technology	1,898,430	1,898,430
	174,079,430	174,079,430
Less: Accumulated amortization	(60,715,331)	(49,746,100)
Less: Accumulated impairment charges	(11,578,667)	(11,578,667)
	$101,785,432	$112,754,663

The estimated useful lives of these intangible assets range from 4 to 15 years, based upon historical experience, customer attrition rates, and the contractual term of underlying agreements.

Amortization expense was approximately $10,970,000, $10,000,000, and $9,800,000 for the years ended December 31, 2012, 2011, and 2010, respectively. Estimated annual amortization expense for the next five years is as follows:

2013	$ 10,969,230
2014	10,779,191
2015	10,589,544
2016	10,589,544
2017	10,589,544
Thereafter	48,268,379
	$101,785,432

Note 6—Accrued expenses

A summary of accrued expenses at December 31, 2012 and 2011 is as follows:

	2012	2011
Accrued legal settlements	$ —	$ 424,602
Accrued insurance claims payable	918,925	1,940,003
Accrued compensation and benefits	1,075,619	1,131,130
Accrued interest	825,453	693,359
Other accrued expenses	3,423,816	2,890,483
	$6,243,813	$7,079,577

Note 7—Long-term debt

Long-term debt at December 31, 2012 and 2011 consists of:

	2012	2011
Senior term loan, payable in quarterly principal installments, bearing interest at LIBOR + an additional rate which varies between 5% and 6% (5.7% at December 31, 2012), expiring December 2015	$ 48,660,000	$ 56,220,000
Revolving line of credit, payable upon expiration, bearing interest at LIBOR + an additional rate which varies between 5% and 6% (5.7% at December 31, 2012) and unfunded fee of 0.5%, expiring December 2015	5,000,000	5,000,000
Senior subordinated term loan, payable upon expiration, bearing interest at 14.5% (12% paid quarterly in cash and 2.5% paid in kind), expiring June 2016	61,532,245	59,992,832
Senior subordinated additional term loan, payable upon expiration, bearing interest at 14.5% (12% paid quarterly in cash and 2.5% paid in kind), expiring and due June 2016	18,528,547	18,065,000
Mezzanine Facility, payable upon expiration, bearing interest at 17.00% (paid in kind) at December 31, 2012 and 2011, expiring and due December 2016	26,280,990	22,256,677
Unsecured promissory notes with maturity date at exit as defined in the promissory notes or July 2019	91,047	392,640
Total	160,092,829	161,927,149
Less: current maturities	(9,660,000)	(7,861,593)
Long-term debt	$150,432,829	$154,065,556

Note 7—Long-term debt (continued)

In May 2011, the Company entered into a $60 million senior term loan, a $10 million senior revolving credit facility and a $59 million senior subordinated term loan. The term loans and revolving credit line are from a new lending syndicate to refinance its existing credit facilities. The terms and outstanding balance of the Mezzanine Facility were amended concurrently with the refinancing, whereby a payment of $7.5 million was made and applied to the unpaid aggregate of $28 million.

In November 2011, in conjunction with the acquisition described in note 4, the Company entered into an additional senior subordinated term loan of $18 million.

As of December 31, 2012, the Company had $5 million available to borrow under the line of credit.

The outstanding senior term loan, senior revolving credit facility, senior subordinated term loans, and mezzanine facility are collateralized by all of the outstanding shares of stock and substantially all of the assets, including intangible assets, of the Company and its subsidiaries. In addition, the agreements contain certain restrictions and covenants that require the Company to maintain certain financial covenants such as fixed charge coverage and leverage ratios as defined in the agreements. The Company is also subject to certain restrictions on its expenditures, transfers of common stock, and banking activities, among others.

Contractual maturities of long-term debt over the next five years are as follows:

2013	$ 9,660,000
2014	11,340,000
2015	32,660,000
2016	106,432,829
Total	$160,092,829

Note 8—Interest rate swap

On June 1, 2011, the Company entered into an interest rate swap agreement in order to hedge the risk of variability of cash flows caused by changes in interest rates. The derivatives are held only for the purpose of hedging such risks, not for speculation. Any payments made or received under the swap agreements are recognized when due as an increase or decrease in interest expense.

Significant terms of the swap agreement are as follows:

Effective date:	June 14, 2011
Notional amount:	$ 30,000,000
Interest rate paid by the Company:	6.73250%
Interest rate earned by the Company:	1 month LIBOR plus 5%
Expiration date:	December 31, 2015

The fair value of the interest rate swap at December 31, 2012 and 2011 totaled ($179,521) and ($387,450), respectively, and is included in other liabilities in the accompanying consolidated balance sheets. The change in fair value, net of tax, for the interest rate swap for the years ended December 31, 2012 and 2011 totaled $130,470 and ($243,188), respectively. These amounts are included in the interest rate swap valuation within accumulated other comprehensive income in the accompanying consolidated statements of changes in stockholders' equity. Swap interest expense, net of swap interest income, totaled $401,441 and $241,419 for the years ended December 31, 2012 and 2011, respectively.

Note 9—Stock option plan

The Company's 2006 Stock Option Plan (the "Plan") allows for the issuance of stock options to purchase up to 1,100,000 shares of the Company's common stock. Effective 2011, the Board increased the number of shares reserved for issuance up to 1,163,156 shares of the Company's common stock. Under the Plan, stock options may be granted to employees and directors of the Company with an exercise price on the date of grant that is no less than the fair market value of the Company's common stock as defined in the Plan. The Company values its stock options at the time of grant using a Black-Scholes option pricing model and records that fair market value as compensation expense over the estimated vesting period of the stock option (the requisite service period).

Vesting for certain stock options granted to employees and directors is subject only to a specified service condition (or the passage of a specified period of time), while other options vest based upon the achievement of certain financial targets or internal rates of return for the Company's shareholders. The Company recognizes compensation expense on options that vest based upon the achievement of performance conditions only when the achievement of such conditions is determined to be probable. All of the Company's outstanding options issued prior to 2012 have limitations on exercisability such that options are exercisable only upon a change of control, a qualified public offering, or the passage of nine years as defined in the Plan. The 2012 modified options have the same limitations with the exception of the passage of 5 years as opposed to 9 years.

Certain options that vested based on performance conditions were modified, thus reducing the number of options previously granted. The performance conditions for these modified options were also changed in 2008. In 2011, the Company changed the remaining vesting period from 3 to 5.5 years. The weighted-average grant date fair value for options granted during the year ended December 31, 2011 was approximately $9.24. In 2012, the Company modified certain options from performance based vesting to service based vesting. The weighted-average grant date fair value for options modified during the year ended December 31, 2012 was approximately $8.43.

Service Vesting Share Options

Service vesting share options are generally granted with an exercise price equal to the fair value of the Company's stock at the date of grant; those options generally vest over 4 to 9 years and have a 6 to 9 year contractual term.

