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

Date of report (Date of earliest event reported): January 13, 2016 (October 30, 2015)

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

Delaware	**1-32172**	**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 November 2, 2015, originally filed with the Securities and Exchange Commission ("SEC") on November 2, 2015 (the "Original Report") to provide financial statements of Con-way Inc. ("Con-way") required under Item 9.01(a) of Form 8-K and pro forma financial information required by Item 9.01(b) of Form 8-K. This Amendment No. 1 effects no other changes to the Original Report. We filed the Original Report to announce the acquisition of Con-way pursuant to the terms of the definitive Agreement and Plan of Merger, dated September 9, 2015. On October 30, 2015, XPO Logistics, Inc. completed its acquisition of Con-way pursuant to the terms of the Agreement and Plan of Merger.

Attached hereto as Exhibit 99.1 and incorporated herein by reference is the unaudited pro forma financial information contemplated by Article 11 of Regulation S-X for the Con-way acquisition.

The consolidated balance sheets of Con-way as of December 31, 2014 and 2013 and the related statements of consolidated income, comprehensive income, cash flows, and shareholders' equity for the years ended December 31, 2014, 2013 and 2012 and the notes related thereto contemplated by Rule 3-05 of Regulation S-X are attached hereto as Exhibit 99.2 and are incorporated herein by reference.

The unaudited consolidated balance sheet of Con-way as of September 30, 2015, the audited consolidated balance sheet of Con-way as of December 31, 2014, and the related unaudited statements of consolidated income, comprehensive income, and cash flows for the nine months ended September 30, 2015 and 2014, and the notes related thereto contemplated by Rule 3-05 of Regulation S-X are attached hereto as Exhibit 99.3 and are incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

Exhibit Number	
23.1	Consent of KPMG LLP, Independent Registered Public Accounting Firm
99.1	Pro Forma Financial Information
	Unaudited pro forma condensed combined balance sheet as of September 30, 2015, and statements of operations for the nine months ended September 30, 2015 and twelve months ended December 31, 2014
99.2	Financial Statements of Businesses Acquired
	(i) Report of Independent Registered Public Accounting Firm
	(ii) Consolidated balance sheets of Con-way Inc. as of December 31, 2014 and 2013 and the related statements of consolidated income, comprehensive income, cash flows, and shareholders' equity for the years ended December 31, 2014, 2013 and 2012 and the notes related thereto
99.3	Unaudited Financial Statements of Businesses Acquired
	(i) Unaudited consolidated balance sheet of Con-way Inc. as of September 30, 2015, the audited consolidated balance sheet of Con-way Inc. as of December 31, 2014, and the related unaudited statements of consolidated income, comprehensive income, and cash flows for the nine months ended September 30, 2015 and 2014, and the notes related thereto

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: January 13, 2016

EXHIBIT INDEX

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Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We consent to the incorporation by reference in the registration statements (Nos. 333-202748, 333-193582, 333-112899 and 333-188848) on Form S-3 and (Nos. 333-207708 and 333-183648) on Form S-8 of XPO Logistics, Inc. of our report dated February 23, 2015, with respect to the consolidated balance sheets of Con-way Inc. as of December 31, 2014 and 2013, and the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for each of the years in the three year period ended December 31, 2014, which are included as an exhibit in this Amendment No. 1 to the Current Report on Form 8-K/A of XPO Logistics, Inc. dated January 13, 2016.

/s/ KPMG LLP

Portland, Oregon
January 13, 2016

Exhibit 99.1

On September 9, 2015, XPO Logistics, Inc. ("XPO" or the "Company") entered into an Agreement and Plan of Merger (the "Con-way Agreement"), dated as of September 9, 2015, with "Con-way Inc. ("Con-way") and Canada Merger Corp., a Delaware corporation and a wholly-owned subsidiary of XPO ("Merger Sub"). Pursuant to the Con-way Agreement, on September 15, 2015, Merger Sub commenced a tender offer to purchase all of the outstanding shares of the common stock, par value $0.625 per share, of Con-way ("Shares"), at a price of $47.60 per Share, net to the seller in cash, without interest thereon and less any applicable withholding taxes (the "Offer Price"), upon the terms and subject to the conditions set forth in the Offer to Purchase dated September 15, 2015 (as amended or supplemented from time to time, the "Offer to Purchase"), and in the related Letter of Transmittal (the "Letter of Transmittal" and, together with the Offer to Purchase, the "Offer"), filed as Exhibit (a)(1)(a) and Exhibit (a)(1)(b), respectively, to the Schedule TO originally filed with the SEC by Merger Sub and XPO on September 15, 2015.

The Offer and withdrawal rights expired at 12:01 a.m., New York City time, on October 30, 2015. Computershare Trust Company, N.A., in its capacity as depositary and paying agent for the Offer (the "Depositary"), advised XPO and Merger Sub that 46,150,072 Shares (not including 1,793,225 Shares tendered by notice of guaranteed delivery) were validly tendered and not withdrawn pursuant to the Offer, representing approximately 81.1% of the outstanding Shares. All conditions to the Offer having been satisfied, on October 30, 2015, Merger Sub accepted for payment all Shares validly tendered and not withdrawn prior to the Expiration Date (as defined in the Offer) (the "Acceptance Time"), and payment of the Offer Price for such Shares was made by the Depositary.

On October 30, 2015 (the "Closing Date"), pursuant to the terms of the Con-way Agreement and in accordance with Section 251(h) of the Delaware General Corporation Law (the "DGCL"), Merger Sub merged with and into Con-way, with Con-way being the surviving corporation (the "Merger"). Upon completion of the Merger, Con-way became a wholly-owned subsidiary of XPO.

Pursuant to the Merger Agreement, at the Effective Time (as defined in the Merger Agreement), each issued and outstanding Share (other than (i) Shares owned by XPO, Merger Sub or any other direct or indirect wholly-owned subsidiary of XPO (including Shares accepted in the Offer), (ii) Shares owned by any direct or indirect wholly-owned subsidiary of Con-way and (iii) stockholders of Con-way who validly exercised their statutory rights of appraisal under the DGCL) was canceled and converted into the right to receive an amount in cash equal to the Offer Price (the "Per Share Merger Consideration").

At the Effective Time, each Con-way stock option and stock appreciation right, whether vested or unvested, was converted into an option to purchase shares of XPO common stock or a stock appreciation right in respect of XPO common stock, as applicable, with the same terms and conditions as were applicable to such stock option or stock appreciation right immediately prior to the Effective Time, with the number of shares of XPO common stock (rounded down to the nearest whole number of shares) subject to such stock option or stock appreciation right equal to the product of (i) the total number of Shares underlying such stock option or stock appreciation right immediately prior to the Effective Time, multiplied by (ii) the quotient obtained by dividing the Per Share Merger Consideration by the volume-weighted average trading price of XPO common stock on the New York Stock Exchange for the five consecutive trading days ending on the trading day immediately preceding the Closing Date (the "Equity Award Conversion Amount"), and with the exercise price applicable to such stock option or stock appreciation right to equal the quotient (rounded up to the nearest whole cent) obtained by dividing (a) the exercise price per Share applicable to such stock option or stock appreciation right immediately prior to the Effective Time, by (b) the Equity Award Conversion Amount.

For purposes of these pro forma financial statements, the fair value of the total consideration paid under the Con-way Agreement was $2,314.7 million, consisting of $2,737.4 million of cash paid at the time of closing for the purchase of all of Con-way's outstanding shares of common stock at a purchase price of $47.60 per share and the settlement of certain Con-way share-based compensation awards, $17.6 million representing the portion of replacement equity awards attributable to pre-acquisition service, net of cash acquired of $440.3 million as of September 30, 2015.

On April 28, 2015, XPO entered into 1) a Share Purchase Agreement (the "ND Share Purchase Agreement") relating to Norbert Dentressangle SA, a French *société anonyme* ("ND"), among Dentressangle Initiatives, a French *société par actions simplifiée*, Mr. Norbert Dentressangle, Mrs. Evelyne Dentressangle, Mr. Pierre-Henri Dentressangle, Ms. Marine Dentressangle and XPO and (2) a Tender Offer Agreement (the "ND Tender Offer Agreement" and, together with the ND Share Purchase Agreement, the "ND Transaction Agreements") between XPO and ND. The ND Transaction Agreements provided for the acquisition of a majority stake in ND by XPO, followed by an all-cash simplified tender offer by XPO to acquire the remaining outstanding shares (the "ND Transaction").

On June 8, 2015, pursuant to the terms and subject to the conditions of the ND Share Purchase Agreement, Dentressangle Initiatives, Mrs. Evelyne Dentressangle, Mr. Pierre-Henri Dentressangle and Ms. Marine Dentressangle (collectively, the “Sellers”) sold to XPO and XPO purchased from the Sellers (the “Share Purchase”), all of the ordinary shares of ND owned by the Sellers, representing a total of approximately 67% of the share capital of ND and all of the outstanding share subscription warrants granted by ND to employees, directors or other officers of ND and its affiliates. Total cash consideration paid for the majority interest in the share capital of ND and settlement of the warrants was €1,437.0 million, or $1,603.9 million, excluding acquired debt. Consideration included only the portion of the fair value of the warrants attributable to service performed prior to the acquisition date. The remaining balance was recorded as compensation expense in the post-combination period. In conjunction with the ND Share Purchase Agreement, the Company agreed to settle certain performance stock awards of ND. Similar to the warrants, the consideration of €11.8 million, or $13.2 million, included only the portion of the fair value attributable to service performed prior to the acquisition date with the balance recorded as compensation expense in the post-combination period. The performance share settlement will be paid in cash with 50% of the awards paid 18 months from the acquisition date and the remaining 50% paid in 36 months. Further, as a result of the acquisition, the Company repaid certain indebtedness and related interest rate swap liabilities of ND totaling €634.1 million, or $711.3 million.

On June 11, 2015, XPO filed with the French *Autorité des Marchés Financiers* (the “AMF”) a mandatory simplified cash offer (the “Tender Offer”) to purchase all of the outstanding ordinary shares of ND (other than the shares already owned by XPO) at a price of €217.50 per share. On June 23, 2015, the Company received the necessary approval from the AMF to launch the Tender Offer and the Tender Offer was launched on June 25, 2015. The Tender Offer remained open for a period of 16 trading days. As of September 30, 2015, the Company purchased 1,921,553 shares under the Tender Offer and acquired a total of approximately 86.25% of the share capital of ND. The total fair value of the consideration provided for the redeemable noncontrolling interest in ND at the acquisition date is €702.5 million, or $784.2 million, which is based on the quoted market price of ND shares on the acquisition date.

For purposes of these pro forma financial statements, the Company is assuming the shares purchased from the ND Sellers and under the ND Tender Offer occur at the same time. The pro forma financial statements assume that the Company owns 86.25% of the share capital of ND. If the Company purchases additional share capital of ND in the future, the results may be materially different than those presented within.

ND was a leading global provider of contract logistics, freight brokerage and transportation, and global forwarding services. ND’s service offering included contract logistics, e-fulfillment, freight brokerage, an asset-light palletized network, freight management, dedicated and owned truckload, and global freight forwarding. Copies of the ND Transaction Agreements were filed with the Form 8-K filed with the SEC on April 29, 2015.

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

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

On January 5, 2014, XPO entered into a definitive Agreement and Plan of Merger (the “Pacer Merger Agreement”) with Pacer International, Inc., providing for the acquisition of Pacer by the Company (the “Pacer Transaction”). Pacer was an asset-light North American freight transportation and logistics services provider. The closing of the transaction was effective on March 31, 2014 (the “Effective Time”). At the Effective Time, each share of Pacer’s common stock, par value $0.01 per share, issued and outstanding immediately prior to the Effective Time was converted into the right to receive (i) $6.00 in cash and (ii) 0.1017 of a share of XPO common stock, which amount is equal to $3.00 divided by the average of the volume-weighted average closing prices of XPO common stock for the ten trading days prior to the Effective Time (the “Pacer Merger Consideration”). Pursuant to the terms of the Pacer Merger Agreement, all vested and unvested Pacer options outstanding at the Effective Time were settled in cash based on the value of the Pacer Merger Consideration. In addition, all Pacer restricted stock, and all vested and unvested Pacer restricted stock units and performance units outstanding at the Effective Time were converted into the right to receive the Pacer Merger Consideration. The fair value of the total consideration paid under the Pacer Merger Agreement was $331.5 million and consisted of

$223.3 million of cash payable at the time of closing and $108.2 million representing the fair value of 3,688,246 shares of the Company's common stock at the closing market price of $29.41 per share on March 31, 2014 less a marketability discount on a portion of shares issued to certain former Pacer executives due to a holding period restriction. The marketability discount did not have a material impact on the fair value of the equity consideration provided.

The Con-way Transaction, ND Transaction, New Breed Transaction, and Pacer 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 sheet and statements of operations of XPO, the consolidated balance sheet and statements of consolidated income of Con-way, the consolidated income statements of ND, the consolidated statements of income of New Breed, and the consolidated statements of comprehensive income of Pacer.

For purposes of preparing the unaudited pro forma condensed combined financial statements for the nine months ended September 30, 2015, XPO has combined the XPO condensed consolidated statement of operations with Con-way's statement of consolidated income for the nine months ended September 30, 2015 and ND's condensed consolidated income statement for the 158 days ended June 7, 2015. The results of ND for the remainder of the nine months ended September 30, 2015 are included with the XPO historical results. The results of New Breed and Pacer for the nine months ended September 30, 2015 are included with the XPO historical results. For purposes of preparing the unaudited pro forma condensed combined financial statements for the year ended December 31, 2014, XPO has combined the XPO consolidated statement of operations with Con-way's statement of consolidated income for the year ended December 31, 2014, ND's consolidated income statement for the year ended December 31, 2014, New Breed's consolidated statement of income for the 245 days ended September 2, 2014, and Pacer's consolidated statement of comprehensive income for the three months ended March 31, 2014. The results of New Breed and Pacer for the remainder of the year ended December 31, 2014 are included with the XPO historical results.

The unaudited pro forma condensed combined statements of operations for the nine months ended September 30, 2015 and year ended December 31, 2014 give effect to the Transactions as if they had occurred on January 1, 2014. The unaudited pro forma condensed combined balance sheet assumes that the Con-way Transaction was completed on September 30, 2015. The unaudited pro forma condensed combined balance sheet and condensed combined statement of operations of XPO as of and for the nine months ended September 30, 2015 were derived from its unaudited condensed consolidated financial statements as of September 30, 2015 (as filed on Form 10-Q with the SEC on November 9, 2015). The unaudited pro forma condensed combined statement of operations of XPO for the twelve months ended December 31, 2014 was derived from the audited consolidated financial statements of XPO for the year ended December 31, 2014 (as filed on Form 10-K with the SEC on February 23, 2015). The unaudited pro forma condensed combined balance sheet and condensed combined statement of consolidated income of Con-way as of and for the nine months ended September 30, 2015 were derived from its unaudited consolidated financial statements as of September 30, 2015 included in Exhibit 99.3 hereto. The unaudited pro forma condensed combined statement of consolidated income of Con-way for the twelve months ended December 31, 2014 was derived from its audited consolidated financial statements for the twelve months ended December 31, 2014 included in Exhibit 99.2 hereto. The unaudited pro forma condensed combined income statement of ND for the 158 days ended June 7, 2015 was derived from its unaudited condensed consolidated financial statements for the 158 days ended June 7, 2015. The unaudited pro forma condensed combined income statement of ND for the twelve months ended December 31, 2014 was derived from its audited consolidated financial statements for the twelve months ended December 31, 2014 (as filed as Exhibit 99.2 on Form 8-K/A with the SEC on June 1, 2015). The unaudited pro forma condensed combined statement of operations of New Breed for the 245 days ended September 2, 2014 was derived from its unaudited consolidated financial statements for the 245 days ended September 2, 2014. The unaudited pro forma condensed combined statement of operations of Pacer for the three months ended March 31, 2014 was derived from its unaudited condensed consolidated financial statements for the three months ended March 31, 2014.

The historical consolidated financial information of XPO, the consolidated financial information of Con-way, the consolidated financial information of ND, the consolidated financial information of New Breed, and the consolidated financial information of Pacer 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 historical combined financial statements of ND have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). In certain respects generally accepted accounting principles in the United States ("U.S. GAAP") differ from IFRS. The unaudited pro forma condensed combined financial statements reflect adjustments to present ND's historical information in accordance with U.S. GAAP. The translations of the historical ND combined financial statements from Euro (€EUR) to U.S. Dollars ($USD) used in the preparation of these unaudited pro forma condensed combined financial statements are as follows:

- ND's condensed combined statement of operations for the 158 days ended June 7, 2015, translated to $USD using an average rate of $1.116 for the 158 days ended June 7, 2015.
- ND's condensed combined statement of operations for the twelve months ended December 31, 2014, translated to $USD using an average rate of $1.329 for the twelve months ended December 31, 2014.

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.

For purposes of the pro forma financial statements, the Company funded the Con-way Transaction with proceeds from a $1.6 billion senior secured term loan credit agreement (the "Term Loan Facility") with Morgan Stanley Senior Funding, Inc. ("MSSF"), as agent, and the lenders from time to time party thereto and cash on hand; thus, the unaudited pro forma condensed combined financial information reflects use of the proceeds from the Term Loan Facility.

XPO Logistics, Inc.
Unaudited Pro Forma Condensed Combined Balance Sheet
As of September 30, 2015
(In millions)

	XPO Historic	Con-Way Historic	Pro Forma Adjustments 2(a)		Pro Forma Combined
ASSETS					
Cash and cash equivalents	$ 1,285.3	$ 440.3	$ (1,196.6)	(1)(4)	$ 529.0
Accounts receivable, net of allowances	1,647.2	666.8	—		2,314.0
Deferred tax asset, current	23.4	9.2	(2.8)	(15)	29.8
Other current assets	284.8	125.7	—		410.5
Total current assets	3,240.7	1,242.0	(1,199.4)		3,283.3
Property and equipment, net of accumulated depreciation	955.7	1,696.1	244.0	(3)	2,895.8
Goodwill	3,445.0	274.4	900.4	(2)	4,619.8
Identifiable intangible assets, net of accumulated amortization	1,159.4	4.5	789.3	(3)	1,953.2
Deferred tax asset, long-term	106.0	—	11.1	(15)	117.1
Other long-term assets	129.8	59.7	16.5	(4)(5)(7)(12)	206.0
Total long-term assets	5,795.9	2,034.7	1,961.3		9,791.9
Total assets	$ 9,036.6	$ 3,276.7	$ 761.9		$ 13,075.2
LIABILITIES AND STOCKHOLDERS' EQUITY					
Accounts payable	$ 958.4	345.0	—		$ 1,303.4
Accrued expenses, other	648.9	355.0	—		1,003.9
Current maturities of long-term debt	120.3	3.8	—		124.1
Deferred tax liability, current	28.1	—	—		28.1
Other current liabilities	193.1	38.5	36.1	(13)	267.7
Total current liabilities	1,948.8	742.3	36.1		2,727.2
Long-term debt	3,359.1	726.9	1,477.1	(4)(10)	5,563.1
Deferred tax liability, long-term	345.3	269.9	414.6	(15)(16)	1,029.8
Employee benefit obligations	106.7	198.0	2.3	(12)	307.0
Other long-term liabilities	136.9	172.2	(2.3)	(6)(8)(9)(11)	306.8
Total long-term liabilities	3,948.0	1,367.0	1,891.7		7,206.7
Commitments and contingencies					
Stockholders' equity:					
Series A convertible perpetual preferred stock	42.0	—	—		42.0
Common stock	0.1	41.5	(41.5)	(1)(14)	0.1
Additional paid-in capital	3,168.3	721.3	(703.7)	(1)(14)	3,185.9
Treasury stock	—	(407.6)	407.6	(14)	—
(Accumulated deficit) retained earnings	(402.6)	1,167.7	(1,191.4)	(13)(14)(16)	(426.3)
Accumulated other comprehensive income (loss)	0.4	(355.5)	363.1	(14)(16)	8.0
Noncontrolling interests	331.6	—	—		331.6
Total stockholders' equity	3,139.8	1,167.4	(1,165.9)		3,141.3
Total liabilities and stockholders' equity	$ 9,036.6	$ 3,276.7	$ 761.9		$ 13,075.2

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

XPO Logistics, Inc.
Unaudited Pro Forma Condensed Combined Statement of Operations
For the Nine Months Ended September 30, 2015
(In millions, except per share data)

	XPO Historic	Con-Way Historic	Pro Forma Adjustments 3(a)		ND January 1, 2015 - June 7, 2015 5(a)	Pro Forma Adjustments 6(a)		Pro Forma Combined
Revenue	$ 4,281.0	$ 4,201.1	$ —		$ 2,552.1	$ —		$ 11,034.2
Operating expenses								
Cost of transportation and services	2,385.4	2,577.1	15.8	(1)	1,177.3	—		6,155.6
Direct operating expense	1,267.5	991.0	(2.1)	(1)(5)(6)(7)(8)(9)	1,081.4	6.8	(1)(2)(9)(11)	3,344.6
Sales, general and administrative expense	618.7	419.5	21.8	(1)(5)(6)(10)(13)(14)	261.9	(48.9)	(1)(2)(8)(12)(13)	1,273.0
Goodwill impairment charge	—	62.7	—		—	—		62.7
Total operating expenses	4,271.6	4,050.3	35.5		2,520.6	(42.1)		10,835.9
Operating income (loss)	9.4	150.8	(35.5)		31.5	42.1		198.3
Other expense (income)	3.9	(1.2)	—		(0.5)	(9.7)	(13)	(7.5)
Foreign currency loss (gain)	34.6	2.7	—		(8.3)	—		29.0
Interest expense	120.9	39.6	76.0	(3)(4)(12)	27.5	34.9	(1)(5)(6)(7)	298.9
(Loss) income before income tax (benefit) provision	(150.0)	109.7	(111.5)		12.8	16.9		(122.1)
Income tax (benefit) provision	(21.3)	68.0	(54.3)	(2)(11)	5.3	11.0	(3)	8.7
Net (loss) income	(128.7)	41.7	(57.2)		7.5	5.9		(130.8)
Preferred stock beneficial conversion charge	(52.0)	—	—		—	—		(52.0)
Cumulative preferred dividends	(2.2)	—	—		—	—		(2.2)
Net loss attributable to noncontrolling interests	(0.6)	—	—		0.4	(0.8)	(14)(15)	(1.0)
Net (loss) income attributable to common shareholders	$ (183.5)	$ 41.7	$ (57.2)		$ 7.9	$ 5.1		$ (186.0)
Basic loss per share	$ (2.10)							$ (1.73)
Diluted loss per share	$ (2.10)							$ (1.73)
Weighted average common shares outstanding								
Basic weighted average common shares outstanding	87.3					20.3	(4)	107.6
Diluted weighted average common shares outstanding	87.3					20.3	(4)	107.6

