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

Form 8-K

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

January 27, 2014
Date of report (Date of earliest event reported)

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

Delaware	**001-32172**	**03-0450326**
(State or other jurisdiction of incorporation or organization)	**(Commission File Number)**	**(I.R.S. Employer Identification No.)**

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

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 8.01. Other Events.

On January 6, 2014, XPO Logistics, Inc. (the "Company") announced that it had entered into a definitive Agreement and Plan of Merger with Pacer International, Inc., a Tennessee corporation ("Pacer"), and Acquisition Sub, Inc., a Tennessee corporation and wholly owned subsidiary of the Company, providing for the acquisition of Pacer by the Company.

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 Pacer acquisition.

The consolidated balance sheets of Pacer and subsidiaries as of December 31, 2012 and December 31, 2011 and the related consolidated statements of comprehensive income, stockholders' equity and cash flows for the years ended December 31, 2012, December 31, 2011 and December 31, 2010 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 condensed consolidated balance sheets of Pacer and subsidiaries as of September 30, 2013 and December 31, 2012, and the related condensed consolidated statements of comprehensive income, stockholders' equity and cash flows for the nine months ended September 30, 2013 and September 30, 2012 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
23.2	Consent of PricewaterhouseCoopers LLP, independent registered public accounting firm
99.1	Pro Forma Financial Information
	Unaudited pro forma condensed combined balance sheet as of September 30, 2013, and statements of operations for the nine months ended September 30, 2013 and the year ended December 31, 2012
99.2	Financial Statements of Businesses Acquired
	(i) Report of Independent Registered Public Accounting Firm
	(ii) Consolidated balance sheets of Pacer International, Inc. and subsidiaries as of December 31, 2012 and December 31, 2011, and the related consolidated statements of comprehensive income, stockholders' equity and cash flows for the years ended December 31, 2012, December 31, 2011 and December 31, 2010 and the notes related thereto
99.3	Financial Statements of Businesses Acquired
	(i) Condensed consolidated balance sheets of Pacer International, Inc. and subsidiaries as of September 30, 2013 and December 31, 2012, and the related condensed consolidated statements of comprehensive income, stockholders' equity and cash flows for the nine months ended September 30, 2013 and September 30, 2012 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 27, 2014

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 on Form S-8 (No. 333-166986 and No. 333-183648) and Form S-3 (No. 333-176700, No. 333-112899 and No. 333-188848) of XPO Logistics, Inc. of our report dated February 8, 2013, with respect to the consolidated balance sheets of Pacer International, Inc. and subsidiaries as of December 31, 2012 and 2011, and related consolidated statements of comprehensive income, stockholders' equity, and cash flows for the years then ended, which report appears in this Form 8-K of XPO Logistics, Inc. dated January 27, 2014.

/s/ KPMG LLP

Columbus, Ohio
January 27, 2014

Exhibit 23.2

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-188848, No. 333-176700, No. 333-112899) and Form S-8 (No. 333-166986, No. 333-183648) of XPO Logistics, Inc. of our report dated February 23, 2011 relating to the financial statements of Pacer International, Inc. which appeared in Pacer International, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2012, which is incorporated by reference in this Current Report on Form 8-K of XPO Logistics, Inc. dated January 27, 2014.

/s/ PricewaterhouseCoopers LLP

Columbus, Ohio
January 27, 2014

Exhibit 99.1

On January 5, 2014, XPO Logistics, Inc. ("XPO Logistics" or "XPO" or the "Company"), entered into a definitive Agreement and Plan of Merger (the "Pacer Agreement") with Pacer International, Inc. ("Pacer"), and Acquisition Sub, Inc., a wholly owned subsidiary of XPO ("Merger Subsidiary"), providing for the acquisition of Pacer by XPO (the "Pacer Transaction"). Pursuant to the terms of the Pacer Agreement, Merger Subsidiary will be merged with and into Pacer (the "Merger"), with Pacer continuing as the surviving corporation and an indirect wholly owned subsidiary of XPO. Pacer is a leading asset-light transportation and global logistics services provider focused on intermodal transportation in North America. As a complement to their intermodal network, Pacer also provides logistics solutions including global international freight forwarding, non-vessel-operating common carrier, highway brokerage, warehousing and distribution, and supply chain management services. A copy of the Pacer Agreement was filed with the Form 8-K filed with the SEC on January 6, 2014.

Pursuant to the terms of the Pacer Agreement and subject to the conditions thereof, at the effective time of the Merger, each outstanding share of common stock of Pacer, par value $0.01 per share (the "Pacer Common Stock"), other than shares of Pacer Common Stock held by Pacer, XPO, Merger Subsidiary or their respective subsidiaries, will be converted into the right to receive (1) $6.00 in cash and (2) subject to the limitations in the following sentence, a fraction (the "Exchange Ratio") of a share of XPO common stock, par value $0.001 per share (the "XPO Common Stock"), equal to $3.00 divided by the volume-weighted average price per share of XPO Common Stock for the last 10 trading days prior to the closing date (such average, the "VWAP," and, such cash and stock consideration together, the "Merger Consideration"). For the purpose of calculating the Exchange Ratio, the VWAP may not be less than $23.12 per share or greater than $32.94 per share. If the VWAP for purposes of the Exchange Ratio calculation is less than or equal to $23.12 per share, then the Exchange Ratio will be fixed at 0.1298 of a share of XPO Common Stock. If the VWAP for purposes of the Exchange Ratio calculation is greater than or equal to $32.94 per share, then the Exchange Ratio will be fixed at 0.0911 of a share of XPO Common Stock. For pro forma purposes, the total estimated consideration of $333.5 million consists of $223.3 million of cash payable at the time of closing and $110.2 million of XPO Common Stock, which represents the fair value of 3,791,827 shares of XPO Common Stock at the market price at the close on January 23, 2014 of $29.07 per share. The final purchase price and number of shares of XPO Common Stock issued will be computed using the value of XPO Common Stock on the closing date and the average VWAP in the 10 trading days prior to the closing date. Therefore the actual purchase price will fluctuate with the market price of XPO Common Stock until the acquisition is consummated.

Pursuant to the terms of the Pacer Agreement, all vested and unvested Pacer options outstanding at the effective time of the Merger will be settled in cash based on the value of the Merger Consideration, less applicable taxes required to be withheld. In addition, all Pacer restricted stock, and all vested and unvested Pacer restricted stock units and performance units outstanding at the effective time of the Merger will be converted into the right to receive the Merger Consideration, less applicable taxes required to be withheld.

The Pacer Agreement contains customary representations, warranties and covenants of Pacer, XPO and Merger Subsidiary. The completion of the Merger is subject to customary closing conditions, including approval of the Merger by a majority of the outstanding shares of Pacer Common Stock and antitrust approval. XPO's and Merger Subsidiary's obligations to consummate the Merger are not subject to any condition related to the availability of financing. The Pacer Agreement also contains customary termination rights for Pacer and XPO. Upon termination of the Pacer Agreement under specified circumstances, Pacer may be required to pay XPO a termination fee of $12.4 million. In addition, upon termination of the Pacer Agreement by either party for breach of the other party's representations or covenants such that a condition to closing cannot be satisfied, the breaching party is required to pay the non-breaching party an expense reimbursement of $5.0 million. Upon termination of the Pacer Agreement by either party if Pacer's shareholders do not vote in favor of the Merger, Pacer is required to pay XPO an expense reimbursement of $3.0 million.

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

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

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

The Kelron Transactions along with the Turbo Transaction, 3PD 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 sheets and statements of operations of XPO Logistics, the consolidated balance sheets and statements of comprehensive income of Pacer, the consolidated statements of comprehensive loss of 3PD, the combined statement of operations of Turbo, and the consolidated statement of operations of Kelron.

For purposes of preparing the unaudited pro forma condensed combined financial statements, XPO Logistics has combined the XPO Logistics consolidated statement of operations for the twelve months ended December 31, 2012 with Pacer's consolidated statement of comprehensive income for the period ended December 31, 2012, 3PD's consolidated statement of comprehensive loss for the period ended December 31, 2012, Turbo's combined statement of operations for the period ended October 23, 2012, and Kelron's consolidated statement of operations for the period ended August 2, 2012. The results of Turbo and Kelron for the remainder of the year ended December 31, 2012 were included with the XPO historical results. For purposes of preparing the unaudited pro forma condensed combined financial statements for the nine months ended September 30, 2013, XPO Logistics has combined the XPO Logistics condensed consolidated statement of operations and Pacer's condensed consolidated statement of comprehensive income for the nine months ended September 30, 2013 and 3PD's consolidated statement of comprehensive loss for the period ended August 14, 2013.

The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2012 and the nine months ended September 30, 2013 give effect to the Transactions as if they had occurred on January 1, 2012. The unaudited pro forma condensed combined balance sheet assumes that the Pacer Transaction was completed on September 30, 2013. The unaudited pro forma condensed combined balance sheet and condensed combined statement of operations of XPO Logistics as of and for the nine months ended September 30, 2013 were derived from its unaudited condensed consolidated financial statements as of September 30, 2013 (as filed on Form 10-Q with the SEC on November 5, 2013). The unaudited pro forma condensed combined statement of operations of XPO Logistics for the twelve months ended December 31, 2012 was derived from the audited consolidated financial statements of XPO Logistics for the year ended December 31, 2012 (as filed on Form 10-K with the SEC on March 12, 2013). The unaudited pro forma condensed combined balance sheet and condensed combined statement of operations of Pacer as of and for the nine months ended September 30, 2013 were derived from its unaudited condensed consolidated financial statements as of September 30, 2013 included in Exhibit 99.3 hereto. The unaudited pro forma condensed combined statement of operations of Pacer for the twelve months ended December 31, 2012 was derived from its audited consolidated financial statements for the twelve months ended December 31, 2012 included in Exhibit 99.2 hereto. The unaudited pro forma condensed combined statement of operations of 3PD for the 226 days ended August 14, 2013 was derived from its unaudited consolidated financial statements for the 226 days ended August 14, 2013. The unaudited pro forma condensed combined statement of operations of 3PD for the twelve months ended December 31, 2012 was derived from its audited consolidated financial statements for the twelve months ended December 31, 2012 (as filed with the SEC in Exhibit 99.2 to Form 8-K/A on August 5, 2013). The unaudited pro forma condensed combined statement of operations of Turbo for the 297 days ended October 23, 2012 was derived from its unaudited combined financial statements for the 297 days ended October 23, 2012. The unaudited pro forma condensed combined statement of operations of Kelron for the 215 days ended August 2, 2012 was derived from its unaudited combined financial statements for the 215 days ended August 2, 2012.

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

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

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

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

	XPO Historic	Pacer Historic	Pro Forma Adjustments 2(a)		Pro Forma Combined
ASSETS					
Cash and cash equivalents	$ 67,259	$ 39,700	$ (106,959)	(1)(4)	$ —
Accounts receivable, net of allowances	123,082	109,600	—		232,682
Prepaid expenses	3,435	5,700	(340)	(6)	8,795
Deferred tax asset, current	1,288	2,200	—		3,488
Income tax receivable	2,265	1,200	—		3,465
Other current assets	5,081	4,100	—		9,181
Total current assets	202,410	162,500	(107,299)		257,611
Property and equipment, net of accumulated depreciation	39,668	46,700	10,141	(3)	96,509
Goodwill	302,847	—	145,108	(2)	447,955
Identifiable intangible assets, net of accumulated amortization	154,026	—	105,690	(3)	259,716
Deferred tax asset, long term	73	8,700	(2,564)	(13)	6,209
Other long-term assets	1,308	9,000	(5,243)	(5)(8)(9)	5,065
Total long-term assets	497,922	64,400	253,132		815,454
Total assets	$ 700,332	$ 226,900	$ 145,833		$1,073,065
LIABILITIES AND STOCKHOLDERS' EQUITY					
Accounts payable	$ 36,535	$ 71,200	$ —		$ 107,735
Accrued salaries and wages	8,598	3,900	—		12,498
Accrued expenses, other	33,356	21,100	(1,037)	(7)	53,419
Current maturities of notes payable and capital leases	723	—	—		723
Other current liabilities	5,106	2,300	2,495	(10)(12)	9,901
Total current liabilities	84,318	98,500	1,458		184,276
Convertible senior notes	112,717	—	—		112,717
Long term debt, net of current maturities	—	—	—		—
Notes payable and capital leases, net of current maturities	459	—	—		459
Deferred tax liability, long-term	18,197	—	45,716	(3)(11)	63,913
Other long-term liabilities	27,894	1,000	2,334	(10)(11)	31,228
Total long-term liabilities	159,267	1,000	48,050		208,317
Stockholders' equity:					
Preferred stock	42,765	—	—		42,765
Common stock	29	400	(392)	(1)(4)(14)	37
Additional paid-in capital	514,508	307,000	(80,486)	(1)(4)(14)	741,022
Treasury stock	(107)	—	—		(107)
Accumulated other comprehensive income (loss)	—	(100)	100	(14)	—
Accumulated deficit	(100,448)	(179,900)	177,103	(12)(14)	(103,245)
Total stockholders' equity	456,747	127,400	96,325		680,472
Total liabilities and stockholders' equity	$ 700,332	$ 226,900	$ 145,833		$1,073,065