The Company used the Black-Scholes formula to estimate the calculated value of its stock-based payments. The following assumptions were used for determining the fair value of options granted:

	2012	2011
Dividend yield	0%	0%
Expected volatility	55.46%	51%
Risk free interest rate	0.62%	2.02%
Expected life	4	5

Expected volatility was estimated using historical volatility of publicly traded companies in the Company's peer group considering the industry, stage of life cycle, size, and financial leverage of the Company. The risk-free interest rates were determined based on the yield for U.S. Treasuries with a term corresponding to the expected life of the options. The expected life of the options was estimated based on the estimated vesting period of the option, estimated cancellations, and the contractual term of the option, including consideration of limitations on exercisability. The fair value of the Company's stock price on the date of grant was determined by the Board of Directors in good faith considering market comparables for similarly situated companies.

Note 9—Stock option plan (continued)

A summary of service vesting share option activity under the Plan is presented below.

	Total Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term
Outstanding—December 31, 2010	340,373	$ 20.00	
Granted	16,000	20.00	
Cancelled	(16,000)	20.00	
Outstanding—December 31, 2011	340,373	$ 20.00	
Modified	144,790	20.00	
Outstanding—December 31, 2012	485,163	$ 20.00	4.2

	Nonvested Shares	Weighted Average Fair Value
Nonvested—December 31, 2011	340,373	$ 7.03
Modified	144,790	8.43
Outstanding—December 31, 2012	485,163	$ 7.45

In 2010, there were no options issued, modified, exercised, or cancelled.

For the years ended December 31, 2012, 2011, and 2010, the Company recognized stock-based compensation expense related to the service vesting share option of approximately $304,000, $79,000, and $365,000, respectively. As of December 31, 2012, there was approximately $1,677,000 of total unrecognized compensation cost related to the service vesting share options granted under the Plan, which are vesting over a weighted average remaining estimated vesting period of 4.5 years.

Performance Vesting Share Options

Performance vesting share options are generally granted with an exercise price equal to the fair value of the Company’s stock at the date of grant; those options generally vest upon the achievement of the performance condition and have a 6 to 10 year contractual term.

Note 9—Stock option plan (continued)

A summary of performance vesting share option activity under the Plan is presented below.

	Total Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term
Outstanding—December 31, 2010	723,948	$ 20.00	
Granted	361,975	20.00	
Cancelled	(407,927)	20.00	
Outstanding—December 31, 2011	677,996	20.00	
Modified	(144,790)	20.00	
Cancelled	(30,186)	20.00	
Outstanding—December 31, 2012	503,020	$ 20.00	3.5

	Unvested Shares	Weighted Average Fair Value
Nonvested—December 31, 2011	677,996	$ 7.98
Modified	(144,790)	8.43
Cancelled	(30,186)	7.47
Nonvested—December 31, 2012	503,020	$ 7.86

In 2010, there were no options issued, modified, exercised, or cancelled.

No compensation expense was recorded related to the performance vesting share options since the vesting was not determined to be probable.

At December 31, 2012 and 2011, the Company has 59,908 warrants outstanding that were recognized as consideration paid in connection with an acquisition. The warrant, which carried an exercise price of $20 per share, was valued using the Black Scholes option pricing model using a risk-free interest rate of 4.46%, implied volatility of 35%, and an expected term of 10 years.

As of December 31, 2012 and 2011, one shareholder had a right to require the Company to repurchase 640,870 shares for an amount based on a financial metric. The put can only be exercised between January 31, 2017 and April 1, 2017. Approximately $8.2 million would be paid to the shareholder if the put were exercisable and exercised as of December 31, 2012. This amount would be paid in three equal annual installments. Management believes the value of the put is not material to the consolidated financial statements.

Note 10—Commitments and contingencies

Operating Leases

The Company occupies facilities at various locations under lease agreements that expire at various dates through 2018. Rent expense under these arrangements was approximately $4,939,000, $4,992,000, and $5,423,000 for the years ended December 31, 2012, 2011, and 2010, respectively.

Future minimum annual rental commitments for these arrangements at December 31, 2012 are as follows:

2013	$ 4,200,150
2014	3,188,350
2015	1,996,690
2016	1,551,410
2017	1,342,480
Thereafter	66,240
Total	$12,345,320

Legal

In 2010, the Company settled three class action lawsuits filed between 2005 and 2008 that generally claim the Company's owner operators should be reclassified and treated as employees, rather than independent contractors. The three lawsuits were settled for an approximate total of $4,875,000, approximately $4,450,000 was paid with the remaining $425,000 accrued as of December 31, 2011 and was paid in 2012.

The Company has received notice of other claims and is involved in other litigation arising in the ordinary course of business. In the opinion of management upon consultation with legal counsel, the ultimate resolution and disposition of these other matters will not have a material adverse effect on the financial position or results of operations of the Company. However, were an unfavorable ruling to occur, there exists the possibility of a material adverse effect on the Company's financial position and results of operations.

Other

Management has entered into an agreement with one shareholder to provide a contingent payment of $400,000 if an exit does not occur by November 30, 2015 and additional payments of $300,000 and $200,000 if the exit does not occur by November 30, 2016 and January 15, 2017, respectively. These payments have not been recorded in the consolidated financial statements as the contingency is considered remote.

Note 11—Income taxes

The benefit from (provision for) income taxes consists of the following:

	2012	2011	2010
Current			
Federal	$ —	$ (33,196)	$ 224,268
State	56,009	(735,981)	(709,705)
Foreign	(359,561)	(29,151)	(275,508)
	(303,552)	(798,328)	(760,945)
Deferred			
Federal	2,337,189	2,788,910	3,969,658
State	220,869	890,653	394,670
Foreign	772,200	(80,154)	(292,728)
	3,330,258	3,599,409	4,071,600
	$3,026,706	$2,801,081	$3,310,655

Income tax expense (benefit) differed from the amounts computed by applying the statutory U.S. federal income tax rate of 34% to net loss before provision for income taxes primarily due to foreign dividends and acquisition costs.

Management believes it is more likely than not the deferred tax assets will be fully realized, and has not established a valuation allowance at December 31, 2012 and 2011.

The Company's deferred tax assets and liabilities as of December 31, 2012 and 2011 are as follows:

	2012	2011
Deferred tax assets		
Accrued expenses	$ 166,415	$ 342,187
Provision for doubtful accounts	5,316	5,558
Stock-based compensation	667,070	638,292
Deferred revenue	2,246	5,101
Non-deductible reserve	69,671	69,671
Net operating loss	6,148,115	4,749,919
Foreign tax credit	—	857,211
Other	347,288	390,852
	7,406,121	7,058,791
Deferred tax liabilities		
Amortization	(30,759,203)	(39,774,070)
Depreciation	(1,365,377)	(1,167,564)
Prepaid expenses	(352,846)	(249,985)
Unremitted foreign earnings	—	(772,200)
Other	(135,274)	(70,716)
	(32,612,700)	(42,034,535)
Net deferred tax liabilities	$(25,206,579)	$(34,975,744)

Note 11—Income taxes (continued)

For the years ended December 31, 2012, 2011, and 2010, the Company had net operating loss carry forwards for federal income tax purposes of approximately $16,724,000, $12,625,000, and $5,249,000, respectively. These net operating loss carry forwards expire in varying amounts beginning in the year 2028.

