



**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**Form 10-Q**

(Mark One)

**QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly period ended June 30, 2007

**TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE EXCHANGE ACT**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 001-32172

**Express-1 Expedited Solutions, Inc.**

*(Exact name of small business issuer as specified in its charter)*

**Delaware**

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

**03-0450326**

*(I.R.S. Employer Identification No.)*

**429 Post Road**

**P.O. Box 210**

**Buchanan, MI 49107**

*(Address of Principal Executive Offices)(Zip Code)*

**(269) 695-2700**

*(Issuer's Telephone Number, Including Area Code)*

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The Registrant has 26,735,880 shares of its common stock outstanding as of July 20, 2007.

**Express-1 Expedited Solutions, Inc.**  
**Form 10-Q**  
**Three and Six Months Ended June 30, 2007 and 2006**  
**(Unaudited)**

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Certification of the Chief Executive Officer Pursuant to Section 906

Certification of the Chief Financial Officer Pursuant to Section 906

**Part I — Financial Information**  
**Item 1 — Financial Statements****Express-1 Expedited Solutions, Inc.**  
**Consolidated Balance Sheets**  
**(Unaudited)**

	June 30, 2007	December 31, 2006
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 328,000	\$ 79,000
Accounts receivable, net of allowances of \$70,000 and \$77,000, respectively	6,699,000	5,354,000
Prepaid expenses	147,000	265,000
Other current assets	303,000	181,000
Deferred tax asset, current	1,069,000	1,069,000
Total current assets	<u>8,546,000</u>	<u>6,948,000</u>
Property and equipment, net of \$1,601,000 and \$1,410,000 in accumulated depreciation, respectively	2,408,000	2,488,000
Goodwill	5,527,000	5,527,000
Identified intangible assets, net of \$1,164,000 and \$1,004,000 in accumulated amortization, respectively	4,065,000	4,225,000
Loans and advances	125,000	143,000
Deferred tax asset, long term	1,334,000	2,069,000
Other long term assets	381,000	209,000
	<u>\$22,386,000</u>	<u>\$21,609,000</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 1,109,000	\$ 1,034,000
Accrued salaries and wages	576,000	724,000
Accrued acquisition earnouts	0	1,960,000
Accrued expenses, other	1,490,000	740,000
Current maturities of long term debt	117,000	117,000
Other current liabilities	530,000	295,000
Total current liabilities	<u>3,822,000</u>	<u>4,870,000</u>
Line of credit	1,346,000	1,159,000
Notes payable and capital leases, net of current maturities	58,000	127,000
Other long-term liabilities	108,000	115,000
Total long-term liabilities	<u>1,512,000</u>	<u>1,401,000</u>
Stockholders' equity:		
Preferred stock, \$.001 par value; 10,000,000 shares no shares issued or outstanding	—	—
Common stock, \$.001 par value; 100,000,000 shares authorized; 26,915,880 and 26,516,037 shares issued and 26,735,880 and 26,336,037 shares outstanding	27,000	27,000
Additional paid-in capital	20,958,000	20,459,000
Accumulated deficit	(3,826,000)	(5,041,000)
Treasury stock, at cost, 180,000 shares held	(107,000)	(107,000)
Total stockholders' equity	<u>17,052,000</u>	<u>15,338,000</u>
	<u>\$22,386,000</u>	<u>\$21,609,000</u>

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

## Express-1 Expedited Solutions, Inc.

Consolidated Statements of Operations  
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2007	June 30, 2006	June 30, 2007	June 30, 2006
<b>Revenues</b>				
Operating revenue	\$ 13,842,000	\$ 11,120,000	\$ 25,335,000	\$ 20,675,000
<b>Expenses</b>				
Direct expenses	10,328,000	8,257,000	18,801,000	15,386,000
Gross margin	3,514,000	2,863,000	6,534,000	5,289,000
Sales, general and administrative expense	2,242,000	1,923,000	4,492,000	3,644,000
Other expense	27,000	29,000	34,000	132,000
Interest Expense	34,000	63,000	58,000	108,000
<b>Income before income tax provision</b>	<u>1,211,000</u>	<u>848,000</u>	<u>1,950,000</u>	<u>1,405,000</u>
Income tax provision	457,000	—	735,000	—
<b>Net income</b>	<u>\$ 754,000</u>	<u>\$ 848,000</u>	<u>\$ 1,215,000</u>	<u>\$ 1,405,000</u>
<b>Earnings per common share</b>				
Basic income per common share	0.03	0.03	0.05	0.05
Diluted income per common share	0.03	0.03	0.04	0.05
<b>Weighted average common shares outstanding</b>				
Basic weighted average common shares outstanding	26,706,100	26,285,034	26,574,016	26,285,034
Diluted weighted average common shares outstanding	27,509,728	26,441,809	27,365,538	26,398,952

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

**Express-1 Expedited Solutions, Inc.**  
**Consolidated Statements of Cash Flows**  
**(Unaudited)**

	Six Months Ended June 30, 2007	2006
<b>Operating activities</b>		
Net Income applicable to stockholders	\$ 1,215,000	\$ 1,405,000
<b>Adjustments to Reconcile Net Income to Net Cash from Operating Activities</b>		
Provisions for allowance for doubtful accounts	(7,000)	(228,000)
Depreciation & amortization expense	451,000	513,000
Stock compensation expense	85,000	59,000
Common stock issued for ESOP	123,000	
Loss on retirement of note receivable	—	90,000
Loss on disposal of equipment	27,000	21,000
<b>Changes in Assets and Liabilities</b>		
Account receivables and other trade receivables	(1,337,000)	(949,000)
Other current assets	(120,000)	35,000
Prepaid expenses and other current assets	118,000	132,000
Other long-term assets	556,000	(76,000)
Accounts payable	76,000	279,000
Accrued expenses	750,000	(6,000)
Accrued salaries and wages	(147,000)	(249,000)
Other liabilities	223,000	154,000
	<u>798,000</u>	<u>(225,000)</u>
Cash provided by Operating Activities	<u>2,013,000</u>	<u>1,180,000</u>
<b>Investing activities</b>		
Payment of acquisition earn-out	(1,960,000)	(1,460,000)
Payment for purchases of property and equipment	(254,000)	(472,000)
Proceeds from sale of assets	23,000	6,000
Proceeds from notes receivable	18,000	150,000
Cash Flows used in Investing Activities	<u>(2,173,000)</u>	<u>(1,776,000)</u>
<b>Financing activities</b>		
Credit line, net	187,000	394,000
Payments of debt	(69,000)	(102,000)
Proceeds from issuance of common stock, net	291,000	—
Cash Flows provided by Financing Activities	<u>409,000</u>	<u>292,000</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	249,000	(304,000)
<b>Cash and cash equivalents, beginning of period</b>	<u>79,000</u>	<u>386,000</u>
<b>Cash and cash equivalents, end of period</b>	<u>\$ 328,000</u>	<u>\$ 82,000</u>
<b>Supplemental disclosures of cash flow information and non-cash investing and financing activities:</b>		
Cash paid during the period for interest	\$ 59,000	\$ 101,000
Cash paid during the period for income taxes	\$ 49,000	\$ —
Debt used to finance purchase of building	\$ —	\$ 647,000

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

**Express-1 Expedited Solutions, Inc.**  
**Consolidated Statement of Changes in Stockholders' Equity**  
**Six Months Ended June 30, 2007**  
**(Unaudited)**

	Common Stock		Treasury Stock		Additional Paid In Capital	Accumulated Earnings (Deficit)	Total
	Shares	Amount	Shares	Amount			
<b>Balance, December 31, 2006</b>	<b>26,516,037</b>	<b>\$ 27,000</b>	<b>(180,000)</b>	<b>\$ (107,000)</b>	<b>\$ 20,459,000</b>	<b>\$ (5,041,000)</b>	<b>\$ 15,338,000</b>
Issuance of stock for exercise of warrants	290,500				291,000		291,000
Issuance of common stock	19,343				—		—
Issuance of ESOP shares	90,000				123,000		123,000
Stock option expense					85,000		85,000
Net income						1,215,000	1,215,000
<b>Balance June 30, 2007</b>	<b>26,915,880</b>	<b>\$27,000</b>	<b>(180,000)</b>	<b>\$ (107,000)</b>	<b>\$20,958,000</b>	<b>\$ (3,826,000)</b>	<b>\$ 17,052,000</b>

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

**Express-1 Expedited Solutions, Inc.**  
**Notes to Consolidated Financial Statements**  
**Three and Six Months Ended June 30, 2007 and 2006**  
**(Unaudited)**

**1. Significant Accounting Principles**

***Basis of Presentation***

The accompanying unaudited condensed consolidated financial statements of Express-1 Expedited Solutions, Inc. (“we”, “us”, “our” or the “Company”) have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”) and in accordance with the instructions to Form 10-Q. Certain information and footnote disclosures normally included in annual financial statements have been condensed or omitted pursuant to those rules and regulations. However, we believe that the disclosures contained herein are adequate to make the information presented not misleading.

The financial statements reflect, in our opinion, all material adjustments (which include only normal recurring adjustments) necessary to fairly present our financial position at June 30, 2007 and results of operations for the three and six-month periods ended June 30, 2007 and 2006. The preparation of the financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and the disclosure of contingencies at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Estimates have been prepared on the basis of the most current and best available information and actual results could differ materially from those estimates.

These unaudited condensed consolidated financial statements and notes thereto should be read in conjunction with the audited financial statements and notes thereto for the fiscal year ended December 31, 2006 included in our Annual Report on Form 10-K as filed with the SEC and available on the SEC’s website ([www.sec.gov](http://www.sec.gov)). Results of operations in interim periods are not necessarily indicative of results to be expected for a full year.

***Revenue Recognition***

The Company recognizes revenue at the point in time it completes delivery on the shipments it handles; with related costs of delivery being accrued as incurred and expensed within the same period in which the associated revenue is recognized. The Company uses the following supporting criteria to determine revenue has been earned and should be recognized: i) persuasive evidence that an arrangement exists, ii) services have been rendered, iii) the sales price is fixed and determinable and iv) collectability is reasonably assured.

Revenue is reported by the Company on a gross basis in accordance with release 99-19 from the Emerging Issues Task Force (EITF) of the Financial Accounting Standards Board (FASB), *Reporting Revenue Costs as a Principal versus Net as an Agent*. The Company is the primary obligor and is responsible for providing the service desired by the customer. The customer holds the Company responsible for fulfillment including the acceptability of the service. Requirements may include, for example, on-time delivery, handling freight loss and damage claims, establishing pick-up and delivery times, and tracing shipments in transit. The Company has discretion in setting sales prices and as a result, its earnings vary. In addition it has discretion to select its drivers, contractors or other transportation providers (collectively, “service providers”) from among thousands of alternatives. Finally, the Company bears credit risk for all of its receivables. These three factors, discretion in setting sales prices, discretion in selecting service provider and credit risk further support reporting revenue on the gross basis.

***Stock-Based Compensation***

The Company accounts for share-based compensation in accordance with Statement of Financial Accounting Standard (SFAS) Number 123R, “Share-Based Payment,” which was adopted January 1, 2006, utilizing the modified prospective method.

The Company has in place a stock option plan approved by the shareholders for 5,600,000 shares of its common stock. Through the plan, the Company offers shares to employees and assists in the recruitment of qualified employees and non-employee directors. Under the plan, the Company may also grant restricted stock awards, subject to the satisfaction by the recipient of certain conditions

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and enumerated in the specific restricted stock grant.

Options generally become fully vested three to four years from the date of grant and expire five to ten years from grant date. During the three and six-month periods ended June 30, 2007, the Company granted 25,000 and 410,475 options to purchase shares of its common stock pursuant to its stock option plan as amended, respectively. As of June 30, 2007, the Company had 2,608,525 shares available for future stock option grants under its existing plan.

The weighted-average fair value of each stock option recorded in expense for the three and six-month periods ended June 30, 2007 and 2006 were estimated on the date of grant using the Black-Scholes option pricing model and were amortized over the vesting period of the underlying options. The Company has used one grouping for the assumptions, as its option grants are primarily basic with similar characteristics. The expected term of options granted has been derived based upon the Company's history of actual exercise behavior and represents the period of time that options granted are expected to be outstanding. Historical data was also used to estimate option exercises and employee terminations. Estimated volatility is based upon the Company's historical market price at consistent points in a period equal to the expected life of the options. The risk-free interest rate is based on the U.S. Treasury yield curve in effect at the time of grant and the dividend yield is zero. The assumptions outlined in the table below were utilized in the calculations of compensation expense from option grants in the reporting periods reflected.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2007	2006	2007	2006
Risk-free interest rate	5.00%	4.35%	5.00%	4.35%
Expected life	6.0 years	5.0 years	6.0 years	5.0 years
Expected volatility	35%	31%	35%	26%
Expected dividend yield	none	none	none	none
Grant date fair value	\$0.59	\$0.37	\$0.62	\$0.19

The following table summarizes the stock option activity for the six-month period ended June 30, 2007:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life
Outstanding at beginning of period	13,153,738	\$ 1.49	2.5 Years
Warrants granted	10,173	1.25	
Warrants expired/cancelled	(20,000)	1.35	
Warrants exercised	(290,500)	1.00	
Options granted	410,475	1.45	
Options expired/cancelled	(1,070,000)	1.75	
Options exercised	—	—	
Outstanding at end of period	12,193,886	\$ 1.48	2.4 Years
Outstanding exercisable at end of period	11,072,822	\$ 1.50	2.0 Years

As of June 30, 2007, the Company had approximately \$319,000 of unrecognized compensation cost related to non-vested share-based compensation that is anticipated to be recognized over a weighted average period of approximately 1.09 years. Estimated compensation expense related to existing share-based plans is \$91,000, \$142,000, \$79,000 and \$7,000 for the years ended December 31, 2007, 2008, 2009 and 2010, respectively.