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

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

	XPO Historic	Pacer Historic	Pro Forma Adjustments 3(a)		3PD Historic January 1, 2013 - August 14, 2013	Pro Forma Adjustments 5(a)		Pro Forma Combined
Revenue	$445,071	$720,700	$ —		$214,457	$ —		$1,380,228
Expenses								
Direct expense	374,636	621,500	(892)	(7)(8)(9)(10)(11)	147,239	—		1,142,483
Gross Margin	70,435	99,200	892		67,218	—		237,745
Selling, general and administrative expense	114,236	88,800	25,009	(1)(2)(12)	74,595	(5,061)	(1)(2)(3)(4)(5)	297,579
Operating (loss) income	(43,801)	10,400	(24,117)		(7,377)	5,061		(59,834)
Other expense	294	—	—		—	—		294
Interest expense (income)	12,585	900	(272)	(6)	14,824	(14,824)	(6)	13,213
(Loss) income before income tax provision	(56,680)	9,500	(23,845)		(22,201)	19,885		(73,341)
Income tax expense (benefit)	(18,748)	3,500	(8,942)	(3)	(5,369)	7,556	(7)	(22,003)
Net (loss) income	(37,932)	6,000	(14,903)		(16,832)	12,329		(51,338)
Cumulative preferred dividends	(2,229)	—	—		—	—		(2,229)
Net (loss) income available to common shareholders	$ (40,161)	$ 6,000	$ (14,903)		$ (16,832)	$ 12,329		$ (53,567)
Basic loss per share								
Net loss	$ (1.99)		$ —			$ —		$ (1.42)
Diluted loss per share								
Net loss	$ (1.99)		$ —			$ —		$ (1.42)
Weighted average common shares outstanding								
Basic weighted average common shares outstanding	20,167		7,976	(4)(5)		9,500	(8)	37,643
Diluted weighted average common shares outstanding	20,167		7,976	(4)(5)		9,500	(8)	37,643

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

XPO Logistics, Inc.
Unaudited Pro Forma Condensed Combined Statement of Operations
For the Twelve Months Ended December 31, 2012
(In thousands, except per share data)

	XPO	Pacer	Pacer		3PD (4)	3PD		Turbo (6)	Turbo		Kelron (8)	Kelron		
	Historic	Historic	Pro Forma Adjustments 3(a)		Historic	Pro Forma Adjustments 5(a)		Historic January 1, 2012 - October 23, 2012	Pro Forma Adjustments 7(a)		Historic January 1, 2012 - August 2, 2012 9(a)	Pro Forma Adjustments 9(b)		Pro Forma Combined
Revenue	$278,591	$1,415,000	$ —		$306,064	$ —		$ 99,741	$ —		$ 59,060	$ —		$2,158,456
Expenses														
Direct expense	237,765	1,283,100	(1,016)	(7)(8)(9)(10)(11)	211,760	—		82,752	—		52,596	—		1,866,957
Gross Margin	40,826	131,900	1,016		94,304	—		16,989	—		6,464	—		291,499
Selling, general and administrative expense	68,790	123,000	35,245	(1)(2)	80,340	9,758	(1)(2)(3)(4)	15,113	968	(1)	7,221	396	(1)	340,831
Impairment of goodwill	—	—	—		—	—		25,753	—		—	—		25,753
Operating (loss) income	(27,964)	8,900	(34,229)		13,964	(9,758)		(23,877)	(968)		(757)	(396)		(75,085)
Other expense (income)	363	—	—		—	—		—	—		(44)	—		319
Interest expense (income)	3,207	1,400	(412)	(6)	19,809	(19,809)	(6)	1,826	(1,894)	(2)	59	(46)	(2)	4,140
Loss on foreign currency translation	—	—	—		—	—		—	—		(121)	—		(121)
(Loss) income before income tax provision	(31,534)	7,500	(33,817)		(5,845)	10,051		(25,703)	926		(893)	(350)		(79,665)
Income tax (benefit) expense	(11,195)	3,200	(12,681)	(3)	(3,027)	3,820	(7)	(7,455)	352	(3)	(138)	(91)	(3)	(27,215)
Net (loss) income	(20,339)	4,300	(21,136)		(2,818)	6,231		(18,248)	574		(755)	(259)		(52,450)
Cumulative preferred dividends	(2,993)	—	—		—	—		—	—		—	—		(2,993)
Net (loss) income available to common shareholders	$ (23,332)	$ 4,300	$ (21,136)		$ (2,818)	$ 6,231		$ (18,248)	$ 574		$ (755)	$ (259)		$ (55,443)
Basic loss per share														
Net loss	$ (1.49)		$ —			$ —								$ (1.47)
Diluted loss per share														
Net loss	$ (1.49)		$ —			$ —								$ (1.47)
Weighted average common shares outstanding														
Basic weighted average common shares outstanding	15,694		7,976	(4)(5)		13,955	(8)							37,625
Diluted weighted average common shares outstanding	15,694		7,976	(4)(5)		13,955	(8)							37,625

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

Notes to Unaudited Pro Forma Condensed Combined Financial Data

(Dollar Amounts are Presented in Thousands)

(1) Pacer Purchase Price

The estimated purchase price of $333,481 (based on the XPO Common Stock price of $29.07 on January 23, 2014) 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 our tangible and identifiable intangible assets acquired and liabilities assumed. Each outstanding share of Pacer Common Stock as defined above will be converted into the right to receive (1) $6.00 in cash and (2) a fraction of a share of XPO Common Stock equal to $3.00 divided by the VWAP per share of XPO Common Stock for the last 10 trading days prior to the closing date subject to the collar described above. Based on the definition of the purchase price, the estimated consideration consists of $223,253 of cash payable at the time of closing and $110,228 of XPO Common Stock which represents the fair value of 3,791,827 common shares at the market price at the close on January 23, 2014 of $29.07 per share. The final purchase price and number of shares issued will be computed using the value of XPO Common Stock on the closing date and the average VWAP for the 10 trading days prior to the closing date, therefore the actual purchase price will fluctuate with the market price of XPO Common Stock until the acquisition is consummated. As a result, the final purchase price could differ significantly from the current estimate, which could materially impact the unaudited pro forma condensed combined financial statements. The following represents the preliminary estimate of the purchase price to be paid:

Description	
Cash payment to Sellers	$223,253
Shares issued to Sellers	110,228
Fair value of total consideration	$333,481

The following table provides sensitivities to changes in purchase price due to changes in the per share price of XPO Common Stock:

	Price of XPO Logistics Common Stock	Shares Issued	Fair Value of Stock Consideration	Cash Consideration Transferred	Total Purchase Price
As of January 23, 2014	$ 29.07	3,791,827	$ 110,228	$ 223,253	$333,481
Decrease of 25%	$ 21.80	4,829,716(A)	$ 105,288	$ 223,253	$328,541
Increase of 25%	$ 36.34	3,389,731(A)	$ 123,183	$ 223,253	$346,436

(A) Sensitivity analysis includes the impact of the collar on the Exchange Ratio discussed previously.

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

Description	
Estimated purchase price	$333,481
Carrying value of Pacer net assets acquired:	112,181
Plus: Fair value of trademarks/trade names	18,200
Plus: Fair value of non compete agreements	2,190
Plus: Fair value of non-contractual customer relationships	15,000
Plus: Fair value of contractual customer relationships	70,300
Plus: Fair value of technology	15,400
Plus: Fair value adjustment to net property, plant and equipment	4,128
Less: Liability for net acquired unfavorable leasehold interests	(3,310)
Less: Fair value of deferred tax liability on step-up of tangible assets, intangible assets, and leasehold interests	(45,716)
Fair value of increase in tangible assets, intangible assets and leasehold interests, net of deferred tax liability	76,192
Fair value of goodwill	$145,108

Description	
Carrying value of Pacer net assets	$127,400
Less: Historic deferred financing costs	(1,362)
Less: Historic deferred rent asset	(340)
Less: Historic deferred planned major maintenance costs on owned railcars	(3,345)
Less: Historic lease origination costs	(536)
Plus: Historic deferred gain on sale/leaseback transactions	1,278
Plus: Historic deferred rent liability	1,037
Less: Historic internally developed software	(9,387)
Less: Net deferred tax impact on purchase accounting adjustments	(2,564)
Carrying value of Pacer net assets acquired	$112,181

(2) Description of Pacer Pro Forma Adjustments, as presented on the September 30, 2013 Balance Sheet

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

(1) Represents an adjustment for the transaction price of $333,481, consisting of $223,253 of cash payable at the time of closing and $110,228 representing the fair value of 3,791,827 common shares issued as consideration in conjunction with the Pacer Agreement. For pro forma purposes, the purchase price payable in cash will be funded as follows:

Description	
Available cash on hand as of September 30, 2013	$ 67,259
Cash acquired from Pacer as of September 30, 2013	39,700
Common stock issuance, net of issuance costs	116,294
Total cash consideration payable	$223,253

See footnote 4 for information on the common stock issuance.

(2) Records the preliminary fair value of goodwill resulting from the pro forma allocation of the purchase price as if the acquisition had occurred using a preliminary estimate of $145,108. There was no goodwill recorded on the historical Pacer balance sheet. Goodwill resulting from the acquisition is not amortized, and will be assessed for impairment at least annually in accordance with applicable accounting guidance on goodwill. The goodwill resulting from the acquisition is not deductible for income tax purposes.

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

	Preliminary Fair Value
Trademarks / Trade Names	$ 18,200
Non Compete Agreements	2,190
Non-Contractual Customer Relationships	15,000
Contractual Customer Relationships	70,300
Total identified intangible assets	$ 105,690
Technology	15,400
Less: Historic internally developed software	(9,387)
Plus: Fair value adjustment to net property, plant and equipment	4,128
Total net fair value adjustment to PP&E	$ 10,141

The adjustments of $105,690 to identifiable intangible assets and $10,141 to identifiable tangible assets are a result of the preliminary allocation of purchase price to identifiable tangible and intangible assets. There were no identifiable intangible assets recorded on the historical Pacer balance sheet. A deferred tax liability was recorded related to the step up of tax basis due to the preliminary allocation of purchase price to identifiable tangible and intangible assets of $46,957.

(4) The pro forma financial statements reflect the assumed issuance of approximately $121,634 of common stock to fund the difference between the purchase price, net of acquired cash, and the amount of cash on hand as of September 30, 2013. Net proceeds after fees are expected to be approximately $116,294. The XPO Logistics common stock closing price of $29.07 per share on January 23, 2014 was used to determine the number of shares issued. A $1.00 increase in the issue price of XPO Logistics common stock would decrease the number of shares issued by 139,148 while a $1.00 decrease in the issue price of XPO Logistics common stock would increase the number of shares issued by 149,062. In the event that the Company is unable to secure the contemplated equity financing for the Pacer Transaction, it has arranged for a loan facility with affiliates of Credit Suisse Securities (USA) LLC to finance the acquisition. This facility consists of a $250 million First Lien Facility and a $75 million Second Lien Facility. These facilities bear interest at Adjusted LIBOR plus 4.25% or an Alternate Base Rate plus 3.25% and Adjusted LIBOR plus 8.25% or an Alternate Base Rate plus 7.25%, respectively. Adjusted LIBOR is subject to a floor of 1.00%. Assuming the Company would only draw down on the First Lien Facility in the amount necessary to fund the difference between the cash portion of the purchase price, net of acquired cash, and cash on hand at September 30, 2013, it would result in $6,362 of interest expense on an annual basis.

(5) Represents the elimination in purchase accounting of $1,362 of historical deferred financing costs related to Pacer's revolving credit facility.

(6) Represents the elimination in purchase accounting of $340 of the historical deferred rent asset related to recording Pacer's railcar operating lease expense on a straight-line basis over the respective lease term.

(7) Represents the elimination in purchase accounting of $1,037 of the historical deferred rent liability related to recording Pacer's operating lease expense on a straight-line basis over the respective lease terms.

(8) Represents the elimination in purchase accounting of $536 of the historical lease origination costs related to certain Pacer leases.

(9) Represents the elimination in purchase accounting of $3,345 of historical deferred planned major maintenance costs related to Pacer owned railcars.

(10) Represents the elimination in purchase accounting of $302 and $976 of the short and long-term portions, respectively, of the deferred gain related to Pacer's railcar sale leaseback transactions.

(11) Represents an adjustment to record a net liability of $3,310 in purchase accounting for unfavorable leasehold interests related to Pacer's railcars, chassis and container leases. A deferred tax asset was recorded related to the leasehold interests of $1,241.

(12) Reflects adjustments to account for transaction costs of $2,797 related to the Pacer Transaction, net of tax. As the transaction expenses will not have a continuing impact, the transaction expenses are not reflected in the unaudited pro forma condensed combined statements of operations.

(13) Represents the net deferred tax impact of ($2,564) related to the pro forma purchase accounting adjustments recorded.

(14) Reflects adjustments to eliminate Pacer's historical common stock, additional paid-in capital, accumulated other comprehensive income, and accumulated deficit of $400, $307,000, ($100), and ($179,900), respectively.

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

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

(1) To record pro forma depreciation and amortization expense of $27,556 and $36,739 for the nine months ended September 30, 2013 and twelve months ended December 31, 2012 unaudited pro forma condensed combined statements of operations, respectively, on the portion of the purchase price allocated to tangible and intangible assets. There was no historical intangible asset amortization expense recorded by Pacer for the nine and twelve month periods, respectively. Historical depreciation expense related to Pacer's proprietary technology was $1,314 and $1,481 for the nine months ended September 30, 2013 and twelve months ended December 31, 2012, respectively. The pro forma adjustment is shown on a net basis. 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, 2013	Estimated Depreciation/Amortization (a) For the 12 months ended December 31, 2012
Trademarks / Trade Names	$ 18,200	4.00	$ 3,413	$ 4,550
Non Compete Agreements	2,190	6.00	274	365
Non-Contractual Customer Relationships	15,000	16.00	703	938
Contractual Customer Relationships #1	26,300	6.00	3,288	4,383
Contractual Customer Relationships #2	44,000	2.00	16,500	22,000
	$ 105,690		$ 24,178	$ 32,236
Technology	$ 15,400	4.00	$ 2,888	$ 3,850
Fair Value Adjustment to Net Property, Plant and Equipment	4,128	6.32	490	653
	$ 19,528		$ 3,378	$ 4,503
Total Depreciation and Amortization Expense			$ 27,556	$ 36,739

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

(2) As part of the Pacer Transaction, Pacer management entered into new employment agreements with XPO Logistics which provide for stock compensation. Based on the contractual nature of the agreements, the adjustments reflect the change in stock compensation expense under each arrangement. All new arrangements include only time-based awards. Stock compensation under the new agreements was $909 and $1,839 for the nine months ended September 30, 2013 and twelve months ended December 31, 2012, respectively. Pacer had historic stock compensation expense of $1,987 and $1,852 for the nine and twelve month periods, respectively. The pro forma adjustments show the respective net differences to stock compensation expense of ($1,078) and ($13), respectively.

