XPO Logistics

Notice of 2016 Annual Meeting
Proxy Statement
2015 Annual Report

XPO Logistics, Inc. (NYSE: XPO) is a top ten global provider of cutting-edge supply chain solutions to customers in retail, e-commerce, high tech, manufacturing, aerospace and defense, food and beverage, life sciences and other industries. Globally, the company is the second largest freight brokerage firm by net revenue, the second largest contract logistics provider by facility square footage, and a top five managed transportation provider, with a growing position in freight forwarding. In North America, XPO is the largest arranger of expedited shipments, the largest provider of last mile logistics for heavy goods, the second largest provider of less-than-truckload transportation, and the third largest provider of intermodal service, with leading capabilities in drayage and full truckload transportation. In Europe, XPO has the largest owned fleet, the largest platform for e-commerce fulfillment, and is a leading provider of less-than-truckload transportation in Western Europe. On a typical day, the company facilitates more than 150,000 ground shipments and manages over five billion inventory units in its logistics facilities. XPO provides its services to more than 50,000 customers through a customer service network of over 89,000 employees and 1,443 locations in 33 countries.

Forward-Looking Statements:
This document includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including XPO's future financial targets. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. In some cases, forward-looking statements can be identified by the use of forward-looking terms such as "anticipate," "estimate," "believe," "continue," "could," "intend," "may," "plan," "potential," "predict," "should," "will," "expect," "objective," "projection," "forecast," "goal," "guidance," "outlook," "effort," "target" or the negative of these terms or other comparable terms. However, the absence of these words does not mean that the statements are not forward-looking. These forward-looking statements are based on certain assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate in the circumstances. These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions that may cause actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. Factors that might cause or contribute to a material difference include, but are not limited to, those discussed in this Annual Report, XPO's other filings with the Securities and Exchange Commission and the following: economic conditions generally; competition; XPO's ability to manage its growth, including by implementing effective systems of internal controls at acquired companies; XPO's ability to successfully integrate and realize anticipated synergies and cost savings with respect to acquired companies; XPO's ability to effectively manage its capital investment; XPO's ability to develop, implement, protect and integrate a suitable information technology system; XPO's substantial indebtedness; XPO's ability to attract and retain key employees to execute its strategy; litigation, including litigation related to alleged misclassification of independent contractors; risks from XPO's overseas operations, including compliance with anti-corruption laws; labor matters; weather and other service disruptions; and governmental regulation. All forward-looking statements set forth in this document are qualified by these cautionary statements and there can be no assurance that the actual results or developments anticipated will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, XPO or its businesses or operations. Forward-looking statements set forth in this document speak only as of the date hereof, and XPO undertakes no obligation to update forward-looking statements to reflect subsequent events or circumstances, changes in expectations or the occurrence of unanticipated events except to the extent required by law.

XPO Logistics

To Our Shareholders

2015 was our most important year of growth to date. We attained global scale as one of the world's largest transportation and logistics providers, with $15 billion of revenue and $1.1 billion of adjusted EBITDA[1]. We successfully integrated four acquisitions under our XPO Logistics brand, including two multi-billion dollar public companies. And we grew our customer service infrastructure to 1,443 locations in 33 countries. It was an ambitious agenda, and our team did a stellar job of hitting or surpassing every major mark, including our 2015 financial targets.

Our two most notable accomplishments in 2015 were our global expansion, and the addition of less-than-truckload (LTL) service in North America. The LTL acquisition also deepened our capabilities in contract logistics, truckload, truck brokerage and managed transportation. In addition, we grew our last mile and drayage networks with the purchase of two highly regarded domestic companies.

We now have more than 150 million square feet (14 million square meters) of facility space devoted to contract logistics worldwide, and leading transportation offerings in North America and Europe. Customers who want to move goods in North America have access to our comprehensive service offering, including truck brokerage, last mile, LTL, intermodal, drayage, expedite, full truckload and global forwarding. In Europe, we're a major player in e-commerce fulfillment and have the largest owned truck fleet.

We've built our operations to be strongly synergistic for the benefit of our more than 50,000 customers. For example, we're seeing exciting results from cross-pollinating Europe and North America with our services and technology. We recently launched a last mile network in England, where the provider landscape is fragmented, and we're handling contract logistics in the United States for a major British retailer. In the LTL space, XPO is the leading provider in France, the UK, Spain and Portugal, and the second largest provider in North America. We're sharing a wealth of best practices in areas such as customer service, driver safety, network efficiency and asset management.

Most important, we have a highly energized global team that shares a passion for customer service and takes great pride in our brand. On a typical day, we facilitate 150,000 ground shipments and manage over five billion inventory units in our logistics operations. These numbers reflect a tremendous vote of confidence by our customers.

Financial Performance

As we grew to critical mass in 2015, we were careful to position our company for long-term value creation. This was particularly evident in the fourth quarter, when we drove significant year-over-year margin improvement across all of our transportation businesses. In logistics, our European operations led the segment with higher-than-expected adjusted EBITDA and operating income.

We use adjusted EBITDA as our target metric because we believe it is the best indicator of our cash earnings. Adjusted EBITDA excludes non-cash accounting charges related to the amortization of intangible assets, and it eliminates one-time transaction costs from acquisitions.

Together, non-cash amortization charges and one-time transaction costs of $267 million accounted for more than our entire $246 million GAAP net loss attributable to common shareholders in 2015. We expect that past acquisitions will produce these types of charges in 2016 as well. To help our investors better understand our performance, we will continue our practice of clearly itemizing the exclusions from adjusted EBITDA in our reporting.