At June 30, 2007, the aggregate intrinsic value of warrants and options outstanding was \$18,055,000 and the aggregate intrinsic value of options exercisable was \$16,504,000. During the three and six-month periods ended June 30, 2007, 90,500 and 290,500 warrants were exercised and the Company received approximately \$90,500 and \$290,500 in cash from these transactions, respectively. The total fair value of options vested during the same three and six-month periods was approximately \$56,000 and \$99,000, respectively.

### Use of Estimates

The Company prepares its consolidated financial statements in conformity with accounting principles generally accepted in the United States of America. These principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company reviews its estimates, including but not limited to purchased transportation, recoverability of long-lived assets, recoverability of prepaid expenses, tax provision, allowance for doubtful accounts, deferred tax assets and expenses associated with the exercise of stock options, on a regular basis. The Company makes adjustments based on historical experiences and existing and expected future conditions. These evaluations are performed and adjustments are made as information is available. Management believes that these estimates are reasonable; however, actual results could differ from these estimates.

### Income Taxes

Taxes on income are provided in accordance with SFAS No. 109, *Accounting for Income Taxes*. Deferred income tax assets and liabilities are recognized for the expected future tax consequences of events that have been reflected in the consolidated financial statements. Deferred tax assets and liabilities are determined based on the differences between the book values and the tax basis of particular assets and liabilities, and the tax effects of net operating loss and capital loss carry forwards. Deferred tax assets and liabilities are measured using enacted tax 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 the tax rate is recognized as income or expense in the period that included the enactment date. A valuation allowance is provided to offset the net deferred tax assets if, based upon the available evidence, it is more likely than not that some or all of the deferred tax assets will not be realized. The Company has no valuation allowance on its deferred tax assets, as of June 30, 2007. The Company had gross federal net operating loss carry forwards of approximately \$8,250,000 as of December 31, 2006. Based upon the pre-tax income reported in the first six months of 2007, the Company estimates these loss carry forwards have been reduced to approximately \$6,300,000 as of June 30, 2007.

### Earnings Per Share

Earnings per common share are computed in accordance with SFAS No. 128, "Earnings Per Share," which requires companies to present basic earnings per share and diluted earnings per share.

*Basic Earnings per Share* — Basic earnings per share are computed by dividing net income by the weighted average number of shares of common stock outstanding during the period. The numerators, denominators and basic earnings per share are outlined in the table below.

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2007	2006	2007	2006
Net income	\$ 754,000	\$ 848,000	\$ 1,215,000	\$ 1,405,000
Basic weighted shares outstanding	26,706,100	26,285,034	26,574,016	26,285,034
Basic earnings per share	\$ 0.03	\$ 0.03	\$ 0.05	\$ 0.05

*Diluted Earnings per Share* — Diluted earnings per common share are computed by dividing net income by the combined weighted average number of shares of common stock outstanding and dilutive options outstanding during the period. The numerators, denominators and diluted earnings per share are outlined in the table below.

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2007	2006	2007	2006
Net income	\$ 754,000	\$ 848,000	\$ 1,215,000	\$ 1,405,000
Basic weighted shares outstanding	26,706,100	26,285,034	26,574,016	26,285,034
Dilutive options and warrants	803,628	156,775	791,522	113,918
Diluted weighted shares outstanding	27,509,728	26,441,809	27,365,538	26,398,952
Diluted earnings per share	\$ 0.03	\$ 0.03	\$ 0.04	\$ 0.05

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*Warrants Exercised* — During the three and six-month periods ended June 30, 2007, the Company received approximately \$91,000 and \$291,000 in cash from the exercise of 90,500 and 290,500 warrants, respectively. These warrants were originally issued in conjunction with a private placement in September 2003 and carried an exercise price of \$1.00 each. The impact of these transactions was (i) an increase in the number of shares outstanding for the three and six-month periods by 90,500 and 290,500 shares, respectively (ii) an associated reduction in basic and diluted earnings per common share, and (iii) an increase in additional paid-in capital.

*Stock and Warrants Granted* — During the six-month period ended June 30, 2007, the Company issued 19,343 shares of its common stock and granted 10,173 warrants to the holders of convertible securities issued during July 2003 in connection with a private placement, respectively. The warrants carry an exercise price of \$1.25 per share and are exercisable until July 2008.

## **2. Recent Accounting Pronouncements**

Effective January 1, 2007, the Company adopted FASB Interpretation Number 48 (“FIN 48”), *Accounting for Uncertainty in Income Taxes*, which is an interpretation of SFAS Number 109, *Accounting for Income Taxes*. FIN 48 clarifies the accounting for income taxes by prescribing the minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. FIN 48 also provides guidance on the recognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition. In addition, FIN 48 clearly scopes out income taxes from FASB Statement Number 5, *Accounting for Contingencies*.

On May 22, 2007, the FASB issued Interpretation Number 48-1 (FIN 48-1), *Definition of Settlement in FASB Interpretation Number 48*, to provide guidance about how an enterprise should determine whether a tax position is effectively settled for the purpose of recognizing previously unrecognized tax benefits. Under FIN 48-1, a tax position is considered to be effectively settled if the taxing authority completed its examination, the company does not plan to appeal, and it is remote that the taxing authority would reexamine the tax position in the future.

The Company did not record an adjustment within its financial statements as a result of adopting the provisions of FIN 48, as of June 30, 2007 and does not currently anticipate a material impact upon its financial statements in future periods as a result of this pronouncement.

Other new pronouncements issued but not effective until after June 30, 2007 are not expected to have a significant effect on the Company’s consolidated financial position or results of operations, with the possible exception of the following, which are currently being evaluated by management:

In February 2007, the FASB issued Statement of Financial Accounting Standards (SFAS) No. 159 — *The Fair Value Option for Financial Assets and Financial Liabilities — Including an amendment of FASB Statement No. 115*. SFAS No. 159 permits entities to choose to measure eligible items at fair value at specified election dates and report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. SFAS No. 159 is effective for fiscal years beginning after November 15, 2007. Management is currently evaluating the effect adoption of this statement will have on the Company’s consolidated financial position and results of operations when it becomes effective in 2008.

In September 2006, the FASB issued SFAS No. 157 — *Fair Value Measurements*, which defines fair value, establishes a framework for consistently measuring fair value under generally accepted accounting principles, and expands disclosures about fair value measurements. This Statement applies under other accounting pronouncements that require or permit fair value measurements and is effective for fiscal years beginning after November 15, 2007. The Company is currently evaluating the impact of adopting this Statement.

## **3. Commitments and Contingencies**

### ***Litigation***

In the ordinary course of business, the Company may be a party to a variety of legal actions. The Company does not anticipate any of these matters or any matters in the aggregate to have a materially adverse effect on the Company’s business or its financial position or results of operations.

### **Regulatory Compliance**

The Company's activities are regulated by state and federal agencies under requirements that are subject to broad interpretations. Among these regulations are limitations on the hours-of-service that can be performed by the Company's drivers, limitations on the types of commodities that can be hauled, limitations on the gross vehicle weight for each class of vehicle utilized by the Company and limitations on the transit authorities within certain regions. The Company cannot predict future changes to be adopted by the regulatory bodies that could require changes to the manner in which the Company operates.

### **Contingent Commitment**

The Company has entered into an agreement with a third-party transportation equipment leasing company which results in a contingent liability. The Company has accounted for this contingency based upon the guidelines contained within FIN Number 45 and in SFAS Number 5. Accordingly the Company has estimated the maximum amount of the contingent liability to be \$51,000 as of June 30, 2007, and has recorded this amount as a reserve within its balance sheet and as an expense within its statement of earnings. The Company periodically evaluates the contingency amount and adjusts the liability based upon the results of those periodic evaluations. Based upon its analysis, the Company estimates that the range in liability that could be recognized is between \$0 and \$51,000, as of June 30, 2007.

## **4. Debt**

### *Line of Credit*

The Company had \$1.3 million outstanding and \$4.3 million available for additional borrowings under its line of credit as of June 30, 2007. The maximum amount available for borrowings has been reduced by approximately \$400,000 for letters of credit issued on behalf of the Company and securing performance under certain insurance contracts. The facility has a maximum available amount of \$6.0 million and matures on September 30, 2008.

### *Term Debt*

The Company has outstanding \$175,000 of term debt related to capital leases on revenue equipment and other assets used within its operations as of June 30, 2007. Of this amount, \$117,000 is classified as current; maturing in less than one year.

## **5. Related Party Transaction**

In March 2007, the Company issued \$210,000 to the former owners of Dasher Express, Inc. and \$1,750,000 to the former owners of Express-1, Inc. to satisfy its contingent earn-out payments associated with the Company's performance for calendar year 2006. The Company's Board of Directors, at the recommendation of the Company's management, determined that a cash payment was in the Company's best interest and accordingly satisfied this obligation with cash available from operations and with borrowings from the Company's line of credit. The Company's CEO is among the former owners of Express-1, Inc. and received approximately 41% of the \$1,750,000 distribution. Members of his extended family, who are also Named Executive Officers of the Company, collectively received 32% of the distribution as former owners of Express-1, Inc., exclusive of the CEO's proceeds.

## **6. Operating Segments**

The Company's two reportable business segments, Express-1 and Evansville, are defined by the types of services offered to the customers of each. Express-1 provides ground-based expedited transportation services throughout the continental United States, and to parts of Canada and Mexico. The Evansville segment provides dedicated expedite transportation services primarily to one customer account servicing automotive dealerships within a 250-mile radius of Evansville, Indiana.

The accounting policies of the segments are the same as those described in the summary of significant accounting policies within this report and more fully within the Company's annual report on Form 10-K for 2006. Substantially all inter-segment sales prices are market based and all inter-segment activities are eliminated for financial reporting purposes. The Company evaluates performance based on operating income of the respective business units.

The schedule below identifies select financial data for each of the business segments for the three and six month periods ended June 30, 2007 and 2006.

**Express-1 Expedited Solutions, Inc**  
**Segment Data**

	Express-1	Evansville	Corporate and Other	Consolidated
<b>Three Months Ended June 30, 2007</b>				
Revenues	\$12,575,000	\$1,267,000	\$ 0	\$13,842,000
Operating income (loss)	1,556,000	102,000	(447,000)	1,211,000
Depreciation and amortization	188,000	32,000	—	220,000
Interest expense	—	—	34,000	34,000
Tax provision	—	—	457,000	457,000
Goodwill	5,527,000	—	—	5,527,000
Total assets	18,490,000	820,000	3,076,000	22,386,000
<b>Three Months Ended June 30, 2006</b>				
Revenues	\$ 9,868,000	\$1,252,000	\$ 0	\$11,120,000
Operating income (loss)	1,094,000	100,000	(346,000)	848,000
Depreciation and amortization	207,000	47,000	0	254,000
Interest expense	0	0	63,000	63,000
Tax provision	0	0	0	0
Goodwill	3,567,000	0	0	3,567,000
Total assets	15,630,000	845,000	2,444,000	18,919,000
<b>Six Months Ended June 30, 2007</b>				
Revenues	\$22,850,000	\$2,485,000	\$ 0	\$25,335,000
Operating income (loss)	2,540,000	237,000	(827,000)	1,950,000
Depreciation and amortization	376,000	75,000	—	451,000
Interest expense	—	—	58,000	58,000
Tax provision	—	—	735,000	735,000
Goodwill	5,527,000	—	—	5,527,000
Total assets	18,490,000	820,000	3,076,000	22,386,000
<b>Six Months Ended June 30, 2006</b>				
Revenues	\$18,244,000	\$2,431,000	\$ 0	\$20,675,000
Operating income (loss)	1,969,000	128,000	(692,000)	1,405,000
Depreciation and amortization	419,000	94,000	0	513,000
Interest expense	0	0	108,000	108,000
Tax provision	0	0	0	0
Goodwill	3,567,000	0	0	3,567,000
Total assets	15,630,000	845,000	2,444,000	18,919,000

## 7. Subsequent Events

The Company held discussions with its contract customer and contract administrator for its Evansville segment in August 2007. It is the understanding of the Company's management that, at this time, the customer does not wish to enter into another long-term contract but prefers to continue with the relationship under the general provisions of the expired contract. The Company remains in negotiations regarding rate increases and other provisions sought in Evansville and anticipates modifications will be in place during the third quarter of 2007. The Company believes it is in its best interest to continue to service the account in Evansville, even without a long-term contract.

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

*Forward-Looking Statements.* This Form 10-Q includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than

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statements of historical facts, included or incorporated by reference in this Form 10-Q which address activities, events or developments that the Company expects or anticipates will or may occur in the future, including such things as future capital expenditures (including the amount and nature thereof), finding suitable merger or acquisition candidates, expansion and growth of the Company's business and operations, and other such matters are forward-looking statements. These statements are based on certain assumptions and analyses made by the Company in light of its experience and its perception of historical trends, current conditions and expected future developments as well as other factors it believes are appropriate in the circumstances.

Investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve significant risks and uncertainties, and that actual results may differ materially from those projected in the forward-looking statements. Factors that could adversely affect actual results and performance include, among others, the Company's limited operating history, potential fluctuations in quarterly operating results and expenses, government regulation, technology change and competition. Consequently, all of the forward-looking statements made in this Form 10-Q are qualified by these cautionary statements and there can be no assurance that the actual results or developments anticipated by the Company will be realized or, even if substantially realized, that they will have the expected consequence to or effects on the Company or its business or operations. The Company assumes no obligations to update any such forward-looking statements.

### **Executive Summary**

Express-1 Expedited Solutions, Inc. ("we", "us", "our" and the "Company") operates as an expedited transportation company. We service over 1,500 customers, specializing in time-sensitive transportation, fulfilled through a variety of exclusive-use vehicles, delivering reliable same-day or high-priority service between points within the United States and parts of Canada. Our services include expedited surface transportation, aircraft charters and dedicated expedited delivery. Our vehicle classifications include cargo vans, both 12-foot and 24-foot straight trucks and semi tractor-trailers. We offer an ISO 9001:2000 certified, twenty-four hour, seven-day-a-week call center allowing our customers immediate communication and status updates on time sensitive shipments while in-transit. Our customers receive electronic alerts, shipment tracking, proof of delivery, billing status and performance reports. We are dedicated to providing premium services that are customized to meet our clients' individual needs and flexible enough to cope with an ever-changing business environment.

We offer our services through two business segments referred to as Express-1 and Evansville. Both these segments are focused within the time-sensitive, high-priority expedite transportation market. Representing approximately 90% of our consolidated revenue, Express-1 is our largest business segment. Our Evansville operations account for approximately 10% of consolidated revenue and are sometimes referred to as "Dedicated" or "Evansville Dedicated" within our reports. These two expedite operations are complementary and provide us with a core base of focused transportation services on which to build.

We serve our customers' needs through two primary operational centers. Our Express-1 operations are located in Buchanan, Michigan, while our dedicated operations are located in Evansville, Indiana. We also operate a small cross-dock facility in Swanton, Ohio, near Toledo, which exclusively supports our Express-1 operations.

Express-1 provides its services primarily through a fleet of independent contractors operating a variety of their own equipment, including vans, straight trucks and semis. We often refer to this business model as "asset-light" meaning we predominantly rely upon equipment owned by our fleet of independent contract drivers to service the freight of our customers as opposed to purchasing our own fleet of equipment or "assets." Our "asset-light" model can be contrasted with "non-asset" and "asset-intensive" business models which are both common within the transportation industry. The use of terms that describe the ownership and source of assets is helpful in allowing our investors to understand the amount of capital investment necessary in each form of transportation business model. Since we own and operate less than ten units within this segment, we consider ourselves to be "asset-light." To supplement the capacity available from our fleet of contract drivers and company trucks, we utilize a network of transportation carriers to handle additional freight. The use of an asset-light model has enabled Express-1 to maintain its profitability under varying economic conditions. Express-1 operates throughout the United States and within certain provinces of Canada and Mexico.

We operate a dedicated transportation service from our Evansville, Indiana facility. Approximately 90% of our Evansville revenues are generated by service to one account. Our dedicated service contract extended through April 2007, and the Company has been operating without a contract since that time. In August 2007, we received word that a long-term contract will not be forthcoming at this time. The customer has requested further that we continue our Evansville services without a long-term commitment.

Our growth strategy centers on initiatives, which we feel will continue to enhance both our top and bottom lines. Through internal

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growth, referred to by us as organic growth, our management team anticipates we will continue to increase our fleet capacity, expedited market presence and geographic footprint. To complement organic growth, we plan to entertain selective acquisitions on occasion, in furtherance of our expedited market focus. We continued to execute our strategy in the second quarter of 2007 as reflected by our year-over-year organic revenue growth of 27.4% for Express-1 and 1.2% for Evansville. Additionally, we have been able to hold “direct expenses” in-line as a percentage of total revenue compared to the previous year.

### ***For the three months ended June 30, 2007 compared to the three months ended June 30, 2006***

Each of our business segments, which are defined more fully below, have unique operations and sources of revenue and associated expense. In addition to revenue and direct expenses, we identify the costs associated with our executive management team, public company expense, board of directors, legal and other costs of operating as a public company under the caption Corporate.

Our Express-1 segment has two means of generating revenues. Most of the revenue within this business segment is generated through a fleet of vehicles, we refer to this as our “Core Fleet.” These vehicle are predominantly owned and operated (approximately 98%) by independent contract drivers, with about 2% of the units owned by us. Revenue is also generated in our Express-1 segment through brokering loads to third-party transportation companies. Within our reports, we refer to revenue generated from this brokerage activity as our “Brokerage” revenue. Jointly, the activities of our Core Fleet and Brokerage are integral to Express-1. Both activities service the same customer base, are used interchangeably within our operations and are managed by the same staff and support team. When a load request is received within our operations center, the team quickly assesses whether the load can be hauled by our fleet of contract drivers or is to be brokered to one of our partner carriers. In all cases, we remain the primary obligor in the transaction and bear risks associated with providing freight services.

Our Evansville business segment operates as a division of our Company and utilizes a fleet of Company owned or Company leased vehicles with employee drivers to generate its revenue.

We refer to the impact of fuel on our business throughout this discussion. For purposes of these references, we have only considered the impact of fuel surcharge revenues, fuel surcharge payments to contractors and fuel costs associated with the Express-1 Core Fleet and Evansville operations, excluding our Express-1 Brokerage operations. We feel that this approach, most readily conveys the impact of fuel on our business, our revenues and costs. Fuel charges are not commonly negotiated as a separate item within our Express-1 Brokerage operations, which is a common practice within the brokerage portion of the transportation industry. For that reason, it’s impossible to accurately separate fuel revenues and costs from other revenues and costs on a load-by-load basis, for the Express-1 Brokerage activities.

The table below is provided to allow the users of our reports a means to quickly determine the period-over-period changes in dollars, year-over-year percentage and percentage of revenue for some of the main captions within our financial reports. It is not intended to replace the financial statements contained elsewhere within this report on Form 10-Q and users of our reports are encouraged to review those financials as well as the notes thereto. For the purpose of this comparison, we have reclassified our Interest and Other expense line items into our Sales, General and Administrative expenses.

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Revenues	2007	Three Months Ended June 30,			Percentage of Revenue	
		2006	Change	% Change	Three Months Ended June 30, 2007	2006
Express-1 core fleet	\$10,861,000	\$ 7,696,000	\$3,165,000	41.1%	78.4%	69.2%
Express-1 brokerage	1,714,000	2,172,000	(458,000)	-21.1%	12.4%	19.5%
Total Express-1	12,575,000	9,868,000	2,707,000	27.4%	90.8%	88.7%
Evansville	1,267,000	1,252,000	15,000	1.2%	9.2%	11.3%
Total revenues	\$13,842,000	\$11,120,000	\$2,722,000	24.5%	100.0%	100.0%
<b>Direct expenses</b>						
Express-1 core fleet	\$ 7,894,000	\$ 5,469,000	\$2,425,000	44.3%	72.7%	71.1%
Express-1 brokerage	1,396,000	1,799,000	(403,000)	-22.4%	81.4%	82.8%
Total Express-1	9,290,000	7,268,000	2,022,000	27.8%	73.9%	73.7%
Evansville	1,038,000	989,000	49,000	5.0%	81.9%	79.0%
Total direct expenses	\$10,328,000	\$ 8,257,000	\$2,071,000	25.1%	74.6%	74.3%
<b>Gross Margin</b>						
Express-1 core fleet	\$ 2,967,000	\$ 2,227,000	\$ 740,000	33.2%	27.3%	28.9%
Express-1 brokerage	318,000	373,000	(55,000)	-14.7%	18.6%	17.2%
Total Express-1	3,285,000	2,600,000	685,000	26.3%	26.1%	26.3%
Evansville	229,000	263,000	(34,000)	-12.9%	18.1%	21.0%
Total gross margin	\$ 3,514,000	\$ 2,863,000	\$ 651,000	22.7%	25.4%	25.7%
<b>Sales, general and administrative expenses</b>						
Express-1 (*)	\$ 1,729,000	\$ 1,506,000	\$ 223,000	14.8%	13.7%	15.3%
Evansville (*)	127,000	163,000	(36,000)	-22.1%	10.0%	13.0%
Corporate	447,000	346,000	101,000	29.2%	3.2%	3.1%
Total sales general and administrative expenses	\$ 2,303,000	\$ 2,015,000	\$ 288,000	14.3%	16.6%	18.1%
<b>Income from operations</b>						
Express-1	\$ 1,556,000	\$ 1,094,000	\$ 462,000	42.2%	12.4%	11.1%
Evansville	102,000	100,000	2,000	2.0%	8.1%	8.0%
Corporate	(447,000)	(346,000)	(101,000)	29.2%	-3.2%	-3.1%
Total income from operations	1,211,000	848,000	363,000	42.8%	8.7%	7.6%
Tax Provision	457,000	—	(457,000)	100.0%	3.3%	—
Total net income	\$ 754,000	\$ 848,000	\$ (94,000)	-11.1%	5.4%	7.6%

\* Percentages reflected in the table above in columns labeled “Percentage of Revenue, Three Months Ended June 30” were calculated based upon associated revenues for each grouping reflected, rather than consolidated revenues.

**Revenues**

*Consolidated Revenues* increased 24.5 % during the three months ended June 30, 2007 compared to the three months ended June 30, 2006. The increase in revenue primarily relates to strong organic growth within our Express-1 business segment. Our Evansville operations generate revenue primarily from one account, which makes it much more difficult to obtain an increase in revenues within this segment. Fuel surcharge revenue was \$1,125,000 and \$821,000 for the three months ended June 30, 2007 and 2006, respectively, contributing to some of the increase in revenue. Fuel surcharges are billed to our customers based upon a variable matrix that is tied to a national weekly index published by the Department of Energy.

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*Express-1 Revenues* increased 27.4% during the three months ended June 30, 2007 as compared to the same three months of 2006. The increase in revenue was associated with growth in revenues from the core fleet, which represents the freight hauled on our fleet of independent contractor and company owned trucks. Express-1 successfully increased its average fleet size by approximately 36% during the second quarter of 2007 compared to the second quarter of 2006. With this added capacity, we leveraged organic growth opportunities by expanding market share with existing customers as well as acquiring new accounts. Due to the increased fleet size, we successfully diverted some load opportunities that previously would have been brokered to other carriers onto our own fleet of independent contractors. Our margins are normally a little higher on loads hauled by our own fleet, than those brokered to third parties. We occasionally go through periods of time where the opportunity to broker semi-truckload business volume has been greater due to capacity shortages within the general freight markets. We refer to this cyclical business volume as “capacity expedites, “ and our strategy has been to position Express-1 to take advantage of capacity expedites when present, but to continue to focus on building its fleet capacity as a core means of growth. Fuel surcharge revenue was \$994,000 during the current quarter compared to \$685,000 for the same period in 2006.

*Evansville Revenues* increased 1.2% in the three months ended June 30, 2007 compared to the three months ended June 30, 2006. The increase in revenues for Evansville was attributable to the acquisition of new customers. Revenue derived from the primary customer in Evansville was approximately even with that from the same period in the prior year. Evansville recorded \$132,000 in fuel surcharges for the second quarter of 2007, as compared to \$136,000 in fuel surcharges for the same period in 2006.

### **Direct Expenses**

*Consolidated Direct Expenses*, increased by 25.1% for the three months ended June 30, 2007 compared to the three months ended June 30, 2006. These expenses consist primarily of payment for trucking services, independent contractors, fuel, insurance, cross-dock facilities, equipment costs and direct personnel payroll expenses. During the period we experienced some increases in costs within both our Express-1 and Evansville business segments. The primary factors contributing to the increase in direct costs are the cost of fuel, equipment maintenance and accident claims. During the second quarter of 2007, fuel related expenses totaled \$1,258,000 compared to \$952,000 in the second quarter of 2006.

*Express-1 Direct Expenses* increased by 27.8% during the second quarter of 2007 compared to the second quarter of 2006. As a percentage of revenue, direct expenses were essentially level during the period. Payments to contractors and other parties for providing services were in-line with the same period in the previous year, while payments for insurance claims and the cost of operating a larger fleet increased. Fuel prices impacted costs during the period compared to the same period in the prior year, and represented \$991,000 and \$696,000 during the second quarters of 2007 and 2006 respectively.

*Evansville Direct Expenses* increased by 5.0% during the second quarter of 2007 compared to the second quarter of 2006. The increase was related to rises in the cost of direct labor, equipment and facilities. Evansville has benefited from more favorable margins on the portion of business not associated with the dedicated contract, which somewhat mitigates the increases in direct costs. The impact of fuel on direct costs within Evansville was minimal for the period, as fuel represented \$267,000 and \$256,000 for the second quarters of 2007 and 2006, respectively.