Note 12—Employee benefit plan

The Company maintains a 401(k) retirement plan for its employees. Eligible employees may make contributions to the plan up to maximum limits prescribed under the Internal Revenue Code and Regulations. In accordance with the terms of the plan, the Company contributed approximately $57,000, $51,000, and $48,000 to the plan in 2012, 2011, and 2010, respectively.

Note 13—Other comprehensive income (loss)

The accumulated balances, net of income tax, related to each component of other comprehensive income (loss) were as follows:

	Foreign Currency Translation	Interest Rate Swap	Accumulated Other Comprehensive Income (Loss)
Beginning balance—January 1, 2010	$ 29,789	$ —	$ 29,789
Other comprehensive income (loss)	77,813	—	77,813
Ending balance—December 31, 2010	107,602	—	107,602
Other comprehensive income (loss)	10,277	(243,188)	(232,911)
Ending balance—December 31, 2011	117,879	(243,188)	(125,309)
Other comprehensive income (loss)	(120,440)	130,470	10,030
Ending balance—December 31, 2012	$ (2,561)	$(112,718)	$ (115,279)

Note 14—Related party transactions

The Company has management agreements with certain shareholders and incurred a total of $834,000 in management fees for each of the years ended December 31, 2012, 2011, and 2010.

The Company leases a building in Marietta, Georgia. The lessor was related through common ownership until the lessor sold the building in 2012. The base rent paid for the years ended December 31, 2012, 2011, and 2010 while under common ownership was approximately $324,000, $630,000 and $630,000, respectively.

Note 15—Subsequent events

The Company has evaluated subsequent events through August 2, 2013, the date the consolidated financial statements were available to be issued.

On July 12, 2013, XPO Logistics, Inc. (“XPO”) entered into a stock purchase agreement to acquire all the common stock of 3PD Holding in a transaction valued at approximately $365 million, payable in cash, deferred payments (including an escrow), $8 million of restricted shares of the XPO’s common stock, and the payoff of certain indebtedness. The closing of the transaction contemplated in the stock purchase agreement is subject to

Note 15—Subsequent events (continued)

customary closing conditions, including Hart-Scott-Rodino clearance. The stock purchase agreement includes customary representations, warranties and covenants. Subject to certain limitations, each party has agreed to indemnify the other for breaches of representations, warranties and covenants and other matters. The transactions contemplated by the stock purchase agreement are not subject to any financing condition. The stock purchase agreement contains certain termination rights for both XPO and the sellers and provides that if XPO fails to close the transaction after all of its conditions to close have been satisfied or waived, XPO may be required to pay 3PD Holding a termination fee in the amount of $18 million.

In June 2013, the Company accrued $2,795,000 based on a matter with a vendor that would result in the Company funding a shortage in third party funds held by the vendor due to the contractual relationship with third parties and the Company.

Exhibit 99.3

3PD HOLDING, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

As of June 30, 2013 and December 31, 2012 and for the Six Months Ended June 30, 2013 and 2012

3PD HOLDING, INC. AND SUBSIDIARIES
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FINANCIAL STATEMENTS (UNAUDITED)

3PD HOLDING, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

JUNE 30, 2013 AND DECEMBER 31, 2012

	2013	2012
ASSETS		
Current Assets		
Cash and cash equivalents	$ 10,453,003	$ 4,918,245
Restricted cash	1,672,393	2,512,091
Accounts receivable, net of allowance for doubtful accounts of $32,375 and $14,271 in 2013 and 2012, respectively	29,234,704	25,957,242
Prepaid expenses and other current assets	2,067,849	4,551,094
Deferred income taxes	257,881	—
Total Current Assets	43,685,830	37,938,672
Property and equipment, net	9,688,385	9,195,339
Other Assets		
Other intangibles, net	96,300,817	101,785,432
Goodwill	109,696,658	109,696,658
Deferred financing costs, net	4,893,904	5,793,367
Other assets	484,227	500,401
Total Other Assets	211,375,606	217,775,858
Total Assets	$264,749,821	$264,909,869
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Current portion of long-term debt	$ 10,500,000	$ 9,660,000
Accounts payable	14,746,664	12,400,293
Accrued expenses	11,995,124	6,243,813
Other current liabilities	169,421	192,413
Deferred income taxes	—	178,869
Total Current Liabilities	37,411,209	28,675,388
Deferred income taxes	23,352,484	25,027,710
Long-term debt, net of current portion	145,241,016	150,432,829
Other liabilities	3,778,760	3,464,283
Total Liabilities	209,783,469	207,600,210
Stockholders' Equity		
Common stock ($0.01 par value; 6,500,000 shares authorized; 5,171,830 shares in 2013 and 2012 issued and outstanding)	51,718	51,718
Additional paid-in capital	102,593,407	102,212,708
Accumulated other comprehensive loss	(106,039)	(115,279)
Accumulated deficit	(47,572,734)	(44,839,488)
Total Stockholders' Equity	54,966,352	57,309,659
Total Liabilities and Stockholders' Equity	$264,749,821	$264,909,869

The December 31, 2012 balances were derived from the audited consolidated financial statements referenced in Exhibit 99.2.

The accompanying notes are an integral part of these consolidated financial statements.

3PD HOLDING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2013 AND 2012

	2013	2012
Net Revenue	$166,144,845	$147,686,332
Cost of Revenue	113,612,394	101,466,174
Gross Profit	52,532,451	46,220,158
Operating Expenses	46,780,820	42,214,457
Income from Operations	5,751,631	4,005,701
Other Expenses:		
Interest expense	10,073,644	9,794,364
Net Loss Before Income Taxes	(4,322,013)	(5,788,663)
Benefit from (Provision for) Income Taxes:		
Current	(528,691)	(168,533)
Deferred	2,117,458	2,087,103
	1,588,767	1,918,570
Net Loss	(2,733,246)	(3,870,093)
Other Comprehensive Income (Loss):		
Foreign currency translation adjustment, net of tax	(85,364)	2,848
Unrealized gain on interest rate swap, net of tax	94,604	26,764
Comprehensive Loss	$ (2,724,006)	$ (3,840,481)

The accompanying notes are an integral part of these consolidated financial statements.