To fund our growth, we brought $5.4 billion of capital into the business through debt and equity raises in 2015, and ended the year with significant liquidity and few near-term debt maturities. As of December 31, we had approximately $290 million of cash and cash equivalents and a $1 billion asset-backed revolver. Approximately 72% of our debt doesn't mature until 2021 or later.

Outlook

Looking forward, our objectives continue to be to delight our customers with world-class service, meaningfully increase cash flow, and create dramatic shareholder value. These objectives are intertwined – in 2016, we're serving customers more completely and efficiently than ever before, and running the business more profitably. Consequently, we're on track to meet or exceed our full year financial goals:

For 2016, our target is adjusted EBITDA of at least $1.25 billion.
For 2018, our target is adjusted EBITDA of at least $1.7 billion.

Our many avenues for growth support these goals. We're executing on a major agenda to ramp up profitability in North America and Europe, including accelerated cross-selling, the strategic sourcing of nearly $3 billion of spend, and the optimization of our purchased transportation. These and dozens of other initiatives give us the ability to grow the business across a range of economic conditions.

We'll also continue our commitment to strong and effective corporate governance. In 2015, we proactively declassified our board to require an annual election of all directors, adopted a majority vote standard in the election of directors, and added Louis DeJoy as a director. Louis has more than 30 years in the supply chain industry, was the CEO of a preeminent provider of contract logistics acquired by XPO, and ran our logistics business in the Americas before moving to the board.

More recently, we refreshed our board committee assignments and rotated all committee chairs, and we established new stock ownership guidelines for our directors and executive officers. In March of this year, we appointed Gena Ashe to the board as a new independent director and chair of our nominating and governance committee. Gena has more than two decades of broad-based executive experience with public and private companies in varied industries, including three of our most important customer verticals: e-commerce, food and beverage, and technology. In addition, we named Michael Jesselson, a current director, as lead independent director. Our board composition is evolving to become more reflective of the larger and more diverse company we've become.

It's worth noting that the interests of XPO's directors and senior executives are solidly aligned with the interests of our shareholders. Our directors are significant investors in XPO, with aggregate beneficial shareholdings of approximately $65 million, apart from my own. And the beneficial holdings of XPO executives, including my shares, represent approximately 17% of the company's fully diluted shares. Since present management took over in 2011, our stock price has increased nearly four-fold and far exceeded other relevant benchmarks in performance: 5.6 times the Dow Jones Industrial Average; 4.4 times the Dow Jones Transportation Average; and 4.3 times the S&P 500.

I'm proud of how much our team accomplished in 2015, and the obvious fervor for the job ahead. We're benefitting from a business model that meshes world-class customer service and an intense focus on results. This resonates with customers and investors alike. I'm highly optimistic about the global strategy we have in place for dramatic, long-term value creation.

April 6, 2016

Brad Jacobs

Bradley S. Jacobs
Chairman and Chief Executive Officer

(1) Revenue and adjusted EBITDA are presented on an annual run rate basis, pro forma for 2015 acquisitions. Adjusted EBITDA is a non-GAAP measure. A reconciliation of adjusted EBITDA to net loss available to common shareholders is provided in the financial table on the last page of this annual report.

XPO LOGISTICS, INC.

Five Greenwich Office Park
Greenwich, Connecticut 06831

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
To Be Held on May 11, 2016

To the Stockholders of XPO Logistics, Inc.:

Notice is hereby given that the annual meeting of stockholders of XPO Logistics, Inc. will be held on Wednesday, May 11, 2016 at 10:00 a.m. local time, at the Delamar Greenwich Harbor Hotel, located at 500 Steamboat Road, Greenwich, Connecticut 06830, for the following purposes as more fully described in the proxy statement:

- To elect seven (7) members of our Board of Directors for a term to expire at the 2017 annual meeting of stockholders or until their successors are duly elected and qualified;
- To ratify the appointment of KPMG LLP as our independent registered public accounting firm for fiscal year 2016;
- To conduct an advisory vote to approve the executive compensation of our named executive officers as disclosed in this proxy statement; and
- To consider and transact such other business as may properly come before the annual meeting or any adjournments or postponements thereof.

Only stockholders of record of our common stock, $0.001 per share par value, and our Series A Convertible Perpetual Preferred Stock as of the close of business on March 24, 2016, the "Record Date," are entitled to receive notice of, and to vote at, the annual meeting or any adjournment or postponement of the annual meeting.

Please note that, if you plan to attend the annual meeting in person, you will need to register in advance and receive an admission ticket in order to be admitted. Please follow the instructions on pages 1 - 5 of the proxy statement.

Your vote is important. Whether or not you plan to attend the annual meeting in person, it is important that your shares be represented. We ask that you vote your shares as soon as possible.

By Order of the Board of Directors,

Gordon E. Devens
Chief Legal Officer and Secretary

Greenwich, Connecticut
April 6, 2016

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting of Stockholders to be Held on May 11, 2016

This Proxy Statement and our Annual Report on Form 10-K for the Year Ended December 31, 2015 are available at www.edocumentview.com/XPO.

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PROXY STATEMENT SUMMARY

This proxy statement sets forth information relating to the solicitation of proxies by the Board of Directors of XPO Logistics, Inc. in connection with our company's 2016 annual meeting of stockholders. This summary highlights information contained elsewhere in this proxy statement. This summary does not contain all of the information that you should consider, and you should read the entire proxy statement carefully before voting.