### **Gross Margin**

*Consolidated Gross Margin* improved by 22.7% and represented approximately 25.4% of consolidated revenues for the three months ended June 30, 2007 compared to 25.7% of consolidated revenue for the three months ended June 30, 2006. The decline in gross margin as a percentage of revenue was primarily associated with the aforementioned increases in costs within our Evansville segment. Within Express-1, gross margin improved slightly as a percentage of revenue. Fuel costs and surcharges had a limited effect on gross margin as a percentage of revenue for the period.

*Express-1 Gross Margin* increased by 26.3% and represented 26.1% of revenue for the three months ended June 30, 2007, as compared to 26.3% of revenues for the same period in 2006. During the second quarter of 2007, Express-1 organically grew its revenue by 27.4% over the same period in the prior year resulting from growth of 35.8% within its fleet of independent contract drivers. The growth within the Express-1 fleet, lessened the impact of softness in the brokerage activities related to the weak general freight market for semi tractor-trailers.

*Evansville Gross Margin* decreased by 12.9% and represented 18.1% of revenue for the three months ended June 30, 2007 compared to 21.0% for the three months ended June 30, 2006. The decrease in margin was due to cost increases associated with the

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Evansville dedicated contract. Fuel costs did not significantly impact margin within our Evansville operations for the quarter compared to the same quarter in the prior year.

### ***Sales, General and Administrative Expenses (Including interest and other expenses)***

*Consolidated Sales, General and Administrative Expenses (SG&A)* increased by 14.3% and represented 16.6% of revenue during the three months ended June 30, 2007 compared to 18.1% of revenue for the three months ended June 30, 2006. Decreases in SG&A as a percentage of revenue were realized within both business segments. Our Corporate expenses remained relatively flat as we are implementing the provisions of Section 404 of Sarbanes Oxley. Our management is pleased with the cost containment efforts of our entire team, and we continue to cautiously anticipate additional leverage can be attained in the future. We have invested some of our profits into initiatives we feel will help generate longer-term growth. These include expansion within our sales and recruiting forces and development of larger international capabilities.

*Express-1 Sales, General and Administrative Expense* increased by 14.8% and represented 13.7% of associated revenue for the three-month period ended June 30, 2007 compared to 15.3% for the same period in 2006. Express-1 continued to benefit from its operating leverage and we believe it should continue to achieve higher rates of growth in revenue than the rate of increase within SG&A in the future.

*Evansville Sales, General and Administrative Expense* decreased by 22.1% and represented 10% of revenue during the three months ended June 30, 2007, as compared to 13.0% of revenue for the three months ended June 30, 2006. Contributing to this decrease was the elimination of amortization associated with start-up costs for the Evansville operation and a reduction in the amount of corporate overhead absorbed within the period compared to the same period in the prior year.

### ***Income From Operations***

*Consolidated Income From Operations* increased 42.8% during the three months ended June 30, 2007 compared to the three months ended June 30, 2006. We have benefited from the success within our Express-1 segment. The improvement in operating income came during a soft general freight market. We continue to gain market share and grow due to the hard work and dedication of our employees and independent contract drivers, which we refer to as "VP's" or "Value Providers." We are dedicated to customer service and focused on profitable long-term growth. As shareholders, our employees have a stake in our success and continue to drive this momentum.

*Express-1 Income from Operations* improved by 42.2% during the three months ended June 30, 2007 compared to the same period in the prior year. Contributing to the year-over-year change were improvements in gross margin and SG&A expenses. Express-1 has continued its historical trend of strong revenue and earnings growth, which emphasizes our operating leverage.

*Evansville Income from Operations* increased by 2.0% during the three months ended June 30, 2007 compared to the same period in the prior year. Contributing to the overall profitability within Evansville was an increase in revenue from newly-acquired customer accounts with stronger margins. We continue to operate our Evansville dedicated services without a long-term contract, and anticipate some rate increases and other provisions will be forthcoming to compensate for our support of this dedicated customer.

### ***Provision for, Benefit from Income Tax***

During the three months ended June 30, 2007, we recorded a current income tax provision of \$457,000 on a consolidated basis compared to no current tax provision in the three months ended June 30, 2006. No taxes were recorded during the second quarter of 2006 due to the existence of a deferred tax valuation allowance in excess of \$2.0 million. The valuation allowance was eliminated during the fourth quarter of 2006. On June 30, 2007, our estimates indicated we had approximately \$6.3 million of Federal Net Operating Loss Carry-forwards (NOL's), which will be used to reduce future taxable income. We do not anticipate using a significant amount of cash for income tax payments until these NOL's are exhausted, but we do anticipate paying a nominal amount of Alternative Minimum Tax and State income taxes during this period. We record our provision for Federal and State income taxes at the approximate rate of 37.5% of pre-tax income.

### ***Net Income***

*Net Income* declined by 11.1% during the three months ended June 30, 2007, as compared to the three months ended June 30, 2006.

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The decrease is due to the recording of a current tax provision during the 2007 period. As previously mentioned, net income before tax increased by 42.8% during the quarter.

### ***Earnings Per Share***

*Basic Earnings Per Share* was \$0.03 for the three months ended June 30, 2007 compared to \$0.03 for the three months ended June 30, 2006. During these same periods, basic weighted average shares outstanding were 26,706,100 and 26,285,034 for 2007 and 2006, respectively.

*Diluted Earnings Per Share* was \$0.03 for the three months ended June 30, 2007 compared to \$0.03 for the three months ended June 30, 2006. During these same periods, diluted weighted average shares outstanding were 27,509,728 and 26,441,809 for 2007 and 2006 respectively.

### ***For the six months ended June 30, 2007 compared to the six months ended June 30, 2006***

The table below is provided to allow the users of our reports a means to quickly determine the period-over-period changes in dollars, year-over-year percentage and percentage of revenue for some of the main categories within our reports. It is not intended to replace the financial statements contained elsewhere within this report on Form 10-Q and users of our reports are encouraged to review those financials as well as the notes thereto. For the purposes of this comparison, we have reclassified our Interest and Other expense line items into our Sales, General and Administrative expenses.

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Revenues	Six Months Ended June 30,				Percentage of Revenue	
	2007	2006	Change	% Change	Six Months Ended June 30, 2007	Six Months Ended June 30, 2006
Express-1 contractors	\$19,499,000	\$13,933,000	\$5,566,000	39.9%	77.0%	67.4%
Express-1 brokerage	3,351,000	4,311,000	(960,000)	-22.3%	13.2%	20.8%
Total Express-1	22,850,000	18,244,000	4,606,000	25.2%	90.2%	88.2%
Evansville	2,485,000	2,431,000	54,000	2.2%	9.8%	11.8%
Total revenues	\$25,335,000	\$20,675,000	\$4,660,000	22.5%	100.0%	100.0%
<b>Direct expenses</b>						
Express-1 contractors	\$14,159,000	\$ 9,978,000	\$4,181,000	41.9%	72.6%	71.6%
Express-1 brokerage	2,681,000	3,428,000	(747,000)	-21.8%	80.0%	79.5%
Total Express-1	16,840,000	13,406,000	3,434,000	25.6%	73.7%	73.5%
Evansville	1,961,000	1,980,000	(19,000)	-1.0%	78.9%	81.4%
Total direct expenses	\$18,801,000	\$15,386,000	\$3,415,000	22.2%	74.2%	74.4%
<b>Gross Margin</b>						
Express-1 contractors	\$ 5,340,000	\$ 3,955,000	\$1,385,000	35.0%	27.4%	28.4%
Express-1 brokerage	670,000	883,000	(213,000)	-24.1%	20.0%	20.5%
Total Express-1	6,010,000	4,838,000	1,172,000	24.2%	26.3%	26.5%
Evansville	524,000	451,000	73,000	16.2%	21.1%	18.6%
Total gross margin	\$ 6,534,000	\$ 5,289,000	\$1,245,000	23.5%	25.8%	25.6%
<b>Sales, general and administrative expenses</b>						
Express-1	\$ 3,470,000	\$ 2,869,000	\$ 601,000	20.9%	15.2%	15.7%
Evansville	287,000	323,000	(36,000)	-11.1%	11.5%	13.3%
Corporate	827,000	692,000	135,000	19.5%	3.3%	3.3%
Total sales general and administrative expenses	\$ 4,584,000	\$ 3,884,000	\$ 700,000	18.0%	18.1%	18.8%
<b>Income from operations</b>						
Express-1	\$ 2,540,000	\$ 1,969,000	\$ 571,000	29.0%	11.1%	10.8%
Evansville	237,000	128,000	109,000	85.2%	9.5%	5.3%
Corporate	(827,000)	(692,000)	(135,000)	19.5%	-3.3%	-3.3%
Total income from operations	1,950,000	1,405,000	545,000	38.8%	7.7%	6.8%
Tax Provision	735,000	—	(735,000)	100.0%	2.9%	—
Total net income	\$ 1,215,000	\$ 1,405,000	\$ (190,000)	-13.5%	4.8%	6.8%

\* Percentages reflected in the table above in columns labeled “Percentage of Revenue, Six Months Ended June 30” were calculated based upon associated revenues for each grouping reflected, rather than consolidated revenues.

**Revenue**

*Consolidated Revenues* increased 22.5 % during the six months ended June 30, 2007 compared to the six months ended June 30, 2006. The increase in revenue was generated primarily by organic growth within our Express-1 segment. Our Evansville operations generate revenue primarily from one dedicated contract making it more difficult to obtain an increase. Fuel surcharge revenue was \$1,964,000 and \$1,419,000 for the six months ended June 30, 2007 and 2006, respectively, contributing to some of the increase in revenue.

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*Express-1 Revenues* increased 25.2% during the six months ended June 30, 2007 compared to the same six months of 2006. Increases in capacity within our core fleet provided the stimulus for this growth. Express-1 realized an increase in average fleet size of approximately 33% during the first half of 2007 compared to the first half of 2006. We have continued to handle more of our customer calls on our own fleet, as opposed to brokering the loads to third party carriers. Consequently, we've seen a decline in the Brokerage portion of our Express-1 Brokerage activities, as the number of loads moved by our own equipment has increased substantially year-over-year. Coupled with this has been an overall decline in the volume of loads available for brokerage during the six months of 2007, versus the same period in 2006. Our volume of semi-truckload capacity expedites began to decline in third-quarter of 2006, and is impacted by capacity swings within the general truck-load market. Fuel surcharge revenue was \$1,717,000 during the first six months of 2007 compared to \$1,178,000 for the same period in 2006.

*Evansville Revenues* increased 2.2% in the six months ended June 30, 2007 compared to the six months ended June 30, 2006. The increase in revenues for Evansville was attributable to the acquisition of new customers. Revenue derived from the dedicated contract customer was down slightly year-over-year. Evansville recorded \$247,000 in fuel surcharges during the first half of 2007 compared to \$241,000 in fuel surcharges during the first half of 2006.

### **Direct Expense**

*Consolidated Direct Expenses*, increased by 22.2% for the six months ended June 30, 2007 compared to the six months ended June 30, 2006. As a percentage of revenue, we were able to hold cost increases to a minimum within our business segments. During the first six months of 2007, fuel related expenses totaled \$2,150,000 and \$1,678,000 for 2007 and 2006, respectively.

*Express-1 Direct Expenses* increased by 25.6% during the first six months of 2007 compared to the same period in 2006. As a percentage of revenue, direct expenses were level during the period thereby supporting our margin. Express-1 payments to contractors and other parties were essentially flat, while payments for insurance claims and the cost of operating a larger fleet increased slightly. Fuel prices impacted costs during the period compared to the same period in the prior year and represented \$1,649,000 and \$1,211,000 of direct expense during the first six months of 2007 and 2006, respectively.

*Evansville Direct Expenses* decreased by 1.0% during the first six months of 2007 compared to the same period in 2006. Our Evansville operations were able to hold increases related to direct wages, equipment and facilities during the early part of the year, which offset increases near the end of the first half of 2007. Benefiting Evansville greatly have been the more favorable margins on new accounts. The impact of fuel on direct costs within Evansville was minimal during the period, as fuel represented \$501,000 and \$467,000 for the first six months of 2007 and 2006, respectively.

### **Gross Margin**

*Consolidated Gross Margin* improved by 23.5% and represented approximately 25.8% of consolidated revenues for the first half of 2007 compared to 25.6% of consolidated revenue for the same period in 2006. The improvements were primarily associated with the aforementioned ability to hold costs in-line as a percentage of revenue coupled with the improvements in margin on new accounts in Evansville. Fuel costs and surcharges had a limited effect on gross margin as a percentage of revenue for the period.

*Express-1 Gross Margin* increased by 24.2% and represented 26.3% of revenue for the first half of 2007 compared to 26.5% of revenues for the same period in 2006. Express-1 has been able to successfully hold its margin at a historically good level, in spite of softness within the transportation markets. This underscores the premium value attributable to our expedited freight compared to that of general commodity transportation. During the first half of 2007, Express-1 successfully grew its fleet by 33.3% over the same period in 2006.

*Evansville Gross Margin* increased by 16.2% and represented 21.1% of revenue for the first half of 2007 compared to 18.6% for the same period in 2006. The increase was primarily the result of stronger margins associated with new customer accounts within the segment. During the period fuel cost did not significantly impact margin within Evansville compared to the same period in the prior year.