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

XPO Logistics, Inc.
Unaudited Pro Forma Condensed Combined Statement of Operations
For the Year Ended December 31, 2014
(In millions, except per share data)

	XPO Historic	Con-Way Historic	Pro Forma Adjustments 3(a)		ND Historic 5(a)	Pro Forma Adjustments 6(a)		New Breed Historic January 1, 2014 - September 2, 2014	Pro Forma Adjustments 8(a)		Pacer Historic January 1, 2014 - March 31, 2014	Pro Forma Adjustments 10(a)		Pro Forma Combined
Revenue	$ 2,356.6	$ 5,806.1	$ —		$ 6,205.0	$ —		$ 387.8	$ —		$ 235.5	$ —		$ 14,991.0
Operating expenses														
Cost of transportation and services	1,701.8	3,653.3	27.1	(1)	3,158.8	—		—	—		185.2	—		8,726.2
Direct operating expense	273.2	1,345.7	(5.1)	(1)(5)(6)(7)(8)(9)	2,353.9	19.7	(1)(2)(9)(10)(11)	323.0	13.1	(1)(2)(6)(7)(9)	22.0	(0.8)	(1)(5)(6)(7)	4,344.7
Sales, general and administrative expense	422.5	538.6	49.4	(1)(5)(6)(10)(13)(14)	484.6	75.6	(1)(2)(8)(12)(13)	101.6	(71.6)	(1)(2)(8)(10)(11)	47.6	(12.8)	(1)(2)(7)(8)(9)	1,635.5
Total operating expenses	2,397.5	5,537.6	71.4		5,997.3	95.3		424.6	(58.5)		254.8	(13.6)		14,706.4
Operating income (loss)	(40.9)	268.5	(71.4)		207.7	(95.3)		(36.8)	58.5		(19.3)	13.6		284.6
Other expense (income)	0.8	(1.7)	—		9.6	—		—	—		(0.3)	—		8.4
Foreign currency loss	—	6.0	—		0.3	—		—	—		—	—		6.3
Interest expense	48.0	53.5	100.9	(3)(4)(12)	46.0	140.4	(1)(5)(6)(7)	18.9	8.5	(4)(5)	0.3	(0.1)	(4)	416.4
(Loss) income before income tax (benefit) provision	(89.7)	210.7	(172.3)		151.8	(235.7)		(55.7)	50.0		(19.3)	13.7		(146.5)
Income tax (benefit) provision	(26.1)	73.7	(66.0)	(2)(11)	42.8	(67.2)	(3)	(14.7)	22.1	(3)	(3.8)	7.7	(3)	(31.5)
Net (loss) income	(63.6)	137.0	(106.3)		109.0	(168.5)		(41.0)	27.9		(15.5)	6.0		(115.0)
Preferred stock beneficial conversion charge	(40.9)	—	—		—	—		—	—		—	—		(40.9)
Cumulative preferred dividends	(2.9)	—	—		—	—		—	—		—	—		(2.9)
Net income attributable to noncontrolling interests	—	—	—		(8.2)	(2.9)	(14)(15)	—	—		—	—		(11.1)
Net (loss) income attributable to common shareholders	$ (107.4)	$ 137.0	$ (106.3)		$ 100.8	$ (171.4)		$ (41.0)	$ 27.9		$ (15.5)	$ 6.0		$ (169.9)
Basic loss per share	$ (2.00)													$ (2.00)
Diluted loss per share	$ (2.00)													$ (2.00)
Weighted average common shares outstanding														
Basic weighted average common shares outstanding	53.6					31.4	(4)							85.0
Diluted weighted average common shares outstanding	53.6					31.4	(4)							85.0

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

Notes to Unaudited Pro Forma Condensed Combined Financial Data
(In millions, except share and per share amounts)

(1) Con-way Purchase Price

The estimated purchase price and the allocation of the estimated purchase price discussed below are preliminary, and subject to certain post-closing adjustments. A final determination of required adjustments will be made based upon the final evaluation of the fair value of tangible and identifiable intangible assets acquired and liabilities assumed. For pro forma purposes, the total consideration of $2,314.7 consists of $2,737.4 of cash paid at the time of closing for the purchase of all of Con-way's outstanding shares of common stock at a purchase price of $47.60 per share and the settlement of certain Con-way share-based compensation awards and $17.6 representing the portion of replacement equity awards attributable to pre-acquisition service, net of cash acquired of $440.3 as of September 30, 2015.

The following represents the purchase price paid in tabular format:

Description	
Cash consideration	$ 2,737.4
Portion of replacement equity awards attributable to pre-acquisition service	17.6
Cash acquired	(440.3)
Estimated fair value of total consideration	$ 2,314.7

The following tables summarize the purchase price allocation adjustments of the assets acquired and liabilities assumed as if the acquisition date was September 30, 2015. 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. Final adjustments, including increases or decreases to depreciation and amortization resulting from the allocation of the purchase price to amortizable tangible and intangible assets, may be material. Adjustments to the fair value of tangible and intangible assets acquired and liabilities assumed will impact the value of goodwill recognized in the Con-way Transaction, and the adjustment to goodwill may be material. For illustrative purposes, the preliminary allocation of the purchase price to the fair value of Con-way's assets acquired and liabilities assumed assuming the acquisition date was September 30, 2015 is presented as follows:

Description	
Estimated purchase price	$ 2,314.7
Carrying value of Con-way net assets acquired	451.4
Plus: Fair value of customer relationships	785.8
Plus: Fair value of trade name	5.6
Plus: Fair value of non-compete agreements	2.4
Plus: Fair value adjustment to property and equipment	244.0
Plus: Fair value of debt adjustment	97.0
Less: Fair value of pension plans adjustment	(3.7)
Less: Liability for acquired unfavorable leasehold interests	(15.0)
Less: Deferred tax liability on step-up of net tangible and intangible assets	(427.6)
Fair value of goodwill	$ 1,174.8

The following table shows the calculation of net assets acquired:

Description	
Carrying value of Con-way net assets	$ 1,167.4
Less: Cash acquired	(440.3)
Less: Historic deferred financing costs	(4.8)
Less: Historic deferred contract costs	(4.5)
Plus: Historic deferred rent liability	8.9
Plus: Historic liability on stock appreciation rights	2.0
Plus: Historic liability on deferred sale-leaseback gains	6.4
Less: Historic discount on senior debentures due 2034	(6.1)
Less: Historic identifiable intangible assets	(4.5)
Less: Historic goodwill	(274.4)
Plus: Historic deferred tax asset on historic purchase accounting adjustments	1.3
Carrying value of Con-way net assets acquired	$ 451.4

(2) Description of Con-way Pro Forma Adjustments, as presented on the September 30, 2015 Balance Sheet

a. Certain reclassifications have been made to the Con-way historical consolidated balance sheet to conform to XPO presentation. Represents purchase price adjustments for the acquisition of Con-way as follows:

(1) Represents an adjustment for the consideration transferred totaling $2,314.7, consisting of $2,737.4 of cash paid at the time of closing for the purchase of all of Con-way's outstanding shares of common stock at a purchase price of $47.60 per share and the settlement of certain Con-way share-based compensation awards and $17.6 representing the portion of replacement equity awards attributable to pre-acquisition service, net of cash acquired of $440.3 as of September 30, 2015. For pro forma purposes, the purchase price payable in cash was funded as follows:

Description	
Available cash on hand	$ 1,285.3
Cash acquired	440.3
Proceeds from debt issuance, net	1,540.8
Cash to balance sheet	(529.0)
Total estimated cash consideration payable	$ 2,737.4

See footnote 4 for information on the debt issuance.

(2) Eliminates goodwill recorded in the historical financial statements of Con-way of $274.4 and records the preliminary goodwill resulting from the pro forma allocation of the purchase price as if the acquisition had occurred using a preliminary goodwill estimate of $1,174.8. The adjustment represents the net impact to goodwill of $900.4. 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 as a result of the acquisition is not deductible for income tax purposes.

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

	Preliminary Fair Value
Customer relationships	$ 785.8
Trade name	5.6
Non-compete agreements	2.4
Total identifiable intangible assets	$ 793.8
Fair value adjustment to property and equipment	$ 244.0

The adjustments of $793.8 to identifiable intangible assets and $244.0 to property and equipment are a result of the preliminary allocation of purchase price to identifiable intangible assets and property and equipment. The adjustment to identifiable intangible assets was recorded net of the historical net identifiable intangible assets of $4.5.

(4) On October 30, 2015, XPO entered into the Term Loan Facility with MSSF, as agent, and the lenders from time to time party thereto. The Term Loan Facility provided for a single borrowing of $1,600.0 on the date thereof, which XPO used to fund a portion of the Con-way Transaction. The Term Loan Facility included an original issue discount of $32.0. Net proceeds after the original issue discount and debt issuance costs are estimated to be $1,540.8. $27.2 of estimated debt issuance costs are included in other long-term assets. The Term Loan Facility will bear interest at a rate equal to LIBOR or Base Rate, as defined in the agreement, plus an applicable margin of 4.50%, in the case of LIBOR loans, and 3.50% in the case of Base Rate loans.

(5) Represents the elimination in purchase accounting of $4.8 of historical deferred financing costs.

(6) Represents the elimination in purchase accounting of $8.9 of the historical deferred rent liabilities related to recording Con-way's operating lease expense on a straight-line basis over the respective lease terms.

(7) Represents the elimination in purchase accounting of $4.5 of the historical deferred contract costs related to acquisition of Con-way's customer contracts.

(8) Represents the elimination in purchase accounting of $6.4 of the deferred gain related to Con-way's sale leaseback transactions.

(9) Represents the elimination in purchase accounting of $2.0 of the liability related to Con-way's stock appreciation rights.

(10) Represents the elimination in purchase accounting of $6.1 of the liability related to Con-way's remaining debt discount on the Con-way $300.0 6.70% Senior Debentures due 2034 that were assumed by the Company. The Senior Notes due 2018 and Senior Debentures due 2034 were recorded at fair value, with a $97.0 decrease to the carrying value of long-term debt.

(11) Represents adjustments in purchase accounting to record liabilities of $15.0 for unfavorable leasehold interests related to Con-way's real property leases.

(12) Represents adjustments in purchase accounting to record a $1.4 reduction in other long-term assets and a $2.3 increase in employee benefit obligations to record the Con-way pension plans at their funded status as of the acquisition date.

(13) Reflects adjustments to account for transaction costs of $36.1 related to the Con-way Transaction, net of tax.

(14) Reflects adjustments to eliminate Con-way's common stock, additional paid-in capital, treasury stock, retained earnings and accumulated other comprehensive loss of $41.5, $721.3, $(407.6), $1,167.7 and $(355.5), respectively.

(15) Represents the decrease to current deferred tax assets of $2.8, the increase to long-term deferred tax assets of $11.1, and the increase to long-term deferred tax liabilities of $434.6 related to the pro forma purchase accounting adjustments recorded.

(16) Represents the $20.0 effect on deferred taxes due to the release of a portion of the XPO federal and state tax valuation allowance. The federal and state valuation allowance of $12.4 was partially released 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's deferred tax assets for which a valuation allowance was previously taken. The foreign and some federal and state components of the valuation allowance were not affected by the step-up due to differences in jurisdiction or characterization. Also represents the $7.6 effect on the long-term deferred tax liability and accumulated other comprehensive income (loss) to reverse the valuation allowance recorded against accumulated other comprehensive income (loss) in an earlier quarter of the same fiscal year.

(3) Description of Con-way Pro Forma Adjustments, as presented in the Unaudited Pro Forma Condensed Combined Statements of Operations for the nine months ended September 30, 2015 and year ended December 31, 2014

a. Certain reclassifications have been made to the Con-way historical statements of consolidated income to conform to XPO presentation. Represents purchase price adjustments for the acquisition of Con-way as follows:

(1) To record pro forma depreciation and amortization expense. Depreciation expense of $15.8, $1.5 and $0.9 was recorded in cost of transportation and services, direct operating expense, and sales, general and administrative expense for the nine months ended September 30, 2015 unaudited pro forma condensed combined statements of operations, respectively, on the portion of the purchase price allocated to property and equipment. Depreciation expense of $27.1, $2.5 and $1.5 was recorded in cost of transportation and services, direct operating expense, and sales, general and administrative expense for the year ended December 31, 2014 unaudited pro forma condensed combined statements of operations, respectively, on the portion of the purchase price allocated to property and equipment. Amortization expense of $47.5 and $68.0 was recorded in sales, general and administrative expense for the nine months ended September 30, 2015 and year ended December 31, 2014 unaudited pro forma condensed combined statements of operations, respectively, on the portion of the purchase price allocated to intangible assets. Historical amortization expense of Con-way's identifiable intangible assets was $1.8 and $2.4 for the nine months ended September 30, 2015 and year ended December 31, 2014, respectively. The pro forma adjustments reflect the incremental increases to depreciation and amortization expense. Pro forma depreciation and amortization is calculated as follows:

	Preliminary Fair Value	Estimated Weighted Average Life (years)	Estimated Depreciation/Amortization (a) For the 9 months ended September 30, 2015	Estimated Depreciation/Amortization (a) For the 12 months ended December 31, 2014
Customer relationships	$ 785.8	12.80	$ 46.1	$ 61.4
Trade name	5.6	1.20	0.6	5.0
Non-compete agreements	2.4	1.48	0.8	1.6
	$ 793.8		$ 47.5	$ 68.0
Fair value adjustment to property and equipment	$ 244.0	7.49	$ 18.2	$ 31.1
Total depreciation and amortization expense			$ 65.7	$ 99.1

(a) For the trade name intangible asset, amortization expense has been calculated in proportion to the weight of the undiscounted cash flows used to determine the fair value of the respective asset. For the remaining intangible assets, amortization expense has been calculated using the straight-line method over the estimated useful life.

(2) Represents the income tax effect of the pro forma adjustments calculated using an estimated weighted-average statutory tax rate of 38.3% for Con-way (i.e., the United States statutory income tax rate of 35.0% plus an estimated blended state income tax rate of 3.3%).

(3) To remove historic amortization of deferred financing costs eliminated in purchase accounting of $0.7 and $0.8 for the nine months ended September 30, 2015 and year ended December 31, 2014 unaudited pro forma condensed combined statements of operations, respectively.

(4) To record interest expense related to the Term Loan Facility debt issuance by XPO and amortization of the respective debt issuance costs and original issue discount described above in balance sheet footnote 4 of $71.6 and $94.3 for the nine months ended September 30, 2015 and year ended December 31, 2014 unaudited pro forma condensed combined statements of operations, respectively. The pro forma adjustments assume an interest rate on the debt of 5.50%. As the interest rate is based on a floating rate index plus an applicable margin, the following table shows a sensitivity analysis of the effect of a 1/8% change in the interest rate on pro forma interest expense:

	Assumed Interest Rate	For the Nine Months Ended September 30, 2015	For the Twelve Months Ended December 31, 2014
Assumed interest rate	5.500%	$ 66.0	$ 88.0
Decrease of 1/8%	5.375%	$ 64.5	$ 86.0
Increase of 1/8%	5.625%	$ 67.5	$ 90.0

(5) As part of the Con-way Transaction, replacement XPO stock compensation awards were issued for certain Con-way stock compensation awards with adjustments to maintain the economic attributes of the awards. Stock compensation expense for the XPO replacement awards was $4.1 and $8.2 for the nine months ended September 30, 2015 and year ended December 31, 2014, respectively. Also as part of the Con-way Transaction, Con-way management entered into new employment agreements with XPO 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. The new arrangements consist of fully vested shares of XPO common stock, subject to lock-up provisions on the ability of the seller to sell the shares within defined timeframes. Compensation expense recorded in accordance with the new agreements was $1.3 for the year ended December 31, 2014 in the unaudited pro forma condensed combined statements of operations. No expense was recorded for the nine months ended September 30, 2015.

Con-way had historic stock compensation expense of $11.0 and $20.0 for the nine months ended September 30, 2015 and year ended December 31, 2014, respectively. $0.3 and $0.2 for the nine months ended September 30, 2015 and year ended December 31, 2014, respectively, was recorded in direct operating expense. $10.7 and $19.8 for the nine months ended September 30, 2015 and year ended December 31, 2014, respectively, was recorded in sales, general and administrative expense. The pro forma adjustments show the respective net decreases to stock compensation expense of $6.9 and $10.5 for the nine months ended September 30, 2015 and year ended December 31, 2014, unaudited pro forma condensed combined statements of operations, respectively.

(6) To remove historic amortization of the deferred rent liability eliminated in purchase accounting of $1.1 and $1.2 for the nine months ended September 30, 2015 and year ended December 31, 2014 unaudited pro forma condensed combined

statements of operations, respectively. $0.9 and $1.0 for the nine months ended September 30, 2015 and year ended December 31, 2014, respectively, was recorded in direct operating expense. $0.2 and $0.2 for the nine months ended September 30, 2015 and year ended December 31, 2014, respectively, was recorded in sales, general and administrative expense.

(7) To remove historic amortization of the deferred gain on sale leaseback transactions eliminated in purchase accounting of $0.7 and $1.2 for the nine months ended September 30, 2015 and year ended December 31, 2014 unaudited pro forma condensed combined statements of operations, respectively.

(8) To remove amortization of the deferred contract costs eliminated in purchase accounting of $1.8 and $5.9 for the nine months ended September 30, 2015 and year ended December 31, 2014 unaudited pro forma condensed combined statements of operations, respectively.

(9) To record net amortization of acquired unfavorable leasehold interests recorded in purchase accounting of $1.3 and $1.7 for the nine months ended September 30, 2015 and year ended December 31, 2014 unaudited pro forma condensed combined statements of operations, respectively.

(10) Actuarial losses and prior service credits were included in Con-way's accumulated other comprehensive loss component of equity and were amortized into Con-way's statement of consolidated income based on service period assumptions. Because Con-way's equity, including accumulated other comprehensive loss, is eliminated in purchase accounting as described above in balance sheet footnote 14, the related amortization of actuarial losses and prior service cost of $9.5 and $7.2 for the nine months ended September 30, 2015 and year ended December 31, 2014 was eliminated in the unaudited pro forma condensed combined statements of operations, respectively.

(11) Represents the income tax effect of releasing a portion of the XPO federal and state tax valuation allowance of $12.4 for the nine months ended September 30, 2015 unaudited pro forma condensed combined statements of operations. The XPO federal and state tax valuation allowance was partially released 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's deferred tax assets for which a valuation allowance was taken. The foreign and some federal and state components of the valuation allowance were not affected by the step-up due to differences in jurisdiction or characterization.

(12) As described above in balance sheet footnote 10, Con-way's $300.0 Senior Debentures due 2034 and $425.0 Senior Notes due 2018 were assumed by XPO with an adjustment made to record them at fair value in purchase accounting. Represents amortization of the fair value adjustment of $5.2 and $7.5 for the nine months ended September 30, 2015 and year ended December 31, 2014 unaudited pro forma condensed combined statements of operations, respectively. Historic debt discount amortization on Con-way's Senior Debentures due 2034 of $0.1 and $0.1 for the nine months ended September 30, 2015 and year ended December 31, 2014 unaudited pro forma condensed combined statements of operations, respectively, was eliminated in purchase accounting.

(13) Represents the removal of $6.3 for the nine months ended September 30, 2015 unaudited pro forma condensed combined statement of operations of non-recurring deal costs incurred by Con-way in conjunction with the Con-way Transaction. No deal costs were incurred in the year ended December 31, 2014.

(14) Represents the removal of $2.2 for the nine months ended September 30, 2015 unaudited pro forma condensed combined statement of operations of non-recurring deal costs incurred by XPO in conjunction with the Con-way Transaction. No deal costs were incurred in the year ended December 31, 2014.

(4) ND Purchase Price

On June 8, 2015, pursuant to the terms and subject to the conditions of the ND Share Purchase Agreement, the Sellers sold to XPO and XPO purchased from the Sellers (the "Share Purchase"), all of the ordinary shares of ND owned by the Sellers, representing a total of approximately 67% of the share capital of ND and all of the outstanding share subscription warrants granted by ND to employees, directors or other officers of ND and its affiliates. Total cash consideration paid for the majority interest in the share capital of ND and settlement of the warrants was €1,437.0, or $1,603.9, excluding acquired debt. Consideration included only the portion of the fair value of the warrants attributable to service performed prior to the acquisition date. The remaining balance was recorded as compensation expense in the post-combination period. In conjunction with the ND Share Purchase Agreement, the Company agreed to settle certain performance stock awards of ND. Similar to the warrants, the consideration of €11.8, or $13.2, included only the portion of the fair value attributable to service performed prior to the acquisition date with the balance recorded as compensation expense in the post-combination period. The performance share settlement will be paid in cash with 50% of the awards paid 18 months from the acquisition date and the remaining 50% paid in 36 months. Further, as a result of the acquisition, the Company repaid certain indebtedness and related interest rate swap liabilities of ND totaling €634.1, or $711.3.