2016 Annual Meeting of Stockholders

Date and Time: May 11, 2016, 10:00 a.m., local time

Place: Delamar Greenwich Harbor Hotel, located at 500 Steamboat Road, Greenwich, Connecticut 06830

Record Date: You can vote if you were a shareholder of record of our company as of the close of business on March 24, 2016

Admission: You will need an admission ticket to enter the annual meeting. You may request admission tickets by providing the name under which you hold shares of record or, if your shares are held in the name of a bank, broker or other holder of record, the evidence of your beneficial ownership of the shares, the number of admission tickets you are requesting and your contact information.

You can submit your request in the following ways:

by sending an e-mail to annualmeeting@xpo.com OR by calling us toll-free at (855) 976-6951

Voting Matters and Board Recommendations

The Board is not aware of any matter that will be presented for a vote at the 2016 annual meeting of stockholders other than those shown below.

	Board Vote Recommendation	Page Reference (for more detail)
Proposal 1: Election of Directors To elect seven (7) members of our Board of Directors for a term to expire at the 2017 annual meeting of stockholders or until their successors are duly elected and qualified	**FOR** each Director Nominee	9-12, 55
Proposal 2: Ratification of Appointment of Independent Public Accounting Firm To ratify the appointment of KPMG LLP as our independent registered public accounting firm for fiscal year 2016	**FOR**	52-54, 56
Proposal 3: Advisory Vote to Approve Executive Compensation To conduct an advisory vote to approve the executive compensation of our named executive officers (NEOs) as disclosed in this proxy statement	**FOR**	25-49, 57

How to Cast Your Vote (page 7 and proxy card)

If you are a registered stockholder (*i.e.*, you hold your shares in your own name), you can vote by proxy in three convenient ways:

- By telephone: Call toll-free 1-800-652-VOTE (8683) and follow the instructions.
- By internet: Go to *www.envisionreports.com/XPO* and follow the instructions.
- By mail: Complete, sign, date and return your proxy card in the provided envelope.

Telephone and internet voting facilities for shareholders of record will be available 24 hours a day and will close at 1:00 a.m. Eastern Daylight Time on May 11, 2016.

If you are the beneficial owner of shares, please follow the voting instructions provided by your broker, trustee or other nominee.

Board of Director Nominees (pages 9-12, 55)

The following table provides summary information about each director nominee. Each director is elected annually by a majority of the votes cast. The average age of our director nominees is 60 years and the average tenure is 3.3 years.

					Committee Memberships			
Name	**Age**	**Director Since**	**Occupation**	**Independent**	**AC**	**CC**	**NCGC**	**AcqC**
Bradley S. Jacobs	59	2011	Chairman and CEO, XPO Logistics, Inc.					
Gena L. Ashe	54	2016	Chief Legal Officer (retired), BrightView Landscapes, LLC	Y			**C**	
Louis DeJoy	58	2015	Chief Executive Officer, Supply Chain (retired), XPO Logistics, Inc.					✓
Michael G. Jesselson	64	2011	Lead Independent Director, XPO Logistics, Inc. President and Chief Executive Officer, Jesselson Capital Corporation	Y			✓	
Adrian P. Kingshott	56	2011	Chief Executive Officer, AdSon LLC	Y	✓	**C**		✓
Jason D. Papastavrou*	53	2011	Founder and Chief Investment Officer, ARIS Capital Management, LLC Co-founder, Empiric Asset Management, LLC	Y	✓	✓	✓	**C**
Oren G. Shaffer	73	2011	Vice Chairman and Chief Financial Officer (retired), Qwest Communications International, Inc.	Y	**C**			

C = Committee Chair ✓ **=** Committee Member *** =** Audit Committee Financial Expert

AC = Audit Committee **CC** = Compensation Committee **NCGC** = Nominating and Corporate Governance Committee

AcqC = Acquisition Committee

Governance and Compensation Highlights

Board Independence	Seven of our nine current directors are independent; the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee consist entirely of independent directors.
Board Leadership	In 2016, our Board added a robust lead independent director position to its leadership structure to complement the roles of our independent committees and independent committee chairs in providing effective Board oversight. These independent structures work in conjunction with the dual roles served by our Chairman and Chief Executive Officer. The Board believes that the Board and company's leadership structure functions well for our company and is in the best interests of our stockholders based on the current strategy and ownership structure.
Board Refreshment	Our Board is committed to practices that create an effective mix of useful expertise and fresh perspectives, including the thoughtful refreshment of the Board when appropriate. In 2015, the Board initiated a process to seek out highly qualified director candidates who bring relevant experience to the Board and reflect our company's growing scale and diversity. This has resulted in the addition of two new directors since the last annual meeting. We regularly review our Board practices and composition.
Committee Chair Rotations	As part of its annual review of Board committee composition and committee chair assignments, in March 2016, the Board reconstituted the committees and rotated committee chairs in order to enhance the effective functioning of the committees and bring fresh perspectives to committee processes. The table on the prior page reflects the new committee assignments and chairs.
Annual Director Elections	We proactively declassified our Board in 2015; all directors are elected annually for one-year terms until their successors are elected and qualified.
Majority Voting for Director Elections	Our bylaws provide for a majority voting standard in uncontested elections, and further require that a director who fails to receive a majority vote must tender his or her resignation to the Board.
Board Evaluations	We evaluate Board, committee and director performance and practices regularly.
Risk Oversight and Financial Reporting	Our Board seeks to provide robust oversight of current and potential risks facing our company and its business and demonstrate strong financial reporting practices.
Clawback Policy	Our NEOs and other policy-making executive officers are subject to clawback provisions with respect to annual and long-term cash incentive compensation.
Lock-up Restrictions	Our NEOs are subject to lock-up restrictions that generally prohibit the sale of any equity awarded by our company until September 2, 2018.
Stock Ownership Guidelines	In 2016, our Board established stock ownership guidelines for our NEOs and other executive officers to further align their interests with those of our stockholders.
No Hedging or Pledging of Company Securities	Under our insider trading policy, our company's directors and executive officers, including the NEOs, are prohibited from pledging and hedging transactions involving our company's securities.