### **Sales, General and Administrative Expenses (Including interest and other expenses)**

*Consolidated Sales, General and Administrative Expenses (SG&A)* increased by 18.0% and represented 18.1% of revenue during the first six months of 2007 compared to 18.8% of revenue for the same period in 2006. Decreases in SG&A as a percentage of revenue were realized within both our business segments, while our Corporate expenses remained level, even as we are implementing Section 404 of Sarbanes Oxley. Our management is pleased with the cost containment efforts of our entire team, and we continue to cautiously anticipate additional leverage in the future. We have begun to invest and will continue to invest some of our profits into initiatives targeting longer term growth. These include expansion within our sales and recruiting force and development of a larger international capability.

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*Express-1 Sales, General and Administrative Expense* increased by 20.9% for the first six months of 2007 compared to the same period in 2006. Included within SG&A during the first six months of 2007 was the write-down on one specific customer's account receivable in the amount of \$175,000. Express-1 continued to benefit from its operating leverage and we anticipate achieving higher rates of growth in revenue than for SG&A in the future.

*Evansville Sales, General and Administrative Expense* decreased by 11.1% during the first six months of 2007 compared to the same period in 2006. Contributing to this decrease was the elimination of amortization related to start-up costs during April 2007.

### **Income From Operations**

*Consolidated Income From Operations* increased 38.8% during the six months ended June 30, 2007 compared to the same period in 2006. We benefited from the success within our Express-1 operations and improvements in our Evansville operations. Our increases in operating income were achieved in a weak transportation market. Our entire organization is focused on continuing to drive momentum.

*Express-1 Income from Operations* improved by 29.0% during the first half of 2007 compared to the same period in 2006. Contributing to the year-over-year change were strong margins and controls over SG&A. Express-1 continued its historical trend of strong revenue and earnings growth, emphasizing our operating leverage.

*Evansville Income from Operations* increased by 85.2% during the first half of 2007 compared to the same period in 2006. Contributing to the overall profitability within Evansville were increases in revenue from newly-acquired customer accounts with stronger margins.

### **Provision for, Benefit from Income Tax**

During the six months ended June 30, 2007, we recorded a current income tax provision of \$735,000 on a consolidated basis compared to not recording a current tax provision in the same period in 2006. Due to the existence of a deferred tax valuation allowance, we did not record a provision for current taxes on our statements during the first nine months of 2006. The valuation allowance was eliminated during the fourth quarter of 2006. On June 30, 2007, we estimate our Net Operating Loss Carryforwards (NOL's) to be approximately \$6.3 million. This will be used to reduce future taxable income until exhausted. We do not anticipate using a significant amount of cash for income tax payments, but will pay a nominal amount of Alternative Minimum Tax and State income taxes until the NOL is depleted. We record our provision for income taxes at the approximate rate of 37.5% of pre-tax income.

### **Net Income**

*Net Income* declined by 13.5% during the six months ended June 30, 2007 compared to the six months ended June 30, 2006. The decrease is due to recording of a current tax provision during the 2007 period. As previously mentioned, net income before tax increased by 38.8% during the same period.

### **Earnings Per Share**

*Basic Earnings Per Share* was \$0.05 for the six months ended June 30, 2007 compared to \$0.05 for the six months ended June 30, 2006. During these same periods, basic weighted average shares outstanding were 26,574,016 and 26,285,034 for 2007 and 2006, respectively.

*Diluted Earnings Per Share* was \$0.04 for the six months ended June 30, 2007 compared to \$0.05 for the six months ended June 30, 2006. During these same periods, diluted weighted average shares outstanding were 27,365,538 and 26,398,952 for 2007 and 2006 respectively.

### **Critical Accounting Policies**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions. In certain circumstances, those estimates and assumptions can affect amounts reported in the accompanying consolidated financial statements. We have made our best estimates and judgments of certain amounts included in the

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financial statements, giving due consideration to materiality. We do not believe there is a great likelihood that materially different amounts will be reported related to the accounting policies described below. However, application of these accounting policies involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ from these estimates. Note 1 of the “Notes to Consolidated Financial Statements” in our Annual Report on Form 10-K for the year ended December 31, 2006, includes a summary of the significant accounting policies and methods used in the preparation of our consolidated financial statements. Following is a brief discussion of the changes that occurred during 2007 to the significant accounting policies and estimates disclosed in Note 1 of the “Notes to Consolidated Financial Statements” in our Annual Report on Form 10-K for the year ended December 31, 2006.

### *Revenue Recognition*

We recognize revenue at the time of delivery based upon the following criteria: i) persuasive evidence of an arrangement exists, ii) services have been rendered, iii) the sales price is fixed and determinable and iv) collectability is reasonably assured. We report revenue on a gross basis in accordance with EITF 99-19, *Reporting Revenue Costs as a Principal versus Net as an Agent*. We are the primary obligor and are responsible for providing the service desired by the customer and we are responsible for fulfillment including the acceptability of the service. We have discretion in setting sales prices and as a result, our earnings vary. In addition we have discretion to select our drivers, contractors or other transportation providers (collectively, “service providers”) from among thousands of alternatives. Finally, we have credit risk for our receivables. These three factors, discretion in setting sales prices, discretion in selecting service provider and credit risk further support reporting revenue on the gross basis.

### **New Pronouncement**

Effective January 1, 2007, the Company adopted FASB Interpretation No. 48 (“FIN 48”), *Accounting for Uncertainty in Income Taxes*, which is an interpretation of SFAS No. 109, *Accounting for Income Taxes*. FIN 48 clarifies the accounting for income taxes by prescribing the minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. FIN 48 also provides guidance on derecognition, measurement, classification, interest and penalties, accounting in interim periods, disclosure and transition. In addition, FIN 48 clearly scopes out income taxes from FASB Statement No. 5, *Accounting for Contingencies*. The adoption of FIN 48 had no impact on our financial statements in the current period.

### **Liquidity and Capital Resources**

#### *Cash Flow*

As of June 30, 2007, we had \$4,724,000 of working capital with associated cash and cash equivalents of \$328,000 compared with working capital of \$2,078,000 and cash of \$79,000 at December 31, 2006. This represents an increase of 120% or \$2,397,000 in non-cash working capital during the period.

During the six months ended June 30, 2007, we generated \$2,013,000 in cash from operations compared to \$1,180,000 for the first six months of 2006. Primary components of this increase were (i) an increase of approximately \$500,000 in tax-adjusted net income (net income before tax, less the amount of cash paid for income taxes), (ii) an increase in receivables and related provisions for doubtful accounts of approximately \$170,000, and (iii) a reduction in other assets, and increases in accrued expenses and other accruals of approximately \$505,000.

Investing activities used approximately \$2,173,000 during the six months ended June 30, 2007 compared to our use of \$1,776,000 on these activities during the prior year. Most of this cash was used to satisfy earn-out payments to the former owners of Express-1, Inc. and Dasher Express, Inc. during both years. These payments totaled \$1,960,000 and \$1,460,000, respectively during the six month periods ending June 30, 2007 and 2006. In addition to these payments, we used \$231,000 and \$466,000 on capital expenditure items, such as satellite communications equipment for our fleet, computer software and related computer hardware, during the 2007 and 2006 periods respectively. During 2006, we received approximately \$150,000 in proceeds from a loan on one of our former business units.

Financing activities generated approximately \$409,000 and \$292,000 for the six month periods ended June 30, 2007 and 2006 respectively. This cash from financing activities was principally derived from \$291,000 we received on the exercise of warrants and new borrowings on our line of credit facility and reductions in capital lease obligations of \$118,000 during the 2007 period. Financing activities generated approximately \$292,000 for the same six-month period in 2006.

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### *Liquidity*

*Credit Facility* — To ensure that our Company has adequate near-term liquidity, we maintain a \$6.0 million line of credit facility with a Michigan banking corporation (the “Bank”). The line of credit calls for our operating subsidiary, Express-1, Inc. to be the borrower and the Company to act as guarantor. Under the loan documents, we may draw upon the line of credit the lesser of (i) \$6,000,000 or (ii) 80% of the eligible accounts receivable of Express-1, Inc. plus \$912,000 based upon real property also included in the collateral base. All obligations under the agreements are secured by the accounts receivable and other assets of Express-1, Inc. All advances under the agreement are subject to interest at the Bank’s prime rate plus an applicable margin ranging from negative 0.50% to positive 0.25% and based upon the Company’s performance in the preceding quarter. Interest is payable monthly. The maturity date of the loan is September 30, 2008, and the facility contains covenants pertaining to the maintenance of certain financial ratios. As of June 30, 2007, the Company was in compliance with all terms and conditions under the loan agreements and had available borrowing capacity of approximately \$4.3 million with an effective interest rate of 8.0%.

The Bank facility also permits the issuance of letters of credit as security for the Company’s obligations and contingent obligations. As of June 30, 2007, we had outstanding letters of credit totaling approximately \$400,000, issued primarily for deductibles and premium security on various insurance policies. The total of these letters of credit has reduced the above-described borrowing capacity by an equal amount.

*Warrants and Options* — We may receive proceeds in the future from the exercise of warrants and options outstanding as of June 30, 2007, in accordance with the following schedule:

	<u>Approximate Number of Shares</u>	<u>Approximate Proceeds</u>
Total Outstanding as of June 30, 2007:		
Options granted within Stock Compensation Plan	2,991,475	\$ 3,663,146
Options granted outside Stock Compensation Plan(1)	1,712,857	2,997,500
Warrants issued	7,489,554	11,394,532
	<u>12,193,886</u>	<u>\$18,055,178</u>

(1) Consists of options granted to sellers of Dasher Express, Inc. and Express-1, Inc. in conjunction with the purchase agreements for these two acquisitions.

*Contractual Obligations*— The table below reflects all contractual obligations of our Company as of June 30, 2007. Included within this table is the maximum amount that could become due and payable for the one remaining contingent earn-out payment on the Dasher and Express-1 acquisitions. The contingent amount is tied directly to the segment performance of Express-1 for the full year of 2007.

We believe a significant portion of the required payments will be generated by our operations. However, we may have to secure additional sources of funds in the future to make some portion of the payments as due.

<u>Contractual Obligations</u>	<u>Payments due by period</u>				
	<u>Total</u>	<u>Less than 1 year</u>	<u>1-3 years</u>	<u>3-5 years</u>	<u>More than 5 years</u>
Long-term debt					
Capital lease obligations	168,000	110,000	58,000		
Operating leases	64,000	46,000	18,000		
Contingent Earn-out obligations (*)	2,210,000	2,210,000			
Notes payable	7,000	7,000			
Total contractual cash obligations	\$2,449,000	\$2,373,000	\$76,000		

(\*) Represents the maximum amount we could be required to pay, based upon the attainment of specific performance targets of our Express-1, Inc. business segment.

*Legal Proceedings* — From time-to-time we are named as a defendant in legal proceedings. The potential exists that we could incur material expenses in the defense and resolution of legal matters. Furthermore, since we have not established material reserves in connection with such claims, any such liability would be recorded as an expense in the period incurred or estimated. This amount, even if not material to our overall financial condition, could adversely affect our results of operations in the period recorded.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk.**

Market risk generally represents the risk of loss that may result from the potential change in value of a financial instrument as a result of fluctuations in interest rates and market prices. We do not currently have any trading derivatives nor do we expect to have any in the future. We have established policies and internal processes related to the management of market risks, which we use in the normal course of our business operations.

### **Interest Rate Risk**

We have interest rate risk, as borrowings under our credit facility are based on variable market interest rates. As of June 30, 2007, we had \$1.3 million of variable rate debt outstanding under our credit facility. Presently, the variable interest rate on outstanding obligations under the line is 8.0%. A hypothetical 10% increase in our credit facility's weighted-average interest rate for the three months ended June 30, 2007, would correspondingly decrease our earnings and operating cash flows by approximately \$2,600 in the period or \$10,400 annually.

### **Intangible Asset Risk**

We have a substantial amount of intangible assets and are required to perform goodwill impairment tests whenever events or circumstances indicate that the carrying value may not be recoverable from estimated future cash flows. As a result of our periodic evaluations, we may determine that the intangible asset values need to be written down to their fair values, which could result in material charges that could be adverse to our operating results and financial position. Although at June 30, 2007, we believed our intangible assets were recoverable, changes in the economy, the business in which we operate and our own relative performance could change the assumptions used to evaluate intangible asset recoverability. We continue to monitor those assumptions and their effect on the estimated recoverability of our intangible assets.

### **Equity Price Risk**

We do not own any equity investments other than in our subsidiaries. As a result, we do not currently have any direct equity price risk.

### **Commodity Price Risk**

We do not enter into contracts for the purchase or sale of commodities. As a result, we do not currently have any direct commodity price risk.

### **Item 4. Controls and Procedures.**

*Evaluation of disclosure controls and procedures.* Under the supervision and with the participation of the Company's management, including the Company's principal executive officer and principal financial officer, the Company conducted an evaluation of the effectiveness of the design and operations of its disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of the end of the period covered by this report. Based on their evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective such that the material information required to be included in our Securities and Exchange Commission ("SEC") reports is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms relating to Express-1 Expedited Solutions, Inc., including our consolidated subsidiaries, and was made known to them by others within those entities, particularly during the period when this report was being prepared.

*Changes in internal controls.* There were no changes in our internal controls over financial reporting during the last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

## PART II — OTHER INFORMATION

### **Item 1. Legal Proceedings.**

From time-to-time, the Company is involved in various civil actions as part of its normal course of business. The Company is not party to any litigation that is material to ongoing operations as defined in Item 103 of Regulation S-K as of the period ended June 30, 2007.