(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) Represents the adjustment to basic and diluted weighted average shares outstanding for the effect of 3,791,827 shares issued as consideration in the Pacer Transaction.

(5) Represents the adjustment to basic and diluted weighted average shares outstanding for the effect of 4,184,168 shares offered to raise capital to fund the Pacer Transaction. The following table provides sensitivities to changes in the number of shares issued to raise capital to fund the Pacer Transaction based on changes in the per share price of XPO Logistics common stock and the effect on earnings per share for each period presented.

	Price of XPO Logistics Common Stock	Shares Issued	Earnings Per Share at September 30, 2013	Adjusted Earnings Per Share at September 30, 2013	Earnings Per Share at December 31, 2012	Adjusted Earnings Per Share at December 31, 2012
As of January 23, 2014	$ 29.07	4,184,168	$ (1.42)	$ (1.42)	$ (1.47)	$ (1.47)
Decrease of $1.00	$ 28.07	4,333,230	$ (1.42)	$ (1.42)	$ (1.47)	$ (1.47)
Increase of $1.00	$ 30.07	4,045,020	$ (1.42)	$ (1.43)	$ (1.47)	$ (1.48)

(6) To remove historic interest expense related to the amortization of deferred financing costs eliminated in purchase accounting of $272 and $412 for the nine months ended September 30, 2013 and twelve months ended December 31, 2012, respectively.

(7) To remove historic direct expense related to the amortization of the historical deferred rent liability eliminated in purchase accounting of ($118) and ($157) for the nine months ended September 30, 2013 and twelve months ended December 31, 2012, respectively.

(8) To remove historic direct expense related to the amortization of the historical lease origination costs eliminated in purchase accounting of $96 and $83 for the nine months ended September 30, 2013 and twelve months ended December 31, 2012, respectively.

(9) To remove historic direct expense related to the amortization of the historical deferred planned major maintenance costs eliminated in purchase accounting of $794 and $936 for the nine months ended September 30, 2013 and twelve months ended December 31, 2012, respectively.

(10) To remove historic direct expense related to the amortization of the historical deferred gain on sale leaseback transactions eliminated in purchase accounting of ($623) and ($836) for the nine months ended September 30, 2013 and twelve months ended December 31, 2012, respectively.

(11) To record amortization of the unfavorable leasehold interests related to Pacer's railcars, chassis and container leases of ($743) and ($990) for the nine months ended September 30, 2013 and twelve months ended December 31, 2012, respectively.

(12) Represents the removal of $155 of non-recurring deal costs incurred by Pacer in the nine months ended September 30, 2013 in conjunction with the Pacer Transaction.

(4) 3PD Purchase Price

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

Description	
Purchase price	$364,329
Less: Fair value of 3PD net assets acquired	19,974
Less: Fair value of Trademarks / Trade Names	5,900
Less: Fair value of Non Compete Agreements	1,550
Less: Fair value of Customer Relationships	110,600
Less: Fair value of Carrier Relationships	12,100
Less: Fair value of Acquired Technology	18,000
Plus: Net deferred tax liability on fair value adjustments	(36,294)
Fair value of Goodwill	$232,499

(5) Description of 3PD Pro Forma Adjustments, as presented for the 226 days ended August 14, 2013 in the nine months ended September 30, 2013 Unaudited Pro Forma Condensed Combined Statements of Operations and in the Unaudited Pro Forma Condensed Combined Statements of Operations for the twelve months ended December 31, 2012

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

(1) To record pro forma amortization expense of $14,013 and $22,631 for the 226 days ended August 14, 2013 and twelve months ended December 31, 2012 unaudited pro forma condensed combined statements of operations, respectively, on the portion of the purchase price allocated to intangible assets. 3PD had historic amortization of intangible assets of $6,812 and $10,969 for the 226 day and twelve month periods, respectively. The pro forma adjustments reflect the respective incremental increases to amortization expense of $7,201 and $11,662 for the 226 days ended August 14, 2013 and twelve months ended December 31, 2012. Pro forma amortization is calculated as follows:

	Fair Value	Estimated Weighted Average Life (years)	Estimated Amortization (a) For the 226 days ended August 14, 2013	Estimated Amortization (a) For the 12 months ended December 31, 2012
Trademarks / Trade Names	$ 5,900	3.50	$ 1,044	$ 1,686
Non Compete Agreements - Principals	950	5.00	118	190
Non Compete Agreements - Other Executives	600	4.00	93	150
Technology	18,000	4.00	2,786	4,500
Carrier Relationships	12,100	2.00	3,746	6,050
Customer Relationships	110,600	11.00	6,226	10,055
	$148,150		$ 14,013	$ 22,631

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

(2) Represents the removal of management fees related to the former owners of 3PD of $745, and $834 for the 226 days ended August 14, 2013 and twelve months ended December 31, 2012 unaudited pro forma condensed combined statements of operations, respectively.

(3) As part of the 3PD Transaction, 3PD management entered into new employment agreements with XPO Logistics which provide for stock compensation. Based on the contractual nature of the agreements, the adjustments reflect the change in stock compensation expense under each arrangement. Stock compensation under the new agreements was $602 and $803 for the 226 days ended August 14, 2013 and twelve months ended December 31, 2012, respectively. 3PD had historic stock compensation expense of $1,597 and $76 for the 226 day and twelve month periods, respectively. The pro forma adjustments show the respective net differences to stock compensation expense of ($995) and $727, respectively. The stock compensation expense recognized in the pro forma financial statements for the new arrangements includes only the time-based awards granted. Compensation expense has not been recognized for performance-based awards due to the inability to determine whether the performance goals would have been met assuming the performance based targets were set on January 1, 2012.

(4) Represents the removal of amortization related to deferred financing costs of 3PD not acquired in the 3PD Transaction of $1,117 and $1,797 for the 226 days ended August 14, 2013 and twelve months ended December 31, 2012 unaudited pro forma condensed combined statements of operations, respectively.

(5) Represents the removal of $9,405 of non-recurring deal costs incurred by Sellers in the 226 days ended August 14, 2013 in conjunction with the 3PD Transaction.

(6) Represents the removal of interest related to debt of 3PD not assumed in the 3PD Transaction of $14,824, and $19,809 for the 226 days ended August 14, 2013 and twelve months ended December 31, 2012 unaudited pro forma condensed combined statements of operations, respectively.

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

(8) Represents the adjustment to basic and diluted weighted average shares outstanding to account for the effect of the August 2013 equity issuance as if it had occurred on January 1, 2012 for purposes of presenting earnings per share.

(6) Turbo Purchase Price

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

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

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

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

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

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

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

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

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

(8) Kelron Purchase Price

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

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

(9) Description of Kelron Pro Forma Adjustments, as presented for the 215 days ended August 3, 2012 in the twelve months ended December 31, 2012 Unaudited Pro Forma Condensed Combined Statements of Operations

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

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

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

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

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

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

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

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

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

Exhibit 99.2

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
Pacer International, Inc.:

We have audited the accompanying consolidated balance sheets of Pacer International, Inc. and subsidiaries (the Company) as of December 31, 2012 and 2011, and the related consolidated statements of comprehensive income, stockholders' equity, and cash flows for the years then ended. 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 Pacer International, Inc. and subsidiaries as of December 31, 2012 and 2011, and the results of their operations and their cash flows for the years ended December 31, 2012 and 2011, in conformity with U.S. generally accepted accounting principles.

/s/ KPMG LLP

Columbus, Ohio
February 8, 2013

Report of Independent Registered Public Accounting Firm

To Board of Directors and Stockholders of Pacer International, Inc.:

In our opinion, the consolidated statements of income, shareholders' equity and cash flows for the year ended December 31, 2010 present fairly, in all material respects, the results of Pacer International, Inc. and its subsidiaries operations and their cash flows for the year ended December 31, 2010, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

/s/ PricewaterhouseCoopers LLP
Columbus, OH
February 23, 2011

PACER INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(in millions, except share and per share data)	December 31, 2012	December 31, 2011
ASSETS		
Current assets		
Cash and cash equivalents	$ 20.2	$ 24.0
Accounts receivable, net of allowances of $1.0 million and $1.4 million, respectively	132.7	133.5
Prepaid expenses and other	9.4	12.3
Deferred income taxes	2.4	4.0
Total current assets	164.7	173.8
Property and equipment		
Property and equipment, cost	108.8	99.8
Accumulated depreciation	(62.0)	(56.1)
Property and equipment, net	46.8	43.7
Other assets		
Deferred income taxes	12.6	14.1
Other assets	9.9	11.7
Total other assets	22.5	25.8
Total assets	$ 234.0	$ 243.3
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and other accrued liabilities	112.5	127.1
Long-term liabilities		
Other	1.3	0.9
Total liabilities	113.8	128.0
Stockholders' equity		
Preferred stock, par value $0.01 per share; 50,000,000 shares authorized; none issued and outstanding	—	—
Common stock, par value $0.01 per share; 150,000,000 shares authorized; 35,085,577 and 34,979,273 issued and outstanding	0.4	0.4
Additional paid-in capital	305.7	304.7
Accumulated deficit	(185.9)	(190.2)
Accumulated other comprehensive income	—	0.4
Total stockholders' equity	120.2	115.3
Total liabilities and stockholders' equity	$ 234.0	$ 243.3

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

PACER INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended		
(in millions, except share and per share data)	December 31, 2012	December 31, 2011	December 31, 2010
Revenues	$ 1,415.0	$ 1,478.5	$ 1,502.8
Operating expenses:			
Cost of purchased transportation and services	1,181.5	1,218.7	1,251.7
Direct operating expenses	101.6	105.8	107.0
Selling, general and administrative expenses	123.4	131.8	138.5
Other income	(0.4)	(4.8)	(2.5)
Total operating expenses	1,406.1	1,451.5	1,494.7
Income from operations	8.9	27.0	8.1
Interest expense	(1.4)	(2.3)	(6.6)
Income before income taxes	7.5	24.7	1.5
Income tax expense	(3.2)	(10.8)	(0.6)
Net income	$ 4.3	$ 13.9	$ 0.9
Earnings per share:			
Basic:			
Earnings per share	$ 0.12	$ 0.40	$ 0.03
Weighted average shares outstanding	35,069,099	34,959,819	34,921,594
Diluted:			
Earnings per share	$ 0.12	$ 0.40	$ 0.03
Weighted average shares outstanding	35,338,338	35,066,417	34,946,175
Other comprehensive income (loss):			
Foreign currency translation adjustment	$ (0.4)	$ 0.7	$ (0.2)
Comprehensive income	$ 3.9	$ 14.6	$ 0.7

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

PACER INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(in millions, except share amounts)	Preferred Stock No. of Shares	Preferred Stock Amount	Common Stock No. of Shares	Common Stock Amount	Additional Paid-in Accumulated Capital	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
Balance December 31, 2009	—	$ —	34,904,051	$ 0.4	$ 301.5	$ (205.0)	$ (0.1)	$ 96.8
Net income	—	—	—	—	—	0.9	—	0.9
Foreign currency translation adjustment	—	—	—	—	—	—	(0.2)	(0.2)
Stock based compensation	—	—	—	—	1.3	—	—	1.3
Tax impact of stock based compensation	—	—	—	—	(0.1)	—	—	(0.1)
Issuance of restricted stock, net of forfeitures	—	—	33,875	—	—	—	—	—
Repurchase and retirement of Pacer common stock	—	—	(26,252)	—	(0.2)	—	—	(0.2)
Balance December 31, 2010	—	$ —	34,911,674	$ 0.4	$ 302.5	$ (204.1)	$ (0.3)	$ 98.5
Net income	—	—	—	—	—	13.9	—	13.9
Foreign currency translation adjustment	—	—	—	—	—	—	0.7	0.7
Stock based compensation	—	—	—	—	2.4	—	—	2.4
Tax impact of stock based compensation	—	—	—	—	(0.1)	—	—	(0.1)
Issuance of common stock for vesting of restricted stock units	—	—	19,820	—	—	—	—	—
Issuance of restricted stock, net of forfeitures	—	—	57,895	—	—	—	—	—
Repurchase and retirement of Pacer common stock	—	—	(10,116)	—	(0.1)	—	—	(0.1)
Balance December 31, 2011	—	$ —	34,979,273	$ 0.4	$ 304.7	$ (190.2)	$ 0.4	$ 115.3
Net income	—	—	—	—	—	4.3	—	4.3
Foreign currency translation adjustment	—	—	—	—	—	—	(0.4)	(0.4)
Stock based compensation	—	—	—	—	1.8	—	—	1.8
Tax impact of stock based compensation	—	—	—	—	(0.7)	—	—	(0.7)
Issuance of common stock for vesting of restricted and performance stock units	—	—	55,330	—	—	—	—	—
Issuance of restricted stock, net of forfeitures	—	—	58,446	—	—	—	—	—
Repurchase and retirement of Pacer common stock	—	—	(7,472)	—	(0.1)	—	—	(0.1)
Balance December 31, 2012	—	$ —	35,085,577	$ 0.4	$ 305.7	$ (185.9)	$ —	$ 120.2