PROXY STATEMENT

This proxy statement sets forth information relating to the solicitation of proxies by the Board of Directors (our "Board of Directors" or our "Board") of XPO Logistics, Inc. ("XPO Logistics" or our "company") in connection with our company's 2016 annual meeting of stockholders or any adjournment or postponement of the annual meeting. This proxy statement is being furnished by our Board of Directors for use at the annual meeting of stockholders to be held on May 11, 2016 at 10:00 a.m., local time, at the Delamar Greenwich Harbor Hotel, located at 500 Steamboat Road, Greenwich, Connecticut 06830.

This proxy statement and form of proxy are first being mailed on or about April 6, 2016, to our stockholders of record as of the close of business on March 24, 2016 (the "Record Date").

QUESTIONS AND ANSWERS ABOUT OUR ANNUAL MEETING

The following questions and answers address briefly some questions you may have regarding the annual meeting. These questions and answers may not address all questions that may be important to you as a stockholder of our company. Please refer to the more detailed information contained elsewhere in this proxy statement.

What items of business will be voted on at the annual meeting?

The business expected to be voted on at the annual meeting is considering approval of the following proposals:

- To elect seven (7) members of our Board of Directors for a term to expire at the 2017 annual meeting of stockholders or until their successors are duly elected and qualified *(Proposal 1)*;
- To ratify the appointment of KPMG LLP ("KPMG") as our independent registered public accounting firm for 2016 *(Proposal 2)*;
- To conduct an advisory vote to approve the executive compensation of our named executive officers as disclosed in this proxy statement *(Proposal 3)*; and
- To consider and transact such other business as may properly come before the annual meeting or any adjournments or postponements thereof.

In addition, senior management of XPO Logistics and representatives of our outside auditor, KPMG, will be available to respond to your questions.

Who can attend and vote at the annual meeting?

You are entitled to receive notice of and to attend and vote at the annual meeting, or any adjournment or postponement thereof, if, as of the close of business on March 24, 2016, the Record Date, you were a holder of record of our common stock or Series A Convertible Perpetual Preferred Stock (the "Series A Preferred Stock").

As of the Record Date, there were issued and outstanding 109,735,647 shares of common stock, each of which is entitled to one vote on each matter to come before the annual meeting. In addition, as of the Record Date, there were issued and outstanding 72,885 shares of Series A Preferred Stock. Each share of Series A Preferred Stock is entitled to vote together with our common stock on each matter to come before the annual meeting as if the share of Series A Preferred Stock were converted into shares of common stock as of the Record Date, meaning that each share of Series A Preferred Stock is entitled to approximately 143 votes on each matter to come before the annual meeting. As a result, a total of 120,147,790 votes are eligible to be cast at the annual meeting based on the number of outstanding shares of our common stock and Series A Preferred Stock, voting together as a single class.

If you wish to attend the annual meeting and your shares are held in an account at a broker, dealer, commercial bank, trust company or other nominee (i.e., in "street name"), you will need to bring a copy of your voting instruction card or statement reflecting your share ownership as of the Record Date. Street name holders who wish to vote at the annual meeting will need to obtain a proxy from the broker, dealer, commercial bank, trust company or other nominee that holds their shares.

Do I need a ticket to attend the annual meeting?

Yes, you will need an admission card to enter the annual meeting. You may request tickets by providing the name under which you hold shares of record or, if your shares are held in the name of a bank, broker or other holder of record, the evidence of your beneficial ownership of the shares, the number of tickets you are requesting and your contact information. You can submit your request in the following ways:

- by sending an e-mail to annualmeeting@xpo.com; or
- by calling us toll-free at (855) 976-6951.

Stockholders also must present a form of personal photo identification in order to be admitted to the annual meeting. If you plan to attend the 2016 annual meeting, you can obtain directions to the Delamar Greenwich Harbor Hotel from the hotel's website at www.delamargreenwich.com/greenwich-ct-hotel-location.php.

How many shares must be present to conduct business at the annual meeting?

A quorum is necessary to hold a valid meeting of stockholders. For each of the proposals to be presented at the annual meeting, the holders of shares of our common stock or Series A Preferred Stock outstanding on the Record Date representing 60,073,896 votes must be present at the annual meeting, in person or by proxy. If you vote—including by Internet, telephone or proxy card—your shares voted will be counted towards the quorum for the annual meeting. Abstentions and broker non-votes are counted as present for the purpose of determining a quorum.

What are my voting choices?

With respect to the election of directors, you may vote "FOR" or AGAINST" each of the director nominees, or you may "ABSTAIN" from voting for one or more of such nominees. With respect to the other proposals to be considered at the annual meeting, you may vote "FOR" or "AGAINST" or you may "ABSTAIN" from voting on any proposal to be voted on at the annual meeting. If you sign your proxy or voting instruction card without giving specific instructions, your shares will be voted in accordance with the recommendations of our Board of Directors and in the discretion of the proxy holders on any other matters that properly come before the annual meeting.