3PD HOLDING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2013

	Common Stock		Additional	Accumulated Other		Total
	Number of Shares	Amount	Paid-in Capital	Comprehensive Income (Loss)	Accumulated Deficit	Stockholders' Equity
Balance, December 31, 2012	5,171,830	$51,718	$102,212,708	$ (115,279)	$(44,839,488)	$57,309,659
Stock-based compensation	—	—	380,699	—	—	380,699
Foreign currency translation adjustment, net of tax of $50,681	—	—	—	(85,364)	—	(85,364)
Unrealized gain on interest rate swap, net of tax of $(56,167)	—	—	—	94,604	—	94,604
Net loss	—	—	—	—	(2,733,246)	(2,733,246)
Balance, June 30, 2013	5,171,830	$51,718	$102,593,407	$ (106,039)	$(47,572,734)	$54,966,352

The accompanying notes are an integral part of these consolidated financial statements.

3PD HOLDING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

FOR THE SIX MONTHS ENDED JUNE 30, 2013 AND 2012

	2013	2012
Cash flows from operating activities:		
Net loss	$ (2,733,246)	$(3,870,093)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	8,468,358	7,836,650
Provision for doubtful accounts	18,104	—
Stock-based compensation	380,699	75,531
Interest paid in kind	3,268,187	2,934,050
Loss (gain) on sale of property and equipment	34,843	(11,153)
Deferred income taxes	(2,111,976)	(2,069,538)
Changes in operating assets and liabilities:		
Accounts receivable	(3,295,566)	(604,485)
Prepaid expenses and other assets	2,499,419	(124,673)
Accounts payable and accrued expenses	8,097,255	2,296,918
Other liabilities	386,089	54,059
Net cash provided by operating activities	15,012,166	6,517,266
Cash flows from investing activities:		
Proceeds from sale of property and equipment	46,691	33,750
Purchases of property and equipment	(2,658,433)	(1,898,357)
Restricted cash	839,698	391,133
Net cash used in investing activities	(1,772,044)	(1,473,474)
Cash flows from financing activities:		
Repayments of long-term debt	(7,620,000)	(3,461,593)
Net cash used in financing activities	(7,620,000)	(3,461,593)
Effect of exchange rate changes on cash	(85,364)	2,848
Net change in cash and cash equivalents	5,534,758	1,585,047
Cash and Cash Equivalents at Beginning of Period	4,918,245	5,914,344
Cash and Cash Equivalents at End of Period	$10,453,003	$ 7,499,391
Supplemental disclosures of cash flow information:		
Cash paid during the period for:		
Income taxes, net	$ 265,463	$ —
Interest	$ 6,421,877	$ 6,743,478

The accompanying notes are an integral part of these consolidated financial statements.

Note 1 – Nature of business

3PD Holding, Inc. (3PD Holding), formerly known as 3PD, Inc. and Last Mile Holding Company, Inc., a Delaware corporation, was formed on October 4, 2006. On November 30, 2006, 3PD Holding entered into an agreement with an investor for the acquisition and merger of 3P Delivery, Inc. (3P Delivery) and General Transportation Services, Inc. (GTS). On June 12, 2007, 3PD Holding entered into an agreement to acquire all of the issued and outstanding shares of capital stock of CRT Corporation (CRT) and Affinity Holdings, Inc. (Affinity Holdings). Effective January 1, 2008, 3P Delivery, GTS, and CRT merged; CRT being the surviving entity and a subsidiary of 3PD Holding, Inc. The names of CRT and Affinity Holdings were changed to 3PD, Inc. and 3PDIC, Inc., respectively.

Effective July 6, 2009, 3PD, Inc. acquired 100% of the outstanding shares of Penchant Software, Inc. (Penchant). Penchant's primary software product, dispatchOffice, and other services are utilized by 3PD.

Effective November 9, 2011, 3PD, Inc. acquired the net assets of The Home Delivery Group LLC (HDG), a Nevada limited liability company that provided last mile delivery services across the United States.

3PD Holding and its wholly owned subsidiaries (collectively the "Company") provide last mile delivery and logistics services across the United States and Canada.

Note 2 – Summary of significant accounting policies

Principles of Consolidation - The accompanying consolidated financial statements present the financial position and results of operations of 3PD Holding and its wholly owned subsidiaries, 3PD, Inc.; 3PDIC, Inc. and 3PD Canada. The consolidated financial statements also include SD Logistics, LLC (SD), a Delaware limited liability company that provides freight shipping services across the United States. SD is owned by certain individual stockholders of 3PD Holding.

Although 3PD Holding has no ownership interest in SD, it is considered the primary beneficiary of SD through its wholly-owned subsidiary, 3PD, Inc. Prior to the transfer of SD's interests to certain individual stockholders of 3PD Holding, SD was a division of GTS. Because 3PD, Inc. effectively carries all of the risks and rewards of ownership of SD, it is considered the primary beneficiary. Therefore, 3PD Holding consolidates the results of SD's operations. Significant intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates - The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition - Revenues are recognized at the time (1) the services are performed, (2) evidence of an arrangement exists, (3) the fee is fixed or determinable and (4) collection is probable. Certain locations have a guaranteed fee regardless of the amount of services provided, and the related revenue is recognized in the period to which it applies.

Note 2 – Summary of significant accounting policies (continued)

Cash and Cash Equivalents - The Company considers all highly liquid investments with an original maturity of three months or less at the time of purchase to be cash equivalents.

Restricted Cash - Restricted cash represents cash held as security under insurance contracts.

Accounts Receivable - Accounts receivable consist of trade accounts receivable due from customers. Accounts receivable are stated at cost, less an allowance for doubtful accounts. The allowance is based on collection experience, management's analysis of specific accounts receivable, current economic conditions, delinquency experience, and other risks inherent in the accounts receivable portfolio. Accounts receivable are written off against the allowance account when the Company has exhausted all reasonable collection efforts.

Concentrations of Credit Risk - The Company places its cash and cash equivalents on deposit with financial institutions in the United States. The Federal Deposit Insurance Corporation (FDIC) covers $250,000 for substantially all depository accounts and temporarily provides unlimited coverage for certain qualifying and participating non-interest bearing transaction accounts through December 31, 2012; however, effective January 1, 2013, the FDIC discontinued the additional unlimited coverage. From time to time during the year, the Company had amounts on deposit in excess of the insured limits. As of June 30, 2013, the Company had approximately $10.2 million in cash and cash equivalents which exceed these insured amounts.

The Company had four major customers which accounted for approximately $117.3 million and $103.1 million or 70.7% and 69.8% of the Company's consolidated net revenues for the six months ended June 30, 2013 and 2012, respectively. These customers accounted for approximately 70% and 58% of the consolidated accounts receivable as of June 30, 2013 and December 31, 2012, respectively.

Property and Equipment - Property and equipment are stated at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the related assets. Useful lives range from 3 to 10 years. Leasehold improvements are amortized over the shorter of the remaining lease term or the useful life of the asset. Long-lived assets held and used by the Company are reviewed for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. Expenditures for maintenance and repairs are charged to expense as incurred. When an asset is retired or otherwise disposed of, the cost and accumulated depreciation are removed from the account and any gain or loss is included in the results of operations.