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

PACER INTERNATIONAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(in millions)	Year Ended December 31, 2012	December 31, 2011	December 31, 2010
Cash flows from operating activities			
Net income	$ 4.3	$ 13.9	$ 0.9
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	7.9	7.2	6.5
Gain on sale of property and equipment	—	(0.1)	(2.5)
Gain on sale of railcar assets	—	(4.7)	—
Amortization of deferred gain on sale lease-back transactions	(0.8)	(0.7)	(0.8)
Deferred taxes	2.5	12.4	5.2
Stock based compensation expense	1.8	2.4	1.3
Change in operating assets and liabilities			
Accounts receivable, net	0.8	19.0	(0.2)
Prepaid expenses and other	2.9	3.1	11.1
Accounts payable and other accrued liabilities	(14.4)	(20.7)	(1.2)
Other assets	2.0	1.8	0.4
Other liabilities	(0.9)	(0.2)	(4.6)
Net cash provided by operating activities	6.1	33.4	16.1
Cash flows used in investing activities			
Capital expenditures	(11.4)	(8.0)	(8.2)
Purchase of railcar assets	(28.4)	(22.1)	—
Net proceeds from sale of railcar assets	—	28.9	—
Net proceeds from sale lease-back transaction	30.2	—	2.4
Proceeds from sales of property and equipment	0.1	1.1	2.8
Net cash used in investing activities	(9.5)	(0.1)	(3.0)
Cash flows used in financing activities			
Net repayments under revolving line of credit agreement	—	(13.4)	(9.6)
Debt issuance costs paid to third parties	(0.2)	—	(1.6)
Repurchase and retirement of Pacer common stock	(0.1)	(0.1)	(0.2)
Withholding tax paid upon vesting of restricted and performance stock units	(0.1)	—	—
Capital lease obligation payment	—	—	(0.3)
Net cash used in financing activities	(0.4)	(13.5)	(11.7)
Net increase (decrease) in cash and cash equivalents	(3.8)	19.8	1.4
Cash and cash equivalents at beginning of year	24.0	4.2	2.8
Cash and cash equivalents at end of year	$ 20.2	$ 24.0	$ 4.2
Supplemental disclosures for cash paid for:			
Interest	$ 1.1	$ 1.6	$ 3.8
Income taxes (refunds)	$ (0.1)	$ (7.7)	$ (7.7)

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

NOTE 1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

Pacer International, Inc. and subsidiaries (referred to in these notes to consolidated financial statements as "Pacer", "the Company", "we", "us" or "our") are a leading asset-light transportation and global logistics service provider that facilitates the movement of freight from origin to destination through our intermodal and logistics segments.

The Company has operated as an independent, stand-alone company since its recapitalization in May 1999. From 1984 until the recapitalization, portions of the intermodal segment's business were conducted by various entities owned directly or indirectly by APL Limited.

As part of the recapitalization, the assets and liabilities of the Company remained at their historical basis for financial reporting purposes; for income tax purposes, the transaction has been treated as a taxable transaction such that the consolidated financial statements reflect a "step-up" in tax basis resulting in the establishment of a deferred tax asset.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and all entities that the Company controls. All significant intercompany transactions and balances have been eliminated in consolidation.

Use of Estimates

The preparation of the consolidated financial statements in conformity with generally accepted accounting principles in the United States of America requires management of the Company to make estimates and assumptions related to the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Significant estimates include recognition of revenue, costs of purchased transportation and services, allowance for doubtful accounts, accounting for income taxes and valuation of deferred tax assets, the economic useful lives of our property and equipment and contingencies. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with an original maturity of three months or less.

Accounts Receivable

Accounts receivable are recorded at the invoice amount. We maintain an allowance for doubtful accounts for estimated losses resulting from the inability of our customers to make required payments. The allowance has been established through an analysis of accounts receivable aging categories, historical collection experience with our customers, current economic conditions, and credit policies. As we monitor our receivables, we regularly identify customers that may have payment problems, adjusting the allowance for doubtful accounts accordingly with an offset to selling, general and administrative expenses. Account balances are charged off against the allowance when recovery is considered remote. The Company does not have any off balance sheet credit exposure related to its customers. At December 31, 2012 and December 31, 2011, accounts receivable included unbilled amounts of $11.8 million and $10.1 million, respectively.

Property and Equipment

Property and equipment are recorded at cost. The Company capitalizes certain costs of internally developed software. Capitalized costs include purchased materials and services, and payroll and payroll related costs. Property and equipment under capital leases are recorded at the present value of minimum lease payments at the date of acquisition with a corresponding amount recorded as a capital lease obligation.

Depreciation and amortization are provided on a straight-line basis over the estimated useful lives of the assets as follows:

Classification	Estimated Useful Life
Rail cars	25 to 30 Years
Containers and chassis	15 to 20 Years
Autos/trucks and revenue equipment	5 to 10 Years
Leasehold improvements	Shorter of term of lease or life of improvement
Other (including computer hardware and software and furniture and equipment)	3 to 7 Years

When assets are sold, the applicable costs and accumulated depreciation are removed from the accounts, and any gain or loss is included in income. Expenditures, including those on leased assets, which extend an asset's useful life or increase its utility, are capitalized and amortized. Expenditures for maintenance and repairs are expensed as incurred.

Deferred Financing Costs

The deferred financing costs included in other assets relate to the cost incurred in the placement of the Company's debt. The balance of $1.6 million and $1.8 million at December 31, 2012 and 2011 relate to those costs to be amortized over the remaining life of our 2010 Credit Agreement (see Note 2).

In 2012, $0.2 million of deferred financing costs were incurred related to an amendment to the Company's 2010 Credit Agreement. In 2010, $1.6 million of deferred financing costs were charged to interest expense in the accompanying consolidated statements of comprehensive income as a result of entering into the 2010 Credit Agreement.

Revenue Recognition

We recognize revenue when all of the following conditions are met: persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the price is fixed and determinable, and collectability is reasonably assured. We maintain signed contracts with many of our customers and have bills of lading specifying shipment details, including the rates charged for our services. Revenues are presented net of sales and volume discounts.

Our transportation service revenue is recognized after the services have been completed, meaning delivery has occurred and the shipping terms of the contract have been satisfied. Our warehousing, distribution and supply chain services revenues are recognized as the storage or service is rendered.

Income Taxes

The Company accounts for income taxes according to the asset and liability method. Under this method, a deferred tax asset or liability is recorded based upon the tax effect of temporary differences between the tax basis of assets and liabilities and their carrying value for financial reporting purposes. Deferred tax assets and liabilities are measured pursuant to tax laws using rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Valuation allowances are established when necessary to reduce deferred tax assets to the amounts more likely than not to be realized.

Tax liabilities are recorded when, in management's judgment, a tax position does not meet the more likely than not threshold of being sustained under tax audits. For tax positions that are greater than 50% likely, a tax liability may be recorded depending on management's assessment of how the tax position will ultimately be settled.

Accumulated Other Comprehensive Income (Loss)

Other comprehensive income (loss) includes foreign currency translation adjustments. The assets and liabilities of the Company's foreign operations have been translated at rates of exchange at the balance sheet date, and related revenues and expenses have been translated at average rates of exchange in effect during the year.

Stock-Based Compensation

The Company has adopted ASC Topic 718 ("ASC 718"), "Compensation – Stock Compensation," which establishes the accounting for employee stock-based awards. Through December 31, 2012, the Company's incentive awards have been granted in the form of common stock options, restricted stock, restricted stock units and performance stock units. Under the provisions of ASC 718, stock-based compensation is measured at the grant date, based on the calculated fair value of the award, and is recognized as an expense over the requisite employee or director service period (generally the vesting period of the grant) and also for performance stock units as performance targets are met, or expected to be met. The Company estimates the expected forfeiture rate and only recognizes expense for the shares expected to vest. The forfeiture rate is estimated based on historical experience and expectations regarding future pre-vesting termination behavior of employees. To the extent the actual forfeiture rate is different from the estimate, stock-based compensation expense is adjusted accordingly.

The Company recognizes stock-based compensation for awards issued under the Company's long-term incentive plans in selling, general and administrative expenses of the consolidated statement of comprehensive income.

Our stock-based compensation expense for stock options is estimated at the grant date based on the award's fair value as calculated by the Black-Scholes option pricing model and is recognized as expense over the requisite service period. This model requires various assumptions including expected volatility and expected term. If any of the assumptions used in the model changes significantly, stock-based compensation expense may differ materially in the future from that recorded in the current period.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of accounts receivable. The Company sells primarily on net 30-day terms, performs credit evaluation procedures on its customers and generally does not require collateral on its accounts receivable.

For the year ended December 31, 2012, two customers contributed more than 10% of total consolidated revenues (individually each contributed 18.6% and 17.3%). Two customers contributed more than 10% of total consolidated revenues, contributing 15.3% and 15.1% respectively for the year ended December 31, 2011. Three customers contributed more than 10% of total consolidated revenues, contributing 14.5%, 12.0%, and 10.1% respectively for the year ended December 31, 2010.

Approximately 40%, 33% and 26% of total consolidated revenues for the years ended December 31, 2012, 2011 and 2010 were related to the automotive industry, respectively.

Reclassification

Certain reclassifications have been made to the 2011 and 2010 consolidated financial statements in order to conform to the 2012 presentation, including the reclassification of certain expenses from selling, general and administrative expenses to costs of purchased transportation and services and direct operating expenses. The Company also reclassified depreciation and amortization to direct operating expenses and selling, general and administrative expenses. The reclassifications had no impact on previously reported income.

The following table summarizes the specific reclassifications discussed above:

	Year Ended December 31,					
	2011			2010		
(in millions)	Originally Reported	Reclassification Amount	As Reclassified	Originally Reported	Reclassification Amount	As Reclassified
Cost of purchased transportation and services	$1,208.4	$ 10.3	$ 1,218.7	$1,240.5	$ 11.2	$ 1,251.7
Direct operating expenses	94.7	11.1	105.8	94.5	12.5	107.0
Selling, general and administrative expenses	146.0	(14.2)	131.8	155.7	(17.2)	138.5
Depreciation and amortization	$ 7.2	$ (7.2)	$ —	$ 6.5	$ (6.5)	$ —

NOTE 2. REVOLVING CREDIT FACILITY

Our revolving credit agreement dated December 30, 2010, as amended on July 6, 2012 (the “2010 Credit Agreement”), matures on July 6, 2017 and provides for a revolving credit facility of up to $125 million (including a $40 million letter of credit facility and a $12.5 million swing line loan facility), and an accordion feature providing for an increase in the facility of up to $50 million subject to certain conditions (for a total facility of $175 million if such conditions are met).

The amount available for borrowing under the facility is determined by reference to a borrowing base formula which is equal to the lesser of (1) the aggregate commitments of the lenders (currently $125 million), or (2) an amount equal to the sum of (a) 85% of the eligible accounts receivable, (b) 85% of eligible earned but unbilled accounts receivables up to $20 million, and (c) an amount equal to the lesser of (i) 85% of the net orderly liquidation value of eligible owned railcars and chassis as of December 30, 2010 and (ii) $25 million (such lesser amount, the “Closing Date Equipment Formula Amount”), provided that, commencing February 1, 2011, the Closing Date Equipment Formula Amount is reduced monthly based on a seven year straight line monthly amortization schedule), minus (d) the availability reserve (as defined in the 2010 Credit Agreement). As of December 31, 2012, $75 million was available under the 2010 Credit Agreement pursuant to the borrowing base formula described above, net of $11.5 million of outstanding letters of credit. There were no outstanding loans as of December 31, 2012.

Borrowings under the 2010 Credit Agreement bear interest at rates based on a Eurodollar rate plus an applicable margin or a base rate plus an applicable margin. Effective as of July 6, 2012, the margin ranges from 1.75% to 2.25% on Eurodollar rate loans and 0.75% to 1.25% on base rate loans, in each case based on the percentage that our average total outstanding borrowings under the facility bear to the aggregate commitments of the lenders under the facility (currently $125 million). Pursuant to the July 2012 amendment, the applicable margins are no longer subject to further reduction based on the Company’s fixed charge coverage ratio. The base rate is the highest of the prime lending rate of the Administrative Agent, the Eurodollar rate for a 30-day interest period plus 1.5%, or the federal funds rate plus 1/2 of 1%.

The 2010 Credit Agreement provides for letter of credit fees ranging from 1.75% to 2.25% per annum based on the average quarterly availability as a percentage of the borrowing base, a letter of credit “fronting fee” equal to 0.25% per annum, and a commitment fee payable on the unused portion of the facility, accruing at a rate per annum ranging from 0.250% to 0.375% based on the percentage that the average unused amount of the facility bears to the aggregate commitments of the lenders under the facility.

The 2010 Credit Agreement contains affirmative, negative and financial covenants customary for such asset-based financings that, among other things, limit the Company’s ability to make loans or investments (including acquisitions) and equity distributions (cash dividends or repurchases of stock); prepay, redeem or purchase debt; incur liens and engage in sale and leaseback transactions; incur additional indebtedness; engage in mergers, acquisitions and asset sales; enter into transactions with affiliates; and change our primary business. In addition, the 2010 Credit Agreement does not limit the dollar amount of investments (including acquisitions) and equity distributions (cash dividends or repurchases of stock) so long as the Company is not in default under the agreement and the availability under the facility on a proforma basis exceeds specified threshold amounts (and in certain cases subject to our having a proforma fixed charge coverage ratio of greater than or equal to 1.1 to 1.0). The 2010 Credit Agreement does not contain any limitations on our ability to make capital expenditures. The 2010 Credit Agreement also contains representations and warranties and events of default customary for agreements of this type.

If the amount of availability under the facility falls below certain specified threshold amounts, we are subject to a fixed charge coverage ratio financial covenant (as defined in the 2010 Credit Agreement) for the preceding 12 months period, which must not be less than 1.1 to 1.0. Additionally, the 2010 Credit Agreement also contains a lockbox feature that will require that all qualified daily cash receipts be promptly applied to the repayment of outstanding borrowings under the facility only during a period commencing on the date in which the Company’s availability under the facility falls below certain threshold amounts (or the date that an event of default occurs) and continuing until the availability has exceeded such threshold amounts for 90 days (and no event of default has existed). As of December 31, 2012, the Company is compliant with all applicable covenants contained within the 2010 Credit Agreement.