On June 11, 2015, XPO filed with the French AMF the Tender Offer to purchase all of the outstanding ordinary shares of ND (other than the shares already owned by XPO) at a price of €217.50 per share. On June 23, 2015, the Company received the necessary approval from the AMF to launch the Tender Offer and the Tender Offer was launched on June 25, 2015. The Tender Offer remained open for a period of 16 trading days. As of September 30, 2015, the Company purchased 1,921,553 shares under the Tender Offer and acquired a total of approximately 86.25% of the share capital of ND. The total fair value of the consideration provided for the noncontrolling interest in ND at the acquisition date is €702.5, or $784.2, which is based on the quoted market price of ND shares on the acquisition date.

Total consideration is summarized in the table below in €EUR and $USD:

Description	In EUR	In USD
Cash consideration	€ 1,437.0	$ 1,603.9
Liability for performance share settlement	11.8	13.2
Repayment of indebtedness	634.1	711.3
Cash consideration for noncontrolling interest	702.5	784.2
Cash acquired	(134.6)	(151.0)
Estimated fair value of total consideration	€ 2,650.8	$ 2,961.6

As of September 30, 2015, the purchase price allocation is considered final, except for the fair value of property & equipment, favorable and unfavorable leasehold assets and liabilities, definite-lived intangible assets, taxes and assumed liabilities. For illustrative purposes the allocation of the purchase price to the fair value of ND’s net assets acquired at the acquisition date of June 8, 2015 is presented as follows:

Description	
Consideration	$ 2,961.6
Accounts receivable	1,063.5
Prepaid and other current assets	309.1
Income tax receivable	41.4
Deferred tax assets	120.5
Restricted cash	6.3
Property and equipment	727.6
Trade name covenants	40.0
Non-compete agreements	5.6
Customer relationships	817.0
Other long-term assets	11.5
Accounts payable	(803.7)
Accrued salaries & wages	(237.0)
Accrued expenses	(180.1)
Other current liabilities	(153.0)
Interest rate swap liabilities	(10.9)
Long-term debt	(637.2)
Deferred tax liabilities	(355.3)
Employee benefit obligations	(141.4)
Other long-term liabilities	(79.3)
Noncontrolling interests	(7.8)
Goodwill	$ 2,424.8

(5) ND Historical Income Statements Translated to U.S. Dollars

a. ND's consolidated income statements for the 158 days ended June 7, 2015 and year ended December 31, 2014 are presented below in €EUR and $USD in millions. ND's consolidated income statements for the 158 days ended June 7, 2015 and year ended December 31, 2014 were translated to $USD using average rates of $1.116 and $1.329, respectively. Certain reclassifications have been made to the ND historical income statements to conform to XPO presentation.

	For the 158 Days Ended June 7, 2015		For the Year Ended December 31, 2014	
	€EUR	$USD	€EUR	$USD
Revenue	€ 2,286.8	$ 2,552.1	€ 4,668.9	$ 6,205.0
Operating expenses				
Cost of transportation and services	1,054.9	1,177.3	2,376.8	3,158.8
Direct operating expense	969.0	1,081.4	1,771.2	2,353.9
Sales, general and administrative expense	234.7	261.9	364.6	484.6
Total operating expenses	2,258.6	2,520.6	4,512.6	5,997.3
Operating income	28.2	31.5	156.3	207.7
Other (income) expense	(0.4)	(0.5)	7.2	9.6
Foreign currency (gain) loss	(7.4)	(8.3)	0.2	0.3
Interest expense	24.6	27.5	34.6	46.0
Income before income tax provision	11.4	12.8	114.3	151.8
Income tax provision	4.7	5.3	32.2	42.8
Net income	6.7	7.5	82.1	109.0
Non-controlling interests	0.4	0.4	(6.2)	(8.2)
Net income available to common shareholders	€ 7.1	$ 7.9	€ 75.9	$ 100.8

(6) Description of ND Pro Forma Adjustments, as presented for the 158 days ended June 7, 2015 in the nine months ended September 30, 2015 Unaudited Pro Forma Condensed Combined Statement of Operations and the year ended December 31, 2014 in the year ended December 31, 2014 Unaudited Pro Forma Condensed Combined Statement of Operations

a. Represents certain adjustments to convert ND financial statements to U.S. GAAP and purchase price adjustments for the acquisition of ND:

(1) To reclassify interest costs of ND's defined benefit pension plans of $1.3 and $6.4 for the 158 days ended June 7, 2015 and year ended December 31, 2014 unaudited pro forma condensed combined statements of operations, respectively, from interest expense to direct operating expense and sales, general and administrative expense in accordance with U.S. GAAP. $0.9 and $4.5 was reclassified to direct operating expense and $0.4 and $1.9 was reclassified to sales, general and administrative expense, respectively, based on the geography of the related personnel costs.

(2) To record pro forma depreciation and amortization expense. Depreciation expense of $5.7 and $13.8 was recorded in direct operating expense for the 158 days ended June 7, 2015 and year ended December 31, 2014 unaudited pro forma condensed combined statements of operations, respectively, on the portion of the purchase price allocated to property and equipment. Historical depreciation expense related to ND's proprietary technology was $0.2 and $0.6 for the 158 days ended June 7, 2015 and year ended December 31, 2014, respectively. Amortization expense of $34.1 and $98.2 was recorded in sales, general and administrative expense for the 158 days ended June 7, 2015 and year ended December 31, 2014 unaudited pro forma condensed combined statements of operations, respectively, on the portion of the purchase price allocated to intangible assets. Historical amortization expense of ND's identifiable intangible assets was $13.0 and $21.7 for the 158 days ended June 7, 2015 and year ended December 31, 2014, respectively. The pro forma adjustments reflect the incremental increases to depreciation and amortization expense. Pro forma depreciation and amortization is calculated as follows:

	Preliminary Fair Value	Estimated Weighted Average Life (years)	Estimated Depreciation/ Amortization (a) For the 158 days ended June 7, 2015	For the 12 months ended December 31, 2014
Customer relationships	$ 817.0	13.00	$ 29.4	$ 68.7
Trade name covenants	40.0	3.00	3.5	26.7
Non-compete agreements	5.6	2.00	1.2	2.8
	$ 862.6		$ 34.1	$ 98.2
Technology	$ 25.9	4.00	$ 2.7	$ 6.5
Fair value adjustment to property and equipment	61.0	8.39	3.0	7.3
	$ 86.9		$ 5.7	$ 13.8
Total depreciation and amortization expense			$ 39.8	$ 112.0

(a) For the customer relationships and trade name covenants intangible assets, amortization expense has been calculated in proportion to the weight of the undiscounted cash flows used to determine the fair value of the respective asset. For the remaining intangible assets, amortization expense has been calculated using the straight-line method over the estimated useful life.

(3) Represents the income tax effect of the pro forma adjustments calculated using an estimated weighted-average statutory tax rate of 28.5% for ND.

(4) Represents the adjustment to basic and diluted weighted average shares outstanding for the effect of 15,499,445 shares of the Company's common stock, par value $0.001 per share (the "Company Common Stock"), issued and sold on June 3, 2015 to fund a portion of the purchase price of ND. Also on June 3, 2015, the Company issued and sold 562,525 shares of the Company's Series C Convertible Perpetual Preferred Stock (the "Purchased Preferred Stock") to fund a portion of the purchase price of ND. On September 8, 2015, after approval by the Company's stockholders, the Purchased Preferred Stock was mandatorily converted into an aggregate of 12,500,546 additional shares of Company Common Stock. An adjustment to basic and diluted weighted average shares outstanding was recorded for the effect of the Purchased Preferred Stock converted to Company Common Stock. Also includes the adjustment to basic and diluted weighted average shares outstanding to account for the effects of the February 2014 equity issuance and the Pacer Transaction and New Breed Transaction as if they had occurred on January 1, 2014 for purposes of presenting earnings per share.

(5) To remove historic interest expense related to the corporate bank debt repaid and interest rate swaps settled as part of the ND Transaction and the amortization of deferred financing costs eliminated in purchase accounting of $30.6 and $28.9 for the 158 days ended June 7, 2015 and year ended December 31, 2014 unaudited pro forma condensed combined statements of operations, respectively.

(6) To record interest expense related to the February 2015 issuance of $400.0 aggregate principal amount of Senior Notes due 2019 used to fund a portion of the ND Transaction purchase price and the amortization of debt issuance costs and bond premium related to the $400.0 Senior Notes due 2019 of $5.0 and $29.6 for the 158 days ended June 7, 2015 and year ended December 31, 2014 unaudited pro forma condensed combined statements of operations, respectively.

(7) To record interest expense related to the June 2015 issuance of $1,600.0 aggregate principal amount of 6.5% fixed rate Senior Notes due 2022 and €500.0 Euro-denominated aggregate principal amount of 5.75% fixed rate Senior Notes due 2021 of $61.8 and $146.1 for the 158 days ended June 7, 2015 and year ended December 31, 2014 unaudited pro forma condensed combined statements of operations, respectively.

(8) As part of the ND Transaction, ND management entered into new employment agreements with XPO 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. The new arrangements include service, market and performance-based conditions. No stock compensation expense was recorded for the new agreements for the 158 days ended June 7, 2015 and year ended December 31, 2014 as satisfaction of the performance-based condition is not considered probable at this time. ND had historic stock compensation and warrant expense of $8.4 and $2.8 for the 158 days ended June 7, 2015 and year ended December 31, 2014, respectively. The pro forma adjustments show the respective net decreases to stock compensation expense of $8.4 and $2.8 for the 158 days ended June 7, 2015 and year ended December 31, 2014 unaudited pro forma condensed combined statements of operations, respectively.

(9) To remove historic amortization of the deferred rent liability eliminated in purchase accounting of $1.2 and $2.4 for the 158 days ended June 7, 2015 and year ended December 31, 2014 unaudited pro forma condensed combined statements of operations, respectively.

(10) To remove historic amortization of the deferred gain on sale leaseback transactions eliminated in purchase accounting of $1.1 for the year ended December 31, 2014 unaudited pro forma condensed combined statements of operations.

(11) To remove amortization of the deferred contract costs eliminated in purchase accounting of $0.8 and $1.5 for the 158 days ended June 7, 2015 and year ended December 31, 2014 unaudited pro forma condensed combined statements of operations, respectively.

(12) Represents the removal of $14.3 for the 158 days ended June 7, 2015 unaudited pro forma condensed combined statement of operations of non-recurring deal costs incurred by ND in conjunction with the ND Transaction. No deal costs were incurred for the year ended December 31, 2014.

(13) Represents the removal of $57.4 for the 158 days ended June 7, 2015 unaudited pro forma condensed combined statement of operations of non-recurring deal costs incurred by XPO in conjunction with the ND Transaction. Expense of $47.7 was recorded in sales, general and administrative expense and expense of $9.7 was recorded in other expense for the 158 days ended June 7, 2015 unaudited pro forma condensed combined statements of operations. No deal costs were incurred for the year ended December 31, 2014.

(14) Represents the impact to noncontrolling interests of the Company's ownership of 86.25% of the share capital of ND. The adjustment reflects an adjustment of $1.1 and $13.9 for the 158 days ended June 7, 2015 and year ended December 31, 2014 unaudited pro forma condensed combined statements of operations, respectively, for the 13.75% not owned by XPO.

(15) Represents the impact of certain pro forma adjustments on net income attributable to noncontrolling interests of $0.3 and $11.0 for the 158 days ended June 7, 2015 and year ended December 31, 2014 unaudited pro forma condensed combined statements of operations, respectively.

(7) New Breed Purchase Price

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

The purchase price allocation is considered final. For illustrative purposes the allocation of the purchase price to the fair value of New Breed's net assets acquired at the acquisition date of September 2, 2014 is presented as follows:

Description		
Purchase price	$	615.9
Carrying value of New Breed net assets acquired		150.1
Plus: Fair value of trade names		4.5
Plus: Fair value of contractual customer relationships asset		115.1
Less: Fair value of contractual customer relationships liability		(5.6)
Plus: Fair value of non-contractual customer relationships		15.2
Plus: Fair value of acquired technology		19.6
Plus: Fair value adjustment to property and equipment		25.2
Plus: Asset for acquired favorable leasehold interests		2.0
Less: Liability for acquired unfavorable leasehold interests		(3.0)
Less: Net deferred tax liability on step-up of net tangible and intangible assets		(57.3)
Fair value of goodwill	$	350.1

(8) Description of New Breed Pro Forma Adjustments, as presented for the 245 days ended September 2, 2014 in the year ended December 31, 2014 Unaudited Pro Forma Condensed Combined Statement of Operations

a. Represents conforming reclassification adjustments to present New Breed historical financial information in line with the XPO presentation and purchase price adjustments for the merger with New Breed:

(1) To reclassify net sales, general and administrative expense of $14.7 for the 245 days ended September 2, 2014 to direct operating expense to conform to the XPO presentation. Historical information technology-related direct operating expense of $4.4 for the 245 days ended September 2, 2014 was reclassified from direct operating expense to sales, general and administrative expense. The expense represents the cost of New Breed's corporate information technology functions which XPO classifies as sales, general and administrative expense. Historical depreciation expense classified within sales, general and administrative expense of $19.1 for the 245 days ended September 2, 2014 was reclassified from sales, general and administrative expense to direct operating expense. The expense represents the depreciation related to New Breed's operating facilities which was previously classified in a separate line item on the historical statements of operations.

(2) To record pro forma depreciation and amortization expense of $16.2 for the 245 days ended September 2, 2014 on the portion of the purchase price allocated to tangible and intangible assets and liabilities. Historical depreciation expense related to New Breed's proprietary technology was $2.9 for the 245 days ended September 2, 2014. There was no historical amortization expense for the 245 days ended September 2, 2014. The pro forma adjustment reflects the incremental increase to depreciation and amortization expense of $13.3 for the 245 days ended September 2, 2014. Pro forma depreciation and amortization is calculated as follows:

	Fair Value	Estimated Weighted Average Life (years)	Estimated Depreciation / Amortization (a) For the 245 days ended September 2, 2014
Trade names	$ 4.5	1.00	$ 3.0
Non-contractual customer relationships	15.2	14.00	0.7
Contractual customer relationships	115.1	12.00	7.1
	$ 134.8		$ 10.8
Technology	$ 19.6	4.00	$ 3.3
Fair value adjustment to property and equipment	25.2	8.24	2.1
	$ 44.8		$ 5.4
Total depreciation and amortization expense			$ 16.2

(a) For the trade names and contractual customer relationships intangible assets, amortization expense has been calculated in proportion to the weight of the undiscounted cash flows used to determine the fair value of the respective assets and liabilities. For the remaining intangible assets, amortization expense has been calculated using the straight-line method over the estimated useful life.

(3) Represents the income tax effect of the pro forma adjustments calculated using an estimated statutory tax rate of 39.0% (i.e., the United States statutory income tax rate of 35.0% plus an estimated blended state income tax rate of 4.0%).

(4) To remove historic interest expense related to the long-term debt not assumed in the New Breed Transaction and the amortization of deferred financing costs eliminated in purchase accounting of $19.0 for the 245 days ended September 2, 2014.

(5) The pro forma financial statements reflect the issuance of $500.0 of long-term debt to fund the New Breed Transaction. Net proceeds after fees were $489.6. To record interest expense related to the debt issuance by XPO and amortization of the respective debt issuance costs of $27.5 for the 245 days ended September 2, 2014. The pro forma adjustments assume an interest rate on the debt of 7.875%.

(6) To remove historic amortization of the deferred rent liability eliminated in purchase accounting of $0.5 for the 245 days ended September 2, 2014.

(7) To remove amortization of the deferred contract costs eliminated in purchase accounting of $1.2 for the 245 days ended September 2, 2014.

(8) To remove historic stock compensation expense related to New Breed stock of $3.8 for the 245 days ended September 2, 2014.

(9) To record amortization of a loss contract recorded in purchase accounting of $2.2 for the 245 days ended September 2, 2014.

(10) Represents the removal of $57.9 for the 245 days ended September 2, 2014 of non-recurring deal costs incurred by New Breed in conjunction with the New Breed Transaction.

(11) Represents the removal of $6.2 for the 245 days ended September 2, 2014 of non-recurring deal costs incurred by XPO in conjunction with the New Breed Transaction.

(9) Pacer Purchase Price

The purchase price of $331.5 and the allocation of the purchase price below are considered final. For illustrative purposes the allocation of the purchase price to the fair value of Pacer's net assets acquired at the acquisition date of March 31, 2014 is presented as follows:

Description	
Purchase price	$ 331.5
Carrying value of Pacer net assets acquired	65.2
Plus: Fair value of trade names	2.8
Plus: Fair value of non-compete agreements	2.3
Plus: Fair value of contractual customer relationships	66.3
Plus: Fair value of non-contractual customer relationships	1.0
Plus: Fair value of acquired technology	13.2
Less: Fair value adjustment to property and equipment	(2.5)
Plus: Asset for acquired favorable leasehold interests	1.5
Less: Liability for acquired unfavorable leasehold interests	(3.9)
Less: Net deferred tax liability on step-up of net tangible and intangible assets	(12.4)
Fair value of goodwill	$ 198.0

(10) Description of Pacer Pro Forma Adjustments, as presented for the three months ended March 31, 2014 in the twelve months ended December 31, 2014 Unaudited Pro Forma Condensed Combined Statement of Operations

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

(1) To record pro forma depreciation and amortization expense of $7.6 for the three months ended March 31, 2014 unaudited pro forma condensed combined statements of operations on the portion of the purchase price allocated to tangible and intangible assets. There was no historical intangible asset amortization expense recorded by Pacer for the three months ended March 31, 2014. Historical depreciation expense related to Pacer's proprietary technology was $0.5 for the three months ended March 31, 2014. The pro forma adjustments are shown on a net basis. Pro forma depreciation and amortization is calculated as follows:

	Fair Value	Estimated Weighted Average Life (years)	Estimated Depreciation / Amortization (a) For the 3 months ended March 31, 2014
Trade names	$ 2.8	1.00	$ 0.7
Non-compete agreements	2.3	6.00	0.1
Non-contractual customer relationships	1.0	14.00	—
Contractual customer relationships -# 1	25.8	8.00	0.8
Contractual customer relationships -# 2	39.5	3.00	5.2
Contractual customer relationships -# 3	1.0	3.00	0.1
	$ 72.4		$ 6.9
Technology	$ 13.2	4.00	$ 0.8
Fair value adjustment to property and equipment	(2.5)	5.82	(0.1)
	$ 10.7		$ 0.7
Total depreciation and amortization expense			$ 7.6

(a) For the trade names and customer relationships intangible assets, amortization expense has been calculated in proportion to the weight of the undiscounted cash flows used to determine the fair value of the respective assets. For the remaining intangible assets, amortization expense has been calculated using the straight-line method over the estimated useful life.

(2) As part of the Pacer Transaction, Pacer management entered into new employment agreements with XPO which provide for stock compensation. Based on the contractual nature of the agreements, the adjustments reflect the change in stock compensation expense under each arrangement. All new arrangements include only time-based awards. Stock compensation under the new agreements was $1.1 for the three months ended March 31, 2014. Pacer had historic stock compensation expense of $0.6 for the three months ended March 31, 2014. The pro forma adjustments show the respective net differences to stock compensation expense of $0.5.

(3) Represents the income tax effect of the pro forma adjustments calculated using an estimated statutory tax rate of 37.5% (i.e., the United States statutory income tax rate of 35.0% plus an estimated blended state income tax rate of 2.5%).

(4) To remove historic interest expense related to the amortization of deferred financing costs eliminated in purchase accounting of $0.1 for the three months ended March 31, 2014.

(5) To remove historic amortization of the deferred planned major maintenance costs eliminated in purchase accounting of $0.3 for the three months ended March 31, 2014.

(6) To remove historic amortization of the deferred gain on sale leaseback transactions eliminated in purchase accounting of $0.1 for the three months ended March 31, 2014.

(7) To record net amortization of the favorable and unfavorable leasehold interests recorded in purchase accounting related to Pacer’s railcar, chassis and real property leases of $0.8 for the three months ended March 31, 2014. $0.7 was recorded through direct operating expense and $0.1 was recorded through sales, general and administrative expense, based on the nature of the respective leases.

(8) Represents the removal of $15.8 of non-recurring deal costs incurred by Pacer in the three months ended March 31, 2014 in conjunction with the Pacer Transaction.

(9) Represents the removal of $4.4 of non-recurring deal costs incurred by XPO in the three months ended March 31, 2014 in conjunction with the Pacer Transaction.

Exhibit 99.2

Con-way Inc.

Index to Consolidated Financial Statements

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Con-way Inc.:

We have audited the accompanying consolidated balance sheets of Con-way Inc. and subsidiaries (the Company) as of December 31, 2014 and 2013, and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2014. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Con-way Inc. and subsidiaries as of December 31, 2014 and 2013, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2014, in conformity with U.S. generally accepted accounting principles.