Capitalized Software Development Costs - Cost in the preliminary project stage of developing or acquiring internal use software is expensed as incurred. Once the preliminary assessment is complete and it is probable that the project will be completed, will result in new software or added functionality of existing software, and will be used for the function intended, subsequent software development costs are capitalized. The capitalized costs are amortized on a straight-line basis over the estimated useful life of the software of 3 years.

Note 2 – Summary of significant accounting policies (continued)

Accounting for Business Combinations - The Company allocates the purchase price of acquired companies to the assets acquired and liabilities assumed based on their estimated fair values. Such valuations require management to make significant estimates and assumptions. Management makes estimates of fair value based upon historical experience, as well as information obtained from the management of the acquired companies. These estimates are inherently uncertain. Unanticipated events and circumstances may occur which may affect the accuracy or validity of such assumptions, estimates or actual results. In certain business combinations that have been treated as stock purchases for income tax purposes, the Company has recorded deferred taxes relating to differences between the book and tax bases of acquired assets and liabilities. These business combinations resulted in deferred tax liabilities as the book values were reflected at fair values whereas the tax basis was carried over from the acquired company. Such deferred taxes were initially estimated based on preliminary information and are subject to change as valuations and tax returns are finalized.

Goodwill and Other Intangible Assets - Goodwill and intangible assets that have indefinite useful lives are not amortized but rather are tested at least annually for impairment. Intangible assets with finite useful lives are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Intangible assets subject to amortization consist of acquired customer relationships, non-compete agreements and developed technology. Acquired customer relationships and developed technology are amortized by the straight-line method over the estimated useful lives and non-compete agreements are amortized by the straight-line method over the term of the related agreements. The Company evaluates the estimated useful lives each reporting period when events or changes in circumstances indicate a potential change.

Deferred Financing Costs - Deferred financing costs are amortized over the terms of the related loans using the straight-line method which approximates the effective interest method.

Amortization expense was approximately $899,000 and $897,000 for the six months ended June 30, 2013 and 2012, respectively.

Fair Value of Financial Instruments - Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. In determining fair value, the accounting standards establish a three level hierarchy for inputs used in measuring fair value as follows: Level 1 inputs are quoted prices in active markets for identical assets or liabilities; Level 2 inputs are observable for the asset or liability, either directly or indirectly, including quoted prices in active markets for similar assets or liabilities; and Level 3 inputs are unobservable and reflect our own assumptions.

The interest rate swap as of June 30, 2013 and December 31, 2012 was measured using widely accepted valuation techniques including a discounted cash flow analysis on the expected cash flows. This analysis reflects the contractual terms of the derivative, including the period to maturity, and uses observable market-based inputs including interest rate curves. The fair value of the interest rate swap was determined using the market standard methodology and accordingly is classified in Level 2 of the fair value hierarchy.

Note 2 – Summary of significant accounting policies (continued)

Stock-Based Compensation - The Company accounts for stock-based compensation for all share-based payment awards in accordance with the methodology defined in FASB Accounting Standards Codification 718, *Compensation - Stock Compensation*. The compensation costs related to all new grants and any unvested portion of prior grants have been measured based on the grant-date fair value of the award. Consistent with the authoritative guidance, awards are considered granted when all required approvals are obtained and when the participants have reached a mutual understanding of the key terms of the performance conditions. Additionally, compensation costs for share-based awards with performance conditions are based on the probability of the achievement of such performance conditions.

Income Taxes - Deferred tax assets and liabilities (tax benefits and liabilities expected to be realized in the future) are recognized for the expected future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and net operating loss and tax credit carry forwards.

The carrying value of the Company's deferred tax assets assumes that it will be able to generate, based on certain estimates and assumptions, sufficient future taxable income in certain tax jurisdictions to utilize these deferred tax benefits. If these estimates and related assumptions change in the future, it may be required to establish a valuation allowance against the carrying value of the deferred tax assets, which would result in additional income tax expense. On a periodic basis the Company assesses the need for adjustment of the valuation allowance. Based on the forecasted and prior years' taxable income, no valuation allowance has been established at June 30, 2013 and December 31, 2012 because the Company believes that it is more likely than not that the future benefit associated with the deferred tax assets will be realized.

The Company recognizes and measures benefits for uncertain tax positions, which requires significant judgment from management. The Company first determines whether it is "more likely than not" that it would be able to sustain its position if it were analyzed with full knowledge of all the relevant facts and other information. For those tax positions that meet this threshold, the Company measures the amount of tax benefit based on the largest amount of tax benefit that the Company has a greater than 50% chance of realizing in a final settlement with the relevant authority.

Those tax positions failing to qualify for initial recognition are recognized in the first period in which they meet the more likely than not standard, or are resolved through negotiation or litigation with the taxing authority, or upon expiration of the statute of limitations. The Company's policy is to recognize interest and penalties related to uncertain tax positions as a component of income tax expense in its consolidated statements of comprehensive loss.

The Company and its subsidiaries file income tax returns in the U.S. federal jurisdiction, and various states and foreign jurisdictions. With the exception of net operating loss carry forwards, the Company is no longer subject to U.S. federal or state tax examinations by tax authorities for years before 2009 due to the expiration of the statute of limitations.

Note 2 – Summary of significant accounting policies (continued)

Interest Rate Swap - The Company uses a financial based derivative contract to manage exposure to interest rate risks. GAAP requires companies to recognize all derivative instruments as either assets or liabilities on the consolidated balance sheet at fair value. As such, the derivative instrument of the Company is recorded on the consolidated balance sheet at fair value in non-current liabilities. The recognition and classification of gains and losses that result from changes in the fair value of a derivative depends on the purpose for issuing and holding the derivative. For a derivative instrument designated as a cash-flow hedge, the effective portion of the gains and losses of the derivative is recorded in the consolidated balance sheet in accumulated other comprehensive income(loss) until the hedge transaction is recognized in earnings. The ineffective portion of the gain or loss of the derivative is recognized immediately in earnings. Gains or losses from changes in the fair value of derivatives that are not accounted for as hedges are recognized immediately in earnings.

See Note 8 for further information on the Company's interest rate swap.

Advertising Costs - Advertising costs are expensed as incurred. Advertising expense amounts are approximately $207,000 and $453,000 for the six months ended June 30, 2013 and 2012, respectively.

Foreign Currency Translation - The functional currency of 3PD Canada is the applicable local currency. Accounts of 3PD Canada are translated into U.S. dollars using year-end exchange rates for assets and liabilities and average exchange rates for revenue and expense accounts. Adjustments resulting from translation are included in accumulated other comprehensive loss, a separate component of stockholders' equity.