During 2012, borrowings under the 2010 Credit Agreement bore a weighted average interest rate of 4.0% per annum.

The 2010 Credit Agreement continues to be guaranteed by all of the Company’s domestic subsidiaries and is collateralized by substantially all of the tangible and intangible assets, intercompany debts, stock or other equity interests owned by the Company and its domestic subsidiaries and a majority of the stock or other equity interests of certain of its foreign subsidiaries.

NOTE 3. RAILCAR ASSET SALE

During 2011, the Company purchased 245 railcars pursuant to purchase options under various lease agreements. These leases were previously accounted for as operating leases. The railcar purchases were financed through borrowings under the 2010 Credit Agreement. On July 22, 2011, we sold the railcar assets for net proceeds of $28.9 million. The Company recorded a gain as a result of the transaction net of related transaction costs and other carrying costs of approximately $4.7 million which is included in other income on the consolidated statement of comprehensive income. Proceeds from the sale of the railcars were used to repay outstanding borrowings under the 2010 Credit Agreement.

NOTE 4. ARRANGEMENTS WITH UNION PACIFIC

On November 3, 2009, the Company entered into (i) an amendment (the “Amendment”) to the Amended and Restated Rail Transportation Agreement dated as of May 15, 2002, among Union Pacific, the Company, and American President Lines, Ltd., and APL Co. PTE Ltd. (collectively, “APL”) (the “2002 Agreement”) and (ii) a new commercial rail transportation agreement (the “2009 Commercial Agreement”) and other agreements with Union Pacific (collectively, the “November 2009 Arrangements”). The Amendment provides that the rates and other terms and conditions of the 2002 Agreement will no longer apply to domestic shipments in 48- and 53-foot containers (also referred to as “domestic big box shipments”) tendered by Pacer for transportation by Union Pacific, which shipments will be subject to the terms and conditions of the 2009 Commercial Agreement.

In connection with the November 2009 Arrangements, Union Pacific and Pacer agreed to settle all outstanding claims and counterclaims between them relating to Pacer’s domestic big box shipments under the 2002 Agreement, including Union Pacific’s claim for retroactive rate adjustments of approximately $140 million for the period from January 1, 2005, through June 30, 2009 (the latest available date) and Pacer’s claims alleging Union Pacific’s breach of the 2002 Agreement.

Under the 2009 Commercial Agreement, the Company agreed that rates and fuel surcharges for domestic big box shipments payable by the Company to Union Pacific for transportation on the Union Pacific network would adjust gradually over a two-year period to “market” levels and full fuel surcharge and would continue on competitive terms after October 11, 2011, the expiration date of the 2002 Agreement.

As part of the November 2009 Arrangements, the Company and Union Pacific also entered into a fleet sharing arrangement that allows Union Pacific customers access to the Company’s equipment fleet and grants the Company expanded access to Union Pacific’s equipment fleet. These equipment arrangements also contain mechanisms that allow the Company to adjust the size of its fleet up or down to address estimated changes in its equipment needs.

The 2002 Agreement remained in effect through its October 11, 2011 expiration date with respect to shipments (other than the domestic big box shipments) and other matters not expressly governed by the November 2009 Arrangements, including the rates, terms and conditions applicable to (1) international shipments generally in 20, 40, and 45-ft. containers owned or leased by APL; (2) domestic shipments in containers owned or leased by APL or other third party ocean carriers (known as domestic and international reload services or avoided repositioning cost (“ARC”) moves); and (3) international shipments in containers owned or leased by other third party ocean carriers. The 2002 Agreement also established certain conditions applicable to automotive shipments (which primarily move between the United States and Mexico) in containers owned or leased by Pacer. The 2009 Commercial Agreement established terms and conditions to provide the Company with a continued exclusive position on the Union Pacific network with regard to offering services to meet ocean carrier customers’ needs in conjunction with and in addition to the Union Pacific rail transportation service. Prior to and in connection with the October 2011 expiration of the 2002 Agreement, the Company entered into rate agreements with Union Pacific covering automotive shipments, ARC moves and all but one of its third party ocean carrier customers.

The 2009 Commercial Agreement has a multi-year term and thereafter will automatically renew for one-year periods subject to certain conditions, including a minimum volume requirement, and subject to cancellation by either party with specified notice. In connection with the agreements and arrangements described above, including the amendment of the 2002 Agreement, Union Pacific paid Pacer $30 million. The payment was used to pay down outstanding borrowings under the Company’s prior credit facility on November 4, 2009. In 2009, the Company recognized other income of $17.5 million related to the Amendment (net of $1.2 million of accelerated chassis delivery costs), and $11.3 million of deferred gain was amortized to costs of purchased transportation and services through October 11, 2011, the expiration date of the 2002 Agreement. There was no amortization for the year ended December 31, 2012. The total amount of amortization for the years ended December 31, 2011 and 2010 was $4.7 million, and $5.7 million respectively.

During 2010, the Company assigned and Union Pacific assumed all of the Company’s future lease obligations for the majority of 53-foot, 110-inch containers leased from third party equipment lessors. At the same time, the Company entered into an equipment lease agreement with Union Pacific pursuant to which it leases 53-ft, 110-inch Pacer-branded intermodal containers from Union Pacific to support Pacer’s domestic intermodal traffic. Under these arrangements, Union Pacific assumed direct maintenance and repair responsibility for the containers, including those leased from Union Pacific. As a result of the equipment lease and the November 2009 Arrangements, Union Pacific has become the primary supplier and servicer of the containers used in the Company's business. In connection with the November 2009 Arrangements, Union Pacific assumed responsibility for maintaining all of the Company's 53-ft. chassis used on the Union Pacific network. During 2011, the Company assigned and Union Pacific assumed the Company's future lease obligations for the majority of the 53-foot chassis leased from third party equipment lessors used on the Union Pacific network.

On October 19, 2012, the Company entered into a multi-year agreement with Union Pacific to arrange, manage and provide wholesale intermodal transportation services for automotive parts shipments between the United States and Mexico. The new agreement changes the nature of the Company's participation in this business. Typically, the Company contracts for rail transportation from multiple rail carriers and combines that with the Company's equipment and network logistics management services to intermediaries. Under the new agreement, effective January 1, 2013, the Company will no longer collect and pass through the rail transportation costs to automotive parts intermediaries servicing this US-Mexico business, but will act as Union Pacific's manager for cross-border shipments and provide rail container and chassis management services for Union Pacific in Mexico. The Company is compensated on a fee basis for such services and the use of the Company's equipment. Accordingly, beginning January 1, 2013, for US-Mexico automotive parts shipments, the Company's financial results will no longer include the revenue and costs associated with the purchased rail transportation except to the extent that we are servicing customers as a direct retail provider.

NOTE 5. INCOME TAXES

The provision for income taxes is as follows (in millions):

	Year Ended December 31, 2012	December 31, 2011	December 31, 2010
Current:			
Federal	$ —	$ (2.6)	$ (4.9)
State	0.4	0.7	0.2
Foreign	0.3	0.3	0.1
Total current	0.7	(1.6)	(4.6)
Deferred:			
Federal	2.8	9.5	5.1
State	—	2.9	0.1
Foreign	(0.3)	—	—
Total deferred	2.5	12.4	5.2
Total provision	$ 3.2	$ 10.8	$ 0.6

Income (loss) before taxes includes the following components (in millions):

	Year Ended December 31, 2012	December 31, 2011	December 31, 2010
United States	$ 7.8	$ 22.6	$ 0.9
Outside U.S.	(0.3)	2.1	0.6
	$ 7.5	$ 24.7	$ 1.5

The reconciliation of the net effective income tax rate to the U.S. federal statutory income tax rate is as follows:

	Year Ended December 31, 2012	December 31, 2011	December 31, 2010
U.S. federal statutory rate	35.0%	35.0%	35.0%
State tax, net of federal benefit	5.0	3.3	14.3
State NOL valuation allowance, net of federal benefit	0.1	0.3	—
Non-deductible business meals	1.5	0.4	8.3
Tax penalties	0.3	0.1	2.2
Impact of change in state apportionment on deferred taxes	(1.1)	4.3	—
Prior tax year adjustments	0.3	2.2	(8.1)
Tax credits	(0.1)	(0.2)	(3.7)
Tax settlements	0.1	(0.5)	(17.4)
Foreign taxes in excess of federal rate	1.1	0.5	8.5
Non-taxed foreign income	—	(1.8)	—
Other	0.5	0.1	1.1
Net effective tax rate	42.7%	43.7%	40.2%

The following table shows the tax effects of the Company's cumulative temporary differences included in the consolidated balance sheets at December 31, 2012 and December 31, 2011 (in millions):

	December 31, 2012	December 31, 2011
Tax basis in excess of book—Goodwill	$ 14.1	$ 22.5
Property and equipment	(9.6)	(10.2)
Accrued liabilities	1.8	3.5
Prepaids	(2.0)	(2.2)
Stock compensation	1.7	2.1
Net operating loss and other carryforwards	8.3	1.6
Other	0.8	1.0
Total net deferred tax asset before valuation allowance	15.1	18.3
State NOL valuation allowance	(0.1)	(0.2)
Total net deferred tax asset	$ 15.0	$ 18.1
Current deferred tax asset	$ 4.2	$ 5.5
Non-current deferred tax asset	22.3	24.4
Current deferred tax liability	(1.8)	(1.5)
Non-current deferred tax liability	(9.7)	(10.3)
Total net deferred tax asset	$ 15.0	$ 18.1

At December 31, 2012, the Company has recorded a net deferred tax asset of $15.0 million which includes a valuation allowance of $0.1 million. The Company believes it is more likely than not that future earnings will be sufficient to fully utilize the net assets. The minimum amount of future taxable income required to realize this asset is approximately $40.5 million over the next twenty years. Should the Company not be able to generate sufficient future income in 2013 and beyond, it may be required to record valuation allowances against the deferred tax assets resulting in additional income tax expense in the consolidated statement of comprehensive income.

At December 31, 2012, the Company had federal net operating loss carryforwards of $5.5 million primarily expiring through 2032. At December 31, 2012 and 2011, the Company had state net operating loss carryforwards (tax affected before federal benefit) of $2.8 million and $1.8 million, respectively, expiring through 2032. The Company has a valuation allowance against the state operating loss carryforwards (tax affected before federal benefit) of $0.2 million and $0.3 million at December 31, 2012 and 2011, respectively. The valuation allowance for state net operating loss carryforward decreased $0.1 million mainly as a result of the write off of loss carryforwards due to the closure of operations in certain jurisdictions for some legal entities.

Undistributed earnings of the Company's non-U.S. subsidiaries amounted to approximately $2.5 million at December 31, 2012. Those earnings are considered to be indefinitely reinvested and, accordingly, no U.S. federal or state deferred income taxes have been provided thereon. Upon distribution of those earnings in the form of dividends or otherwise, the Company would be subject to U.S. income taxes and withholding taxes payable in various non-U.S. jurisdictions, which could potentially be offset by foreign tax credits. Determination of the amount of unrecognized deferred U.S. income tax liability is not practicable because of the complexities associated with its hypothetical calculation.

Accounting for uncertainty in income taxes requires a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Company recognizes in the financial statements, the impact of a tax position, if that position is more likely than not of being sustained on audit, based on the technical merits of the position. The Company had no reserves relating to uncertain tax positions as of December 31, 2012, 2011 and 2010.

Pacer International, Inc. and its U.S. subsidiaries file a consolidated federal income tax return. We file unitary or separate state returns based on state filing requirements. All federal income tax returns for the Company are closed through 2003 and filed through 2011. All state and local income tax returns for the Company are closed through 2007 and filed through 2011.

NOTE 6. 401(K) PLAN AND LONG-TERM INCENTIVE PLANS

401(k) Plan

Under the Pacer International, Inc. 401(k) plan, the Company matches 50% of the first 6% of base salary contributed by the employee. Matching contributions were $1.0 million and $1.1 million for 2012 and 2011, respectively. There were no matching contributions in 2010.

Long-Term Incentive Plans

The Company recognized stock based compensation expense under our long-term incentive plans of $1.8 million, $2.4 million and $1.3 million for 2012, 2011 and 2010, respectively. The tax benefit for all share-based compensation plan expense included in the provision for income taxes totaled $0.3 million, $0.1 million and $0.2 million for 2012, 2011 and 2010, respectively. The Company did not realize any excess tax benefit for tax deductions from any of the share-based compensation plans in 2012, 2011 and 2010.

On April 25, 2012, the shareholders of the Company approved the 2012 Omnibus Incentive Plan (the "2012 Plan") which had been adopted by the Board of Directors in February 2012 subject to shareholder approval. The 2012 Plan provides for grants or awards of cash incentives, stock options, stock appreciation rights, restricted stock, restricted stock units, performance units, performance shares, dividend equivalent rights and other equity-based awards (collectively, "Awards") to directors, certain key employees and executive officers.

The maximum number of shares of common stock that may be subject to equity awards under the 2012 Plan is 2,775,000 shares plus such number of shares relating to outstanding awards under predecessor plans that expire, are canceled, are not earned or terminate for any reason without issuance or delivery of the shares. Subject to any required action by the Company's shareholders, the number of shares reserved for issuance under the 2012 Plan, the maximum award limitations set forth in the 2012 Plan, the number of shares underlying an outstanding award, as well as the price per share (or exercise, base or purchase price) of the underlying shares, will be proportionately adjusted for any increase or decrease in the number of issued shares resulting from a stock split, reverse stock split, stock dividend, combination or reclassification of the shares, or any other similar transaction (but not the issuance or conversion of convertible securities). Subject to any required action by the Company's shareholders, the 2012 Plan administrator (presently the Compensation Committee of the Board of Directors), in its sole discretion, may make similar adjustments to reflect a change in the capitalization of the Company, including a recapitalization, repurchase, rights offering, reorganization, merger, consolidation, combination, exchange of shares, spin-off, spin-out or other distribution of assets to shareholders or other similar corporate transaction or event.