/s/ KPMG LLP

Portland, Oregon
February 23, 2015

Con-way Inc.
Consolidated Balance Sheets

(Dollars in thousands)	December 31, 2014	December 31, 2013
Assets		
Current Assets		
Cash and cash equivalents	$ 432,759	$ 484,502
Marketable securities	8,285	—
Trade accounts receivable, net	649,086	575,013
Other accounts receivable	70,305	51,063
Operating supplies, at lower of average cost or market	23,664	23,910
Prepaid expenses and other current assets	63,344	57,961
Deferred income taxes	13,957	15,332
Total Current Assets	1,261,400	1,207,781
Property, Plant and Equipment		
Land	192,490	193,364
Buildings and leasehold improvements	856,037	856,038
Revenue equipment	1,902,358	1,857,737
Other equipment	362,341	353,205
	3,313,226	3,260,344
Accumulated depreciation	(1,659,015)	(1,603,511)
Net Property, Plant and Equipment	1,654,211	1,656,833
Other Assets		
Deferred charges and other assets	31,826	32,200
Capitalized software, net	26,208	21,488
Employee benefits	18,110	15,018
Intangible assets, net	6,284	8,640
Goodwill	337,579	337,971
	420,007	415,317
Total Assets	$ 3,335,618	$ 3,279,931

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

Con-way Inc.
Consolidated Balance Sheets

(Dollars in thousands, except per share data)	December 31, 2014	December 31, 2013
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable	$ 349,995	$ 390,537
Accrued liabilities	257,943	229,078
Self-insurance accruals	117,783	105,063
Short-term borrowings	1,736	1,588
Current maturities of long-term debt and capital leases	14,663	19,685
Total Current Liabilities	742,120	745,951
Long-Term Liabilities		
Long-term debt	719,303	719,155
Long-term obligations under capital leases	10,587	16,185
Self-insurance accruals	151,257	142,307
Employee benefits	239,368	240,171
Other liabilities and deferred credits	34,356	39,524
Deferred income taxes	242,789	237,949
Total Liabilities	2,139,780	2,141,242
Commitments and Contingencies (Notes 5, 6, 7 and 11)		
Shareholders' Equity		
Common stock, $0.625 par value; authorized 100,000,000 shares; issued 65,782,041 and 64,592,756 shares, respectively	41,101	40,349
Additional paid-in capital, common stock	706,756	653,487
Retained earnings	1,151,791	1,043,472
Cost of repurchased common stock (8,112,141 and 7,669,889 shares, respectively)	(349,401)	(329,088)
Accumulated other comprehensive loss	(354,409)	(269,531)
Total Shareholders' Equity	1,195,838	1,138,689
Total Liabilities and Shareholders' Equity	$ 3,335,618	$ 3,279,931

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

Con-way Inc.
Statements of Consolidated Income

(Dollars in thousands, except per share data)	Years ended December 31, 2014	2013	2012
Revenue	$ 5,806,069	$ 5,473,356	$ 5,580,247
Costs and Expenses			
Salaries, wages and employee benefits	2,261,304	2,143,036	2,125,104
Purchased transportation	1,437,418	1,323,005	1,531,319
Other operating expenses	649,154	634,107	567,810
Fuel and fuel-related taxes	498,604	532,958	553,301
Depreciation and amortization	242,658	230,751	216,215
Purchased labor	174,061	148,165	113,619
Rents and leases	139,428	129,325	115,954
Maintenance	134,992	123,056	128,084
	5,537,619	5,264,403	5,351,406
Operating Income	268,450	208,953	228,841
Other Income (Expense)			
Investment income	686	621	831
Interest expense	(53,456)	(53,339)	(54,777)
Miscellaneous, net	(4,983)	(1,870)	(3,941)
	(57,753)	(54,588)	(57,887)
Income before Income Tax Provision	210,697	154,365	170,954
Income Tax Provision	73,658	55,212	66,408
Net Income	$ 137,039	$ 99,153	$ 104,546
Weighted-Average Common Shares Outstanding			
Basic	57,390,945	56,511,563	55,837,574
Diluted	58,018,443	57,240,588	56,485,987
Earnings per Common Share			
Basic	$ 2.39	$ 1.75	$ 1.87
Diluted	$ 2.36	$ 1.73	$ 1.85
Cash Dividends Declared per Common Share	$ 0.50	$ 0.40	$ 0.40

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

Con-way Inc.
Statements of Consolidated Comprehensive Income

(Dollars in thousands)	Years ended December 31, 2014	2013	2012
Net Income	$ 137,039	$ 99,153	$ 104,546
Other Comprehensive Income (Loss):			
Foreign currency translation adjustment	(2,731)	871	481
Unrealized gain on available-for-sale security, net of deferred tax of $0, $0, and $145, respectively	—	—	226
Employee benefit plans			
Actuarial gain (loss), net of deferred tax of $59,850, $103,308, and $1,903, respectively	(96,329)	161,631	(2,977)
Net actuarial loss included in net periodic benefit expense or income, net of deferred tax of $9,432, $7,562, and $7,969, respectively	14,940	11,827	12,465
Prior-service cost or credit, net of deferred tax of $0, $7,505 and $17,577, respectively	—	11,738	(27,493)
Amortization of prior service cost or credit included in net periodic benefit expense or income, net of deferred tax of $481, $552 and $465, respectively	(758)	863	(727)
	(82,147)	186,059	(18,732)
Total Other Comprehensive Income (Loss)	(84,878)	186,930	(18,025)
Comprehensive Income	$ 52,161	$ 286,083	$ 86,521

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

Con-way Inc.
Statements of Consolidated Cash Flows

(Dollars in thousands)	Years ended December 31, 2014	2013	2012
Cash and Cash Equivalents, Beginning of Period	$ 484,502	$ 429,784	$ 438,010
Operating Activities			
Net income	137,039	99,153	104,546
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization, net of accretion	242,507	229,236	215,202
Non-cash compensation and employee benefits	34,040	38,496	33,180
Increase in deferred income taxes	55,946	57,423	63,091
Provision for uncollectible accounts	2,869	6,908	6,358
Gain from sales of property, equipment and investment, net	(10,156)	(5,720)	(8,649)
Changes in assets and liabilities:			
Receivables	(82,990)	(12,869)	7,076
Prepaid expenses	(517)	21	(1,312)
Accounts payable	(15,401)	25,972	(14,824)
Accrued variable compensation	23,125	(17,140)	1,201
Accrued liabilities, excluding accrued variable compensation and employee benefits	10,687	11,572	1,988
Self-insurance accruals	14,797	(3,661)	(18,654)
Accrued income taxes	(15,716)	(4,846)	(2,316)
Employee benefits	(154,501)	(82,507)	(67,291)
Other	(1,845)	5,946	(8,185)
Net Cash Provided by Operating Activities	239,884	347,984	311,411
Investing Activities			
Capital expenditures	(289,776)	(281,943)	(293,135)
Software expenditures	(12,364)	(7,398)	(8,963)
Proceeds from sales of property and equipment	47,238	14,202	20,840
Purchases of marketable securities	(8,285)	—	(8,200)
Proceeds from sales of marketable securities	—	3,200	23,613
Net Cash Used in Investing Activities	(263,187)	(271,939)	(265,845)
Financing Activities			
Payment of capital leases	(21,098)	(16,068)	(29,015)
Net proceeds from (repayments of) short-term borrowings	147	(5,383)	(7,621)
Payment of debt issuance costs	—	(543)	—
Proceeds from exercise of stock options	33,902	20,777	3,560
Excess tax benefit from share-based compensation	3,128	2,510	1,641
Payments of common dividends	(28,720)	(22,620)	(22,357)
Repurchases of common stock	(15,799)	—	—
Net Cash Used in Financing Activities	(28,440)	(21,327)	(53,792)
Increase (Decrease) in Cash and Cash Equivalents	(51,743)	54,718	(8,226)
Cash and Cash Equivalents, End of Period	$ 432,759	$ 484,502	$ 429,784
Supplemental Disclosure			
Cash paid (refunded) for income taxes, net	$ 30,597	$ (21)	$ 6,163
Cash paid for interest, net of amounts capitalized	$ 52,491	$ 52,809	$ 53,806
Non-cash Investing and Financing Activities			
Property, plant and equipment acquired through partial non-monetary exchanges	$ 17,597	$ 27,711	$ 34,759
Property, plant and equipment acquired through capital lease	$ 10,483	$ 5,575	$ —
Property, plant and equipment acquired through increase in current liabilities	$ 6,756	$ 32,336	$ 14,034
Repurchases of common stock included in current liabilities	$ 984	$ —	$ —

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

Con-way Inc.
Statements of Consolidated Shareholders' Equity

(Dollars in thousands, except per share data)	Common Stock Number of Shares	Common Stock Amount	Additional Paid-in Capital	Retained Earnings	Repurchased Common Stock	Accumulated Other Comprehensive Loss
Balance, December 31, 2011	63,065,931	$ 39,394	$ 595,992	$ 884,758	$ (322,454)	$ (438,436)
Net income	—	—	—	104,546	—	—
Other comprehensive income (loss):						
Foreign currency translation adjustment	—	—	—	—	—	481
Employee benefit plans, net of deferred tax of $11,976	—	—	—	—	—	(18,732)
Unrealized gain on available-for-sale security, net of deferred tax of $145	—	—	—	—	—	226
Exercise of stock options, including tax of $165	150,213	94	3,631	—	—	—
Share-based compensation, including tax of $986	349,309	213	14,711	(8)	(3,674)	—
Common dividends declared ($.40 per share)	—	—	—	(22,357)	—	—
Balance, December 31, 2012	63,565,453	$ 39,701	$ 614,334	$ 966,939	$ (326,128)	$ (456,461)
Net income	—	—	—	99,153	—	—
Other comprehensive income:						
Foreign currency translation adjustment	—	—	—	—	—	871
Employee benefit plans, net of deferred tax of $118,927	—	—	—	—	—	186,059
Exercise of stock options, including tax of $1,531	760,495	475	21,833	—	—	—
Share-based compensation, including tax of $200	266,808	173	17,320	—	(2,960)	—
Common dividends declared ($.40 per share)	—	—	—	(22,620)	—	—
Balance, December 31, 2013	64,592,756	$ 40,349	$ 653,487	$ 1,043,472	$ (329,088)	$ (269,531)
Net income	—	—	—	137,039	—	—
Other comprehensive loss:						
Foreign currency translation adjustment	—	—	—	—	—	(2,731)
Employee benefit plans, net of deferred tax of $50,899	—	—	—	—	—	(82,147)
Exercise of stock options, including tax of $862	926,454	579	34,185	—	—	—
Share-based compensation, including tax of $809	262,831	173	19,084	—	(3,530)	—
Common stock repurchased	—	—	—	—	(16,783)	—
Common dividends declared ($.50 per share)	—	—	—	(28,720)	—	—
Balance, December 31, 2014	65,782,041	$ 41,101	$ 706,756	$ 1,151,791	$ (349,401)	$ (354,409)

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

1. Principal Accounting Policies

Organization

Con-way Inc. and its consolidated subsidiaries ("Con-way" or the "Company") provide transportation, logistics and supply-chain management services for a wide range of manufacturing, industrial and retail customers. Con-way's business units operate in regional, inter-regional and transcontinental less-than-truckload and full-truckload freight transportation, contract logistics and supply-chain management, multimodal freight brokerage, and trailer manufacturing. As more fully discussed in Note 12, "Segment Reporting," for financial reporting purposes, Con-way is divided into three reporting segments: Freight, Logistics and Truckload.

Principles of Consolidation

The consolidated financial statements include the accounts of Con-way and its subsidiaries. All significant intercompany accounts and transactions have been eliminated.

Estimates

Management makes estimates and assumptions when preparing the financial statements in conformity with accounting principles generally accepted in the U.S. These estimates and assumptions affect the amounts reported in the accompanying financial statements and notes. Changes in estimates are recognized in accordance with the accounting rules for the estimate, which is typically in the period when new information becomes available. These estimates and the underlying assumptions affect the amounts of assets and liabilities reported, disclosures about contingent assets and liabilities, and reported amounts of revenue and expenses. Such estimates relate to revenue-related adjustments, impairment of goodwill and long-lived assets, amortization and depreciation, income taxes, self-insurance accruals, pension plan and postretirement obligations, contingencies, and assets and liabilities recognized in connection with acquisitions, restructurings and dispositions.

Con-way evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment. Estimates and assumptions are adjusted when facts and circumstances dictate. Volatility in financial markets and changing levels of economic activity increase the uncertainty inherent in such estimates and assumptions. Changes in those estimates resulting from continuing changes in the economic environment will be reflected in the financial statements in future periods.

Recognition of Revenue

Con-way Freight recognizes revenue between reporting periods based on relative transit time in each period and recognizes expense as incurred. Estimates for future billing adjustments to revenue, including those related to weight and freight-classification verification and pricing discounts, are recognized at the time of shipment. Con-way Truckload recognizes revenue and related direct costs when the shipment is delivered. Menlo Logistics ("Menlo") recognizes revenue based on the service outputs provided to the customer.

Menlo records revenue on a gross basis, without deducting third-party purchased transportation costs, on transactions for which it acts as a principal. Menlo records revenue on a net basis, after deducting purchased transportation costs, on transactions for which it acts as an agent. When recognizing revenue for services provided under performance-based incentive arrangements, the contingent portion of the revenue is not considered fixed or determinable until the performance criteria have been met.

Under certain Menlo contracts, billings in excess of revenue recognized are recorded as unearned revenue. Unearned revenue is recognized over the contract period as services are provided. At December 31, 2014 and 2013, unearned revenue of $8.2 million and $12.1 million was reported in Con-way's consolidated balance sheets within accrued liabilities, respectively. In addition, Menlo has deferred certain recoverable direct and incremental costs related to the setup of logistics operations under long-term contracts. These deferred setup costs are recognized as expense over the contract term. At December 31, 2014 and 2013, these deferred setup costs of $4.7 million and $9.9 million were reported in the consolidated balance sheets within deferred charges and other assets, respectively.

Cash Equivalents and Marketable Securities

Cash equivalents consist of short-term interest-bearing instruments with maturities of three months or less at the date of purchase. At December 31, 2014 and 2013, cash-equivalent investments of $385.5 million and $441.2 million, respectively, consisted primarily of commercial paper, certificates of deposit and money-market funds.

Con-way classifies its marketable debt securities as available-for-sale and reports them at fair value. Changes in the fair value of available-for-sale securities are recognized in other comprehensive income or loss, unless an unrealized loss is an other-than-temporary loss. If any portion of the unrealized loss is determined to be other than temporary, that portion of the loss is recognized in earnings. At December 31, 2014, Con-way held $8.3 million of variable-rate demand notes. Con-way held no marketable securities at December 31, 2013.

Trade Accounts Receivable, Net

Con-way Freight and Con-way Truckload report accounts receivable at net realizable value and provide an allowance when losses are probable. Estimates for uncollectible accounts are based on various judgments and assumptions, including revenue levels, historical loss experience and the aging of outstanding accounts receivable. Menlo, based on the size and nature of its client base, performs a periodic evaluation of its customers' creditworthiness and accounts receivable portfolio and recognizes expense from uncollectible accounts when losses are both probable and reasonably estimable. Activity in the allowance for uncollectible accounts is presented in the following table:

		Additions			
(Dollars in thousands)	Balance at beginning of period	Charged to expense	Charged to other accounts	Write-offs net of recoveries	Balance at end of period
2014	$ 6,103	$ 2,869	$ —	$ (2,976)	$ 5,996
2013	9,774	6,908	—	(10,579)	6,103
2012	6,951	6,358	—	(3,535)	9,774

Estimates for billing adjustments, including those related to weight and freight-classification verifications and pricing discounts, are also reported as a reduction to accounts receivable. Activity in the allowance for revenue adjustments is presented in the following table:

		Additions			
(Dollars in thousands)	Balance at beginning of period	Charged to expense	Charged to other accounts - Revenue	Write-offs	Balance at end of period
2014	$ 12,215	$ —	$ 94,032	$ (89,801)	$ 16,446
2013	13,816	—	74,481	(76,082)	12,215
2012	16,920	—	77,310	(80,414)	13,816

Property, Plant and Equipment

Property, plant and equipment are reported at historical cost and are depreciated on a straight-line basis over their estimated useful lives, generally 25 years for buildings, 4 to 14 years for revenue equipment and 3 to 10 years for most other equipment. Leasehold improvements and assets acquired under capital leases are amortized over the shorter of the terms of the respective leases or the useful lives of the assets, with the resulting expense reported as depreciation. Depreciation expense was $232.4 million in 2014, $221.2 million in 2013 and $204.9 million in 2012.

In response to conditions in the used-trailer market, Con-way Truckload increased the estimated salvage values for certain of its trailers in the fourth quarter of 2013. The effect of this change in estimate decreased depreciation expense and increased operating income by $6.2 million and $1.3 million in 2014 and 2013, respectively. As a result of this change, net income in 2014 increased by $3.8 million and basic and diluted earnings per share increased by $0.07 and $0.06 per share, respectively.

Expenditures for equipment maintenance and repairs are charged to operating expenses as incurred; betterments are capitalized. Gains or losses on sales of equipment and property are recorded in other operating expenses.

Tires and Maintenance

The cost of replacement tires are expensed at the time those tires are placed into service, as is the case with other repairs and maintenance costs. The cost of tires on new revenue equipment is capitalized and depreciated over the estimated useful life of the related equipment.

Capitalized Software, Net

Capitalized software consists of certain direct internal and external costs associated with internal-use software, net of accumulated amortization. Amortization of capitalized software is computed on an item-by-item basis depending on the estimated useful life of the software, currently between 3 years and 7 years. Amortization expense related to capitalized software was $7.9 million in 2014, $7.2 million in 2013 and $8.3 million in 2012. Accumulated amortization at December 31, 2014 and 2013 was $161.0 million and $158.7 million, respectively.

Long-Lived Assets

Con-way performs an impairment analysis of long-lived assets whenever circumstances indicate that the carrying amount may not be recoverable. For assets that are to be held and used, an impairment charge is recognized when the estimated undiscounted cash flows associated with the asset or group of assets is less than carrying value. If impairment exists, a charge is recognized for the difference between the carrying value and the fair value. Fair values are determined using quoted market values, discounted cash flows or external appraisals, as applicable. Assets held for disposal are carried at the lower of carrying value or estimated net realizable value. Con-way's accounting policies for goodwill and other long-lived intangible assets are more fully discussed in Note 2, "Goodwill and Intangible Assets."

Book Overdrafts

Book overdrafts represent outstanding drafts not yet presented to the bank that are in excess of recorded cash for that particular bank. These amounts do not represent bank overdrafts, which occur when drafts presented to the bank are in excess of cash in Con-way's bank account, and would effectively be a loan to Con-way. At December 31, 2014 and 2013, book overdrafts of $28.8 million and $40.8 million, respectively, were included in accounts payable.

Self-Insurance Accruals

Con-way uses a combination of self-insurance programs and purchased insurance to provide for the costs of medical, casualty, liability, vehicular, cargo and workers' compensation claims. The long-term portion of self-insurance accruals relates primarily to workers' compensation and vehicular claims that are expected to be payable over several years. Con-way periodically evaluates the level of insurance coverage and adjusts insurance levels based on risk tolerance and premium expense.

The measurement and classification of self-insured costs requires the consideration of historical cost experience, demographic and severity factors, and judgments about the current and expected levels of cost per claim and retention levels. These methods provide estimates of the undiscounted liability associated with claims incurred as of the balance sheet date, including estimates of claims incurred but not reported. Changes in these assumptions and factors can materially affect actual costs paid to settle the claims and those amounts may be different than estimates.

Con-way participates in a reinsurance pool to reinsure a portion of its workers' compensation claims. Each company that participates in the pool cedes premiums and claims to the pool and assumes premiums and claims from the pool. Reinsurance does not relieve Con-way of its liabilities under the original policy. However, in the opinion of management, potential exposure to Con-way for non-payment in reinsured losses is minimal. At December 31, 2014 and 2013, Con-way had recorded a liability related to assumed claims of $57.4 million and $59.2 million, respectively, and had recorded a receivable from the reinsurance pool of $43.3 million and $38.1 million, respectively. Revenue related to these reinsurance activities is reported net of the associated expenses and is classified as other operating expenses. In connection with its participation in the reinsurance pool, Con-way recognized operating income of $6.1 million in 2014, operating income of $2.2 million in 2013 and operating loss of $2.5 million in 2012.

Foreign Currency Translation

Adjustments resulting from translating foreign functional currency financial statements into U.S. dollars are included in the foreign currency translation adjustment in the statements of consolidated comprehensive income (loss). Transaction gains and losses that arise from exchange-rate fluctuations on transactions denominated in a currency other than the functional currency are included in the statements of consolidated income within miscellaneous, net. Con-way recognized foreign exchange losses of $6.0 million, $1.4 million and $0.3 million in 2014, 2013 and 2012, respectively.

Con-way has determined that advances to certain of its foreign subsidiaries are indefinite in nature. Accordingly, the corresponding foreign currency gains or losses related to these advances are included in the foreign currency translation adjustment in the statements of consolidated comprehensive income (loss).

Earnings Per Share (EPS)

Basic EPS is calculated by dividing reported net income or loss by the weighted-average common shares outstanding. Diluted EPS is calculated as follows:

	Years ended December 31,		
(Dollars in thousands, except per share data)	2014	2013	2012
Numerator:			
Net income	$ 137,039	$ 99,153	$ 104,546
Denominator:			
Weighted-average common shares outstanding	57,390,945	56,511,563	55,837,574
Stock options and nonvested stock	627,498	729,025	648,413
	58,018,443	57,240,588	56,485,987
Diluted EPS	$ 2.36	$ 1.73	$ 1.85
Anti-dilutive securities excluded from the computation of diluted EPS	461,071	911,041	1,801,995

New Accounting Standards

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-09, “Revenue from Contracts with Customers.” This ASU, codified in the “Revenue Recognition” topic of the FASB Accounting Standards Codification, requires revenue to be recognized upon the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard also requires disclosures sufficient to describe the nature, amount, timing, and uncertainty of revenue and cash flows arising from these customer contracts. This standard is effective for fiscal years, and interim periods within those years, beginning after December 15, 2016 and can be applied either retrospectively to each prior reporting period presented or with the cumulative effect of initially applying the standard recognized on the date of adoption. Con-way plans to adopt this standard in the first quarter of 2017. Con-way is currently evaluating the method of application and the potential impact on the financial statements and related disclosures.