New Accounting Pronouncements - In February 2013, the Financial Accounting Standards Board (FASB) issued guidance relating to the disclosure of items reclassified out of accumulated other comprehensive income. The new guidance requires that for those items that are reclassified out of accumulated other comprehensive income and into net income in their entirety, the effect of the reclassification on each affected net income line item be disclosed. For accumulated other comprehensive income reclassification items that are not reclassified in their entirety into net income, a cross reference must be made to other required disclosures. The guidance is effective prospectively for annual reporting periods beginning after December 15, 2012, and interim periods within those annual periods. Early adoption is permitted. The adoption of the guidance impacts presentation only and did not affect the Company's financial condition.

In July 2013, the FASB issued guidance relating to the presentation of unrecognized tax benefits when a net operating loss carryforward, a similar tax loss, or a tax credit carryforward exists. The new guidance clarifies that an unrecognized tax benefit, or a portion of an unrecognized tax benefit, should be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward, a similar tax loss, or a tax credit carryforward if such settlement is required or expected in the event the uncertain tax position is disallowed. In situations where a net operating loss carryforward, a similar tax loss, or a tax credit carryforward is not available at the reporting date under the tax law of the applicable jurisdiction or the tax law of the jurisdiction does not require, and the entity does not intend to use, the deferred tax asset for such purpose, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. The guidance is effective prospectively for fiscal years, and interim periods within those years, beginning after December 15, 2013. Early adoption is permitted. The adoption of the guidance impacts presentation only and is not expected to affect the Company's financial condition.

Note 3 – Property and equipment

Property and equipment at June 30, 2013 and December 31, 2012 consist of:

	June 30, 2013	December 31, 2012
Equipment	$ 9,232,384	$ 7,716,970
Vehicles	3,030,143	3,216,989
Leasehold improvements	2,237,921	1,970,367
Furniture and fixtures	729,423	669,165
Software	7,573,719	6,842,789
	22,803,590	20,416,280
Less accumulated depreciation and amortization	(13,115,205)	(11,220,941)
	$ 9,688,385	$ 9,195,339

Depreciation expense was approximately $2,084,000 and $1,455,000 for the six months ended June 30, 2013 and 2012, respectively.

Note 4 – Acquisition

In November 2011, 3PD, Inc. acquired the net assets of HDG. The total purchase price has been allocated to tangible and intangible assets acquired and liabilities assumed based on the fair market values at the acquisition date. HDG's operating results have been included in the Company's consolidated financial results of operations since the acquisition date.

The following table summarizes the estimated fair value of the assets acquired and liabilities assumed at the date of acquisition:

Assets:	
Accounts receivable	$ 1,075,234
Other assets	61,787
Property and equipment	80,166
Customer lists	17,831,000
Goodwill (final)	423,732
Total assets acquired	$19,471,919
Liabilities:	
Bank overdraft	$ (255,884)
Accounts payable	(501,652)
Deferred tax liability	(26,447)
Accrued expenses	(323,822)
Net assets acquired	$18,364,114

The Company recorded an intangible asset for the customer list in the amount of $17,831,000 that will be amortized over 15 years on a straight-line basis.

Note 4 – Acquisition (continued)

The following table presents a summary of the purchase price consideration for HDG:

Cash paid	$16,000,000
Deferred payments	3,079,947
Estimated contingent consideration	(589,495)
Resolved contingent consideration	(126,338)
	$18,364,114

Pursuant to the acquisition agreement, $3.0 million of the cash consideration was placed in escrow until May 2014 to compensate the Company for potential losses arising from, among other things, legal claims and litigation, breaches of representations, warranties, covenants and other financial metrics as defined in the agreement. Contingent consideration has been recognized as a reduction in purchase price for a financial metric that was resolved in March 2012 and for an estimated resolution for a separate financial metric that was measured for the twelve months ending November 2012. The estimated contingent consideration was resolved in November 2012 and resulted in a $2,426,281 reduction of the escrow accounts that was paid in February 2013. The $2,426,281 receivable from the escrow is included in prepaid expenses and other current assets in the accompanying consolidated balance sheet at December 31, 2012.

The deferred payment is the estimated fair value of a $2,000,000 deferred payment to be paid based on the earliest of a change in control as defined in the agreement or November 2021 and an additional deferred payment of $2,000,000 to be paid on the latest of a change in control as defined in the agreement or May 2014. The additional deferred payment is also subject to the escrow provisions if the potential losses exceed the escrow balance. The deferred payments are included in other liabilities in the accompanying consolidated balance sheets at the estimated fair value at June 30, 2013 of $3,378,517 and December 31, 2012 of $3,284,762. The estimated value is based on management’s estimate of the payout date discounted at 5.79%.

Note 5 – Goodwill and intangible assets

Changes in the carrying amount of goodwill at June 30, 2013 and December 31, 2012 are as follows:

	June 30, 2013	December 31, 2012
Beginning balance	$109,696,658	$116,339,195
Purchase price adjustment of HDG	—	(6,642,537)
Ending balance	$109,696,658	$109,696,658

The purchase price adjustment in 2012 for HDG was due to new information that presented itself which allowed for the same book and tax treatment of intangibles. The noncurrent deferred tax liability was adjusted for the same amount. There was no impact on the consolidated statements of comprehensive loss.

Note 5 – Goodwill and intangible assets (continued)

A summary of intangible assets at June 30, 2013 and December 31, 2012 is as follows:

	June 30, 2013	December 31, 2012
Amortized intangible assets		
Customer relationships	$171,891,000	$171,891,000
Non-compete agreements	290,000	290,000
Developed technology	1,898,430	1,898,430
	174,079,430	174,079,430
Less: Accumulated amortization	(66,199,946)	(60,715,331)
Less: Accumulated impairment charges	(11,578,667)	(11,578,667)
	$ 96,300,817	$101,785,432

The estimated useful lives of these intangible assets range from 4 to 15 years, based upon historical experience, customer attrition rates, and the contractual term of underlying agreements.