The Company has joined with several other unsecured creditors to force bankruptcy proceedings against a former customer in South Carolina. The Company cannot reasonably estimate the amount or timing of a recovery, if any, at this time. Accordingly, the Company has written off the entire balance of this receivable within its financial statements as presented herein.

### **Item 1A. Risk Factors.**

Refer to Item 1A of our annual report (Form 10K) for the year ended December 31, 2006, under the caption “RISK FACTORS” for specific details on factors and events that are not within our control and could affect our financial results.

In addition to the Risk Factors outlined with our Form 10-K and referenced above, we have additional risk associated with non-renewal of the long-term service contract in our Evansville business segment. With approximately 90% of its revenues generated from one dedicated customer, Evansville could be significantly adversely impacted by the loss of this business volume. We have been advised that a long-term renewal of the dedicated contract will not be immediately forthcoming. We have further agreed to continue to serve this customer, without a long-term commitment. Should this primary customer decide to cancel our services in the future, we could incur significant shutdown expenses as well as realizing interruptions to our revenue and earnings streams associated with our Evansville business segment.

### **Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.**

At various times from January 1, 2007 until June 30, 2007, the Company issued a total of 19,343 shares of common stock and concurrently issued warrants to purchase a total of 10,173 shares of common stock at an exercise price of \$1.25. The foregoing shares of common stock and warrants were issued upon the exercise, by a number of individuals, of options to purchase units consisting of shares of the Company’s common stock and warrants.

At various times from January 1, 2007 until June 30, 2007, the Company issued a total of 290,500 shares of common stock upon the exercise by Barron Partners of certain warrants. The company received a total of \$291,000 in consideration of said exercises.

All of the foregoing securities were issued by the Company in reliance on the exemptions from registration provided by Section 4(2) of the Securities Act of 1933, as amended (the “Securities Act”) or Rule 506 of Regulation D as promulgated under the Securities Act of 1933. Each of the recipients of the Company’s securities represented to the Company that they were an accredited or sophisticated investor, had sufficient liquid assets to sustain a loss of their investment in the Company, had consulted with such independent legal counsel or other advisers as they deemed appropriate to evaluate their investment in the Company, had been afforded the right to ask questions of the Company, and were acquiring the Company’s securities solely for their own account as a personal investment.

### **Item 3. Defaults upon Senior Securities.**

The Company’s line of credit contains various covenants pertaining to the maintenance of certain financial ratios. As of June 30, 2007, the Company was in compliance with the ratios required under its revolving credit agreement. No events of default exist on the credit facility as of the filing date.

### **Item 4. Submission of Matters to a Vote of Security Holders.**

The following three proposals were submitted to the shareholders at the annual meeting held June 14, 2007. All items were approved and ratified by vote at the meeting.

- (1) To elect a board of seven directors;

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- (2) To ratify the appointment of Pender Newkirk & Company as independent auditors for the Company for the year ending December 31, 2007;
- (3) To approve and ratify an amendment to our Certificate of Incorporation and Bylaws creating three classes of Director (Class I, Class II and Class III) with staggered three-year terms of appointment.

The votes to the above matters are as follows:

	For	Against	Abstentions
<b>1. Election of Directors</b>			
Mike Welch — Inside Director	24,684,654	0	74,529
Mark Patterson — Inside Director	24,682,917	0	76,266
Jim Martell — Independent Director	24,686,604	0	72,579
Jennifer Dorris — Independent Director	24,651,738	0	107,445
John Affleck-Graves – Independent Director	24,685,724	0	73,459
Jay Taylor — Independent Director	24,686,617	0	72,566
Calvin R. Whitehead — Independent Director	24,686,175	0	73,008
<b>2. Appointment of Auditor</b>	<b>24,428,346</b>	<b>316,545</b>	<b>14,290</b>
<b>3. Amendment to Certificate of Incorporation and Bylaws — Creating Three Classes of Director with Staggered Three Year Terms of Appointment</b>	<b>14,125,554</b>	<b>771,117</b>	<b>14,882</b>

All matters submitted to the shareholders for vote above, passed and were adopted. No additional matters were submitted to the shareholders for voting during the three-month period ended June 30, 2007.

### **Item 5. Other Information.**

None

### **Item 6. Exhibits**

- 31.1 Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 31.2 Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
- 32.1 Certification of the Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (This exhibit shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section. Further, this exhibit shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.)
- 32.2 Certification of the Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (This exhibit shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section. Further, this exhibit shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.)

**Add: corporate charter for staggered terms, etc.**

**SIGNATURES**

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Express-1 Expedited Solutions, Inc.

/s/ MICHAEL R. WELCH

Michael R. Welch

Chief Executive Officer

/s/ MARK K. PATTERSON

Mark K. Patterson

Chief Financial Officer

Date August 13, 2007

**Exhibit Index**

<u>Exhibit No.</u>	<u>Description</u>
3(i)	Certificate of Amendment to Certificate of Incorporation Amended and Restated
3(ii)	Corporate Bylaws as of June 20, 2007
31.1	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1	Certification of the Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (This exhibit shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section. Further, this exhibit shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.)
32.2	Certification of the Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (This exhibit shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section. Further, this exhibit shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.)

**CERTIFICATE OF AMENDMENT TO THE  
CERTIFICATE OF INCORPORATION OF  
EXPRESS-1 EXPEDITED SOLUTIONS, INC.**

Pursuant to Section 242 of the General Corporation Law of the State of Delaware, the undersigned officer of Express-1 Expedited Solutions, Inc. (the "Corporation"), a corporation organized and existing under and by virtue of the General Corporation Law of the State of Delaware, certifies:

*FIRST:* This Certificate of Amendment was authorized and approved by the Board of Directors on January 26, 2007, and by the holders of a majority of the Corporation's issued and outstanding voting capital stock on June 14, 2007.

*SECOND:* Article VII of the Certificate of Incorporation is deleted in its entirety and replaced with the following:

**ARTICLE VII  
BOARD OF DIRECTORS**

The Board of Directors of the Corporation shall consist of at least one member and no more than nine members, each of whom shall be a natural person. The exact number of directors within the limitations specified in the preceding sentence shall be fixed from time to time in the manner provided in the Bylaws of the Corporation. The directors shall be divided into three classes designated as Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third of the number of directors constituting the entire Board of Directors. The term of office of the initial Class I directors will expire in 2008, the term of office of the initial Class II directors will expire in 2009 and the term of office of the initial Class III directors will expire in 2010. Initial class assignments shall be determined by the Board of Directors. At each annual meeting of stockholders, successors to the directors whose terms expired at that annual meeting shall be elected for a three-year term. A director shall hold office until the annual meeting for the year in which his term expires and until his successor shall be elected and qualified, subject, however, to such director's prior death, resignation, retirement, disqualification or removal from office.

IN WITNESS WHEREOF, the Corporation has caused this Certificate of Amendment to be duly executed by its Chief Financial Officer this June 20, 2007.

EXPRESS-1 EXPEDITED SOLUTIONS, INC.

By: /s/ Mark Patterson

\_\_\_\_\_  
Mark Patterson, Chief Financial  
Officer

**AMENDED AND RESTATED  
BYLAWS  
OF  
EXPRESS-1 EXPEDITED SOLUTIONS, INC.  
June 20, 2007**

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**AMENDED AND RESTATED  
BYLAWS  
OF  
EXPRESS-1 EXPEDITED SOLUTIONS, INC.**

**ARTICLE I  
OFFICES**

SECTION 1. REGISTERED OFFICE. The registered office and registered agent of Express-1 Expedited Solutions, Inc. (the "Corporation") will be as from time to time set forth in the Corporation's Certificate of Incorporation (as may be amended from time to time) or in any certificate filed with the Secretary of State of the State of Delaware.

SECTION 2. OTHER OFFICES. The Corporation may also have offices at such other places both within and without the State of Delaware as the Board of Directors may from time to time determine or the business of the Corporation may require.

**ARTICLE II  
STOCKHOLDERS**

SECTION 1. PLACE OF MEETINGS. All meetings of the stockholders for the election of Directors will be held at such place, within or without the State of Delaware, as may be fixed from time to time by the Board of Directors. Meetings of stockholders for any other purpose may be held at such time and place, within or without the State of Delaware, as may be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

SECTION 2. ANNUAL MEETING. An annual meeting of the stockholders will be held at such time as may be determined by the Board of Directors, at which meeting the stockholders will elect Directors as set forth in the Certificate of Incorporation and these Bylaws, and transact such other business as may properly be brought before the meeting.

SECTION 3. LIST OF STOCKHOLDERS. At least ten days before each meeting of stockholders, a complete list of the stockholders entitled to vote at said meeting, arranged in alphabetical order, with the address of and the number of voting shares registered in the name of each, will be prepared by the officer or agent having charge of the stock transfer books. Such list will be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten day prior to the meeting. Such list will be produced and kept open at the time and place of the meeting during the whole time thereof, and will be subject to the inspection of any stockholder who may be present.

SECTION 4. SPECIAL MEETINGS. Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by law, the Certificate of Incorporation or these Bylaws, may be called by the Chairman of the Board, the Chief Executive Officer, the President or the Board of Directors. Business transacted at all special meetings will be confined to the purposes stated in the notice of the meeting unless all stockholders entitled to vote are present and consent.

SECTION 5. NOTICE. Written or printed notice stating the place, day and hour of any meeting of the stockholders and, in case of a special meeting, the purpose or purposes for which the meeting is called, will be delivered not less than ten nor more than sixty days before the date of the meeting, either personally or by mail, by or at the direction of the Chairman of the Board, the Chief Executive Officer, the President, the Secretary, or the officer or person calling the meeting, to each stockholder of record entitled to vote at the meeting. If mailed, such notice will be deemed to be delivered when deposited in the United States mail, addressed to the

stockholder at his address as it appears on the stock transfer books of the Corporation, with postage thereon prepaid.

**SECTION 6. QUORUM.** At all meetings of the stockholders, the presence in person or by proxy of the holders of a majority of the shares issued and outstanding and entitled to vote will be necessary and sufficient to constitute a quorum for the transaction of business except as otherwise provided by law, the Certificate of Incorporation or these Bylaws. If, however, such quorum is not present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, will have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present or represented. If the adjournment is for more than 30 days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting will be given to each stockholder of record entitled to vote at the meeting. At such adjourned meeting at which a quorum is presented or represented, any business may be transacted that might have been transacted at the meeting as originally notified.

**SECTION 7. VOTING.** When a quorum is present at any meeting of the Corporation's stockholders, the vote of the holders of a majority of the shares entitled to vote on, and voted for or against, any matter will decide any questions brought before such meeting, unless the question is one upon which, by express provision of law, the Certificate of Incorporation or these Bylaws, a different vote is required, in which case such express provision will govern and control the decision of such question. The stockholders present in person or by proxy at a duly organized meeting may continue to transact business until adjournment, notwithstanding the withdrawal of enough stockholders to leave less than a quorum.

**SECTION 8. METHOD OF VOTING.** Each outstanding share of the Corporation's capital stock, regardless of class, will be entitled to one vote on each matter submitted to a vote at a meeting of stockholders, except to the extent that the voting rights of the shares of any class or classes are limited or denied by the Certificate of Incorporation, as amended from time to time. At any meeting of the stockholders, every stockholder having the right to vote will be entitled to vote in person, or by proxy appointed by an instrument in writing subscribed by such stockholder and bearing a date not more than three years prior to such meeting, unless such instrument provides for a longer period. Each proxy will be revocable unless expressly provided therein to be irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A proxy may be made irrevocable regardless of whether the interest with which it is coupled is an interest in the stock itself or an interest in the Corporation generally. Such proxy will be filed with the Secretary of the Corporation prior to or at the time of the meeting. Voting on any question or in any election, other than for directors, may be by voice vote or show of hands unless the presiding officer orders, or any stockholder demands, that voting be by written ballot.

**SECTION 9. RECORD DATE.** The Board of Directors may fix in advance a record date for the purpose of determining stockholders entitled to notice of or to vote at a meeting of stockholders, which record date will not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date will not be less than ten nor more than sixty days prior to such meeting. In the absence of any action by the Board of Directors, the close of business on the date next preceding the day on which the notice is given will be the record date, or, if notice is waived, the close of business on the day next preceding the day on which the meeting is held will be the record date.

**SECTION 10. ACTION BY CONSENT.** Any action required or permitted by law, the Certificate of Incorporation or these Bylaws to be taken at a meeting of the stockholders of the Corporation may be taken without a meeting if a consent or consents in writing, setting forth the action so taken, is signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted and will be delivered to the Corporation

by delivery to its registered office in Delaware, its principal place of business or an officer or agent of the Corporation having custody of the minute book.