2. Goodwill and Intangible Assets

Goodwill

The following table shows the changes in the gross carrying amounts of goodwill:

(Dollars in thousands)	Logistics	Truckload	Corporate and Eliminations	Total
Balances at December 31, 2012				
Goodwill	$ 55,888	$ 464,598	$ 727	$ 521,213
Accumulated impairment losses	(48,236)	(134,813)	—	(183,049)
	7,652	329,785	727	338,164
Change in foreign currency exchange rates	(193)	—	—	(193)
Balances at December 31, 2013				
Goodwill	55,695	464,598	727	521,020
Accumulated impairment losses	(48,236)	(134,813)	—	(183,049)
	7,459	329,785	727	337,971
Change in foreign currency exchange rates	(392)	—	—	(392)
Balances at December 31, 2014				
Goodwill	55,303	464,598	727	520,628
Accumulated impairment losses	(48,236)	(134,813)	—	(183,049)
	$ 7,067	$ 329,785	$ 727	$ 337,579

Con-way assesses goodwill for impairment on an annual basis in the fourth quarter, or more frequently if events or changes in circumstances indicate that the asset might be impaired.

In connection with the annual impairment test in the fourth quarter of 2014, Con-way concluded that the goodwill of its reporting units was not impaired at December 31, 2014.

Intangible Assets

Intangible assets are amortized on a straight-line basis over their estimated useful life. Amortization expense related to intangible assets was $2.4 million in 2014, $2.4 million in 2013 and $3.0 million in 2012. Intangible assets consisted of the following:

	December 31, 2014		December 31, 2013	
(Dollars in thousands)	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Customer relationships	$ 23,088	$ 16,804	$ 23,088	$ 14,448

Con-way's customer-relationship intangible asset relates to the Con-way Truckload business unit. Estimated future amortization expense is presented for the years ended December 31, in the following table:

(Dollars in thousands)	
2015	$ 2,356
2016	2,356
2017	1,572

3. Fair-Value Measurements

Assets and liabilities reported at fair value are classified in one of the following three levels within the fair-value hierarchy:

Level 1: Quoted market prices in active markets for identical assets or liabilities

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data

Level 3: Unobservable inputs that are not corroborated by market data

Financial Assets Measured at Fair Value on a Recurring Basis

The following table summarizes the valuation of financial instruments within the fair-value hierarchy:

	December 31, 2014			
(Dollars in thousands)	**Total**	**Level 1**	**Level 2**	**Level 3**
Cash equivalents	$ 385,548	$ 63,092	$ 322,456	$ —
Marketable securities	$ 8,285	$ —	$ 8,285	$ —

	December 31, 2013			
(Dollars in thousands)	**Total**	**Level 1**	**Level 2**	**Level 3**
Cash equivalents	$ 441,199	$ 99,092	$ 342,107	$ —

Cash equivalents consist of short-term interest-bearing instruments (primarily commercial paper, certificates of deposit and money market funds) with maturities of three months or less at the date of purchase. At December 31, 2014, current marketable securities consisted of variable-rate demand notes.

Money-market funds reflect their published net asset value and are classified as Level 1 instruments. Commercial paper, certificates of deposit and variable-rate demand notes are generally valued using published interest rates for instruments with similar terms and maturities, and accordingly, are classified as Level 2 instruments. At December 31, 2014, the weighted-average remaining maturity of the cash equivalents was less than one month. Based on their short maturities, the carrying amount of the cash equivalents approximates their fair value.

4. Accrued Liabilities

Accrued liabilities consisted of the following:

	December 31,	
(Dollars in thousands)	**2014**	**2013**
Variable compensation	$ 56,698	$ 33,573
Compensated absences	50,325	46,421
Wages and salaries	43,920	35,826
Employee benefits	37,702	40,203
Taxes other than income taxes	27,861	26,704
Interest	17,555	17,579
Other	23,882	28,772
Total accrued liabilities	$ 257,943	$ 229,078

5. Debt and Other Financing Arrangements

Long-term debt consisted of the following:

	December 31,	
(Dollars in thousands)	**2014**	**2013**
Promissory note, 2.63%, due 2016 (interest paid quarterly)	$ 550	$ 550
7.25% Senior Notes due 2018 (interest payable semi-annually)	425,000	425,000
6.70% Senior Debentures due 2034 (interest payable semi-annually)	300,000	300,000
Discount	(6,247)	(6,395)
	293,753	293,605
Long-term debt	$ 719,303	$ 719,155

Revolving Credit Facility

Con-way has a $325 million revolving credit facility that matures on June 28, 2018. At December 31, 2014, no cash borrowings were outstanding under the credit facility; however, $106.9 million of letters of credit were outstanding, leaving $218.1 million of available capacity for additional letters of credit or cash borrowings, subject to compliance with financial covenants and other customary conditions to borrowing. The letters of credit outstanding at December 31, 2014 provided collateral for Con-way’s self-insurance programs.

Under the agreement, standby letter of credit fees are equal to a margin that is dependent upon Con-way's leverage ratio, and cash borrowings bear interest at a rate based upon LIBOR or the lead bank's base rate, in each case plus a margin dependent on Con-way's leverage ratio. The credit facility fee ranges from 0.18% to 0.35% applied to the total facility of $325 million based on Con-way's leverage ratio. The revolving facility is guaranteed by certain of Con-way's material domestic subsidiaries and contains two financial covenants: (i) a leverage ratio and (ii) a fixed-charge coverage ratio. There are also various restrictive covenants, including limitations on (i) the incurrence of liens, (ii) consolidations, mergers and asset sales, and (iii) the incurrence of additional subsidiary indebtedness.

Other Credit Facilities and Short-term Borrowings

At December 31, 2014, Con-way had $21.0 million of bank guarantees, letters of credit and overdraft facilities outstanding under other credit facilities.

Con-way had short-term borrowings of $1.7 million and $1.6 million at December 31, 2014 and 2013, respectively. Excluding the non-interest bearing borrowings described below, the weighted-average interest rate on the short-term borrowings was 4.82% at December 31, 2014.

Of the short-term borrowings outstanding at December 31, 2014 and 2013, non-interest bearing borrowings of $1.3 million and $1.6 million, respectively, related to a credit facility that Menlo utilizes for one of its logistics contracts. Borrowings under the facility related to amounts the financial institution paid to vendors on behalf of Menlo.

7.25% Senior Notes due 2018

The 7.25% Senior Notes bear interest at a rate of 7.25% per year, payable semi-annually on January 15 and July 15 of each year. Con-way may redeem the 7.25% Senior Notes, in whole or in part, on not less than 30 nor more than 60-days notice, at a redemption price equal to the greater of (i) the principal amount being redeemed, or (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the notes being redeemed, discounted at the redemption date on a semi-annual basis at the rate payable on a Treasury note having a comparable maturity plus 50 basis points. There are also various restrictive covenants, including limitations on (i) the incurrence of liens, and (ii) consolidations, mergers and asset sales. Including amortization of underwriting fees and related debt costs, interest expense on the 7.25% Senior Notes due 2018 is recognized at an annual effective interest rate of 7.37%.

Holders of the 7.25% Senior Notes have the right to require Con-way to repurchase the notes if, upon the occurrence of both (i) a change in control, and (ii) a below investment-grade rating by any two of Moody's, Standard and Poor's or Fitch Ratings. The repurchase price would be equal to 101% of the aggregate principal amount of the notes repurchased plus any accrued and unpaid interest.

6.70% Senior Debentures due 2034

The $300 million aggregate principal amount of Senior Debentures bear interest at the rate of 6.70% per year, payable semi-annually on May 1 and November 1 of each year. Con-way may redeem the Senior Debentures, in whole or in part, on not less than 30 nor more than 60-days notice, at a redemption price equal to the greater of (i) the principal amount being redeemed, or (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the Senior Debentures being redeemed, discounted at the redemption date on a semi-annual basis at the rate payable on a Treasury note having a comparable maturity plus 35 basis points. The Senior Debentures were issued under an indenture that restricts Con-way's ability, with certain exceptions, to incur debt secured by liens. Including amortization of a discount, interest expense on the 6.70% Senior Debentures due 2034 is recognized at an annual effective interest rate of 6.90%.

Other

The aggregate annual maturities of long-term debt for the next five years ending December 31, are $0.6 million in 2016 and $425.0 million in 2018. Following 2018, Con-way does not have any principal payments due until 2034.

As of December 31, 2014 and 2013, the estimated fair value of long-term debt was $832 million and $806 million, respectively. For the periods presented, long-term debt is classified as a Level 2 instrument with fair values estimated using an average of prices provided by multiple brokers.

6. Leases

Con-way and its subsidiaries are obligated under non-cancelable leases for certain facilities, equipment and vehicles. Certain leases also contain provisions that allow Con-way to extend the leases for various renewal periods.

Under certain capital-lease agreements, Con-way guarantees the residual value of tractors at the end of the lease term. The stated amounts of the residual-value guarantees have been included in the minimum lease payments below.

In connection with its capital leases, Con-way reported $73.3 million and $68.9 million of revenue equipment and $50.1 million and $39.0 million of accumulated depreciation in the consolidated balance sheets at December 31, 2014 and 2013, respectively. Additionally, Con-way reported $10.0 million of other equipment and $1.5 million of accumulated depreciation in the consolidated balance sheets at December 31, 2014.

Future minimum lease payments with initial or remaining non-cancelable lease terms in excess of one year, at December 31, 2014, were as follows:

(Dollars in thousands)	Capital Leases	Operating Leases
Year ending December 31:		
2015	$ 15,223	$ 93,412
2016	3,597	70,491
2017	3,597	49,112
2018	3,597	34,148
2019	312	24,518
Thereafter (through 2026)	—	64,743
Total minimum lease payments	$ 26,326	$ 336,424
Amount representing interest	(1,076)	
Present value of minimum lease payments	25,250	
Current maturities of obligations under capital leases	14,663	
Long-term obligations under capital leases	$ 10,587	

The remaining unamortized gain resulting from past sale-leaseback transactions, $7.7 million at December 31, 2014, is reported in other liabilities and deferred credits in the consolidated balance sheets and will be amortized as a reduction to lease expense through 2024 when the corresponding lease terms expire.

Rental expense for operating leases comprised the following:

	Years ended December 31,		
(Dollars in thousands)	2014	2013	2012
Minimum rentals	$ 139,491	$ 129,902	$ 118,797
Sublease rentals	(63)	(577)	(2,843)
Rental expense	$ 139,428	$ 129,325	$ 115,954

7. Income Taxes

Income Tax Provision

The components of the provision for income taxes were as follows:

(Dollars in thousands)	Years ended December 31, 2014	2013	2012
Current provision (benefit)			
Federal	$ 15,277	$ (6,137)	$ 3,872
State and local	502	2,145	34
Foreign	3,438	873	2,566
Total current provision (benefit)	19,217	(3,119)	6,472
Deferred provision (benefit)			
Federal	41,087	41,832	45,920
Federal net operating loss	14,522	14,369	11,166
State and local	4,207	5,608	5,270
State tax rate change	(5,374)	—	—
Foreign	(1)	(3,478)	(2,420)
Total deferred provision	54,441	58,331	59,936
Income tax provision	$ 73,658	$ 55,212	$ 66,408

Income taxes have been provided for foreign operations based upon the various tax laws and rates of the countries in which operations are conducted. The components of income before income taxes were as follows:

(Dollars in thousands)	Years ended December 31, 2014	2013	2012
U.S. sources	$ 211,045	$ 157,074	$ 164,619
Non-U.S. sources	(348)	(2,709)	6,335
Income before income tax provision	$ 210,697	$ 154,365	$ 170,954

Con-way's income tax provision varied from the amounts calculated by applying the U.S. statutory income tax rate to the pretax income as shown in the following reconciliation:

	Years ended December 31, 2014	2013	2012
Federal statutory tax rate of 35%	35.0%	35.0%	35.0%
State income tax, net of federal income tax benefit	1.8	4.7	3.1
State tax rate change, net of federal income tax benefit	(2.6)	—	—
Foreign taxes greater (less) than U.S. statutory rate	1.1	(1.1)	(1.2)
Non-deductible operating expenses and tax-exempt income	0.6	0.7	—
Foreign taxes eligible for US foreign tax credit	0.6	0.5	0.5
Fuel tax credit	(1.8)	(4.5)	(0.1)
IRS audit	—	(0.4)	1.5
Other, net	0.3	0.9	—
Effective income tax rate	35.0%	35.8%	38.8%

During the fourth quarter of 2014, Con-way changed the rate it uses to value its deferred tax assets and liabilities. The change in rate, the effect of which is shown above, was exclusively related to a change in the forward-looking estimate of the average state income tax rate. There are many factors that went into evaluating the estimate of this rate including changes in individual state income tax rates, changes in the geographic distribution of Con-way's business operations in the U.S. and the different nature of its operations in certain jurisdictions.

Current and Deferred Income Tax Balances

The components of deferred tax assets and liabilities related to the following:

(Dollars in thousands)	December 31, 2014	December 31, 2013
Deferred tax assets		
Employee benefits	$ 96,420	$ 91,474
Self-insurance accruals	26,296	23,042
Domestic operating-loss carryforwards	6,156	22,461
Foreign operating-loss carryforwards	16,723	16,832
Tax-credit carryforwards	10,785	10,019
Share-based compensation	15,171	16,551
Other	11,204	11,471
Valuation allowance	(26,019)	(25,358)
Total deferred tax assets	156,736	166,492
Deferred tax liabilities		
Property, plant and equipment	351,684	348,728
Prepaid expenses	21,789	24,401
Revenue	6,624	9,013
Other	5,471	6,967
Total deferred tax liabilities	385,568	389,109
Net deferred tax liability	$ (228,832)	$ (222,617)

Deferred tax assets and liabilities in the consolidated balance sheets are classified as current or non-current based on the related asset or liability creating the deferred tax. Deferred taxes not related to a specific asset or liability are classified based on the estimated period of reversal.

At December 31, 2014, Con-way had no federal tax loss carryforward. Other carryforwards, including state tax credits, foreign taxes creditable against federal tax, and state and foreign tax losses, may create future benefits. The resulting potential benefit of the future use of all tax losses, including domestic and foreign, is $22.9 million while tax credit carryforwards provide a potential benefit of $10.8 million. Because Con-way does not anticipate that certain future state and foreign taxable income will allow realization of the full benefits, management concluded that these assets fail to meet the more-likely-than-not threshold for realization. In light of this, these combined future tax benefits of $33.7 million have been offset by a valuation allowance of $26.0 million.

For all other deferred tax assets, management believes it is more likely than not that the results of future operations will generate taxable income of a sufficient amount and type to realize these deferred tax assets.

Certain capital expenditures made between September 9, 2010 and December 31, 2014 were eligible for bonus depreciation, and in accordance with this provision of U.S. tax law, Con-way deducted a substantial portion of its capital expenditures made during the 2010 through 2014 tax years. Additionally, the alternative-fuel credit was extended to 2014 by the Tax Increase Prevention Act of 2014. Also, in January 2013, the American Taxpayer Relief Act of 2012 extended the alternative-fuel credit to the 2012 and 2013 tax years. Con-way recorded a discrete benefit of $3.3 million in the first quarter of 2013 to recognize the effect of the credit associated with the 2012 tax year. The alternative-fuel credit for the 2013 tax year was recognized over the course of 2013.

No deferred taxes have been provided for the cumulative undistributed earnings of Con-way’s foreign subsidiaries ($32.4 million at December 31, 2014), which if remitted, are subject to withholding and U.S. taxes. Such amounts have been indefinitely reinvested in the respective foreign subsidiaries’ operations until it becomes advantageous for tax or foreign exchange reasons to remit these earnings. Determination of the amount of any unrecognized deferred income tax liability on this temporary difference is not practicable.

Uncertain Tax Positions

Con-way recognizes tax positions in the financial statements only when it is more likely than not that the position will be sustained upon examination by a taxing authority. If the position meets the more-likely-than-not criteria, it is measured using a probability-weighted approach as the largest amount of tax benefit that is greater than 50% likely of being realized upon settlement. Previously recognized tax positions that no longer meet the more-likely-than-not recognition threshold are derecognized in the first subsequent financial reporting period in which the threshold is no longer met.

During 2014 and 2013, the estimate for uncertain tax positions decreased to $8.1 million and $11.9 million, respectively (including $3.1 million and $3.5 million of accrued interest and penalties), primarily due to the lapse of statute of limitations and settlements with various taxing authorities, more fully discussed below.

At December 31, 2014 and 2013, Con-way estimated that $3.7 million and $6.5 million, respectively, of the unrecognized tax benefits, if recognized, would change the effective tax rate. In 2014, a $0.4 million reversal of interest and penalties was included in income tax expense compared to $1.8 million in 2013.

The following summarizes the changes in the unrecognized tax benefits during the year, excluding interest and penalties:

(Dollars in thousands)	
Balance at December 31, 2012	$ 9,728
Gross increases — prior-period tax positions	14
Gross increases — current-period tax positions	1,376
Gross decreases — prior-period tax positions	(602)
Lapse of statute of limitations	(2,128)
Balance at December 31, 2013	8,388
Gross increases — current-period tax positions	853
Gross decreases — prior-period tax positions	(900)
Gross decreases — settlements	(1,744)
Lapse of statute of limitations	(1,661)
Balance at December 31, 2014	$ 4,936

In the normal course of business, Con-way is subject to examination by taxing authorities throughout the world. As a result of these examinations, Con-way maintains ongoing discussions and negotiations relating to tax matters with the taxing authorities in these various jurisdictions.

Con-way is subject to examination for federal income taxes for tax years 2008 forward. In 2013, Con-way entered the Compliance Assurance Program (“CAP”). CAP is designed to make audits more effective, efficient and current such that when the federal tax return is filed for the current year it has been approved by the Internal Revenue Service (“IRS”).

In 2012, the IRS finished its field audit of the 2008 through 2010 tax years and an issue emerged that resulted in an increase to the estimate for uncertain tax positions in 2012. Con-way settled this issue in 2013 and paid the related liability in 2014.

Con-way is also subject to examination by state, local, and foreign jurisdictions for 2004 to 2013. Con-way is currently under audit in several state and foreign tax jurisdictions, and management expects that there will be no material change to the unrecognized tax benefits due to expected increases being substantially offset by lapses of applicable statutes of limitations.

8. Shareholders' Equity

Accumulated Other Comprehensive Loss

All changes in equity, except those resulting from investments by owners and distributions to owners, are reported in the statements of consolidated comprehensive income (loss). The following is a summary of the components of accumulated other comprehensive loss:

(Dollars in thousands)	Foreign Currency Translation Adjustment	Unrealized (Gain) Loss on Available-for-Sale Security	Employee Benefit Plans	Total
Balances at December 31, 2011	$ (1,776)	$ (226)	$ (436,434)	$ (438,436)
Other comprehensive income (loss) before reclassifications	481	226	(30,470)	(29,763)
Amounts reclassified from accumulated other comprehensive loss	—	—	11,738	11,738
Balances at December 31, 2012	(1,295)	—	(455,166)	(456,461)
Other comprehensive income before reclassifications	871	—	173,369	174,240
Amounts reclassified from accumulated other comprehensive loss	—	—	12,690	12,690
Balances at December 31, 2013	(424)	—	(269,107)	(269,531)
Other comprehensive loss before reclassifications	(2,731)	—	(96,329)	(99,060)
Amounts reclassified from accumulated other comprehensive loss	—	—	14,182	14,182
Balances at December 31, 2014	$ (3,155)	$ —	$ (351,254)	$ (354,409)

See Note 9, "Employee Benefit Plans" for additional information concerning Con-way's employee benefit plans, including amounts reported for net periodic benefit expense (income).

Common Stock Repurchase Program and Cash Dividend

In June 2014, Con-way's Board of Directors authorized the repurchase of up to $150 million of Con-way's common stock in open market purchases or privately negotiated transactions from time to time in such amounts as management determines. As of December 31, 2014, Con-way repurchased a total of 355,000 shares at a cost of $16.8 million. Of the shares repurchased during 2014, $1.0 million settled in the first quarter of 2015.

On July 29, 2014, Con-way's Board of Directors increased the quarterly dividend to be paid to shareholders from 10 cents per common share to 15 cents per common share. Each quarterly dividend payment is subject to review and approval by Con-way's Board of Directors.

9. Employee Benefit Plans

In the periods presented, certain employees of Con-way and its subsidiaries in the U.S. were covered under several retirement benefit plans, including defined benefit pension plans, defined contribution retirement plans and a postretirement medical plan.

Defined Benefit Pension Plans

Con-way's defined benefit pension plans include qualified plans that are eligible for certain beneficial treatment under the Internal Revenue Code ("IRC"), as well as non-qualified plans that do not meet IRC criteria. Con-way's qualified defined benefit pension plans (collectively, the "Qualified Pension Plans") consist mostly of a primary qualified defined benefit pension plan (the "Primary DB Plan"). Con-way's other qualified defined benefit pension plans (collectively, the "Legacy DB Plans") relate to former businesses. In the fourth quarter of 2014, Con-way settled the obligation for one of these Legacy DB Plans with the combination of a single-premium non-participating annuity and lump-sum payments. Accordingly, Con-way recognized a $36.2 million reduction in the plan obligation and related assets, and a $16.0 million settlement loss.

Con-way's non-qualified defined benefit pension plans (collectively, the "Non-Qualified Pension Plans") consist mostly of a primary non-qualified supplemental defined benefit pension plan (the "Supplemental DB Plan"). The Supplemental DB Plan provides additional benefits for certain employees who are affected by IRC limitations on compensation eligible for benefits available under the qualified Primary DB Plan.

Some of Con-way's foreign subsidiaries sponsor defined benefit pension plans. These international defined benefit pension plans are excluded from the disclosures below due to their immateriality.

Benefits

As a result of plan amendments in previous years, no additional benefits accrue under these plans and already-accrued benefits will not be adjusted for future increases in compensation.