What vote is required to approve the proposals being considered at the annual meeting?

- ***Proposal 1*****: Election of seven (7) directors.** The election of the seven (7) director nominees named in this proxy statement requires the affirmative vote of a majority of the votes cast (meaning the number of shares voted "for" a nominee must exceed the number of shares voted "against" such nominee) by holders of shares of our common stock (including those that would be issued if all our outstanding Series A Preferred Stock had converted into shares of our common stock as of the Record Date) at the annual meeting at which a quorum is present. If any incumbent director standing for re-election receives a greater number of votes "against" his or her election than votes "for" such election, our bylaws require that such person must promptly tender his or her resignation to our Board of Directors. You may not accumulate your votes for the election of directors.

  Brokers may not use discretionary authority to vote shares on the election of directors if they have not received specific instructions from their clients. If you are a beneficial owner of shares, for your vote to be counted in the election of directors, you will need to communicate your voting decisions to your bank, broker or other nominee before the date of the annual meeting in accordance with their specific instructions. Abstentions and broker non-votes are not considered votes cast for purposes of tabulation of such vote, and will have no effect on the election of director nominees.

- ***Proposal 2*****: Ratification of the appointment of KPMG LLP as our independent registered public accounting firm for 2016.** Ratification of the appointment of KPMG as our independent registered public accounting firm for the year ending December 31, 2016 requires the affirmative vote of a majority of the votes cast (meaning the number of shares voted "for" such proposal must exceed the number of shares voted "against" such proposal) by holders of shares of our common stock (including those that would be issued if all our outstanding Series A Preferred Stock had converted into shares of our common stock as of the Record Date) at the annual meeting at which a quorum is present. Abstentions are not considered votes cast for purposes of tabulation of the foregoing vote, and will have no effect on the ratification of KPMG. We do not expect any broker non-votes as brokers have discretionary authority to vote on this proposal.

- ***Proposal 3*****: Advisory vote to approve executive compensation.** Advisory approval of the resolution on executive compensation of our named executive officers as disclosed in this proxy statement requires the affirmative vote of a majority of the votes cast (meaning the number of shares voted "for" such proposal must exceed the number of shares voted "against" such proposal) by holders of shares of our common stock (including those that would be issued if all our outstanding Series A Preferred Stock had converted into shares of our common stock as of the Record Date) at the annual meeting at which a quorum is present.

  Brokers may not use discretionary authority to vote shares on the advisory vote to approve executive compensation if they have not received specific instructions from their clients. If you are a beneficial owner of shares, for your vote to be counted in the advisory vote to approve executive compensation, you will need to communicate your voting decisions to your bank, broker or other nominee before the date of the annual meeting in accordance with their specific instructions. Abstentions and broker non-votes are not considered votes cast for purposes of tabulation of such vote, and will have no effect on the advisory vote to approve executive compensation.

In general, other business properly brought before the annual meeting requires the affirmative vote of a majority of the votes cast (meaning the number of shares voted "for" such proposal must exceed the number of shares voted "against" such proposal) by holders of shares of our common stock (including those that would be issued if all our outstanding Series A Preferred Stock had converted into shares of our common stock as of the Record Date) at the annual meeting at which a quorum is present.

How does the Board of Directors recommend that I vote?

Our Board of Directors, after careful consideration, recommends that our stockholders vote **"FOR"** the election of each director nominee named in this proxy statement, **"FOR"** ratification of KPMG as our independent registered public accounting firm for 2016, and **"FOR"** advisory approval of the resolution to approve executive compensation.

What do I need to do now?

We urge you to read this proxy statement carefully. Then just mail your completed, dated and signed proxy card in the enclosed return envelope as soon as possible so that your shares can be voted at the annual meeting of stockholders. Holders of record may also vote by telephone or the Internet by following the instructions on the proxy card.

How do I cast my vote?

Registered Stockholders. If you are a registered stockholder (*i.e.*, you hold your shares in your own name through our transfer agent, Computershare Trust Company, N.A., and not through a broker, bank or other nominee that holds shares for your account in "street name"), you may vote by proxy via the Internet, by telephone, or by mail by following the instructions provided on the proxy card. Proxies submitted by telephone or through the Internet must be received by 1:00 a.m., Eastern Daylight Time, on May 11, 2016. Please see the proxy card provided to you for instructions on how to submit your proxy by telephone or the Internet. Stockholders of record who attend the annual meeting may vote in person by obtaining a ballot from the inspector of elections.

Beneficial Owners. If you are a beneficial owner of shares (*i.e.*, your shares are held in the name of a brokerage firm, bank or a trustee), you may vote by proxy by following the instructions provided in the vote instruction form or other materials provided to you by the brokerage firm, bank or other nominee that holds your shares. To vote in person at the annual meeting, you must obtain a legal proxy from the brokerage firm, bank or other nominee that holds your shares.

What is the deadline to vote?

If you hold shares as the stockholder of record, your vote by proxy must be received before the polls close at the annual meeting. As indicated on the proxy card provided to you, proxies submitted by telephone or through the Internet must be received by 1:00 a.m., Eastern Daylight Time, on May 11, 2016.

If you are the beneficial owner of shares, please follow the voting instructions provided by your broker, trustee or other nominee.

What happens if I do not respond or if I respond and fail to indicate my voting preference or if I abstain from voting?