Prior to April 25, 2012, the Company had three long-term incentive plans, the 2006 Long-Term Incentive Plan (the "2006 Plan"), the 2002 Stock Option Plan (the "2002 Plan") and the 1999 Stock Option Plan (the "1999 Plan"). Upon adoption of the 2002 Plan, no further awards were able to be made under the 1999 Plan, although outstanding awards under the 1999 plan were not affected. Upon adoption of the 2006 Plan, no further awards were able to be made under the 2002 Plan, although outstanding awards under the 2002 Plan were not affected. As of April 25, 2012, with the adoption of the 2012 Plan, no further awards may be made under the 2006 Plan, although outstanding awards under the 2006 Plan were not affected.

The 2012 Plan will continue in effect until February 6, 2022, unless terminated earlier by the Board. As of December 31, 2012, there were 2.8 million shares available for issuance under the 2012 Plan.

Stock Options

During the year ended December 31, 2012, the Company granted stock options under the 2006 Plan to certain key employees and officers. The Company did not grant any stock options in 2011 or 2010. The options vest three years after grant date, have a seven year life, and an exercise price equal to the Company's stock price on the grant date. The fair value of options granted in 2012 was estimated using the Black-Scholes valuation model and the assumptions noted in the following table.

	2012
Black-Scholes option-pricing model assumptions:	
Weighted average risk-free interest rate	0.9%
Weighted average volatility	47.3%
Weighted average dividend yield	N/A
Weighted average expected option term	5 years
Weighted average fair value per share of options granted	$ 2.25

The expected term of the stock options is based on the expected life of the option, using the simplified method. The expected volatility is based on a combination of the changes in weekly prices of the Company's and selected competitors' stock over a historical period preceding each grant date. The risk free interest rate is based on the implied yield on U.S. Treasury issues with a term equal to the expected term of the option.

The following table summarizes the stock option activity under the 2002 Plan, 2006 Plan and 2012 Plan as of December 31, 2012:

	Options	Weighted Average Exercise Price
Balance at December 31, 2009	464,900	$ 17.38
Granted	—	—
Canceled or expired	(96,100)	17.87
Exercised	—	—
Balance at December 31, 2010	368,800	17.26
Granted	—	—
Canceled or expired	(154,300)	15.15
Exercised	—	—
Balance at December 31, 2011	214,500	18.77
Granted	662,326	5.43
Canceled or expired	(40,884)	5.42
Exercised	—	—
Balance at December 31, 2012	835,942	8.85
Options exercisable, end of year	208,500	$ 19.23

There was no intrinsic value of stock options exercisable as of December 31, 2012. As of December 31, 2012, there was $0.9 million of unrecognized compensation costs related to stock options assuming no new grants or forfeitures. These costs are expected to be recognized over a weighted-average period of approximately 2.2 years.

The following table summarizes information about stock options outstanding at December 31, 2012:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
Common Stock					
$ 2.41 - 9.99	645,442	6.2	$ 5.33	18,000	$ 2.75
$ 10.00 - 14.99	8,000	0.1	13.74	8,000	13.74
$ 15.00 - 19.99	128,700	1.5	18.69	128,700	18.69
$ 20.00 - 24.99	10,800	1.3	20.31	10,800	20.31
$ 25.00 - 29.99	33,000	3.0	26.48	33,000	26.48
$ 30.00 - 35.17	10,000	3.3	35.17	10,000	35.17
Total	835,942	5.2	$ 8.85	208,500	$ 19.23

Restricted Stock

The Company has issued time-based restricted stock under the 2006 Plan to certain employees and non-employee directors. Restricted stock is subject to restrictions and cannot be sold, transferred or disposed of during the restriction period. The holders of restricted stock generally have the same rights as a stockholder of the Company with respect to such shares, including the right to vote and receive dividends with respect to the shares. Restricted stock awards vest either in 25% increments, on June 1 of each year over a four year period or, in the case of directors, on the first anniversary of the grant date. A summary of restricted stock activity for the three years ended December 31, 2012 is presented below:

	Shares	Weighted Average Grant-Date Fair Value
Nonvested at December 31, 2009	116,750	$ 22.27
Granted	50,000	6.53
Vested	(77,375)	21.38
Forfeited	(16,125)	19.34
Nonvested at December 31, 2010	73,250	13.12
Granted	67,844	5.41
Vested	(33,299)	14.66
Forfeited	(9,949)	8.23
Nonvested at December 31, 2011	97,846	7.75
Granted	58,446	5.42
Vested	(84,596)	7.96
Forfeited	—	—
Nonvested at December 31, 2012	71,696	$ 5.59

The fair value of time-based restricted stock vested was $0.7 million, $0.5 million and $1.7 million for 2012, 2011 and 2010, respectively, based on the market price at the grant date. As of December 31, 2012, there was $0.1 million of total unrecognized compensation cost related to restricted stock, which is expected to be recognized over a weighted-average period of approximately 0.2 years.

Performance Stock Units and Restricted Stock Units

The Company granted performance stock units ("PSUs") in March 2012 under the 2006 Plan that vest based on (i) the percentage of the Company's achievement of operating income and operating margin targets established by the Compensation Committee of the Board of Directors for the performance periods ending December 31, 2012, 2013 and 2014 and (ii) the continued employment of the grantee through March 5, 2015. The Company granted restricted stock units ("RSUs") in

November 2012 under the 2012 Plan that vest in equal one-fourth increments on November 12, 2013, 2014, 2015 and 2016, subject to the grantee's continued employment by the Company on such vesting dates.

The Company granted PSUs in March 2011 that vest based on (i) the percentage of the Company's achievement of operating income and operating margin targets established by the Compensation Committee of the Board of Directors for the performance periods ending December 31, 2011, 2012 and 2013 and (ii) the continued employment of the grantee through March 5, 2014. The Company granted RSUs in March 2011 that vest in equal one-third increments on March 5, 2012, 2013, and 2014, subject to the grantee's continued employment by the Company on such vesting dates.

The Company granted PSUs in June 2010 that vest based on (i) the percentage of the Company's achievement of operating income targets established by the Compensation Committee of the Board of Directors for the performance periods ending December 31, 2010, 2011 and 2012 and (ii) the continued employment of the grantee through March 5, 2013. The Company granted RSUs in June 2010 that vest in equal one-third increments on March 5, 2011, 2012, and 2013, subject to the grantee's continued employment by the Company on such vesting dates.

The PSUs and RSUs (collectively the "Units") may vest before the applicable vesting date if the grantee's employment is terminated by the Company without cause. Upon vesting, the Units with respect to each of the 2010, 2011 and 2012 awards, result in the issuance of shares of Pacer common stock after required minimum tax withholdings. The holders of the Units do not have the rights of a shareholder and do not have voting rights but are entitled to receive dividend equivalents payable in the form of additional shares upon vesting of the Units.

The Units are valued at the date of grant, based on the closing market price of the Company's common stock, and expensed using the straight-line method over the requisite service period. The actual number of PSUs earned with respect to each of the 2010, 2011 and 2012 awards will be based on the Company's performance for the periods ending December 31, 2010, 2011, 2012, 2013 and 2014, as applicable. Vested PSUs in the table below include PSUs that vested under the terms of the applicable award agreement upon the grantee's resignation or voluntary termination. A summary of RSU and PSU award activity for the years ended December 31, 2012, 2011 and 2010 is presented below:

	Performance Stock Units	Restricted Stock Units	Total	Weighted Average Grant-Date Fair Value
Balance at December 31, 2009	—	—	—	$ —
Granted	278,487	92,830	371,317	6.97
Vested	—	—	—	—
Forfeited/canceled	(92,830)	—	(92,830)	6.97
Balance at December 31, 2010	185,657	92,830	278,487	6.97
Granted	587,784	127,804	715,588	5.64
Vested	(6,060)	(28,963)	(35,023)	6.74
Forfeited/canceled	(35,000)	(17,995)	(52,995)	5.98
Balance at December 31, 2011	732,381	173,676	906,057	5.98
Granted	278,333	250,000	528,333	4.49
Vested	(11,499)	(66,899)	(78,398)	6.08
Forfeited/canceled	(379,823)	(13,409)	(393,232)	5.89
Balance at December 31, 2012	619,392	343,368	962,760	$ 5.18

RSUs are expensed based on their respective time-based vesting periods, which are equal annual increments over the vesting period.

PSUs are expensed ratably over the vesting periods based on the actual and expected financial results of the individual performance periods. For the 2010, 2011 and 2012 performance periods, PSUs are expensed based on the actual financial results compared to the set performance targets for those periods. No expense related to PSUs was recorded for the 2010 and 2012 performance periods as the Company did not meet the operating income or operating margin targets for those periods. For the 2011 performance period, PSUs are expensed based on the actual achievement of the maximum (125%) operating income and operating margin targets which resulted in grantees earning 200% of the potential PSUs for the period subject to vesting on March 5, 2013 with respect to the 2010 awards, and March 5, 2014 with respect to the 2011 awards. For the 2013 and 2014 performance periods, PSUs are expensed based on forecasted achievement of the set targets. The future PSU expense related to the 2013 and 2014 performance periods may be higher or lower based on the actual results of those periods. The number of PSUs earned for those periods will be based on the actual operating income and operating margin in each of those periods, ranging from 0% (if threshold performance of 75% of the operating income or operating margin targets are not met in any of the those periods) to 200% (if the maximum performance of 125% of the operating income or operating margin target is met or exceeded in each of those periods).

As of December 31, 2012, there was $2.3 million of total unrecognized compensation cost related to RSUs and PSUs, which is expected to be recognized over a weighted-average period of approximately 1.2 years.

NOTE 7. COMMITMENTS AND CONTINGENCIES

The Company is subject to routine litigation arising in the ordinary course of business, none of which is expected to have a material adverse effect on the Company's business, consolidated results of operations, financial condition or cash flows. Most of the lawsuits to which the Company is a party are covered by insurance and are being defended in cooperation with insurance carriers.

NOTE 8. SEGMENT INFORMATION

The intermodal segment provides intermodal rail transportation, intermodal marketing and local trucking services. The logistics segment provides highway brokerage, warehousing and distribution, international ocean shipping and freight forwarding, and supply chain management services.

For segment reporting purposes by geographic region, international ocean shipping and ocean freight forwarding revenues for the import and export of goods are generally attributed to the country of destination. For United States import movements from ocean shipping and ocean freight forwarding, the revenue is attributed to the country of origin. Revenues for all other services are attributed to the sales location. Substantially all intermodal revenues are generated in the United States. The following table presents revenues generated by geographical area for the years ended December 31, 2012, December 31, 2011 and December 31, 2010 (in millions):

	Year Ended		
	December 31, 2012	December 31, 2011	December 31, 2010
United States	$ 1,265.2	$ 1,266.6	$ 1,185.1
Asia	76.0	101.9	224.3
Europe	37.1	66.4	47.8
North America (excluding United States)	23.4	21.9	21.4
Australia/Oceania	4.0	8.3	10.5
South America	5.6	8.2	9.2
Africa	3.7	5.2	4.5
Total	$ 1,415.0	$ 1,478.5	$ 1,502.8

All of the foreign revenues are generated by the logistics segment with the exception of revenues earned in North America (excluding United States), which are primarily generated by the Company's intermodal segment. Foreign revenues totaled $149.8 million, $211.9 million and $317.7 million for the years ended December 31, 2012, December 31, 2011 and December 31, 2010, respectively. All material assets are located in the United States of America.

The following table presents reportable segment information for the years ended December 31, 2012, December 31, 2011 and December 31, 2010 (in millions):

	Intermodal	Logistics	Corp/Other	Consolidated
Year ended December 31, 2012				
Revenues	$1,179.6	$ 238.3	$ —	$ 1,417.9
Inter-segment elimination	(2.9)	—	—	(2.9)
Subtotal	1,176.7	238.3	—	1,415.0
Depreciation and amortization	5.5	1.6	0.8	7.9
Income (loss) from operations	38.4	(10.4)	(19.1)	8.9
Capital expenditures	8.7	2.4	0.3	11.4
Year ended December 31, 2011				
Revenues	$1,175.3	$ 303.5	$ —	$ 1,478.8
Inter-segment elimination	(0.3)	—	—	(0.3)
Subtotal	1,175.0	303.5	—	1,478.5
Depreciation and amortization	4.8	1.9	0.5	7.2
Income (loss) from operations	48.6	(2.2)	(19.4)	27.0
Capital expenditures	4.7	2.7	0.6	8.0
Year ended December 31, 2010				
Revenues	$1,081.5	$ 422.1	$ —	$ 1,503.6
Inter-segment elimination	(0.8)	—	—	(0.8)
Subtotal	1,080.7	422.1	—	1,502.8
Depreciation and amortization	4.9	1.4	0.2	6.5
Income (loss) from operations	24.2	0.9	(17.0)	8.1
Capital expenditures	4.5	3.7	—	8.2

The "Corp/Other" column includes corporate amounts (primarily compensation, tax and overhead costs unrelated to a specific segment). The Chief Operating Decision Maker does not review assets by segment for purposes of allocating resources and therefore assets by segment are not disclosed.

NOTE 9. PROPERTY AND EQUIPMENT

Property and equipment consist of the following at December 31, 2012 and December 31, 2011 (in millions):

	2012	2011
Railcars	$ 25.5	$ 25.6
Containers and chassis	4.9	5.1
Furniture and equipment	7.2	7.0
Computer hardware and software	60.9	52.1
Leasehold improvements and other	3.9	3.9
Software under development	6.4	6.1
Total	108.8	99.8
Less: accumulated depreciation	(62.0)	(56.1)
Property and equipment, net	$ 46.8	$ 43.7

Depreciation and amortization of property and equipment was $7.9 million, $7.2 million and $6.5 million for the years ended December 31, 2012, December 31, 2011 and December 31, 2010, respectively.