Funded Status of Defined Benefit Pension Plans

The following table reports the changes in the projected benefit obligation, the fair value of plan assets and the determination of the amounts recognized in the consolidated balance sheets for Con-way's defined benefit pension plans at December 31:

	Qualified Pension Plans		Non-Qualified Pension Plans	
(Dollars in thousands)	2014	2013	2014	2013
Change in projected benefit obligation:				
Projected benefit obligation at beginning of year	$ 1,523,531	$ 1,680,603	$ 70,814	$ 78,218
Interest cost on projected benefit obligation	75,030	70,022	3,451	3,213
Plan settlement	(36,237)	—	—	—
Actuarial loss (gain)	254,379	(177,347)	9,182	(5,508)
Benefits paid	(54,536)	(49,747)	(5,101)	(5,109)
Projected and accumulated benefit obligation at end of year	$ 1,762,167	$ 1,523,531	$ 78,346	$ 70,814
Change in plan assets:				
Fair value of plan assets at beginning of year	$ 1,438,865	$ 1,281,261	$ —	$ —
Actual return on plan assets	211,322	152,014	—	—
Con-way contributions	142,280	55,337	5,101	5,109
Plan settlement	(36,237)	—	—	—
Benefits paid	(54,536)	(49,747)	(5,101)	(5,109)
Fair value of plan assets at end of year	$ 1,701,694	$ 1,438,865	$ —	$ —
Funded status of the plans	$ (60,473)	$ (84,666)	$ (78,346)	$ (70,814)
Amounts recognized in the balance sheet consist of:				
Long-term assets	$ 18,110	$ 15,018	$ —	$ —
Current liabilities	—	—	(5,148)	(5,145)
Long-term liabilities	(78,583)	(99,684)	(73,198)	(65,669)
Net amount recognized	$ (60,473)	$ (84,666)	$ (78,346)	$ (70,814)
Plans with a projected and accumulated benefit obligation in excess of plan assets:				
Projected and accumulated benefit obligation	$ 1,740,798	$ 1,502,541	$ 78,346	$ 70,814
Fair value of plan assets	1,622,215	1,402,857	—	—
Weighted-average assumptions as of December 31:				
Discount rate	4.20%	5.05%	4.20%	5.05%

The actuarial loss in 2014 was primarily due to the decrease in discount rate and also included the impact of updated mortality assumptions used to estimate life expectancies of plan participants.

The amounts included in accumulated other comprehensive loss that have not yet been recognized in net periodic benefit expense, consist of the following:

	Qualified Pension Plans		Non-Qualified Pension Plans	
(Dollars in thousands)	2014	2013	2014	2013
Actuarial loss	$ (524,414)	$ (413,879)	$ (35,673)	$ (27,367)
Prior-service cost	(40,809)	(42,428)	(99)	(104)
	$ (565,223)	$ (456,307)	$ (35,772)	$ (27,471)

The amounts in accumulated other comprehensive loss that are expected to be recognized as components of net periodic benefit cost in 2015 are as follows:

(Dollars in thousands)	Qualified Pension Plans	Non-Qualified Pension Plans
Reclassification of actuarial loss to net periodic benefit expense (income)	$ 12,494	$ 1,184
Reclassification of prior-service cost to net periodic benefit expense (income)	$ 1,619	$ 5

Net Periodic Benefit Expense (Income) for Defined Benefit Pension Plans

Net periodic benefit expense (income) and amounts recognized in other comprehensive income or loss for the years ended December 31 includes the following:

	Qualified Pension Plans			Non-Qualified Pension Plans		
(Dollars in thousands)	2014	2013	2012	2014	2013	2012
Net periodic benefit expense (income):						
Interest cost on benefit obligation	$ 75,030	$ 70,022	$ 70,168	$ 3,451	$ 3,213	$ 3,438
Expected return on plan assets	(93,085)	(91,324)	(84,411)	—	—	—
Amortization of actuarial loss	9,642	18,272	19,432	876	1,118	958
Amortization of prior-service cost	1,619	1,670	14	5	5	—
Curtailment loss	—	1,197	—	—	—	44
Settlement loss	15,965	—	—	—	—	—
Net periodic benefit expense (income)	$ 9,171	$ (163)	$ 5,203	$ 4,332	$ 4,336	$ 4,440
Amounts recognized in other comprehensive income or loss:						
Actuarial loss (gain)	$ 136,142	$ (238,037)	$ (720)	$ 9,182	$ (5,508)	$ 3,574
Prior-service cost	—	—	44,961	—	—	109
Reclassification of actuarial loss to net periodic benefit expense (income)	(25,607)	(18,272)	(19,432)	(876)	(1,118)	(1,002)
Reclassification of prior-service cost to net periodic benefit expense (income)	(1,619)	(2,867)	(14)	(5)	(5)	—
Loss (gain) recognized in other comprehensive income or loss	$ 108,916	$ (259,176)	$ 24,795	$ 8,301	$ (6,631)	$ 2,681
Weighted-average assumptions used to calculate net cost:						
Discount rate	5.05%	4.25%	4.65%	5.05%	4.25%	4.65%
Expected long-term rate of return on plan assets	6.53%	7.10%	7.65%	— %	— %	— %

Expected benefit payments for the defined benefit pension plans are summarized below. These estimates are based on assumptions about future events. Actual benefit payments may vary from these estimates.

(Dollars in thousands)	Qualified Pension Plans	Non-Qualified Pension Plans
Year ending December 31:		
2015	$ 61,381	$ 5,148
2016	65,705	5,191
2017	70,081	5,257
2018	74,579	5,240
2019	79,480	5,234
2020-2024	465,421	25,705

Plan Assets

Investment Policies and Strategies

Assets of the Qualified Pension Plans are managed pursuant to a long-term allocation strategy that seeks to mitigate the Plans' funded status volatility by increasing the Plans' exposure to fixed income investments over time. This strategy was developed by analyzing a variety of diversified asset-class combinations in conjunction with the projected liabilities of the Qualified Pension Plans. In 2014, the Plans lowered their percentage of investments in equity securities and increased their percentage of investments in fixed-income securities.

The Plans' current investment strategy is to achieve a mix of approximately 76% in fixed-income securities and 24% of investments in equity securities. The target allocations for fixed-income securities includes 7% in global opportunistic fixed-income. The target allocations for equity securities include 12% in U.S. large companies, 2% in U.S. small companies, and 10% in international companies. Investments in equity securities are allocated between growth- and value-style investment strategies and are diversified across industries and investment managers. Investments in fixed-income securities consist primarily of high-quality U.S. and global corporate or government debt instruments in a variety of industries. The Plans' investments in equity and fixed-income securities consist of individual securities held in managed separate accounts as well as commingled investment funds.

The Plans' investment strategy does not include a meaningful long-term investment allocation to cash and cash equivalents; however, the Plan's cash allocation may rise periodically in response to timing considerations regarding contributions, investments, and the payment of benefits and eligible plan expenses. Additionally, the level of cash and cash equivalents may reflect the un-invested balance of each manager's allocated portfolio balance. This "un-invested cash" is typically held in a short-term fund that invests in money-market instruments, including commercial paper and other liquid short-term interest-bearing instruments.

The Plans' investment policy does not allow investment managers to use market-timing strategies or financial derivative instruments for speculative purposes. However, financial derivative instruments are used to manage risk and achieve stated investment objectives regarding duration, yield curve, credit and equity exposures. Generally, the investment managers are prohibited from short selling, trading on margin, and trading commodities, warrants or other options, except when acquired as a result of the purchase of another security, or in the case of options, when sold as part of a covered position. Con-way's investment policies also restrict the investment managers from accumulating concentrations by issuer, country or industry segment.

The assumption of 5.15% for the overall expected long-term rate of return in 2015 was developed using asset allocation, return, risk (defined as standard deviation), and correlation expectations. The return expectations are created using long-term historical returns and current market expectations for inflation, interest rates and economic growth.

Categories and Fair-Value Measurements of Plan Assets

The following table summarizes the fair value of Con-way's pension plan assets within the fair-value hierarchy:

(Dollars in thousands)	December 31, 2014 Total	Level 1	Level 2	Level 3
Cash and cash equivalents				
Short-term investment fund [a]	$ 48,296	$ —	$ 48,296	$ —
Equity				
U.S. large companies				
S&P 500 futures [b]	2,309	2,309	—	—
Growth [c]	102,653	102,653	—	—
Value [c]	99,466	99,466	—	—
U.S. small companies				
Value [c]	32,298	32,298	—	—
International				
Growth [c]	92,259	92,259	—	—
Value fund [a]	72,336	—	72,336	—
Fixed-income securities				
Global long-term debt instruments [d]	1,252,077	131,997	1,120,080	—
Total	$ 1,701,694	$ 460,982	$ 1,240,712	$ —

(Dollars in thousands)	December 31, 2013 Total	Level 1	Level 2	Level 3
Cash and cash equivalents				
Short-term investment fund [a]	$ 65,100	$ —	$ 65,100	$ —
Equity				
U.S. large companies				
S&P 500 futures [b]	3,482	3,482	—	—
Growth [c]	99,050	99,050	—	—
Value [c]	101,154	101,154	—	—
U.S. small companies				
Value [c]	57,403	57,403	—	—
International				
Growth [c]	91,058	91,058	—	—
Value fund [a]	94,927	—	94,927	—
Fixed-income securities				
U.S. long-term debt instruments [d]	832,915	91,824	741,091	—
Real estate				
Private fund [e]	40,412	—	—	40,412
Hedge fund				
Multi-Strategy [f]	53,364	—	—	53,364
Total	$ 1,438,865	$ 443,971	$ 901,118	$ 93,776

[a] These funds are not publicly traded and do not have readily determinable fair values. Accordingly, they are valued at their net asset value per share. The underlying investments in the funds consist primarily of publicly traded securities with quoted market prices.

[b] Gains from S&P 500 futures held in a separately managed account.

[c] Publicly traded equity securities are valued at their closing market prices.

[d] Global and U.S. debt securities are valued at their quoted market price, while corporate-debt instruments are generally valued using observable bid-ask spreads or broker-provided pricing.

[e] The fair value of the private real estate fund is based on the fair values of the underlying assets, which consist of commercial and residential properties valued using periodic appraisals. The fund maintains a redemption plan whereby redemption requests must be received in writing 45 days prior to the end of the quarter. If the fund is unable to satisfy all redemption requests, partial redemptions may be made on a prorated basis.

[f] The fair value of the hedge fund is based on the fair value of the underlying assets, which consists of individual equities, convertible securities, futures, forward contracts, currency forwards, swaps, high-yield debt portfolios, options, other derivative instruments, and cash which are all valued monthly by an administrator engaged by the fund.

The following table summarizes the change in fair value for pension assets valued using Level 3 inputs:

(Dollars in thousands)	Private real estate fund	Hedge fund	Total
Balance at December 31, 2012	$ 36,911	$ 50,149	$ 87,060
Actual return on plan assets relating to assets still held at the reporting date	3,501	3,215	6,716
Balance at December 31, 2013	40,412	53,364	93,776
Actual return on plan assets relating to assets sold during the period	1,588	1,169	2,757
Redemption	(42,000)	(51,882)	(93,882)
Asset reclassification [a]	—	(2,651)	(2,651)
Balance at December 31, 2014	$ —	$ —	$ —

[a] A full redemption for the assets invested in the hedge fund was made in 2014; however, a hold requirement requires that a portion of the assets be withheld until final completion of the fund's audit. The remaining assets of $2.7 million are invested by the hedge fund in cash and cash equivalents.

Funding

Con-way's funding practice is to evaluate its tax and cash position, as well as the Qualified Pension Plans' funded status, in determining its planned contributions. Con-way estimates that it will contribute about $30 million to its Qualified Pension Plans in 2015; however, this could change based on variations in interest rates, asset returns, Pension Protection Act requirements and other factors.

Defined Contribution Retirement Plans

Con-way's cost for defined contribution retirement plans was $56.3 million in 2014, $55.3 million in 2013, and $50.8 million in 2012.

Postretirement Medical Plan

Con-way sponsors a postretirement medical plan that provides health benefits to certain non-contractual employees at least 55 years of age with at least 10 years of service (the "Postretirement Plan"). The Postretirement Plan does not provide employer-subsidized retiree medical benefits for employees hired on or after January 1, 1993.

On October 31, 2013, Con-way amended the Postretirement Plan to provide a set benefit to certain retirees, at least 65 years of age, effective in 2014. Accordingly, a remeasurement was performed, reducing the projected benefit obligation by $28.3 million with an offsetting prior-service credit of $19.2 million and an actuarial gain of $9.1 million recognized in other comprehensive income (loss).

Funded Status of Postretirement Medical Plan

The following sets forth the changes in the benefit obligation and the determination of the amounts recognized in the consolidated balance sheets for the Postretirement Plan at December 31:

(Dollars in thousands)	**2014**	**2013**
Change in benefit obligation:		
Projected benefit obligation at beginning of year	$ 61,917	$ 102,291
Service cost – benefits earned during the year	950	1,459
Interest cost on projected benefit obligation	2,734	3,434
Plan amendments	—	(19,243)
Actuarial loss (gain)	8,918	(21,143)
Participant contributions	2,191	2,009
Benefits paid	(5,677)	(6,890)
Projected and accumulated benefit obligation at end of year	$ 71,033	$ 61,917
Funded status of the plan	$ (71,033)	$ (61,917)
Amounts recognized in the balance sheet consist of :		
Current liabilities	$ (4,389)	$ (4,462)
Long-term liabilities	(66,644)	(57,455)
Net amount recognized	$ (71,033)	$ (61,917)
Discount rate assumption as of December 31	3.75%	4.50%

The amounts included in accumulated other comprehensive loss that have not yet been recognized in net periodic benefit expense consist of the following:

(Dollars in thousands)	**2014**	**2013**
Actuarial gain	$ 8,508	$ 19,537
Prior-service credit	16,503	19,366
	$ 25,011	$ 38,903

The amounts in accumulated other comprehensive loss that are expected to be recognized as components of net periodic benefit cost are as follows:

(Dollars in thousands)	**2015**
Reclassification of prior-service credits to net periodic benefit expense	$ 2,455
Reclassification of actuarial gain to net periodic benefit expense	$ 265

Net Periodic Benefit Expense for Postretirement Medical Plan

Net periodic benefit expense and amounts recognized in other comprehensive income or loss for the years ended December 31 includes the following:

(Dollars in thousands)	2014	2013	2012
Net periodic benefit expense (income):			
Service cost—benefits earned during the year	$ 950	$ 1,459	$ 1,679
Interest cost on benefit obligation	2,734	3,434	4,318
Amortization of actuarial gain	(2,111)	(1)	—
Amortization of prior-service credit	(2,863)	(1,457)	(1,206)
Net periodic benefit expense (income)	$ (1,290)	$ 3,435	$ 4,791
Amounts recognized in other comprehensive income or loss:			
Actuarial loss (gain)	$ 8,918	$ (21,143)	$ 1,979
Prior-service cost	—	(19,243)	—
Reclassification of actuarial gain to net periodic benefit expense	2,111	1	—
Reclassification of prior-service credit to net periodic benefit expense	2,863	1,457	1,206
Loss (gain) recognized in other comprehensive income or loss	$ 13,892	$ (38,928)	$ 3,185
Discount rate assumption used to calculate interest cost through October 31	4.50%	3.60%	4.30%
Discount rate assumption used to calculate interest cost from November 1 through December 31	4.50%	4.25%	4.30%

Expected benefit payments, which reflect expected future service, as appropriate, are summarized below. These estimates are based on assumptions about future events. Actual benefit payments may vary from these estimates.

(Dollars in thousands)	Benefit Payments
Year ending December 31:	
2015	$ 4,389
2016	4,582
2017	4,980
2018	5,373
2019	5,626
2020-2024	27,946

The assumed health-care cost trend rates used to determine the benefit obligation are as follows:

	2014
Health-care cost trend rate assumed for next year	7.00%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	4.50%
Year that the rate reaches the ultimate trend rate	2027

Assumed health-care cost trends affect the amounts recognized for Con-way’s postretirement benefits. A one-percentage-point change in the assumed health-care cost trend rate would not have a material effect on the service and interest cost components of net periodic benefit costs or on the accumulated postretirement benefit obligation.

10. Share-Based Compensation

Under terms of its share-based compensation plans, Con-way grants various types of share-based compensation awards to employees and directors. The plans provide for awards in the form of nonvested stock (also known as restricted stock), performance-share plan units (“PSPUs”), stock options and stock appreciation rights (“SARs”).

Con-way recognizes expense on a straight-line basis over the shorter of (1) the requisite service period stated in the award or (2) the period from the grant date of the award up to the employee's retirement-eligibility date if the award contains an accelerated-vesting provision. Awards with graded-vesting terms recognize expense on a straight-line basis over the requisite service period for the entire award. The following expense was recognized for share-based compensation:

	Years ended December 31,		
(Dollars in thousands)	2014	2013	2012
Salaries, wages and employee benefits	$ 20,035	$ 20,783	$ 14,464
Deferred income tax benefit	(7,673)	(8,090)	(5,616)
Net share-based compensation expense	$ 12,362	$ 12,693	$ 8,848

The fair value of each stock option and SAR grant is estimated using the Black-Scholes option-pricing model, which considers the risk-free interest rate, and the expected award term, volatility and dividend yield. The risk-free interest rate is determined using the U.S. Treasury zero-coupon issue with a remaining term equal to the expected term of the award. The expected term of the award is derived from a binomial lattice model, and is based on the historical rate of voluntary exercises, post-vesting terminations and volatility. Expected volatility is based on the historical volatility of Con-way's common stock over the most recent period equal to the expected term of the award.

The Board of Directors authorized the issuance of 7,637,432 shares of common stock for the grant of stock options, nonvested stock or other share-based compensation under its equity plans, of which 2,687,677 were available at December 31, 2014. New shares are issued from Con-way's balance of authorized common stock to satisfy stock option exercises and vesting of awards.

Nonvested Stock

Awards granted to directors prior to 2012 generally have three-year graded-vesting terms, while those granted in 2012 and after generally vest one year from the award date. Awards granted to employees generally vest three years from the award date. Nonvested stock awards provide for accelerated vesting as a result of a change in control, death or disability (as defined in the award agreement). The awards allow for pro-rata vesting if the award recipient leaves Con-way due to a qualifying retirement during the vesting period. Shares of nonvested stock that are eligible for dividends are valued at the market price of Con-way's common stock at the date of the award. Those awards that are not eligible for dividends are valued at the market price of Con-way's common stock at the date of award, reduced by the present value of the dividends not received during the vesting period.

The following table summarizes nonvested stock activity for 2014:

	Number of Awards	Weighted-Average Grant-Date Fair Value
Outstanding at December 31, 2013	823,070	$ 32.15
Awarded – Employees	222,253	36.94
Awarded – Directors	22,480	44.47
Vested	(277,451)	32.85
Forfeited	(19,274)	33.75
Outstanding at December 31, 2014	771,078	$ 33.60

The weighted-average grant-date fair value per share for nonvested stock awards granted to employees in 2013 and 2012 was $33.19 and $30.37, respectively. The weighted-average grant-date fair value per share for nonvested stock awards granted to directors in 2013 and 2012 was $34.60 and $33.75, respectively.

The total fair value of nonvested stock that vested in 2014, 2013 and 2012 was $11.4 million, $9.4 million and $11.0 million, respectively, based on Con-way's closing common stock price on the vesting date. At December 31, 2014, the total unrecorded deferred compensation cost of shares of nonvested stock, net of forfeitures, was $9.8 million, which is expected to be recognized over a weighted-average period of 1.65 years.

Performance-share Plan Units

The PSPUs vest three years from the grant date if certain performance criteria are achieved. The number of shares the award recipients ultimately receive can range from 0% to 200% of the grant target depending on achievement relative to the performance criteria. PSPUs are subject to forfeiture if any award recipient ceases to be an active full-time employee prior to the end of the three-year period, subject in some cases to early vesting upon specified events, including death or disability of the award recipient, or termination of employment following a change in control of Con-way. The awards allow for pro-rata vesting if the award recipient leaves Con-way due to a qualifying retirement during the vesting period. The PSPUs are valued at the market price of Con-way's common stock at the date of the award, reduced by the present value of the dividends not received during the three-year vesting period. The amount of expense recorded each period is based on Con-way's current estimate of the number of shares that will ultimately vest.

The following table summarizes PSPU activity for 2014:

	Number of Awards	Weighted-Average Grant-Date Fair Value
Outstanding at December 31, 2013	437,015	$ 31.02
Awarded	205,667	36.47
Forfeited	(13,117)	33.22
Outstanding at December 31, 2014	629,565	$ 32.75

The weighted-average grant-date fair value per share for PSPUs granted in 2013 and 2012 was $32.41 and $29.67, respectively.

At December 31, 2014, the total unrecorded deferred compensation cost of shares of PSPUs, net of forfeitures, was $10.4 million, which is expected to be recognized over a weighted-average period of 1.77 years.

Stock Options

Stock options are granted at prices equal to the market value of the common stock on the date of grant and expire 10 years from the date of grant. Stock options are granted with three-year graded-vesting terms, under which one-third of the award vests each year. Certain option awards provide for accelerated vesting as a result of a change in control, qualifying retirement, death or disability (as defined in the stock option plans).

The following table summarizes stock option activity for 2014:

	Number of Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (in thousands)
Outstanding at December 31, 2013	1,488,741	$ 39.59		
Exercised	(926,454)	36.59		
Expired or cancelled	(15,100)	50.28		
Outstanding at December 31, 2014	547,187	$ 44.36	2.88	$ 3,461
Exercisable at December 31, 2014	544,184	$ 44.44	2.86	$ 3,403

The aggregate intrinsic value reported in the table above represents the total pretax value that would have been received by employees and directors had all of the holders exercised their in-the-money stock options on December 31, 2014.