SECTION 11. STOCKHOLDER PROPOSALS. No proposal by a stockholder made pursuant to this Article II may be voted upon at a meeting of stockholders unless such stockholder shall have delivered or mailed in a timely manner (as set herein) and in writing to the Secretary of the Corporation (i) notice of such proposal, (ii) the text of the proposed alteration, amendment or repeal, if such proposal relates to a proposed change to the Corporation's Certificate of Incorporation or Bylaws, (iii) evidence reasonably satisfactory to the Secretary of the Corporation of such stockholder's status as such and of the number of shares of each class of capital stock of the Corporation of which such stockholder is the beneficial owner, (iv) a list of the names and addresses of other beneficial owners of shares of the capital stock of the Corporation, if any, with whom such stockholder is acting in concert, and the number of shares of each class of capital stock of the Corporation beneficially owned by each such beneficial owner and (v) an opinion of counsel, which counsel and the form and substance of which opinion shall be reasonably satisfactory to the Board of Directors of the Corporation, to the effect that the Certificate of Incorporation or Bylaws resulting from the adoption of such proposal would not be in conflict with the laws of the State of Delaware, if such proposal relates to a proposed change to the Corporation's Certificate of Incorporation or Bylaws. To be timely in connection with an annual meeting of stockholders, a stockholder's notice and other aforesaid items shall be delivered to or mailed and received at the principal executive offices of the Corporation not less than ninety nor more than 180 days prior to the earlier of the date of the meeting or the corresponding date on which the immediately preceding year's annual meeting of stockholders was held. To be timely in connection with the voting on any such proposal at a special meeting of the stockholders, a stockholder's notice and other aforesaid items shall be delivered to or mailed and received at the principal executive offices of the Corporation not less than forty days nor more than sixty days prior to the date of such meeting, provided, however, that in the event that less than fifty days notice or prior public disclosure of the date of the special meeting of the stockholders is given or made to the stockholders, such stockholder's notice and other aforesaid items to be timely must be so received not later than the close of business on the seventh day following the day on which such notice of date of the meeting was mailed or such public disclosure was made. Within thirty days (or such shorter period that may exist prior to the date of the meeting) after such stockholder shall have submitted the aforesaid items, the Secretary and the Board of Directors of the Corporation shall respectively determine whether the items to be ruled upon by them are reasonably satisfactory and shall notify such stockholder in writing of their respective determinations. If such stockholder fails to submit a required item in the form or within the time indicated, or if the Secretary or the Board of Directors of the Corporation determines that the items to be ruled upon by them are not reasonably satisfactory, then such proposal by such stockholder may not be voted upon by the stockholders of the Corporation at such meeting of stockholders. The presiding person at each meeting of stockholders shall, if the facts warrant, determine and declare to the meeting that a proposal was not made in accordance with the procedure prescribed by these Bylaws, and if he should so determine, he shall so declare to the meeting and the defective proposal shall be disregarded. The requirements of this Section II shall be in addition to any other requirements imposed by these Bylaws, by the Corporation's Certificate of Incorporation or the law.

SECTION 12. NOMINATION OF DIRECTORS. Nominations for the election of directors may be made by the Board of Directors or by any stockholder (a "Nominator") entitled to vote in the election of directors. Such nominations, other than those made by the Board of Directors, shall be made in writing pursuant to timely notice delivered to or mailed and received by the Secretary of the Corporation as set forth in this Section. To be timely in connection with an annual meeting of stockholders, a Nominator's notice, setting forth the name and address of the person to be nominated, shall be delivered to or mailed and received at the principal executive offices of the Corporation not less than ninety days nor more than 180 days prior to the earlier of the date of the meeting or the corresponding date on which the immediately preceding year's annual meeting of stockholders was held. To be timely in connection with any election of a

director at a special meeting of the stockholders, a Nominator's notice, setting forth the name and address of the person to be nominated, shall be delivered to or mailed and received at the principal executive offices of the Corporation not later than the close of business on the tenth day following the day on which such notice of date of the meeting was mailed or such public disclosure was made, whichever first occurs. At such time, the Nominator shall also submit written evidence, reasonably satisfactory to the Secretary of the Corporation, that the Nominator is a stockholder of the Corporation and shall identify in writing (i) the name and address of the Nominator, (ii) the number of shares of each class of capital stock of the Corporation of which the Nominator is the beneficial owner, (iii) the name and address of each of the persons with whom the Nominator is acting in concert and (iv) the number of shares of capital stock of which each such person with whom the Nominator is acting in concert, is the beneficial owner pursuant to which the nomination or nominations are to be made. At such time, the Nominator shall also submit in writing (i) the information with respect to each such proposed nominee that would be required to be provided in a proxy statement prepared in accordance with Regulation 14A under the Securities Exchange Act of 1934, as amended, and (ii) a notarized affidavit executed by each such proposed nominee to the effect that, if elected as a member of the Board of Directors, he will serve and that he is eligible for election as a member of the Board of Directors. Within thirty days (or such shorter time period that may exist prior to the date of the meeting) after the Nominator has submitted the aforesaid items to the Secretary of the Corporation, the Secretary of the Corporation shall determine whether the evidence of the Nominator's status as a stockholder submitted by the Nominator is reasonably satisfactory and shall notify the Nominator in writing of his determination. If the Secretary of the Corporation finds that such evidence is not reasonably satisfactory, or if the Nominator fails to submit the requisite information in the form or within the time indicated, such nomination shall be ineffective for the election at the meeting at which such person is proposed to be nominated. The presiding person at each meeting of stockholders shall, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the procedures prescribed by these bylaws, and if he should so determine, he shall so declare to the meeting and the defective nomination shall be disregarded. The requirements of this Section shall be in addition to any other requirements imposed by these bylaws, by the Certificate of Incorporation or by law.

### ARTICLE III BOARD OF DIRECTORS

SECTION 1. MANAGEMENT. The business and affairs of the Corporation will be managed by or under the direction of its Board of Directors who may exercise all such powers of the Corporation and do such lawful acts and things as are not by law, by the Certificate of Incorporation or by these Bylaws directed or required to be exercised or done by the stockholders.

SECTION 2. QUALIFICATION; ELECTION; TERM. None of the Directors need to be a stockholder of the Corporation or a resident of the State of Delaware. The Directors shall be divided into three classes designated as Class I, Class II and Class III. Each class shall consist, as nearly as may be possible, of one-third of the number of Directors constituting the entire Board of Directors. The term of office of the initial Class I Directors will expire in 2008, the term of office of the initial Class II Directors will expire in 2009 and the term of office of the initial Class III Directors will expire in 2010. At each annual meeting of stockholders, successors to the Directors whose terms expired at that annual meeting shall be elected for a three-year term. A Director shall hold office until the annual meeting for the year in which his term expires and until his successor shall be elected and qualified, subject, however, to such Director's prior death, resignation, retirement, disqualification or removal from office. Directors shall be elected by a plurality of the votes of the shares present in person or represented by proxy and entitled to vote on the election of Directors at any annual or special meeting of stockholders.

SECTION 3. NUMBER. The number of Directors of the Corporation will be at least one and not more than nine. The number of Directors authorized will be fixed as the Board of

Directors may from time to time designate, or if no such designation has been made, the number of Directors will be the same as the number of members of the initial Board of Directors as set forth in the Certificate of Incorporation.

SECTION 4. REMOVAL. Any Director may be removed, only for cause, at any special meeting of stockholders by the affirmative vote of the holders of a majority in number of all outstanding voting stock entitled to vote; provided that notice of the intention to act upon such matter has been given in the notice calling such meeting.

SECTION 5. VACANCIES. If the number of Directors is changed, any increase or decrease shall be apportioned among the classes so as to maintain, as nearly as possible, an equal number of Directors in each class. In the event an increase or decrease makes it impossible to maintain an equal number of Directors in each class, increases shall be allocated to the class or classes with the longest remaining term, and decreases shall be allocated to the class with the shortest remaining term. Any Director elected to fill a vacancy resulting from an increase in such class shall hold office for a term that shall coincide with the remaining term of that class. In no event will a decrease in the number of Directors result in the elimination of an entire class of Directors, cause any class to contain a number of Directors two or more greater than any other class, or shorten the term of any incumbent Director. Any Director elected to fill a vacancy not resulting from an increase in the number of Directors shall have the same remaining term as that of his or her predecessor. Any vacancy on the Board of Directors, whether resulting from an increase in the number of Directors or otherwise, shall be filled by the affirmative vote of a majority of the Directors then holding office, even if less than a quorum, or by a sole remaining director.

SECTION 6. PLACE OF MEETINGS. Meetings of the Board of Directors, regular or special, may be held at such place within or without the State of Delaware as may be fixed from time to time by the Board of Directors.

SECTION 7. ANNUAL MEETING. The first meeting of each newly elected Board of Directors will be held without further notice immediately, following the annual meeting of stockholders and at the same place, unless by unanimous consent, the Directors then elected and serving change such time or place.

SECTION 8. REGULAR MEETINGS. Regular meetings of the Board of Directors may be held without notice at such time and place as is from time to time determined by resolution of the Board of Directors.

SECTION 9. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by the Chairman of the Board, the Chief Executive Officer or the President on oral or written notice to each Director, given either personally, by telephone, by telegram or by mail; special meetings will be called by the Chairman of the Board, Chief Executive Officer, President or Secretary in like manner and on like notice on the written request of at least three Directors. The purpose or purposes of any special meeting will be specified in the notice relating thereto.

SECTION 10. QUORUM. At all meetings of the Board of Directors the presence of a majority of the number of Directors fixed by these Bylaws will be necessary and sufficient to constitute a quorum for the transaction of business, and the affirmative vote of at least a majority of the Directors present at any meeting at which there is a quorum will be the act of the Board of Directors, except as may be otherwise specifically provided by law, the Certificate of Incorporation or these Bylaws. If a quorum is not present at any meeting of the Board of Directors, the Directors present thereat may adjourn the meeting from time to time without notice other than announcement at the meeting, until a quorum is present.

SECTION 11. INTERESTED DIRECTORS. No contract or transaction between the Corporation and one or more of its Directors or officers, or between the Corporation and any

other corporation, partnership, association or other organization in which one or more of the Corporation's Directors or officers are directors or officers or have a financial interest, will be void or voidable solely for this reason, solely because the Director or officer is present at or participates in the meeting of the Board of Directors or committee thereof that authorizes the contract or transaction, or solely because his or their votes are counted for such purpose if: (i) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative vote of a majority of the disinterested Directors, even though the disinterested Directors be less than a quorum, (ii) the material facts as to his relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders or (iii) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board of Directors, a committee thereof or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee that authorizes the contract or transaction.

SECTION 12. COMMITTEES. The Board of Directors may, by resolution passed by a majority of the entire Board, designate committees, each committee to consist of two or more Directors of the Corporation, which committees will have such power and authority and will perform such functions as may be provided in such resolution. Such committee or committees will have such name or names as may be designated by the Board and will keep regular minutes of their proceedings and report the same to the Board of Directors when required.

SECTION 13. ACTION BY CONSENT. Any action required or permitted to be taken at any meeting of the Board of Directors or any committee of the Board of Directors may be taken without such a meeting if a consent or consents in writing, setting forth the action so taken, is signed by, all the members of the Board of Directors or such committee, as the case may be.

SECTION 14. COMPENSATION OF DIRECTORS. Directors will receive such compensation for their services and reimbursement for their expenses as the Board of Directors, by resolution, may establish; provided that nothing herein contained will be construed to preclude any Director from serving the Corporation in any other capacity and receiving compensation therefore.

#### ARTICLE IV NOTICE

SECTION 1. FORM OF NOTICE. Whenever by law, the Certificate of Incorporation or of these Bylaws, notice is to be given to any Director or stockholder, and no provision is made as to how such notice will be given, such notice may be given in writing, by mail, postage prepaid, addressed to such Director or stockholder at such address as appears on the books of the Corporation. Any notice required or permitted to be given by mail will be deemed to be given at the time the same is deposited in the United States mail.

SECTION 2. WAIVER. Whenever any notice is required to be given to any stockholder or Director of the Corporation as required by law, the Certificate of Incorporation or these Bylaws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated in such notice, will be equivalent to the giving of such notice. Attendance of a stockholder or Director at a meeting will constitute a waiver of notice of such meeting, except where such stockholder or Director attends for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business on the ground that the meeting has not been lawfully called or convened.

ARTICLE V  
OFFICERS AND AGENTS

SECTION 1. IN GENERAL. The officers of the Corporation will consist of a Chief Executive Officer, President, Chief Financial Officer and Secretary and such other officers as shall be elected by the Board of Directors or the Chief Executive Officer. Any two or more offices may be held by the same person.

SECTION 2. ELECTION. The Board of Directors, at its first meeting after each annual meeting of stockholders, will elect the officers, none of whom need be a member of the Board of Directors.

SECTION 3. OTHER OFFICERS AND AGENTS. The Board of Directors and Chief Executive Officer may also elect and appoint such other officers and agents as it or he deems necessary, who will be elected and appointed for such terms and will exercise such powers and perform such duties as may be determined from time to time by the Board or the Chief Executive Officer.

SECTION 4. COMPENSATION. The compensation of all officers and agents of the Corporation will be fixed by the Board of Directors or any committee of the Board, if so authorized by the Board.

SECTION 5. TERM OF OFFICE AND REMOVAL. Each officer of the Corporation will hold office until his death, his resignation or removal from office, or the election and qualification of his successor, whichever occurs first. Any officer or agent elected or appointed by the Board of Directors or the Chief Executive Officer may be removed at any time, for or without cause, by the affirmative vote of a majority of the entire Board of Directors or at the discretion of the Chief Executive Officer (without regard to how the agent or officer was elected), but such removal will not prejudice the contract rights, if any, of the person so removed. If the office of any officer becomes vacant for any reason, the vacancy may be filled by the Board of Directors or, in the case of a vacancy in the office of officer other than Chief Executive Officer and President, such vacancy may be filled by the Chief Executive Officer.