If you fail to sign, date and return your proxy card or fail to vote by telephone or Internet as provided on your proxy card, your shares will not be counted towards establishing a quorum for the annual meeting, which requires holders representing a majority of the outstanding shares of our common stock (including those that would be issued if all of our outstanding Series A Preferred Stock had converted into shares of our common stock as of the Record Date) to be present in person or by proxy. Failure to vote, assuming the presence of a quorum, will have no effect on the tabulation of the vote on the proposals.

If you are a stockholder of record and you properly sign, date and return your proxy card, but do not indicate your voting preference, we will count your proxy as a vote in favor of the election of the seven nominees for director named in "Proposal 1—Election of Directors" and as a vote in favor of the other proposals.

If my shares are held in "street name" by my broker, dealer, commercial bank, trust company or other nominee, will such broker or other nominee vote my shares for me?

You should instruct your broker or other nominee on how to vote your shares using the instructions provided by such broker or other nominee. Absent specific voting instructions, brokers or other nominees who hold shares of our common stock in "street name" for customers are prevented by the rules set forth in the Listed Company Manual (the "NYSE Rules") of the New York Stock Exchange (the "NYSE") from exercising voting discretion in respect of non-routine or contested matters. We expect that when the NYSE evaluates the proposals to be voted on at the annual meeting to determine whether each proposal is a routine or non-routine matter, only "Proposal 2—Ratification of the Appointment of KPMG LLP as Our Independent Registered Public Accounting Firm for 2016" will be evaluated as routine. Shares not voted by a broker or other nominee because such broker or other nominee does not have instructions or cannot exercise discretionary voting power with respect to one or more proposals are referred to as "broker non-votes". It is important that you instruct your broker or other nominee on how to vote your shares of our common stock held in "street name" in accordance with the voting instructions provided by such broker or other nominee.

Can I change my vote after I have mailed my proxy card?

Yes. Whether you attend the annual meeting or not, you may revoke a proxy at any time before your proxy is voted at the annual meeting. You may do so by properly delivering a later-dated proxy either by mail, the Internet or telephone or by attending the annual meeting in person and voting. Please note, however, your attendance at the annual meeting will not automatically revoke any prior proxy unless you vote again at the annual meeting or specifically request in writing that your prior proxy be revoked. You also may revoke your proxy by delivering a notice of revocation to our company (Attention: Secretary, XPO Logistics, Inc., Five Greenwich Office Park, Greenwich, Connecticut 06831) prior to the vote at the annual meeting. If you hold your shares through a broker, dealer, commercial bank, trust company or other nominee, you should follow the instructions of such broker or other nominee regarding revocation of proxies.

How will the persons named as proxies vote?

If you complete and submit a proxy, the persons named as proxies will follow your instructions. If you submit a proxy but do not provide instructions, or if your instructions are unclear, the persons named as proxies will vote as recommended by our Board of Directors or, if no recommendation is given, in their own discretion.

Where can I find the results of the voting?

We intend to announce preliminary voting results at the annual meeting and will publish final results through a Current Report on Form 8-K to be filed with the Securities and Exchange Commission ("SEC") within four (4) business days after the annual meeting. The Current Report on Form 8-K will be available on the Internet at our website, www.xpo.com.

Who will pay for the cost of soliciting proxies?

We will pay for the cost of soliciting proxies. We have engaged Innisfree M&A Incorporated to assist us in soliciting proxies in connection with the annual meeting, and have agreed to pay them approximately $11,000, plus their expenses for providing such services. Our directors, officers and other employees, without additional compensation, may solicit proxies personally, in writing, by telephone, by email or otherwise. As is customary, we will reimburse brokerage firms, fiduciaries, voting trustees, and other nominees for forwarding our proxy materials to each beneficial owner of common stock or Series A Preferred Stock held of record by them.

What is "householding" and how does it affect me?

In accordance with notices to many stockholders who hold their shares through a bank, broker or other holder of record (a "street-name stockholder") and share a single address, only one copy of our proxy statement and 2015 annual report to stockholders is being delivered to that address unless contrary instructions from any stockholder at that address were received. This practice, known as "householding," is intended to reduce our printing and postage costs. However, any such street-name stockholder residing at the same address who wishes to receive a separate copy of this proxy statement and annual report may request a copy by contacting the bank, broker or other holder of record, or by sending a written request to: Investor Relations, XPO Logistics, Inc., Five Greenwich Office Park, Greenwich, Connecticut 06831 or by contacting Investor Relations by telephone at (855) 976-6951. The voting instruction form sent to a street-name stockholder should provide information on how to request (1) householding of future company materials or (2) separate materials if only one set of documents is being sent to a household. A stockholder who would like to make one of these requests should contact us as indicated above.

Can I obtain an electronic copy of proxy materials?

Yes, this proxy statement, annual report and the proxy card are available on the Internet at www.edocumentview.com/XPO.

BOARD OF DIRECTORS AND CORPORATE GOVERNANCE

Directors

Our Board of Directors currently consists of nine members, as set forth in the table below. The current terms of each of our directors will expire at the 2016 annual meeting of stockholders. Our Board of Directors has nominated seven of the current directors to stand for re-election at the annual meeting, as set forth in Proposal 1 on page 55 of this proxy statement. Two of our current nine directors, Mr. G. Chris Andersen and Mr. James J. Martell, are not standing for re-election at the 2016 annual meeting and will retire from the Board of Directors as of the 2016 annual meeting.