Amortization expense was approximately $5,485,000 for the six months ended June 30, 2013 and 2012. Estimated annual amortization expense for the next five years is as follows:

Years ending December 31,	
July 1 to December 31, 2013	$ 5,484,419
2014	10,779,387
2015	10,589,544
2016	10,589,544
2017	10,589,544
Thereafter	48,268,379
	$96,300,817

Note 6 – Accrued expenses

A summary of accrued expenses at June 30, 2013 and December 31, 2012 is as follows:

	June 30, 2013	December 31, 2012
Accrued insurance claims payable	$ 938,000	$ 918,925
Accrued compensation and benefits	2,385,903	1,075,619
Accrued interest	840,277	825,453
Other accrued expenses (see Note 10)	7,830,944	3,423,816
	$11,995,124	$6,243,813

Note 7 – Long-term debt

Long-term debt at June 30, 2013 and December 31, 2012 consists of:

	June 30, 2013	December 31, 2012
Senior term loan, payable in quarterly principal installments, bearing interest at LIBOR + an additional rate which varies between 5% and 6% (5.2% and 5.7% at June 30, 2013 and December 31, 2012, respectively), expiring December 2015	$ 44,040,000	$ 48,660,000
$10 million revolving line of credit, payable upon expiration, bearing interest at LIBOR + an additional rate which varies between 5% and 6% (5.2% and 5.7% at June 30, 2013 and December 31, 2012, respectively) and unfunded fee of 0.5%, expiring December 2015	2,000,000	5,000,000
Senior subordinated term loan, payable upon expiration, bearing interest at 14.5% (12% paid quarterly in cash and 2.5% paid in kind), expiring June 2016	62,308,102	61,532,245
Senior subordinated additional term loan, payable upon expiration, bearing interest at 14.5% (12% paid quarterly in cash and 2.5% paid in kind), expiring and due June 2016	18,762,172	18,528,547
Mezzanine Facility, payable upon expiration, bearing interest at 17.00% (paid in kind) at June 30, 2013 and December 31, 2012, expiring and due December 2016	28,539,695	26,280,990
Unsecured promissory notes with maturity date at exit as defined in the promissory notes or July 2019	91,047	91,047
Total	155,741,016	160,092,829
Less: current maturities	(10,500,000)	(9,660,000)
Long-term debt	$145,241,016	$150,432,829

In November 2011, in conjunction with the acquisition described in Note 4, the Company entered into an additional senior subordinated term loan of $18 million.

As of June 30, 2013, the Company had $8 million available to borrow under the line of credit.

Note 7 – Long-term debt (continued)

The outstanding senior term loan, senior revolving credit facility, senior subordinated term loans, and mezzanine facility are collateralized by all of the outstanding shares of stock and substantially all of the assets, including intangible assets, of the Company and its subsidiaries. In addition, the agreements contain certain restrictions and covenants that require the Company to maintain certain financial covenants such as fixed charge coverage and leverage ratios as defined in the agreements. The Company is also subject to certain restrictions on its expenditures, transfers of common stock, and banking activities, among others.

Contractual maturities of long-term debt over the next five years are as follows:

Years ending December 31,	
July 1 to December 31, 2013	$ 5,040,000
2014	11,340,000
2015	29,660,000
2016	109,701,016
Total	$155,741,016

Note 8 – Interest rate swap

On June 1, 2011, the Company entered into an interest rate swap agreement in order to hedge the risk of variability of cash flows caused by changes in interest rates. The derivatives are held only for the purpose of hedging such risks, not for speculation. Any payments made or received under the swap agreements are recognized when due as an increase or decrease in interest expense.

Significant terms of the swap agreement are as follows:

Effective date:	June 14, 2011
Notional amount:	$ 30,000,000
Interest rate paid by the Company:	6.73250%
Interest rate earned by the Company:	1 month LIBOR plus 5%
Expiration date:	December 31, 2015

The fair value of the interest rate swap as of June 30, 2013 and December 31, 2012 totaled $(28,750) and ($179,521), respectively, and is included in other liabilities in the accompanying consolidated balance sheets. The change in fair value, net of tax, for the interest rate swap for the six months ended June 30, 2013 and 2012 totaled $(94,604) and $(26,763), respectively. These amounts are included in the interest rate swap valuation within accumulated other comprehensive income (loss) in the accompanying consolidated statements of changes in stockholders' equity. Swap interest expense, net of swap interest income, totaled $180,618 and $204,795 for the six months ended June 30, 2013 and 2012, respectively.

Note 9 – Stock option plan

The Company's 2006 Stock Option Plan (the "Plan") allows for the issuance of stock options to purchase up to 1,163,156 shares of the Company's common stock. Under the Plan, stock options may be granted to employees and directors of the Company with an exercise price on the date of grant that is no less than the fair market value of the Company's common stock as defined in the Plan. The Company values its stock options at the time of grant using a Black-Scholes option pricing model and records that fair market value as compensation expense over the estimated vesting period of the stock option (the requisite service period).

Vesting for certain stock options granted to employees and directors is subject only to a specified service condition (or the passage of a specified period of time), while other options vest based upon the achievement of certain financial targets or internal rates of return for the Company's shareholders. The Company recognizes compensation expense on options that vest based upon the achievement of performance conditions only when the achievement of such conditions is determined to be probable. All of the Company's outstanding options issued prior to 2012 have limitations on exercisability such that options are exercisable only upon a change of control, a qualified public offering, or the passage of nine years as defined in the Plan. The 2012 modified options have the same limitations with the exception of the passage of 5 years as opposed to 9 years.

Certain options that vested based on performance conditions were modified, thus reducing the number of options previously granted. The performance conditions for these modified options were also changed in 2008. In October 2012, the Company modified certain options from performance based vesting to service based vesting. The weighted-average grant date fair value for options modified during the year ended December 31, 2012 was approximately $8.43.

Service Vesting Share Options

Service vesting share options are generally granted with an exercise price equal to the fair value of the Company's stock at the date of grant; those options generally vest over 4 to 9 years and have a 6 to 9 year contractual term.

Expected volatility was estimated using historical volatility of publicly traded companies in the Company's peer group considering the industry, stage of life cycle, size, and financial leverage of the Company. The risk-free interest rates were determined based on the yield for U.S. Treasuries with a term corresponding to the expected life of the options. The expected life of the options was estimated based on the estimated vesting period of the option, estimated cancellations, and the contractual term of the option, including consideration of limitations on exercisability. The fair value of the Company's stock price on the date of grant was determined by the Board of Directors in good faith considering market comparables for similarly situated companies.

For the six months ended June 30, 2013, there were no options issued, modified, exercised, or cancelled. At June 30, 2013, 485,163 service vesting share options are outstanding and nonvested with a weighted average exercise price of $20, fair value of $7.45, and remaining contractual term of 3.7 years.

For the six months ended June 30, 2013 and 2012, the Company recognized stock-based compensation expense related to the service vesting share option of approximately $381,000 and $76,000, respectively. As of June 30, 2013, there was approximately $1,216,000 of total unrecognized compensation cost related to the service vesting share options granted under the Plan, which are vesting over a weighted average remaining estimated vesting period of 4 years.

Performance Vesting Share Options

Performance vesting share options are generally granted with an exercise price equal to the fair value of the Company's stock at the date of grant; those options generally vest upon the achievement of the performance condition and have a 6 to 10 year contractual term.

Note 9 – Stock option plan (continued)

For the six months ended June 30, 2013, there were no options issued, modified, exercised, or cancelled. At June 30, 2013, 503,020 performance vesting share options are outstanding and nonvested with a weighted average exercise price of $20, fair value of $7.86, and remaining contractual term of 3.5 years.

No compensation expense was recorded related to the performance vesting share options since the vesting was not determined to be probable.