SECTION 6. EMPLOYMENT AND OTHER CONTRACTS. The Board of Directors may authorize any officer or officers or agent or agents to enter into any contract or execute and deliver any instrument in the name or on behalf of the Corporation, and such authority may be general or confined to specific instances. The Board of Directors may, when it believes the interest of the Corporation will best be served thereby, authorize executive employment contracts that will have terms no longer than ten years and contain such other terms and conditions as the Board of Directors deems appropriate. Nothing herein will limit the authority of the Board or Directors to authorize employment contracts for shorter terms.

SECTION 7. CHAIRMAN OF THE BOARD OF DIRECTORS. If the Board of Directors has elected a Chairman of the Board, he will preside at all meetings of the stockholders and the Board of Directors.

SECTION 8. CHIEF EXECUTIVE OFFICER. The Chief Executive Officer will be the chief executive officer of the Corporation and, subject to the control of the Board of Directors, will supervise and control all of the business and affairs of the Corporation. The Chief Executive Officer shall have the authority to elect any officer of the Corporation other than the Chief Executive Officer or President. He will, in the absence of the Chairman of the Board, preside at all meetings of the stockholders and the Board of Directors. The Chief Executive Officer will have all powers and perform all duties incident to the office of Chief Executive Officer and will have such other powers and perform such other duties as the Board of Directors may from time to time prescribe. During the absence or disability of the President, the Chief Executive Officer will exercise the powers and perform the duties of President.

SECTION 9. PRESIDENT. The President will have responsibility, for oversight of the Corporation's operating and development activities. In the absence or disability of the Chief Executive Officer and the Chairman of the Board, the President will exercise the powers and perform the duties of the Chief Executive Officer. The President will render to the Directors whenever they may requires it an account of the operating and development activities of the Corporation and will have such other powers and perform such other duties as the Board of Directors may from time to time prescribe or as the Chief Executive Officer may from time to time delegate to him.

SECTION 10. CHIEF FINANCIAL OFFICER. The Chief Financial Officer will have principal responsibility for the financial operations of the Corporation. The Chief Financial Officer will render to the Directors whenever they may require it an account of the operating results and financial condition of the Corporation and will have such other powers and perform such other duties as the Board of Directors may from time to time prescribe or as the Chief Executive Officer may from time to time delegate to him.

SECTION 11. SECRETARY. The Secretary will attend all meetings of the stockholders and record all votes and the minutes of all proceedings in a book to be kept for that purpose. The Secretary will perform like duties for the Board of Directors and committees thereof when required. The Secretary will give, or cause to be given, notice of all meetings of the stockholders and special meetings of the Board of Directors. The Secretary will keep in safe custody the seal of the Corporation. The Secretary will be under the supervision of the Chief Executive Officer. The Secretary will have such other powers and perform such other duties as the Board of Directors may from time to time prescribe or as the Chief Executive Officer may from time to time delegate to him.

SECTION 12. BONDING. The Corporation may secure a bond to protect the Corporation from loss in the event of defalcation by any of the officers, which bond may be in such form and amount and with such surety as the Board of Directors may deem appropriate.

## ARTICLE VI CERTIFICATES REPRESENTING SHARES

SECTION 1. FORM OF CERTIFICATES. Certificates, in such form as may be determined by the Board of Directors, representing shares to which stockholders are entitled will be delivered to each stockholder. Such certificates will be consecutively numbered and will be entered in the stock book of the Corporation as they are issued. Each certificate will state on the face thereof the holder's name, the number, class of shares, and the par value of such shares or a statement that such shares are without par value. They will be signed by the Chief Executive Officer or President and the Secretary or an Assistant Secretary, and may be sealed with the seal of the Corporation or a facsimile thereof. If any certificate is countersigned by a transfer agent, or an assistant transfer agent or registered by a registrar, either of which is other than the Corporation or an employee of the Corporation, the signatures of the Corporation's officers may be facsimiles. In case any officer or officers who have signed, or whose facsimile signature or signatures have been used on such certificate or certificates, ceases to be such officer or officers of the Corporation, whether because of death, resignation or otherwise, before such certificate or certificates have been delivered by the Corporation or its agents, such certificate or certificates may nevertheless be adopted by the Corporation and be issued and delivered as though the person or persons who signed such certificate or certificates or whose facsimile signature or signatures have been used thereon had not ceased to be such officer or officers of the Corporation.

SECTION 2. LOST CERTIFICATES. The Board of Directors may direct that a new certificate be issued in place of any certificate theretofore issued by the Corporation alleged to have been lost or destroyed, upon the making of an affidavit of that fact by the person claiming

the certificate to be lost or destroyed. When authorizing such issue of a new certificate, the Board of Directors, in its discretion and as a condition precedent to the issuance thereof, may require the owner of such lost or destroyed certificate, or his legal representative, to advertise the same in such manner as it may require and/or to give the Corporation a bond, in such form, in such sum, and with such surety or sureties as it may direct as indemnity against any claim that may be made against the Corporation with respect to the certificate alleged to have been lost or destroyed. When a certificate has been lost, apparently destroyed or wrongfully taken, and the holder of record fails to notify the Corporation within a reasonable time after such holder has notice of it, and the Corporation registers a transfer of the shares represented by the certificate before receiving such Notification, the holder of record is precluded from making any claim against the Corporation for the transfer of a new certificate.

SECTION 3. TRANSFER OF SHARES. Shares of stock will be transferable only on the books of the Corporation by the holder thereof in person or by such holder's duly authorized attorney. Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate representing shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it will be the duty of the Corporation or the transfer agent of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

SECTION 4. REGISTERED STOCKHOLDERS. The Corporation will be entitled to treat the holder of record of any share or shares of stock as the holder in fact thereof and, accordingly, will not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it has express or other notice thereof, except as otherwise provided by law.

## ARTICLE VII GENERAL PROVISIONS

SECTION 1. DIVIDENDS. Dividends upon the outstanding shares of the Corporation, subject to the provisions of the Certificate of Incorporation, if any, may be declared by the Board Directors at any regular or special meeting. Dividends may be declared and paid in cash, in property, or in shares of the Corporation, subject to the provisions or the General Corporation Law of the State of Delaware and the Certificate of Incorporation. The Board of Directors may fix in advance a record date for the purpose of determining stockholders entitled to receive payment of any dividend, such record date will not precede the date upon which the resolution fixing the record date is adopted, and such record date will not be more than sixty days prior to the payment date of such dividend. In the absence of any action by the Board of Directors, the close of business on the date upon which the Board of Directors adopts the resolution declaring such dividend will be the record date.

SECTION 2. RESERVES. There may be created by resolution of the Board of Directors out of the surplus of the Corporation such reserve or reserves as the Directors from time to time, in their discretion, deem proper to provide for contingencies, or to equalize dividends, or to repair or maintain any property of the Corporation, or for such other purpose as the Directors may deem beneficial to the Corporation, and the Directors may modify or abolish any such reserve in the manner in which it was created. Surplus of the Corporation to the extent so reserved will not be available for the payment of dividends or other distributions by the Corporation.

SECTION 3. TELEPHONE AND SIMILAR MEETINGS. Stockholders, directors and committee members may participate in and hold meetings by means of conference telephone or similar communications equipment by which all persons participating in the meeting can hear each other. Participation in such a meeting will constitute presence in person at the meeting, except where a person participates in the meeting for the express purpose of objecting, at the

beginning of the meeting, to the transaction of any business on the ground that the meeting has not been lawfully called or convened.

SECTION 4. BOOKS AND RECORDS. The Corporation will keep correct and complete books and records of account and minutes of the proceedings of its stockholders and Board of Directors, and will keep at its registered office or principal place of business, or at the office of its transfer agent or registrar, a record of its stockholders, giving the names and addresses of all stockholders and the number and class of the shares held by each.

SECTION 5. FISCAL YEAR. The fiscal year of the Corporation will be fixed by resolution of the Board of Directors.

SECTION 6. SEAL. The Corporation may have a seal, and the seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise. Any officer of the Corporation will have authority to affix the seal to any document requiring it.

SECTION 7. ADVANCES OF EXPENSES. The Corporation will advance to its directors and officers expenses incurred by them in connection with any "Proceeding," which term includes any threatened, pending or completed action, suit or proceeding, whether brought by or in the right of the Corporation or otherwise and whether of a civil, criminal, administrative or investigative nature (including all appeals therefrom), in which a director or officer may be or may, have been involved as a party or otherwise, by reason of the fact that he is or was a director or officer of the Corporation, by reason of any action taken by him or of any inaction on his part while acting as such, or by reason of the fact that he is or was serving at the request of the Corporation as a director, officer, trustee, employee or agent of another corporation, partnership, joint venture, trust, employee benefit plan or other enterprise ("Official," which term also includes directors and officers of the Corporation in their capacities as directors and officers of the Corporation), whether or not he is serving in such capacity at the time any liability or expense is incurred; provided that the Official undertakes to repay all amounts advanced unless:

(i) in the case of all Proceedings other than a Proceeding by or in the right of the Corporation, the Official establishes to the satisfaction of the disinterested members of the Board of Directors that he acted in good faith or in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal proceeding, that he did not have reasonable cause to believe his conduct was unlawful, provided that the termination of any such Proceeding by judgment, order of court, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not by itself create a presumption as to whether the Official acted in good faith or in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation and, with respect to any criminal proceeding, as to whether he had reasonable cause to believe his conduct was unlawful; or

(ii) in the case of a Proceeding by or in the right of the Corporation, the Official establishes to the satisfaction of the disinterested members of the Board of Directors that he acted in good faith or in a manner he reasonably believed to be in or not opposed to the best interests of the Corporation, provided that if in such a Proceeding the Official is adjudged to be liable to the Corporation, all amounts advanced to the Official for expenses must be repaid except to the extent that the court in which such adjudication was made shall determine upon application that despite such adjudication, in view of all the circumstances, the Official is fairly and reasonably entitled to indemnity for such expenses as the court may deem proper.

SECTION 8. INDEMNIFICATION. The Corporation will indemnify its directors and officers to the fullest extent permitted by the General Corporation Law of the State of Delaware and may, if and to the extent authorized by the Board of Directors, so indemnify such other persons whom it has the power to indemnify against any liability, reasonable expense or other matter whatsoever.

SECTION 9. INSURANCE. The Corporation may at the discretion of the Board of Directors purchase and maintain insurance on behalf of the Corporation and any person whom it has the power to indemnify pursuant to law, the Certificate of Incorporation, these Bylaws or otherwise.

SECTION 10. RESIGNATION. Any director, officer or agent may resign by giving written notice to the President or the Secretary. Such resignation will take effect at the time specified therein or immediately if no time is specified therein. Unless otherwise specified therein, the acceptance of such resignation will not be necessary, to make it effective.

SECTION 11. AMENDMENT OF BYLAWS. Other than as set forth herein, these Bylaws may be altered, amended, or repealed at any meeting of the Board of Directors at which a quorum is present, by the affirmative vote of a majority of the Directors present at such meeting.

SECTION 12. INVALID PROVISIONS. If any part of these Bylaws is held invalid or inoperative for any reason, the remaining parts, so far as possible and reasonable, will be valid and operative.

SECTION 13. RELATION TO THE CERTIFICATE OF INCORPORATION. These Bylaws are subject to, and governed by, the Certificate of Incorporation of the Corporation as amended from time to time.

The undersigned, being the Chief Financial Officer of the Corporation, confirms the adoption and approval of the foregoing Amended and Restated Bylaws, effective as of the June 20, 2007.

By: /s/ Mark Patterson

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Mark Patterson  
Chief Financial Officer

I, Michael R. Welch, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Express-1 Expedited Solutions, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ MICHAEL R. WELCH  
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Chief Executive Officer

Date: August 13, 2007

I, Mark K. Patterson, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Express-1 Expedited Solutions, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
  - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Mark K. Patterson  
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Chief Financial Officer

Date: August 13, 2007

**WRITTEN STATEMENT OF THE CHIEF EXECUTIVE OFFICER**

**Pursuant to 18 U.S.C. Section 1350  
as adopted pursuant to section 906 of the Sarbanes-Oxley act of 2002**

Solely for the purposes of complying with 18 U.S.C. s.1350 as adopted pursuant to section 906 of the Sarbanes-Oxley act of 2002, I, the undersigned Chief Executive Officer of Express-1 Expedited Solutions, Inc. (the "Company"), hereby certify, based on my knowledge, that the Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2007, (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Michael R. Welch  
Chief Executive Officer

Date: August 13, 2007

**WRITTEN STATEMENT OF THE CHIEF FINANCIAL OFFICER**

**Pursuant to 18 U.S.C. Section 1350  
as adopted pursuant to section 906 of the Sarbanes-Oxley act of 2002**

Solely for the purposes of complying with 18 U.S.C. s.1350 as adopted pursuant to section 906 of the Sarbanes-Oxley act of 2002, I, the undersigned Chief Financial Officer of Express-1 Expedited Solutions, Inc. (the "Company"), hereby certify, based on my knowledge, that the Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2007, (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Mark K. Patterson  
Chief Financial Officer

Date: August 13, 2007