NOTE 10. ACCOUNTS PAYABLE AND OTHER ACCRUED LIABILITIES

Accounts payable and other accrued liabilities at December 31, 2012 and December 31, 2011 were as follows (in millions):

	2012	2011
Accounts payable	$ 86.0	$ 93.9
Deferred revenue	2.6	3.1
Accrued equipment maintenance and lease	8.1	7.5
Accrued volume rebates	—	2.2
Accrued compensation and benefits	1.8	5.4
Accrued severance and restructuring charges	1.7	1.7
Accrued property taxes	1.4	1.1
Accrued claims	1.7	1.7
Other	9.2	10.5
	$112.5	$127.1

NOTE 11. LEASES

The Company leases double-stack railcars, containers, chassis, tractors, data processing equipment and real and other property. Minimal rental commitments under non-cancelable leases at December 31, 2012 are shown below (in millions):

	Operating Leases
2013	$ 67.1
2014	59.7
2015	33.3
2016	15.2
2017	4.0
Thereafter	3.8
Total minimum payments	$ 183.1

Operating leases for railcars contain provisions for automatic renewal for an additional five year period. The above table assumes the automatic five year renewal and includes the related minimum lease payments.

Rental expense was $77.6 million, $80.8 million and $88.5 million for the years ended December 31, 2012, December 31, 2011, and December 31, 2010, respectively.

The Company receives income from others for the use of its double-stack railcars and containers. These income amounts are included in revenues. Rental income was $37.9 million, $43.3 million and $47.8 million for the years ended December 31, 2012, December 31, 2011 and December 31, 2010, respectively.

During 2010, the Company completed a sale-leaseback transaction of 4,000 53-ft containers in our intermodal segment. The Company recognized net proceeds of $2.4 million which was recorded as a reduction of lease expense totaling $0.3 million and a deferred gain of $2.1 million in the first quarter of 2010. The deferred gain is being amortized over the lease term.

During 2012, the Company purchased a total of 262 railcars pursuant to purchase options under existing lease agreements. The Company subsequently sold and leased these railcars back under new agreements. As a result of these railcar asset transactions, the Company recorded a deferred gain of $1.8 million which will be amortized over the life of the respective leases. At December 31, 2012, $0.3 million is recorded in accounts payable and other accrued liabilities and $1.2 million is recorded in other long-term liabilities related to these transactions.

In 2012, 2011 and 2010, the Company recognized $0.8 million, $0.7 million and $0.8 million, respectively, of the deferred gains as reduction of direct operating expenses within the accompanying statements of comprehensive income.

NOTE 12. EARNINGS PER SHARE

The following table sets forth the computation of earnings per share-basic and diluted (in millions, except share and per share amounts):

	Year Ended December 31, 2012	Year Ended December 31, 2011	Year Ended December 31, 2010
Numerator:			
Net income (basic and diluted)	$ 4.3	$ 13.9	$ 0.9
Denominator:			
Denominator for earnings per share-basic:			
Weighted average common shares outstanding	35,069,099	34,959,819	34,921,594
Effect of dilutive securities:			
Stock options, restricted stock, and performance stock units	269,239	106,598	24,581
Denominator for earnings per share-diluted	35,338,338	35,066,417	34,946,175
Earnings per share-basic	$ 0.12	$ 0.40	$ 0.03
Earnings per share-diluted	$ 0.12	$ 0.40	$ 0.03

Anti-dilutive shares attributable to outstanding stock options were excluded from the calculation of diluted earnings per share. For the years ended December 31, 2012, December 31, 2011 and December 31, 2010, the weighted average common stock equivalents outstanding that were anti-dilutive were 707,900, 190,500 and 344,800, respectively.

NOTE 13. SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)

The following table sets forth selected quarterly financial data for each of the quarters in 2012 and 2011 (in millions, except per share amounts):

	Quarters First	Second	Third	Fourth
Year ended December 31, 2012				
Revenues	$345.9	$368.3	$348.9	$351.9
Gross margin 1/	31.9	32.4	31.7	35.9
Income from operations	—	2.5	2.3	4.1
Net income (loss)	(0.3)	1.3	1.1	2.2
Basic earnings (loss) per share	$ (0.01)	$ 0.04	$ 0.03	$ 0.06
Diluted earnings (loss) per share	$ (0.01)	$ 0.04	$ 0.03	$ 0.06
Year ended December 31, 2011				
Revenues	$358.4	$386.3	$375.8	$358.0
Gross margin 1/	36.8	41.1	40.4	35.7
Income from operations	3.9	7.5	11.4	4.2
Net income 2/	2.0	4.2	6.6	1.1
Basic earnings per share	$ 0.06	$ 0.12	$ 0.19	$ 0.03
Diluted earnings per share	$ 0.06	$ 0.12	$ 0.19	$ 0.03

1/ Gross margin is calculated as revenues less cost of purchased transportation and services and direct operating expenses.

2/ Net income in the fourth quarter includes a $1.2 million adjustment to deferred tax assets reflecting actions taken to lower our effective tax rate.

Exhibit 99.3

PACER INTERNATIONAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

(in millions, except share and per share data)	September 30, 2013	December 31, 2012
ASSETS		
Current assets		
Cash and cash equivalents	$ 39.7	$ 20.2
Accounts receivable, net of allowances of $1.0 million	109.6	132.7
Prepaid expenses and other	11.0	9.4
Deferred income taxes	2.2	2.4
Total current assets	162.5	164.7
Property and equipment		
Property and equipment, cost	105.9	108.8
Accumulated depreciation	(59.2)	(62.0)
Property and equipment, net	46.7	46.8
Other assets		
Deferred income taxes	8.7	12.6
Other assets	9.0	9.9
Total other assets	17.7	22.5
Total assets	$ 226.9	$ 234.0
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable and other accrued liabilities	98.5	112.5
Long-term liabilities		
Other	1.0	1.3
Total liabilities	99.5	113.8
Stockholders' equity		
Preferred stock, par value $0.01 per share; 50,000,000 shares authorized; none issued and outstanding	—	—
Common stock, par value $0.01 per share; 150,000,000 shares authorized; 35,325,993 and 35,085,577 issued and outstanding	0.4	0.4
Additional paid-in capital	307.0	305.7
Accumulated deficit	(179.9)	(185.9)
Accumulated other comprehensive loss	(0.1)	—
Total stockholders' equity	127.4	120.2
Total liabilities and stockholders' equity	$ 226.9	$ 234.0

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

PACER INTERNATIONAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Unaudited)

(in millions, except share and per share data)	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012
Revenues	$ 250.0	$ 348.9	$ 720.7	$ 1,063.1
Operating expenses:				
Cost of purchased transportation and services	192.2	291.2	551.3	890.7
Direct operating expenses	23.2	26.0	70.2	76.4
Selling, general and administrative expenses	29.9	29.6	89.6	91.4
Other income	(0.3)	(0.2)	(0.8)	(0.2)
Total operating expenses	245.0	346.6	710.3	1,058.3
Income from operations	5.0	2.3	10.4	4.8
Interest expense	(0.4)	(0.3)	(0.9)	(1.1)
Income before income taxes	4.6	2.0	9.5	3.7
Income tax expense	(1.8)	(0.9)	(3.5)	(1.6)
Net income	$ 2.8	$ 1.1	$ 6.0	$ 2.1
Earnings per share:				
Basic:				
Earnings per share	$ 0.08	$ 0.03	$ 0.17	$ 0.06
Weighted average shares outstanding	35,325,993	35,087,082	35,270,337	35,064,057
Diluted:				
Earnings per share	$ 0.08	$ 0.03	$ 0.17	$ 0.06
Weighted average shares outstanding	35,679,419	35,380,600	35,559,160	35,328,023
Other comprehensive income:				
Foreign currency translation adjustment	$ —	$ (0.1)	$ (0.1)	$ (0.5)
Comprehensive income	$ 2.8	$ 1.0	$ 5.9	$ 1.6

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

PACER INTERNATIONAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)

(in millions, except share amounts)	Common Stock No. of Shares	Common Stock Amount	Additional Paid-in Accumulated Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Balance December 31, 2012	35,085,577	$ 0.4	$ 305.7	$ (185.9)	$ —	$ 120.2
Net income	—	—	—	6.0	—	6.0
Foreign currency translation adjustment	—	—	—	—	(0.1)	(0.1)
Stock based compensation	—	—	2.0	—	—	2.0
Tax impact of stock based compensation	—	—	(0.7)	—	—	(0.7)
Issuance of common stock for vesting of restricted and performance stock units	167,567	—	—	—	—	—
Issuance of restricted stock	76,818	—	—	—	—	—
Repurchase and retirement of Pacer common stock	(3,969)	—	—	—	—	—
Balance September 30, 2013	35,325,993	$ 0.4	$ 307.0	$ (179.9)	$ (0.1)	$ 127.4

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

PACER INTERNATIONAL, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

(in millions)	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012
Cash flows from operating activities		
Net income	$ 6.0	$ 2.1
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	6.3	5.8
Amortization of deferred gain on sale lease-back transactions	(0.6)	(0.6)
Deferred taxes	3.7	1.0
Stock based compensation expense	2.0	1.3
Change in operating assets and liabilities		
Accounts receivable, net	23.1	(7.5)
Prepaid expenses and other	(1.6)	(1.2)
Accounts payable and other accrued liabilities	(13.2)	(4.6)
Other assets	0.9	0.9
Other liabilities	(0.2)	(1.1)
Net cash provided by (used in) operating activities	26.4	(3.9)
Cash flows from investing activities		
Capital expenditures	(6.6)	(9.3)
Purchase of railcar assets	—	(28.4)
Net proceeds from sale lease-back transaction	—	30.2
Proceeds from sales of property and equipment	—	0.1
Net cash used in investing activities	(6.6)	(7.4)
Cash flows from financing activities		
Debt issuance costs paid to third parties	—	(0.2)
Repurchase and retirement of Pacer common stock	—	(0.1)
Withholding tax paid upon vesting of restricted and performance stock units	(0.3)	(0.1)
Net cash used in financing activities	(0.3)	(0.4)
Net increase (decrease) in cash and cash equivalents	19.5	(11.7)
Cash and cash equivalents at beginning of period	20.2	24.0
Cash and cash equivalents at end of period	$ 39.7	$ 12.3

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

NOTE 1. INTERIM FINANCIAL STATEMENTS

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements as of September 30, 2013 and December 31, 2012 and for the three and nine month periods ended September 30, 2013 and 2012 for Pacer International, Inc. and subsidiaries (referred to in these notes to the condensed consolidated financial statements as “Pacer”, “the Company”, “we”, “us”, or, “our”) have been prepared in accordance with United States generally accepted accounting principles (“GAAP”) and with the instructions to Form 10-Q and Article 10 of the Securities and Exchange Commission (“SEC”) Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments, consisting of normal recurring accruals, considered necessary for a fair statement of the financial condition and results of operations at the dates and for the interim periods presented, have been included. The results of operations for any interim period are not necessarily indicative of the results of operations to be expected for any full fiscal year. These unaudited condensed consolidated financial statements and footnotes should be read in conjunction with the audited consolidated financial statements of the Company included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2012 (the “2012 Annual Report”) as filed with the SEC.

Critical accounting policies are summarized in Note 1 of the Notes to Consolidated Financial Statements in our 2012 Annual Report. Except as set forth below, there have been no material changes from the previously described critical accounting policies.

Revenue Recognition

We recognize revenue when all of the following conditions are met: persuasive evidence of an arrangement exists, delivery has occurred or services have been rendered, the price is fixed and determinable, and collectability is reasonably assured. We maintain signed contracts with many of our customers and have bills of lading specifying shipment details, including the rates charged for our services. Revenues are presented net of sales and volume discounts.

Our transportation service revenue is recognized after the services have been completed, meaning delivery has occurred and the shipping terms of the contract have been satisfied. Our warehousing, distribution and supply chain services revenues are recognized as the storage or service is rendered.

Our cross-border agreement with Union Pacific represents a multiple-deliverables arrangement. Deliverables under the arrangement represent separate units of accounting that have stand-alone value and no customer-negotiated refunds or return rights exist for the delivered services. These deliverables consist of network management fees and equipment use fees. We allocate revenue to each deliverable based on the relative selling price method. The relative selling price method is based on a hierarchy consisting of vendor-specific objective evidence (VSOE), if available, third-party evidence (TPE), if VSOE is not available, or estimated selling prices (ESP), if neither VSOE nor TPE is available.

VSOE was not available for either the network management fees or the equipment fees. TPE was established for the equipment fees by evaluating similar and interchangeable competitor services in stand-alone sales. TPE could not be established for the network management fees. Therefore, we determined ESP for the network management fees by considering several external and internal factors including, but not limited to, pricing practices, similar product offerings, margin objectives, and internal costs. ESP for each element is updated, when appropriate, to ensure that it reflects recent pricing experience.

Revenue is recognized for each of the deliverables when the revenue recognition conditions discussed above are met.

Use of Estimates

The preparation of the condensed consolidated financial statements in conformity with generally accepted accounting principles in the United States of America requires management of the Company to make estimates and assumptions related to the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. Significant estimates include recognition of revenue, costs of purchased transportation and services, allowance for doubtful accounts, accounting for income taxes and valuation of deferred tax assets, the economic useful lives of our property and equipment and contingencies. Actual results could differ from those estimates.