At June 30, 2013 and December 31, 2012, the Company has 59,908 warrants outstanding that were recognized as consideration paid in connection with an acquisition. The warrant, which carried an exercise price of $20 per share, was valued using the Black Scholes option pricing model using a risk-free interest rate of 4.46%, implied volatility of 35%, and an expected term of 10 years.

As of June 30, 2013 and December 31, 2012, one shareholder had a right to require the Company to repurchase 640,870 shares for an amount based on a financial metric. The put can only be exercised between January 31, 2017 and April 1, 2017. Approximately $10.9 million would be paid to the shareholder if the put were exercisable and exercised as of June 30, 2013. This amount would be paid in three equal annual installments. Management believes the value of the put is not material to the consolidated financial statements.

Note 10 – Commitments and contingencies

Operating Leases

The Company occupies facilities at various locations under lease agreements that expire at various dates through 2018. Rent expense under these arrangements was approximately $2,434,000 and $2,486,000 for the six months ended June 30, 2013 and 2012, respectively.

Future minimum annual rental commitments for these arrangements at June 30, 2013 are as follows:

Years ending December 31,	
July 1 to December 31, 2013	$ 2,118,980
2014	3,964,260
2015	2,742,490
2016	2,031,520
2017	1,486,530
Thereafter	66,240
Total	$12,410,020

Legal

The Company has received notice of other claims and is involved in other litigation arising in the ordinary course of business. In the opinion of management upon consultation with legal counsel, the ultimate resolution and disposition of these other matters will not have a material adverse effect on the financial position or results of operations of the Company. However, were an unfavorable ruling to occur, there exists the possibility of a material adverse effect on the Company's financial position and results of operations.

Note 10 – Commitments and contingencies (continued)

Other

Management has entered into an agreement with one shareholder to provide a contingent payment of $400,000 if an exit does not occur by November 30, 2015 and additional payments of $300,000 and $200,000 if the exit does not occur by November 30, 2016 and January 15, 2017, respectively. These payments have not been recorded in the consolidated financial statements as the contingency is considered remote.

In June 2013, the Company accrued $2,795,000 based on a matter with a vendor that would result in the Company funding a shortage in third party funds held by the vendor due to the contractual relationship with third parties and the Company. This amount is included in Other accrued expenses (see Note 6).

Note 11 – Income taxes

The benefit from (provision for) income taxes for the six months ended June 30, 2013 and 2012 consists of the following:

	Six Months Ended June 30, 2013	2012
Current		
State	$ (72,121)	$ (120,887)
Foreign	(456,570)	(47,646)
	(528,691)	(168,533)
Deferred		
Federal	1,890,684	1,899,336
State	226,774	187,767
	2,117,458	2,087,103
	$1,588,767	$1,918,570

A reconciliation of the statutory federal income tax benefit (provisions) to the benefit (provision) from income taxes of the Company is presented in the table below.

	Six Months Ended June 30, 2013	2012
Statutory federal income tax benefit	$1,469,484	$1,968,149
State income tax benefit, net of federal benefit	179,653	109,506
Non-deductible items and other	(195,077)	(173,144)
Foreign tax benefit, net of federal benefit	134,704	14,059
Benefit from income taxes	$1,588,764	$1,918,570

Income tax expense (benefit) differed from the amounts computed by applying the statutory U.S. federal income tax rate of 37% to net loss before provision for income taxes primarily due to foreign dividends and acquisition costs.

Note 11 – Income taxes (continued)

Management believes it is more likely than not the deferred tax assets will be fully realized, and has not established a valuation allowance at June 30, 2013 and December 31, 2012.

The Company's deferred tax assets and liabilities as of June 30, 2013 and December 31, 2012 are as follows:

	June 30, 2013	December 31, 2012
Deferred tax assets		
Accrued expenses	$ 1,650,174	$ 166,415
Provision for doubtful accounts	12,060	5,316
Stock-based compensation	808,893	667,070
Deferred revenue	857	2,246
Non-deductible reserve	69,671	69,671
Net operating loss	4,731,100	6,148,115
Other	330,590	347,288
	7,603,345	7,406,121
Deferred tax liabilities		
Amortization	(29,533,239)	(30,759,203)
Depreciation	(812,991)	(1,365,377)
Prepaid expenses	(267,129)	(352,846)
Other	(84,589)	(135,274)
	(30,697,948)	(32,612,700)
Net deferred tax liabilities	$(23,094,603)	$(25,206,579)

For the six months ended June 30, 2013 and year end December 31, 2012, the Company had net operating loss carry forwards for federal income tax purposes of approximately $12,790,000 and $16,724,000, respectively. These net operating loss carry forwards expire in varying amounts beginning in the year 2028.

Note 12 – Employee benefit plan

The Company maintains a 401(k) retirement plan for its employees. Eligible employees may make contributions to the plan up to maximum limits prescribed under the Internal Revenue Code and Regulations. In accordance with the terms of the plan, the Company contributed approximately $28,000 and $30,000 to the plan for the six months ended June 30, 2013 and 2012, respectively.

Note 13 – Other comprehensive income (loss)

The accumulated balances, net of income tax, related to each component of other comprehensive income (loss) were as follows:

	Foreign Currency Translation	Interest Rate Swap	Accumulated Other Comprehensive Income (Loss)
Ending balance - December 31, 2012	$ (2,561)	$(112,718)	$ (115,279)
Other comprehensive income (loss)	(85,364)	94,604	9,240
Ending balance - June 30, 2013	$ (87,925)	$ (18,114)	$ (106,039)

Note 14 – Related party transactions

The Company has management agreements with certain shareholders and incurred a total of $417,000 in management fees during the six months ended June 30, 2013 and 2012.

The Company leases a building in Marietta, Georgia. The lessor was related through common ownership until the lessor sold the building in 2012. The base rent paid for the six months ended June 30, 2012 while under common ownership was approximately $324,000.

Note 15 – Subsequent events

The Company has evaluated subsequent events through August 2, 2013, the date the consolidated financial statements were available to be issued.

On July 12, 2013, XPO Logistics, Inc. (“XPO”) entered into a stock purchase agreement to acquire all the common stock of 3PD Holding in a transaction valued at approximately $365 million, payable in cash, deferred payments (including an escrow), $8 million of restricted shares of the XPO’s common stock, and the payoff of certain indebtedness. The closing of the transaction contemplated in the stock purchase agreement is subject to customary closing conditions, including Hart-Scott-Rodino clearance. The stock purchase agreement includes customary representations, warranties and covenants. Subject to certain limitations, each party has agreed to indemnify the other for breaches of representations, warranties and covenants and other matters. The transactions contemplated by the stock purchase agreement are not subject to any financing condition. The stock purchase agreement contains certain termination rights for both XPO and the sellers and provides that if XPO fails to close the transaction after all of its conditions to close have been satisfied or waived, XPO may be required to pay 3PD Holding a termination fee in the amount of $18 million.