The following table summarizes stock option exercise activity as of December 31:

(Dollars in thousands)	2014	2013	2012
Aggregate intrinsic value of exercised options	$ 12,177	$ 9,868	$ 1,614
Cash received from exercise of options	33,902	20,777	3,560
Tax benefit realized from exercise of options	4,664	3,848	629

The following is a summary of the weighted-average assumptions used in the Black-Scholes option-pricing model and the calculated weighted-average grant-date fair value as of December 31:

	2012
Estimated fair value	$ 11.79
Risk-free interest rate	0.7%
Expected term (years)	4.91
Expected volatility	52%
Expected dividend yield	1.37%

Stock Appreciation Rights

The cash-settled SARs were granted at the stock price on the grant date and have a three-year graded-vesting term. The awards provide for accelerated vesting if the employee ceases employment due to retirement, death, disability, or a change in control (as defined in the SAR agreement). The SARs were granted in 2010 and became fully vested in January 2013. During the vesting period, compensation cost was recognized based on the proportionate amount of service rendered to date. The SARs are liability-classified awards and, as a result, Con-way re-measures the fair value of the awards each reporting period until the awards are settled. Con-way will recognize any changes in fair value after the vesting period as compensation cost in the current period. The ultimate expense recognized for the SARs is equal to the intrinsic value at settlement. Con-way's accrued liability for cash-settled SARs of $2.2 million and $4.3 million at December 31, 2014 and 2013 was determined using a weighted-average fair value of $20.97 and $15.13 per SAR at December 31, 2014 and 2013 respectively.

The following table summarizes SAR activity for 2014:

	Number of Rights	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (in thousands)
Outstanding at December 31, 2013	283,221	$ 28.92		
Exercised	(175,990)	28.92		
Outstanding at December 31, 2014	107,231	$ 28.92	5.11	$ 2,173
Exercisable at December 31, 2014	107,231	$ 28.92	5.11	$ 2,173

The following table summarizes SAR exercise activity as of December 31:

(Dollars in thousands)	2014	2013	2012
Cash paid to settle exercised SARs	$ 3,623	$ 2,382	$ 51
Realized tax benefit	1,388	929	20

11. Commitments and Contingencies

Service Contracts

Con-way has agreements with vendors to provide certain information-technology, administrative and accounting services. The payments under the terms of the agreements are subject to change depending on the quantities and types of services consumed. The contracts also contain provisions that allow Con-way to terminate the contract at any time; however, Con-way would be required to pay fees if termination is for causes other than the failure of the service providers to perform.

California Wage and Hour

Con-way is a defendant in several class-action lawsuits alleging violations of the state of California's wage and hour laws. Plaintiffs allege that Con-way failed to pay certain drivers for all compensable time and that certain other drivers were not provided with required meal breaks and rest breaks. Plaintiffs seek to recover unspecified monetary damages, penalties, interest and attorneys' fees. The primary case is *Jose Alberto Fonseca Pina, et al. v. Con-way Freight Inc., et al.* (the "*Pina*" case).
The *Pina* case was initially filed in November 2009 in Monterey County Superior Court and was removed to the U.S. District Court of California, Northern District. On April 12, 2012, the Court granted plaintiffs' request for class certification in the *Pina* case as to a limited number of issues. The class certification ruling does not address whether Con-way will ultimately be held liable.

Con-way challenged the certification of the class in this case, and further contends that plaintiffs' claims are preempted by federal law and not substantiated by the facts. Con-way has denied any liability with respect to these claims and intends to vigorously defend itself in this case. There are multiple factors that prevent Con-way from being able to estimate the amount of potential loss, if any, in excess of its accrued liability that may result from this matter, including: (1) Con-way is vigorously defending itself and believes that it has a number of meritorious legal defenses; and (2) at this stage in the case, there are unresolved questions of fact that could be important to the resolution of these matters. Con-way recently settled a related case *Jorge R. Quezada v. Con-way Inc., dba Con-way Freight* (the "*Quezada*" case). Notice of the settlement was provided to class members in this case and on January 9, 2015, the Court granted final approval of the settlement. Con-way had adequately accrued for this matter.

Unclaimed-Property Audits

Con-way is currently being audited by several states, primarily the State of Delaware, for compliance with unclaimed-property laws. The property subject to review in this audit process generally includes unclaimed securities and unclaimed payments and refunds to employees, shareholders, vendors and customers. State and federal escheat laws generally require companies to report and remit unclaimed property to the states. Con-way believes it has procedures in place to comply with these laws. The audits of Con-way securities and payments were completed in the third quarter of 2013 and the second quarter of 2014, respectively, with no material findings. The remaining audit of refunds will continue into 2015. Given the current stage of the remaining audit, Con-way cannot estimate the amount or range of potential loss.

Other

Con-way is a defendant in various other lawsuits incidental to its businesses. It is the opinion of management that the ultimate outcome of these actions will not have a material effect on Con-way's financial condition, results of operations or cash flows.

12. Segment Reporting

Con-way discloses segment information in the manner in which the business units are organized for making operating decisions, assessing performance and allocating resources. For the periods presented, Con-way is divided into the following three reporting segments:

- *Freight*. The Freight segment consists of the operating results of the Con-way Freight business unit, which provides regional, inter-regional and transcontinental less-than-truckload freight services throughout North America.
- *Logistics*. The Logistics segment consists of the operating results of the Menlo business unit, which develops contract-logistics solutions, including the management of complex distribution networks and supply-chain engineering and consulting, and also provides multimodal freight-brokerage services.
- *Truckload.* The Truckload segment consists of the operating results of the Con-way Truckload business unit, which provides asset-based full-truckload freight services throughout North America.

Prior to 2013, the former Other segment consisted of the operating results of Con-way's trailer manufacturer and certain corporate activities for which the related income or expense was not allocated to other reporting segments. Beginning in the first quarter of 2013, inter-segment eliminations were combined with the Other segment and reported as Corporate and Eliminations in order to reconcile the segment results to the consolidated totals. All periods presented reflect this change to the reporting segment structure.

Financial Data

Management evaluates segment performance primarily based on revenue and operating income (loss). Accordingly, investment income, interest expense and other non-operating items are not reported in segment results. Corporate expenses are generally allocated based on measurable services provided to each segment, or for general corporate expenses, based on segment revenue. Beginning in 2013, costs associated with the defined benefit pension plans are no longer allocated to reporting segments and instead are included in Corporate and Eliminations as other corporate costs. The amount of defined benefit pension cost retained in Corporate and Eliminations was $13.5 million and $4.2 million for the years ended December 31, 2014 and 2013, respectively. In 2012, these costs are included in the results of the Freight, Logistics and Truckload reporting segments and total $9.6 million. Inter-segment revenue and related operating income (loss) have been eliminated to reconcile to consolidated revenue and operating income. Transactions between segments are generally based on negotiated prices.

	Years ended December 31,		
(Dollars in thousands)	**2014**	**2013**	**2012**
Revenue from External Customers			
Freight	$ 3,586,333	$ 3,424,002	$ 3,339,605
Logistics	1,638,967	1,474,507	1,677,279
Truckload	572,990	567,255	558,714
Corporate and Eliminations	7,779	7,592	4,649
	$ 5,806,069	$ 5,473,356	$ 5,580,247
Revenue from Internal Customers			
Freight	$ 45,732	$ 42,098	$ 52,991
Logistics	78,744	65,892	48,921
Truckload	58,521	69,555	76,842
Corporate and Eliminations	70,458	70,687	53,015
	$ 253,455	$ 248,232	$ 231,769
Operating Income (Loss)			
Freight	$ 210,324	$ 146,047	$ 143,869
Logistics	27,193	23,467	44,616
Truckload	41,245	38,691	44,921
Corporate and Eliminations	(10,312)	748	(4,565)
	$ 268,450	$ 208,953	$ 228,841
Depreciation and Amortization, net of Accretion			
Freight	$ 150,528	$ 135,311	$ 124,372
Logistics	11,225	7,571	7,532
Truckload	68,382	74,449	69,799
Corporate and Eliminations	12,372	11,905	13,499
	$ 242,507	$ 229,236	$ 215,202
Capital Expenditures			
Freight	$ 176,933	$ 180,576	$ 190,218
Logistics	15,577	24,587	7,186
Truckload	91,731	74,637	93,117
Corporate and Eliminations	5,535	2,143	2,614
	$ 289,776	$ 281,943	$ 293,135
Assets			
Freight	$ 1,560,324	$ 1,529,681	$ 1,459,576
Logistics	367,081	318,266	302,295
Truckload	792,088	799,775	807,470
Corporate and Eliminations	616,125	632,209	583,074
	$ 3,335,618	$ 3,279,931	$ 3,152,415

Geographic Data

For geographic reporting, freight transportation revenue is allocated equally between the origin and destination. Revenue for contract services is allocated to the country in which the services are performed. Long-lived assets outside of the United States were immaterial for all periods presented.

(Dollars in thousands)	Years ended December 31, 2014	2013	2012
Revenue			
United States	$ 5,310,573	$ 5,094,193	$ 5,189,792
Canada	180,951	116,491	114,451
Other	314,545	262,672	276,004
Total	$ 5,806,069	$ 5,473,356	$ 5,580,247

13. Quarterly Financial Data

Con-way Inc.
Quarterly Financial Data
(Unaudited)

(Dollars in thousands, except per share data)	March 31	June 30	September 30	December 31
2014 - Quarter Ended				
Operating Results				
Revenue	$ 1,368,843	$ 1,492,349	$ 1,504,150	$ 1,440,727
Operating Income [a]	33,062	102,700	91,375	41,313
Income before Income Tax Provision (Benefit)	19,222	90,768	77,390	23,317
Income Tax Provision (Benefit) [b]	6,329	37,101	31,807	(1,579)
Net Income	12,893	53,667	45,583	24,896
Per Common Share				
Basic Earnings	0.23	0.94	0.79	0.43
Diluted Earnings	0.22	0.93	0.78	0.43
Market Price				
High	42.73	50.46	53.53	50.81
Low	37.00	39.54	47.50	40.32
Cash Dividends Paid	0.10	0.10	0.15	0.15
2013 - Quarter Ended				
Operating Results				
Revenue	$ 1,336,164	$ 1,381,370	$ 1,398,021	$ 1,357,801
Operating Income [a]	31,599	76,299	67,675	33,380
Income before Income Tax Provision	16,775	62,849	53,378	21,363
Income Tax Provision	2,770	19,952	22,821	9,669
Net Income	14,005	42,897	30,557	11,694
Per Common Share				
Basic Earnings	0.25	0.76	0.54	0.21
Diluted Earnings [c]	0.25	0.75	0.53	0.20
Market Price				
High	38.12	39.81	46.04	45.98
Low	29.12	32.25	39.21	38.79
Cash Dividends Paid	0.10	0.10	0.10	0.10

[a] The comparability of Con-way's consolidated operating income was affected by the following unusual income or expense:

- A gain of $3.4 million at Freight in the second quarter of 2014 from the sale of property.
- A charge of $16.0 million in Corporate and Eliminations in the fourth quarter of 2014 for the settlement of a legacy pension plan and a gain of $5.6 million in Corporate and Eliminations in the second quarter of 2013 from the sale of an administrative property.

- A charge of $3.7 million at Logistics in the second quarter of 2013 for an increased reserve on international accounts receivable.

[b] The comparability of Con-way's tax provision and net income was affected by the following:

- A tax benefit of $5.4 million in the fourth quarter of 2014 from a decline in the incremental rate for state taxes.

[c] The sum of the quarterly earnings per share may not equal annual amounts due to differences in the weighted-average number of shares outstanding during the respective period.

Exhibit 99.3

Con-way Inc.

Index to Consolidated Financial Statements

Con-way Inc.

Consolidated Balance Sheets

(Dollars in thousands)	September 30, 2015 (Unaudited)	December 31, 2014
Assets		
Current Assets		
Cash and cash equivalents	$ 440,312	$ 432,759
Marketable securities	—	8,285
Trade accounts receivable, net	666,790	649,086
Other accounts receivable	51,970	70,305
Operating supplies, at lower of average cost or market	22,542	23,664
Prepaid expenses and other current assets	51,178	63,344
Deferred income taxes	9,219	13,957
Total Current Assets	1,242,011	1,261,400
Property, Plant and Equipment		
Land	190,492	192,490
Buildings and leasehold improvements	850,406	856,037
Revenue equipment	1,955,231	1,902,358
Other equipment	364,431	362,341
	3,360,560	3,313,226
Accumulated depreciation	(1,696,921)	(1,659,015)
Net Property, Plant and Equipment	1,663,639	1,654,211
Other Assets		
Deferred charges and other assets	40,678	31,826
Capitalized software, net	32,495	26,208
Employee benefits	18,957	18,110
Intangible assets, net	4,516	6,284
Goodwill	274,367	337,579
	371,013	420,007
Total Assets	$ 3,276,663	$ 3,335,618

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

Con-way Inc.

Consolidated Balance Sheets

(Dollars in thousands, except per share data)	September 30, 2015 (Unaudited)	December 31, 2014
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable	$ 346,561	$ 349,995
Accrued liabilities	273,688	257,943
Self-insurance accruals	116,782	117,783
Short-term borrowings	1,633	1,736
Current maturities of long-term debt and capital leases	3,798	14,663
Total Current Liabilities	742,462	742,120
Long-Term Liabilities		
Long-term debt	718,871	719,303
Long-term obligations under capital leases	7,990	10,587
Self-insurance accruals	138,863	151,257
Employee benefits	197,994	239,368
Other liabilities and deferred credits	33,319	34,356
Deferred income taxes	269,850	242,789
Total Liabilities	2,109,349	2,139,780
Commitments and Contingencies (Note 10)		
Shareholders' Equity		
Common stock ($0.625 par value; authorized 100,000,000 shares; issued 66,398,798 and 65,782,041 shares, respectively)	41,483	41,101
Additional paid-in capital, common stock	721,296	706,756
Retained earnings	1,167,685	1,151,791
Cost of repurchased common stock (9,522,202 and 8,112,141 shares, respectively)	(407,632)	(349,401)
Accumulated other comprehensive loss	(355,518)	(354,409)
Total Shareholders' Equity	1,167,314	1,195,838
Total Liabilities and Shareholders' Equity	$ 3,276,663	$ 3,335,618

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

Con-way Inc.

Statements of Consolidated Income

(Unaudited)

(Dollars in thousands, except per share data)	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
Revenue	$ 4,201,106	$ 4,365,342
Costs and Expenses		
Salaries, wages and employee benefits	1,745,676	1,668,541
Purchased transportation	966,048	1,080,784
Other operating expenses	519,351	483,761
Fuel and fuel-related taxes	254,590	389,983
Depreciation and amortization	180,204	181,307
Purchased labor	110,731	130,773
Rents and leases	108,027	102,362
Maintenance	102,957	100,694
Goodwill impairment charge	62,708	—
	4,050,292	4,138,205
Operating Income	150,814	227,137
Other Income (Expense)		
Investment income	454	521
Interest expense	(39,646)	(40,082)
Miscellaneous, net	(1,959)	(196)
	(41,151)	(39,757)
Income before Income Tax Provision	109,663	187,380
Income Tax Provision	67,957	75,237
Net Income	$ 41,706	$ 112,143
Weighted-Average Common Shares Outstanding		
Basic	57,339,769	57,262,132
Diluted	57,789,591	57,832,133
Earnings per Common Share		
Basic	$ 0.73	$ 1.96
Diluted	$ 0.72	$ 1.94
Cash Dividends Declared per Common Share	$ 0.45	$ 0.50

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

Con-way Inc.

Statements of Consolidated Comprehensive Income

(Unaudited)

(Dollars in thousands)	Nine Months Ended September 30, 2015	2014
Net Income	$ 41,706	$ 112,143
Other Comprehensive Income (Loss):		
Foreign currency translation adjustment	(6,948)	(1,208)
Employee benefit plans		
Amortization of net actuarial loss included in net periodic benefit expense or income, net of deferred tax of $3,863 and $2,475, respectively	6,223	3,872
Amortization of net prior-service cost included in net periodic benefit expense or income, net of deferred tax of $239 and $362, respectively	(384)	(567)
	5,839	3,305
Total Other Comprehensive Income (Loss)	(1,109)	2,097
Comprehensive Income	$ 40,597	$ 114,240

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

Con-way Inc.

Statements of Consolidated Cash Flows

(Unaudited)

(Dollars in thousands)	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
Cash and Cash Equivalents, Beginning of Period	$ 432,759	$ 484,502
Operating Activities		
Net income	41,706	112,143
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization, net of accretion	180,445	181,045
Non-cash compensation and employee benefits	20,645	18,312
Increase in deferred income taxes	27,916	28,966
Provision for uncollectible accounts	1,272	2,394
Goodwill impairment charge	62,708	—
Gain from sales of property and equipment, net	(2,468)	(8,543)
Changes in assets and liabilities:		
Receivables	(14,861)	(130,766)
Prepaid expenses	11,777	11,611
Accounts payable	1,041	26,712
Accrued variable compensation	(12,578)	12,629
Accrued liabilities, excluding accrued variable compensation and employee benefits	28,622	36,217
Self-insurance accruals	(11,863)	9,845
Accrued income taxes	15,799	14,114
Employee benefits	(54,255)	(152,250)
Other	(15,351)	(1,769)
Net Cash Provided by Operating Activities	280,555	160,660
Investing Activities		
Capital expenditures	(200,158)	(214,329)
Software expenditures	(12,257)	(8,635)
Proceeds from sales of property and equipment	16,855	35,126
Purchases of marketable securities	—	(3,285)
Proceeds from sales of marketable securities	8,285	—
Net Cash Used in Investing Activities	(187,275)	(191,123)
Financing Activities		
Payment of capital leases	(13,829)	(9,544)
Repayment of short-term borrowings	(54)	(104)
Proceeds from exercise of stock options	1,012	33,420
Excess tax benefit from share-based compensation	2,956	3,075
Payments of common dividends	(25,812)	(20,051)
Repurchases of common stock	(50,000)	(4,111)
Net Cash Provided by (Used in) Financing Activities	(85,727)	2,685
Increase (Decrease) in Cash and Cash Equivalents	7,553	(27,778)
Cash and Cash Equivalents, End of Period	$ 440,312	$ 456,724
Supplemental Disclosure		
Cash paid for income taxes, net	$ 20,547	$ 29,063
Cash paid for interest	$ 41,550	$ 42,040
Non-cash Investing and Financing Activities		
Property, plant and equipment acquired through increase in current liabilities	$ 624	$ 12,377
Repurchases of common stock included in current liabilities	$ —	$ 499
Property, plant and equipment acquired through partial non-monetary exchanges	$ 24,357	$ 6,849
Property, plant and equipment acquired through capital lease	$ 116	$ 9,721

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

Con-way Inc.

Notes to Consolidated Financial Statements

(Unaudited)

1. Principal Accounting Policies

Organization

Con-way Inc. (which following the merger described in Note 9, "Subsequent Events", is now known as XPO CNW, Inc.) and its consolidated subsidiaries ("Con-way") provide transportation, logistics and supply-chain management services for a wide range of manufacturing, industrial and retail customers. Con-way's business units operate in regional, inter-regional and transcontinental less-than-truckload and full-truckload freight transportation, contract logistics and supply-chain management, multimodal freight brokerage, and trailer manufacturing. As more fully discussed in Note 3, "Segment Reporting," for financial reporting purposes, Con-way is divided into three reporting segments: Freight, Logistics and Truckload.

Basis of Presentation

These unaudited interim financial statements have been prepared in accordance with accounting principles generally accepted in the U.S. for interim financial information and Rule 10-01 of Regulation S-X, and should be read in conjunction with Con-way's 2014 Annual Report on Form 10-K. Accordingly, significant accounting policies and other disclosures normally provided have been reduced or omitted. In the opinion of management, the accompanying unaudited consolidated financial statements reflect all adjustments, including normal recurring adjustments, necessary to present fairly Con-way's financial position, results of operations and cash flows for the periods presented. Results for the interim periods presented are not necessarily indicative of annual results.

Earnings per Share ("EPS")

Basic EPS is calculated by dividing net income by the weighted-average common shares outstanding during the period. Diluted EPS is calculated as follows:

(Dollars in thousands, except per share data)	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
Numerator:		
Net income	$ 41,706	$ 112,143
Denominator:		
Weighted-average common shares outstanding—Basic	57,339,769	57,262,132
Stock options and nonvested stock	449,822	570,001
Weighted-average common shares outstanding—Diluted	57,789,591	57,832,133
Diluted EPS	$ 0.72	$ 1.94
Anti-dilutive stock options excluded from the calculation of diluted EPS	358,548	518,570

New Accounting Standards

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, "Revenue from Contracts with Customers." This ASU, codified in the "Revenue Recognition" topic of the FASB Accounting Standards Codification, requires revenue to be recognized upon the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard also requires disclosures sufficient to describe the nature, amount, timing, and uncertainty of revenue and cash flows arising from these customer contracts. This standard is effective for fiscal years, and interim periods within those years, beginning after December 15, 2017, with early adoption permitted for the first interim period within annual reporting periods beginning after December 15, 2016. This ASU can be applied either retrospectively to each prior reporting period presented or with the cumulative effect of initially applying the standard recognized on the date of adoption. Con-way plans to adopt this standard in the first quarter of 2018. Con-way is currently evaluating the method of application and the potential impact on the financial statements and related disclosures.

In April 2015, the FASB issued ASU No. 2015-03, “Simplifying the Presentation of Debt Issuance Costs.” This ASU, codified in the “Interest—Imputation of Interest” topic of the FASB Accounting Standards Codification, reduces the complexity of the balance sheet presentation for debt-related disclosures. Under this ASU, debt issuance costs will be recognized as a direct deduction from the carrying amount of the related debt liability, rather than an asset. The accounting guidance in this ASU will be applied retrospectively for fiscal years, and interim periods within those years, beginning after December 15, 2015. As of September 30, 2015 and December 31, 2014, Con-way had $3.8 million and $4.1 million, respectively, of debt issuance costs related to its 7.25% Senior Notes due 2018 and 6.70% Senior Debentures due 2034. In accordance with the guidance, Con-way would reclassify these costs from deferred charges and other assets to long-term debt in the consolidated balance sheets.