Name	Occupation
Bradley S. Jacobs	Chairman and Chief Executive Officer, XPO Logistics, Inc.
G. Chris Andersen	Founder and Managing Partner, G. C. Andersen Partners, LLC
Gena L. Ashe	Chief Legal Officer (retired), BrightView Landscapes, LLC
Louis DeJoy	Chief Executive Officer, Supply Chain (retired), XPO Logistics, Inc.
Michael G. Jesselson	Lead Independent Director, XPO Logistics, Inc.; President and Chief Executive Officer, Jesselson Capital Corporation
Adrian P. Kingshott	Chief Executive Officer, AdSon LLC
James J. Martell	Independent Operating Executive, Welsh, Carson, Anderson & Stowe
Jason D. Papastavrou	Founder and Chief Investment Officer, ARIS Capital Management, LLC Co-founder, Empiric Asset Management, LLC
Oren G. Shaffer	Vice Chairman and Chief Financial Officer (retired), Qwest Communications International, Inc.

Under the terms of an Investment Agreement, dated as of June 13, 2011 (the "Investment Agreement"), by and among Jacobs Private Equity, LLC ("JPE"), the other investors party thereto (collectively with JPE, the "Investors"), and our company, our company must take all necessary steps to nominate, and must use its reasonable best efforts to cause our Board of Directors to unanimously recommend that our stockholders vote in favor of, all nominees for election to our Board of Directors designated by Bradley S. Jacobs, as the managing member of JPE, subject to our Board of Directors' fiduciary duties. JPE also has the right to designate certain percentages of the nominees for our Board of Directors so long as JPE owns securities (including preferred stock convertible into, or warrants exercisable for, securities) representing specified percentages of the total voting power of our capital stock on a fully-diluted basis. JPE does not currently exceed the indicated voting power thresholds under the Investment Agreement. The foregoing rights of JPE under the Investment Agreement are in addition to, and not in limitation of, JPE's voting rights as a holder of capital stock of our company. JPE is controlled by Bradley S. Jacobs, our Chairman of the Board and Chief Executive Officer. The Investment Agreement and the terms contemplated therein were approved by our stockholders at a special meeting on September 1, 2011.

None of the foregoing will prevent our Board of Directors from acting in accordance with its fiduciary duties or applicable law or stock exchange requirements or from acting in good faith in accordance with our governing documents, while giving due consideration to the intent of the Investment Agreement.

Our Board of Directors consists of a highly experienced group of business leaders, many of whom have served as executive officers or on boards and board committees of major companies and have an extensive understanding of the principles of corporate governance. Our Board as a whole has broad expertise in corporate finance, capital markets, compliance and risk assessment, corporate governance, mergers and acquisitions integration, investment banking, legal and operational matters, as well as in the transportation and logistics sectors and public company board experience. In addition, our directors have a strong owner orientation—approximately 17% of the voting power of our capital stock on a fully-diluted basis is held by our directors or by entities or persons related to our directors (as of March 24, 2016). In 2015, our Board initiated a process to seek out highly qualified board candidates who bring relevant experience to the Board and reflect our company's growing scale and diversity. This process has resulted in the addition of two new directors since the last annual meeting of stockholders: Ms. Ashe and Mr. DeJoy.

We have set forth below information regarding each of our director nominees, including the experience, qualifications, attributes or skills that led our Board of Directors to conclude that such person should serve as a director.

Bradley S. Jacobs — **Director since 2011**

Mr. Jacobs has served as our Chief Executive Officer and Chairman of our Board of Directors since September 2, 2011. Mr. Jacobs is also the managing director of JPE, which is our largest stockholder. He has led two public companies: United Rentals, Inc. (NYSE: URI), which he co-founded in 1997, and United Waste Systems, Inc., which he founded in 1989. Mr. Jacobs served as chairman and chief executive officer of United Rentals for that company's first six years, and as executive chairman for an additional four years. He served eight years as chairman and chief executive officer of United Waste Systems. Previously, Mr. Jacobs founded Hamilton Resources (UK) Ltd. and served as its chairman and chief operating officer. This followed the co-founding of his first venture, Amerex Oil Associates, Inc., where he was chief executive.

Age: 59
Board Committees: None
Other Public Company Boards: None

***Mr. Jacobs brings to the Board*:**

- in-depth knowledge of the company's business resulting from his years of service with the company in various capacities
- leadership experience as the company's current Chief Executive Officer and Chairman, and his successful track record of leading companies that execute strategies similar to ours
- extensive experience as the chairman of the board of directors of several public companies

Gena L. Ashe — **Director since 2016**

Ms. Ashe joined our Board of Directors on March 21, 2016. Ms. Ashe has more than 20 years of broad based legal experience across a variety of industries, most recently serving as chief legal officer of BrightView Landscapes, LLC (formerly The Brickman Group, Ltd.), a commercial landscape, maintenance and snow removal company in the United States. In that role, which she held from February 2013 until March 2016, she was responsible for leading all aspects of BrightView's legal, risk management, safety, compliance and corporate governance functions. Prior to joining BrightView, from September 2010 until October 2012, Ms. Ashe held senior legal roles with Catalina Marketing Corporation, a data management company, and prior to that, with the Public Broadcasting Service (PBS), Darden Restaurants, Inc., Lucent Technologies, Inc. and AT&T. Earlier, she was an electrical engineer with IBM Corporation before joining IBM's legal team. Ms. Ashe holds a bachelor's degree in mathematics and physics from Spelman College, a master's degree in electrical engineering from Georgia Institute of Technology, and a doctor of law degree from Georgetown University. She is a graduate of the executive development program of the Wharton School of the University of Pennsylvania, and holds a certificate in international management from Oxford University in England.