Recently Issued Accounting Pronouncements

In February 2013, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2013-02, "*Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income*." This ASU requires an entity to report the effect of significant reclassifications out of accumulated other comprehensive income on the respective line items in net income if the amount being reclassified is required to be reclassified in its entirety to net income. For other amounts that are not required to be reclassified in their entirety to net income in the same reporting period, an entity is required to cross-reference other disclosures that provide additional detail about those amounts. These requirements are to be applied to each component of accumulated other comprehensive income. ASU 2013-02 is effective for reporting periods beginning after December 15, 2012. The Company adopted ASU 2013-02 effective January 1, 2013. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

In March 2013, the FASB issued ASU No. 2013-05, "*Parent's Accounting for the Cumulative Translation Adjustment upon Derecognition of Certain Subsidiaries or Groups of Assets within a Foreign Entity or of an Investment in a Foreign Entity*," ("ASU 2013-05"). ASU 2013-05 addresses the accounting for releasing a cumulative translation adjustment to net income when a parent either sells a part of its investment in a foreign entity or no longer holds a controlling financial interest in a subsidiary or group of assets within a foreign entity. The cumulative translation adjustment should be released into net income only if the sale or transfer results in the complete or substantially complete liquidation of the foreign entity in which the subsidiary or group of assets resides. ASU 2013-05 is effective for reporting periods beginning after December 15, 2013. The Company does not anticipate that the adoption of this standard will have a material impact on its consolidated financial statements.

Reclassification

Certain reclassifications have been made to the 2012 three month and nine month condensed consolidated financial statements in order to conform to the 2013 presentation, including the reclassification of certain expenses from selling, general and administrative expenses to costs of purchased transportation and services and direct operating expenses. The Company also reclassified depreciation and amortization to direct operating expenses and selling, general and administrative expenses. The reclassifications had no impact on previously reported income.

The following table summarizes the specific reclassifications discussed above:

	Three Months Ended September 30, 2012			Nine Months Ended September 30, 2012		
(in millions)	Originally Reported	Reclassification Amount	As Reclassified	Originally Reported	Reclassification Amount	As Reclassified
Cost of purchased transportation and services	$ 287.7	$ 3.5	$ 291.2	$ 880.6	$ 10.1	$ 890.7
Direct operating expenses	23.3	2.7	26.0	68.2	8.2	76.4
Selling, general and administrative expenses	33.5	(3.9)	29.6	103.7	(12.3)	91.4
Depreciation and amortization	2.1	(2.1)	—	5.8	(5.8)	—
Other income	$ —	$ (0.2)	$ (0.2)	$ —	$ (0.2)	$ (0.2)

NOTE 2. BANK BORROWINGS

Pursuant to Accounting Standards Codification ("ASC") 470, any borrowings under our revolving credit agreement dated December 30, 2010, as amended on July 6, 2012 (the "2010 Credit Agreement"), would be classified as long-term debt. At September 30, 2013, no borrowings were outstanding.

The interest rate under the 2010 Credit Agreement was 4.0% per annum as of September 30, 2013. Letter of credit fees are charged monthly at a rate equal to the applicable margin on Eurodollar rate loans.

As of September 30, 2013, $63.8 million was available under the 2010 Credit Agreement pursuant to the borrowing base formula set forth in the 2010 Credit Agreement, net of $11.4 million of outstanding letters of credit.

NOTE 3. LONG-TERM INCENTIVE PLANS

Stock Options

During the nine month period ended September 30, 2013, the Company granted stock options under the 2012 Omnibus Incentive Plan (the "2012 Plan") to certain key employees and officers. The options vest three years after grant date, have a seven year life, and an exercise price equal to the Company's stock price on the grant date. During the nine month period ended September 30, 2013, the Company granted additional stock options under the 2012 Plan to the Chief Executive Officer. These options have a three year graded vesting schedule after grant date, a seven year life, and various exercise prices ranging from the Company's stock price on the date of grant to $9.00 per share. The fair value of options granted in 2013 was estimated using the Black-Scholes valuation model and the assumptions noted in the following table.

	2013
Black-Scholes option-pricing model assumptions:	
Weighted average risk-free interest rate	0.8%
Weighted average volatility	42.7%
Weighted average dividend yield	N/A
Weighted average expected option term	5 years
Weighted average fair value per share of options granted	$ 1.61

The expected term of the stock options is determined by considering certain factors such as the vesting period of the award, historical experience, volatility of the stock price and other relevant factors. The expected volatility is based on a combination of the changes in weekly prices of the Company's and selected competitors' stock over a historical period preceding each grant date. The risk free interest rate is based on the implied yield on U.S. Treasury issues with a term equal to the expected term of the option.

The following table summarizes the stock option activity for the nine month period ended September 30, 2013:

	Options	Weighted Average Exercise Price
Balance at December 31, 2012	835,942	$ 8.85
Granted	1,845,523	5.14
Canceled or expired	(169,752)	7.18
Exercised	—	—
Balance at September 30, 2013	2,511,713	6.24
Options exercisable, at September 30, 2013	179,000	$ 19.24

The total intrinsic value of stock options exercisable as of September 30, 2013 was $0.1 million. As of September 30, 2013, there was $2.5 million of unrecognized compensation costs related to stock options which are expected to be recognized over a weighted-average period of approximately 2.2 years.

Restricted Stock

The Company has issued time-based restricted stock to the non-management members of the Board of Directors and to certain key employees and officers. Restricted stock is subject to restrictions and cannot be sold, transferred or disposed of during the restriction period. The holders of restricted stock generally have the same rights as a stockholder of the Company with respect to such shares, including the right to vote and receive dividends with respect to the shares. Restricted stock is valued at the date of grant, based on the closing market price of the Company's common stock, and expensed using the straight-line method over the requisite service period. Restricted stock awarded in the period vests one year from the date of grant. A summary of restricted stock activity for the nine month period ended September 30, 2013 is presented below:

	Shares	Weighted Average Grant-Date Fair Value
Nonvested at December 31, 2012	71,696	$ 5.59
Granted	76,818	4.30
Vested	(58,446)	5.42
Forfeited	—	—
Nonvested at September 30, 2013	90,068	$ 4.60

As of September 30, 2013, there was $0.1 million of total unrecognized compensation cost related to restricted stock, which is expected to be recognized over a weighted-average period of approximately 0.4 years.

Performance Stock Units and Restricted Stock Units

During the nine month period ended September 30, 2013, the Company granted performance stock units ("PSUs") under the 2012 Plan that vest based on (i) the percentage of the Company's achievement of operating income and operating margin targets established by the Compensation Committee of the Board of Directors for the performance periods ending December 31, 2013, 2014 and 2015 and (ii) the continued employment of the grantee through March 5, 2016. The Company has outstanding PSU's and Restricted Stock Units ("RSUs") granted in prior years. No RSUs were granted during the nine month period ended September 30, 2013.

The PSUs and RSUs (collectively the "Units") may vest before the applicable vesting date if the grantee's employment is terminated by the Company without cause. Upon vesting, the Units result in the issuance of shares of Pacer common stock after required minimum tax withholdings. The holders of the Units do not have the rights of a shareholder and do not have voting rights but are entitled to receive dividend equivalents payable in the form of additional shares upon vesting of the Units.

The PSUs are valued at the date of grant, based on the closing market price of the Company's common stock, and expensed ratably over the vesting periods based on the actual and expected financial results of the individual performance periods. Vested Units in the table below include Units that vested under the terms of the applicable award agreement upon the grantee's resignation or voluntary termination. A summary of RSU and PSU award activity for the nine month period ended September 30, 2013 is presented below:

	Performance Stock Units	Restricted Stock Units	Total	Weighted Average Grant-Date Fair Value
Balance at December 31, 2012	619,392	343,368	962,760	$ 5.18
Granted	452,984	—	452,984	4.33
Vested	(168,819)	(58,994)	(227,813)	6.59
Forfeited	(48,873)	(3,103)	(51,976)	4.82
Balance at September 30, 2013	854,684	281,271	1,135,955	$ 4.58

As of September 30, 2013, there was $2.3 million of total unrecognized compensation costs related to RSUs and PSUs, which are expected to be recognized over a weighted-average period of approximately 2.3 years.

The 2012 Plan will continue in effect until February 6, 2022, unless terminated earlier by the Board. As of September 30, 2013, there were 0.5 million shares available for issuance under the 2012 Plan.

NOTE 4. COMMITMENTS AND CONTINGENCIES

The Company is subject to routine litigation arising in the ordinary course of business, none of which is expected to have a material adverse effect on the Company's business, consolidated results of operations, financial condition or cash flows. Most of the lawsuits to which the Company is a party are covered by insurance and are being defended in cooperation with insurance carriers.

We have received notices from the California Labor Commissioner, Division of Labor Standards Enforcement (the "DLSE"), that a total of 130 owner-operators had filed claims with the DLSE alleging that they should be classified as employees, as opposed to independent contractors, and seeking reimbursement for their business expenses, including fuel, tractor maintenance and tractor lease payments. 50 of these claims seek a total of approximately $8.0 million from the Company's subsidiaries; the Company has not yet received any information regarding amounts claimed by the other 80 independent contractors. A hearing before the DSLE on the first 7 claims began on July 8, 2013. This hearing is on-going, and 32 claims are currently set for hearing within the next three months. The information available to the Company at September 30, 2013 does not indicate that it is probable that a liability had been incurred, and the Company could not reasonably estimate the amount, or range of amounts, of any liability that would be incurred if these claims were resolved against it. Accordingly, the Company has not accrued any liability for these claims in its financial statements as of and for the period ended September 30, 2013. We believe that these claims are without merit, and we intend to vigorously defend against all of them.

On August 20, 2013 we were served with a complaint styled *Manuela Ruelas Mendoza v. Pacer Cartage*, California Superior Court, San Diego, Case No. 37-2013-00063453CU-OE-CTL. Ruelas, an independent contractor driver for Pacer Cartage, alleges that she should be considered an employee under the California Labor Code, and seeks pay for meal breaks, rest breaks and overtime, and alleges certain violations of the California Labor Code. Ruelas seeks to maintain the action as a class action on behalf of similarly situated Pacer Cartage contractors. This lawsuit is in the preliminary stages, and no discovery has been conducted. The information available to the Company at September 30, 2013 does not indicate that it is probable that a liability had been incurred, and the Company could not reasonably estimate the amount, or range of amounts, of any liability that would be incurred if these claims were resolved against it. We have removed the case to Federal District Court for the Southern District of California. We believe this action is without merit, and we intend to vigorously defend certification of the class as well as the merits of the claims should the class be certified.

NOTE 5. SEGMENT INFORMATION

The following table presents reportable segment information for the three and nine month periods ended September 30, 2013 (in millions):

	Three Months Ended September 30, 2013	Three Months Ended September 30, 2012	Nine Months Ended September 30, 2013	Nine Months Ended September 30, 2012
Revenues				
Intermodal	$ 193.3	$ 291.0	$ 558.0	$ 882.7
Logistics	57.0	58.1	163.6	181.0
Inter-segment elimination	(0.3)	(0.2)	(0.9)	(0.6)
Total	250.0	348.9	720.7	1,063.1
Depreciation and amortization				
Intermodal	1.6	1.5	4.5	4.0
Logistics	0.3	0.4	1.1	1.2
Corp/Other	0.2	0.2	0.7	0.6
Total	2.1	2.1	6.3	5.8
Income (loss) from operations				
Intermodal	11.3	8.7	31.9	26.3
Logistics	(1.7)	(2.3)	(7.3)	(8.0)
Corp/Other	(4.6)	(4.1)	(14.2)	(13.5)
Total	5.0	2.3	10.4	4.8
Capital Expenditures				
Intermodal	1.4	2.2	4.5	7.0
Logistics	0.7	0.6	2.0	2.0
Corp/Other	—	0.1	0.1	0.3
Total	$ 2.1	$ 2.9	$ 6.6	$ 9.3

The “Corp/Other” rows includes corporate amounts (primarily compensation and overhead costs unrelated to a specific segment). The Chief Operating Decision Maker does not review assets by segment for purposes of allocating resources and therefore assets by segment are not disclosed.

For the three month period ended September 30, 2013, the Company had one customer that contributed more than 10% of total consolidated revenues (contributed 10.7% of total revenues). For the three month period ended September 30, 2012, the Company had two customers that contributed more than 10% of total consolidated revenues (one contributed 18.4%, and the other 17.2% of total revenues).

For the nine month period ended September 30, 2013, the Company had one customer that contributed more than 10% of total consolidated revenues (contributed 11.7% of total revenues). For the nine month period ended September 30, 2012, the Company had two customers that contributed more than 10% of total consolidated revenues (one contributed 18.1%, and the other 17.3% of total revenues).

NOTE 6. LEASES

The Company leases double-stack railcars, containers, chassis, tractors, data processing equipment and real and other property. Minimum rental commitments under non-cancelable leases for the respective twelve month periods ended September 30 are shown below (in millions):

	Operating Leases
2014	$ 64.6
2015	39.1
2016	23.4
2017	9.9
2018	5.6
Thereafter	8.5
Total minimum payments	$ 151.1

NOTE 7. EARNINGS PER SHARE

The following table sets forth the computation of earnings per share-basic and diluted (in millions, except share and per share amounts):

	Three Months Ended		Nine Months Ended	
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
Numerator:				
Net income (basic and diluted)	$ 2.8	$ 1.1	$ 6.0	$ 2.1
Denominator:				
Denominator for earnings per share-basic:				
Weighted average common shares outstanding	35,325,993	35,087,082	35,270,337	35,064,057
Effect of dilutive securities:				
Stock options, restricted stock units and performance stock units	353,426	293,518	288,823	263,966
Denominator for earnings per share-diluted	35,679,419	35,380,600	35,559,160	35,328,023
Earnings per share-basic	$ 0.08	$ 0.03	$ 0.17	$ 0.06
Earnings per share-diluted	$ 0.08	$ 0.03	$ 0.17	$ 0.06
Anti-dilutive shares (1)	821,436	821,843	2,057,485	672,996

(1) Reflects the weighted average common share equivalents attributable to outstanding stock options that were excluded from the computation of earnings per share because the impact would be anti-dilutive.