In May 2015, the FASB issued ASU No. 2015-09, “Disclosures about Short-Duration Contracts.” This ASU, codified in the “Financial Services—Insurance” topic of the FASB Accounting Standards Codification, requires insurance entities to disclose additional information about the liability for unpaid claims and claim adjustments. This standard is effective for fiscal years beginning after December 15, 2015 and interim periods within annual periods beginning after December 15, 2016 and will be applied retrospectively by providing comparative disclosures for each period presented. Con-way is currently evaluating the applicability of this standard to the activities of its captive insurance companies.

In May 2015, the FASB issued ASU No. 2015-07, “Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent).” This ASU, codified in the “Fair Value Measurements” topic of the FASB Accounting Standards Codification, removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. This ASU is effective retrospectively for fiscal years, and interim periods within those years, beginning after December 15, 2015. Early adoption is permitted. This standard will have an impact on Con-way’s notes to consolidated financial statements; however, it will not have an effect on the consolidated balance sheets or the statements of consolidated income.

In July 2015, the FASB issued ASU No. 2015-11, “Simplifying the Measurement of Inventory.” This ASU, codified in the “Inventory” topic of the FASB Accounting Standard Codification, requires that inventory be measured at the lower of cost or net realizable value, rather than lower of cost or market. This ASU is effective prospectively for fiscal years, and interim periods within those years, beginning after December 15, 2016. Early adoption is permitted. Con-way is currently evaluating the method of application and the potential impact on the financial statements and related disclosures.

2. Goodwill and Intangible Assets

Goodwill

In accordance with Accounting Standards Codification 350 “Intangibles—Goodwill and Other” (“ASC 350”), goodwill is assessed for impairment on an annual basis, or more frequently if events or changes in circumstances indicate that the asset might be impaired. As a result of deteriorating truckload market conditions, Con-way conducted a goodwill impairment test as of September 30, 2015. A preliminary goodwill impairment charge of $62.7 million for Truckload was recorded at September 30, 2015.

For the valuation of Truckload, three methods were utilized: public company multiples, discounted cash flows, and precedent transactions. Of these methods, the impairment charge was primarily due to a decline in public company multiples. These methods involve complex measurements involving estimating future cash flows and discounting them to present value, as well as applying market multiples to current and projected profitability. Key assumptions used in the discounted cash flow model involve future events and are highly judgmental in nature.

The following table shows the changes in the gross carrying amounts of goodwill:

(Dollars in thousands)	Logistics	Truckload	Corporate and Eliminations	Total
Goodwill	$ 55,695	$ 464,598	$ 727	$ 521,020
Accumulated impairment losses	(48,236)	(134,813)	—	(183,049)
Balances at December 31, 2013	7,459	329,785	727	337,971
Change in foreign currency exchange rates	(392)	—	—	(392)
Goodwill	55,303	464,598	727	520,628
Accumulated impairment losses	(48,236)	(134,813)	—	(183,049)
Balances at December 31, 2014	7,067	329,785	727	337,579
Impairment charge	—	(62,708)	—	(62,708)
Change in foreign currency exchange rates	(504)	—	—	(504)
Goodwill	54,799	464,598	727	520,124
Accumulated impairment losses	(48,236)	(197,521)	—	(245,757)
Balances at September 30, 2015	$ 6,563	$ 267,077	$ 727	$ 274,367

Intangible Assets

Intangible assets are amortized on a straight-line basis over their estimated useful lives. Amortization expense was $1.8 million for the first nine months of 2015, compared to $1.8 million for the same period of 2014. Intangible assets consisted of the following:

	September 30, 2015		December 31, 2014	
(Dollars in thousands)	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Customer relationships	$ 23,088	$ 18,572	$ 23,088	$ 16,804

Con-way's customer-relationship intangible asset relates to the Con-way Truckload business unit. Estimated future amortization expense is presented for the years ended December 31, in the following table:

(Dollars in thousands)	
Remaining three months of 2015	$ 588
2016	2,356
2017	1,572

3. Segment Reporting

Con-way discloses segment information in the manner in which the business units are organized for making operating decisions, assessing performance and allocating resources. For the periods presented, Con-way is divided into the following three reporting segments:

- *Freight*. The Freight segment consists of the operating results of the Con-way Freight business unit, which provides regional, inter-regional and transcontinental less-than-truckload freight services throughout North America.
- *Logistics*. The Logistics segment consists of the operating results of the Menlo Logistics business unit, which develops contract-logistics solutions, including the management of complex distribution networks and supply-chain engineering and consulting, and also provides multimodal freight-brokerage services.

- *Truckload.* The Truckload segment consists of the operating results of the Con-way Truckload business unit, which provides asset-based full-truckload freight services throughout North America.

Financial Data

Management evaluates segment performance primarily based on revenue and operating income (loss). Accordingly, investment income, interest expense and other non-operating items are not reported in segment results. Corporate expenses are generally allocated based on measurable services provided to each segment, or for general corporate expenses, based on segment revenue. Inter-segment revenue and related operating income (loss) have been eliminated to reconcile to consolidated revenue and operating income. Transactions between segments are generally based on negotiated prices.

(Dollars in thousands)	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
Revenue from External Customers		
Freight	$ 2,652,998	$ 2,698,584
Logistics	1,151,970	1,225,847
Truckload	391,324	434,847
Corporate and Eliminations	4,814	6,064
	$ 4,201,106	$ 4,365,342
Revenue from Internal Customers		
Freight	$ 25,163	$ 36,252
Logistics	57,979	58,113
Truckload	33,886	44,413
Corporate and Eliminations	55,035	49,909
	$ 172,063	$ 188,687
Operating Income (Loss)		
Freight	$ 174,628	$ 173,475
Logistics	25,369	20,194
Truckload	(36,755)	30,573
Corporate and Eliminations	(12,428)	2,895
	$ 150,814	$ 227,137

4. Fair-Value Measurements

Assets and liabilities reported at fair value are classified in one of the following three levels within the fair-value hierarchy:

Level 1: Quoted market prices in active markets for identical assets or liabilities

Level 2: Observable market-based inputs or unobservable inputs that are corroborated by market data

Level 3: Unobservable inputs that are not corroborated by market data

Financial Assets Measured at Fair Value on a Recurring Basis

The following table summarizes the valuation of financial instruments within the fair-value hierarchy:

	September 30, 2015			
(Dollars in thousands)	Total	Level 1	Level 2	Level 3
Cash equivalents	$ 391,303	$ 145,492	$ 245,811	$ —

	December 31, 2014			
(Dollars in thousands)	Total	Level 1	Level 2	Level 3
Cash equivalents	$ 385,548	$ 63,092	$ 322,456	$ —
Marketable securities	$ 8,285	$ —	$ 8,285	$ —

Cash equivalents consist of short-term interest-bearing instruments (primarily money-market funds, commercial paper, and certificates of deposit) with maturities of three months or less at the date of purchase. Marketable securities consist of variable-rate demand notes.

Money-market funds reflect their published net asset value and are classified as Level 1 instruments. Commercial paper, certificates of deposit and variable-rate demand notes are generally valued using published interest rates for instruments with similar terms and maturities, and accordingly, are classified as Level 2 instruments. At September 30, 2015, the weighted-average days to maturity of the cash equivalents was less than one month. Based on their short maturities, the carrying amount of the cash equivalents and marketable securities approximates their fair value.

5. Shareholders' Equity

Accumulated Other Comprehensive Loss

All changes in equity, except those resulting from investments by owners and distributions to owners, are reported in the statements of consolidated comprehensive income. The following is a summary of the components of accumulated other comprehensive loss and the changes in accumulated other comprehensive loss:

(Dollars in thousands)	Foreign Currency Translation Adjustment	Employee Benefit Plans	Total
Balances at June 30, 2015	$ (6,046)	$ (347,362)	$ (353,408)
Other comprehensive loss before reclassifications	(4,057)	—	(4,057)
Amounts reclassified from accumulated other comprehensive loss	—	1,947	1,947
Balances at September 30, 2015	$ (10,103)	$ (345,415)	$ (355,518)

(Dollars in thousands)	Foreign Currency Translation Adjustment	Employee Benefit Plans	Total
Balances at December 31, 2014	$ (3,155)	$ (351,254)	$ (354,409)
Other comprehensive loss before reclassifications	(6,948)	—	(6,948)
Amounts reclassified from accumulated other comprehensive loss	—	5,839	5,839
Balances at September 30, 2015	$ (10,103)	$ (345,415)	$ (355,518)

(Dollars in thousands)	Foreign Currency Translation Adjustment	Employee Benefit Plans	Total
Balances at June 30, 2014	$ (741)	$ (267,061)	$ (267,802)
Other comprehensive loss before reclassifications	(891)	—	(891)
Amounts reclassified from accumulated other comprehensive loss	—	1,259	1,259
Balances at September 30, 2014	$ (1,632)	$ (265,802)	$ (267,434)

(Dollars in thousands)	Foreign Currency Translation Adjustment	Employee Benefit Plans	Total
Balances at December 31, 2013	$ (424)	$ (269,107)	$ (269,531)
Other comprehensive loss before reclassifications	(1,208)	—	(1,208)
Amounts reclassified from accumulated other comprehensive loss	—	3,305	3,305
Balances at September 30, 2014	$ (1,632)	$ (265,802)	$ (267,434)

See Note 6, "Employee Benefit Plans" for additional information concerning Con-way's employee benefit plans, including amounts reported for net periodic benefit expense or income.

Common Stock Repurchase Program

Con-way repurchased 1,200,000 shares of common stock under its $150 million stock repurchase program during the first nine months of 2015. As of September 30, 2015, Con-way had acquired a total of 1,555,000 shares of common stock under this repurchase program. In accordance with the Merger Agreement, discussed in Note 9, "Subsequent Events," Con-way suspended the stock repurchase program.

6. Employee Benefit Plans

In the periods presented, certain employees of Con-way and its subsidiaries in the U.S. were covered under several retirement benefit plans, including defined benefit pension plans, defined contribution retirement plans and a postretirement medical plan. See Note 9, "Employee Benefit Plans," of Item 8, "Financial Statements and Supplementary Data," in Con-way's 2014 Annual Report on Form 10-K for additional information concerning its employee benefit plans.

Defined Benefit Pension Plans

As a result of plan amendments in previous years, no additional benefits accrue under these plans and already-accrued benefits will not be adjusted for future increases in compensation. The following table summarizes the components of net periodic benefit expense (income) for Con-way's domestic defined benefit pension plans:

	Qualified Pension Plans	
	Nine Months Ended September 30,	
(Dollars in thousands)	2015	2014
Interest cost on benefit obligation	$ 54,587	$ 56,458
Expected return on plan assets	(65,200)	(69,955)
Amortization of actuarial loss	9,546	7,274
Amortization of prior-service costs	1,214	1,214
Settlement loss	60	—
Net periodic benefit expense (income)	$ 207	$ (5,009)

	Non-Qualified Pension Plan	
	Nine Months Ended September 30,	
(Dollars in thousands)	2015	2014
Interest cost on benefit obligation	$ 2,389	$ 2,588
Amortization of actuarial loss	902	657
Amortization of prior-service costs	4	4
Net periodic benefit expense	$ 3,295	$ 3,249

Con-way made $30.0 million in contributions to its Qualified Pension Plans in 2015.

Defined Contribution Retirement Plans

Con-way's cost for defined contribution retirement plans was $43.6 million for the first nine months of 2015 compared to $41.8 million for the same period of 2014.

Postretirement Medical Plan

The following table summarizes the components of net periodic benefit expense (income) for the postretirement medical plan:

	Nine Months Ended September 30,	
(Dollars in thousands)	2015	2014
Service cost	$ 697	$ 712
Interest cost on benefit obligation	1,905	2,051
Amortization of actuarial gain	(362)	(1,584)
Amortization of prior-service credit	(1,841)	(2,147)
Net periodic benefit expense (income)	$ 399	$ (968)

7. Share-Based Compensation

Under the terms of its share-based compensation plans, Con-way granted various types of share-based compensation awards to employees and directors. The plans provide for awards in the form of nonvested stock (also known as restricted stock), performance-share plan units ("PSPUs"), stock options and stock appreciation rights ("SARs"). See Note 10, "Share-Based Compensation," of Item 8, "Financial Statements and Supplementary Data," in Con-way's 2014 Annual Report on Form 10-K for additional information concerning its share-based compensation awards. The following expense was recognized for share-based compensation:

	Nine Months Ended September 30,	
(Dollars in thousands)	2015	2014
Salaries, wages and employee benefits	$ 10,948	$ 14,351
Deferred income tax benefit	(4,193)	(5,597)
Net share-based compensation expense	$ 6,755	$ 8,754

At September 30, 2015 and December 31, 2014, Con-way had recognized accrued liabilities for cash-settled SARs of $2.0 million and $2.2 million, respectively, using a weighted-average fair value per SAR of $19.38 and $20.97, respectively.

8. Income Taxes

Con-way's effective tax rate for the first nine months of 2015 was 62.0%. The effective tax rate for the first nine months of 2014 was 40.2%. The customary relationship between income tax expense and pretax income was affected by discrete adjustments. The effective tax rate in the first nine months of 2015 related primarily to the non-deductible goodwill impairment charge as more fully discussed in Note 2, "Goodwill and Intangible Assets". The effective tax rate in the first nine months of 2014 included a discrete tax charge of $0.1 million.

9. Subsequent Events

Merger

On September 9, 2015, Con-way entered into an Agreement and Plan of Merger (the "Merger Agreement"), dated as of September 9, 2015, with XPO Logistics, Inc. ("XPO") and Canada Merger Corp., a Delaware corporation and a wholly-owned subsidiary of XPO ("Merger Sub"). Pursuant to the Merger Agreement, on September 15, 2015, Merger Sub commenced a tender offer to purchase all of the outstanding shares of the common stock, par value $0.625 per share, of Con-way ("Shares"), at a price of $47.60 per Share, net to the seller in cash, without interest thereon and less any applicable withholding taxes (the "Offer Price"), upon the terms and subject to the conditions set forth in the Offer to Purchase dated September 15, 2015 (as amended or supplemented from time to time, the "Offer to Purchase"), and in the related Letter of Transmittal (the "Letter of Transmittal" and, together with the Offer to Purchase, the "Offer"), filed as Exhibit (a)(1)(a) and Exhibit (a)(1)(b), respectively, to the Schedule TO originally filed with the SEC by Merger Sub and XPO on September 15, 2015.

The Offer and withdrawal rights expired at 12:01 a.m., New York City time, on October 30, 2015. Computershare Trust Company, N.A., in its capacity as depositary and paying agent for the Offer (the "Depositary"), advised XPO and Merger Sub that 46,150,072 Shares (not including 1,793,225 Shares tendered by notice of guaranteed delivery) were validly tendered and not withdrawn pursuant to the Offer, representing approximately 81.1% of the outstanding Shares. All conditions to the Offer having been satisfied, on October 30, 2015, Merger Sub accepted for payment all Shares validly tendered and not withdrawn prior to the Expiration Date (as defined in the Offer) (the "Acceptance Time"), and payment of the Offer Price for such Shares was made by the Depositary.

On October 30, 2015 (the "Closing Date"), pursuant to the terms of the Merger Agreement and in accordance with Section 251(h) of the Delaware General Corporation Law (the "DGCL"), Merger Sub merged with and into Con-way, with Con-way being the surviving corporation (the "Merger"). Upon completion of the Merger, Con-way became a wholly-owned subsidiary of XPO.

Pursuant to the Merger Agreement, at the Effective Time (as defined in the Merger Agreement), each issued and outstanding Share (other than (i) Shares owned by XPO, Merger Sub or any other direct or indirect wholly-owned subsidiary of XPO (including Shares accepted in the Offer), (ii) Shares owned by any direct or indirect wholly-owned subsidiary of Con-way and (iii) stockholders of Con-way who validly exercised their statutory rights of appraisal under the DGCL) was canceled and converted into the right to receive an amount in cash equal to the Offer Price (the "Per Share Merger Consideration").

At the Effective Time, each Con-way stock option and stock appreciation right, whether vested or unvested, was converted into an option to purchase shares of XPO common stock or a stock appreciation right in respect of XPO common stock, as applicable, with the same terms and conditions as were applicable to such stock option or stock appreciation right immediately prior to the Effective Time, with the number of shares of XPO common stock (rounded down to the nearest whole number of shares) subject to such stock option or stock appreciation right equal to the product of (i) the total number of Shares underlying such stock option or stock appreciation right immediately prior to the Effective Time, multiplied by (ii) the quotient obtained by dividing the Per Share Merger Consideration by the volume-weighted average trading price of the XPO common stock on the New York Stock Exchange for the five consecutive trading days ending on the trading day immediately preceding the Closing Date (the "Equity Award Conversion Amount"), and with the exercise price applicable to such stock option or stock appreciation right to equal the quotient (rounded up to the nearest whole cent) obtained by dividing (a) the exercise price per Share applicable to such stock option or stock appreciation right immediately prior to the Effective Time, by (b) the Equity Award Conversion Amount.

Debt

Con-way had a promissory note due 2016 of $550,000 at September 30, 2015 and December 31, 2014. The promissory note had an interest rate of 2.63% with interest paid quarterly. The promissory note was fully paid in October 2015.

10. Commitments and Contingencies

Acquisition Litigation

On October 7, 2015, a purported stockholder of Con-way filed a putative class action complaint in the Delaware Court of Chancery, captioned Abrams v. Espe, et al., C.A. No. 11585-VCN (the “Acquisition Litigation”). The complaint names the members of the board of directors of Con-way, XPO, Merger Sub, and Citigroup Inc., financial advisor to Con-way in connection with the proposed acquisition (“Citi”), as defendants. Con-way may have certain contractual indemnification obligations with respect to Citi. The complaint alleges that the directors breached their fiduciary duties by, among other things, failing to maximize shareholder value in connection with the proposed transaction and failing to disclose certain information in the Schedule 14D-9 of Con-way relating to the proposed acquisition. The complaint also alleges that XPO, Merger Sub, and Citi aided and abetted those alleged breaches of fiduciary duty. The lawsuit sought, among other relief, injunctive relief (i) enjoining the defendants from closing the tender offer and the proposed transaction, (ii) enjoining the defendants from initiating or continuing any purported defensive measures that would inhibit their ability to conduct a “market check,” and (iii) enjoining the defendants from closing the tender offer until the defendants make certain additional disclosures. The lawsuit also seeks, among other things, rescissory damages and recovery of the costs of the action, including reasonable attorneys’ and experts’ fees. Con-way has denied any liability with respect to these claims and intends to vigorously defend itself in this case and carries a directors’ and officers’ insurance policy with respect to the fiduciary claims. Therefore, Con-way is unable at this time to estimate the amount or timing of the possible loss or range of loss, if any, that may result from the claims described above.

Menlo Worldwide Government Services Investigation

On June 11, 2014, Menlo Worldwide Government Services, LLC (“Government Services”), received a subpoena duces tecum from the U.S. Department of Defense Inspector General requesting records relating to an investigation of its compliance with the terms and conditions of its contractual arrangements with the United States Transportation Command (the “DTCI Contract”). Government Services received a follow-on Civil Investigative Demand from the U.S. Department of Justice dated September 30, 2015, related to the same or related matters. Con-way believes that Government Services has fully complied in all material respects with the terms and conditions of the DTCI Contract. Con-way has cooperated fully in the investigation and intends to continue to do so. Con-way is unable at this time to predict the outcome of the investigation. Con-way has incurred and will continue to incur legal costs in connection with the investigation, and could incur additional costs, damages or penalties, depending on its outcome. Con-way is unable at this time to estimate the amount of the possible loss or range of loss, if any, that it may incur as a result of the investigation.

Service Contracts

Con-way has agreements with vendors to provide certain information-technology, administrative and accounting services. The payments under the terms of the agreements are subject to change depending on the quantities and types of services consumed. The contracts also contain provisions that allow Con-way to terminate the contract at any time; however, Con-way would be required to pay fees if termination is for causes other than the failure of the service providers to perform.

California Wage and Hour

Con-way is a defendant in several class-action lawsuits alleging violations of the state of California’s wage and hour laws. Plaintiffs allege that Con-way failed to provide drivers with required meal breaks and rest breaks. Plaintiffs seek to recover unspecified monetary damages, penalties, interest and attorneys’ fees. The primary case is *Jose Alberto Fonseca Pina, et al. v. Con-way Freight Inc., et al.* (the “*Pina*” case). The *Pina* case was initially filed in November 2009 in Monterey County Superior Court and was removed to the U.S. District Court of California, Northern District. On April 12, 2012, the Court granted plaintiff’s request for class certification in the *Pina* case as to a limited number of issues. The class certification rulings do not address whether Con-way will ultimately be held liable.

Con-way has denied any liability with respect to these claims and intends to vigorously defend itself in this case. There are multiple factors that prevent Con-way from being able to estimate the amount of potential loss, if any, that may result from this matter, including: (1) Con-way is vigorously defending itself and believes that it has a number of meritorious legal defenses; and (2) at this stage in the case, there are unresolved questions of fact that could be important to the resolution of this matter.

Unclaimed-Property Audits

Con-way is currently being audited by several states, primarily the State of Delaware, for compliance with unclaimed-property laws. The property subject to review in this audit process generally includes unclaimed securities and unclaimed payments and refunds to employees, shareholders, vendors and customers. State and federal escheat laws generally require companies to report and remit unclaimed property to the states. Con-way believes it has procedures in place to comply with these laws. The audits of Con-way securities and payments were completed in the third quarter of 2013 and the second quarter of 2014, respectively, with no material findings. The audit of refunds is ongoing. Given the current stage of the remaining audit, Con-way cannot estimate the amount or range of potential loss.

Other

Con-way is a defendant in various other lawsuits incidental to its businesses. It is the opinion of management that the ultimate outcome of these actions will not have a material effect on Con-way's financial condition, results of operations or cash flows.