Age: 54
Board Committees:

- Chair of Nominating and Corporate Governance Committee

Other Public Company Boards: None

Ms. Ashe brings to the Board:

- more than two decades of valuable legal experience with public and private companies, which enables her to provide guidance to the Board and company management on legal matters, compliance and risk assessment and corporate governance best practices
- an understanding of the dynamics of three of our most important customer verticals —e-commerce, technology, and food and beverage.

Louis DeJoy **Director since 2015**

Mr. DeJoy has served as a director of the company since December 3, 2015. He was most recently chief executive officer of the XPO Logistics supply chain business in the Americas. Previously, he led New Breed Logistics as its chairman and chief executive officer from 1983 until XPO Logistics acquired New Breed in 2014. During that time, he grew the company from a small, regional operation to a leading U.S. provider of highly engineered, technology-driven contract logistics solutions. Mr. DeJoy is a member of the boards of trustees of Elon University and the PGA Wyndham Championship, and serves on the board of directors for The Fund for American Studies in Washington, DC. He is a past member of the board of trustees of Moses Cone Health System in North Carolina, and was an appointee to the President's Commission on White House Fellowships. He holds a business degree from Stetson University.

Age: 58

Board Committees:

- Member of Acquisition Committee

Other Public Company Boards: None

Mr. DeJoy brings to the Board:

- significant expertise in supply chain operations that allows him to provide guidance to our Board on strategic and operational matters with respect to our logistics business unit

Michael G. Jesselson **Director since 2011, Lead Independent Director since 2016**

Mr. Jesselson has served as a director of the company since September 2, 2011, and as lead independent director since March 20, 2016. Mr. Jesselson has served as the president and chief executive officer of Jesselson Capital Corporation since 1994. He is a longstanding director of American Eagle Outfitters, Inc. and serves as that company's lead independent director. Additionally, he is a director of C-III Capital Partners LLC and other private companies, as well as numerous philanthropic organizations.

Age: 64

Board Committees:

- Member of Nominating and Corporate Governance Committee

Other Public Company Boards: American Eagle Outfitters, Inc. (since 1997)

Mr. Jesselson brings to the Board:

- significant experience with public company corporate governance issues through service with American Eagle Outfitters on its board since 1997 and as its lead independent director since 2012
- investment expertise

Adrian P. Kingshott **Director since 2011**

Mr. Kingshott has served as a director of the company since September 2, 2011. He has served as the chief executive officer of AdSon LLC since 2006, senior advisor to Headwaters Merchant Bank since 2013 and advisory director of Spotlight Advisors LLC since 2015. Previously, with Goldman Sachs, he was co-head of the firm's Leveraged Finance business, among other positions. More recently, Mr. Kingshott was a managing director of Amaranth Advisors, LLC. He is an adjunct professor of Global Capital Markets at Fairfield University's Dolan School of Business, and an adjunct professor of Global Capital Markets and Investments at Fordham University's School of Business and the Gabelli School of Business. He holds a master of business administration degree from Harvard Business School and a master of jurisprudence degree from Oxford University. Mr. Kingshott is a member of the board of directors of Centre Lane Investment Corp.

Age: 56

Board Committees:

- Chairman of Compensation Committee
- Member of Audit Committee
- Member of Acquisition Committee

Other Public Company Boards: None

Mr. Kingshott brings to the Board:

- more than 25 years of experience in the investment banking and investment management industries
- expertise with respect to acquisition transactions, debt and equity financing and corporate financial management issues

Jason D. Papastavrou, Ph.D **Director since 2011**

Dr. Papastavrou has served as a director of the company since September 2, 2011. Dr. Papastavrou is the founder and chief investment officer of ARIS Capital Management, LLC and is the cofounder of Empiric Asset Management, LLC. Previously, Dr. Papastavrou was the founder and managing director of the Fund of Hedge Funds Strategies Group of Banc of America Capital Management (BACAP), president of BACAP Alternative Advisors, and a senior portfolio manager with Deutsche Asset Management. He was a tenured professor at Purdue University School of Industrial Engineering, and holds a doctorate in electrical engineering and computer science from the Massachusetts Institute of Technology. Dr. Papastavrou serves on the board of directors of United Rentals, Inc.

Age: 53

Board Committees:

- Chairman of Acquisition Committee
- Member of Audit Committee
- Member of Compensation Committee
- Member of Nominating and Corporate Governance Committee

Other Public Company Boards: United Rentals, Inc. (since 2005)

Dr. Papastavrou brings to the Board:

- financial expertise from his qualifications as an “audit committee financial expert” under Item 407(d)(5) of Regulation S-K
- experience with finance and risk-related matters from holding senior positions at investment management firms

Oren G. Shaffer **Director since 2011**

Mr. Shaffer has served as a director of the company since September 2, 2011. From 2002 to 2007, Mr. Shaffer was vice chairman and chief financial officer of Qwest Communications International, Inc. (now CenturyLink, Inc.). Previously, Mr. Shaffer was president and chief operating officer of Sorrento Networks, Inc., executive vice president and chief financial officer of Ameritech Corporation, and held senior executive positions with The Goodyear Tire & Rubber Company, where he also served on the board of directors. Mr. Shaffer is a director on the board of Terex Corporation and the supervisory board of Terex Material Handling & Port Solutions. He has previously held board positions with Belgacom S.A., Demag Cranes AG and Intermec, Inc. He holds a master’s degree in management from the Sloan School of Management, Massachusetts Institute of Technology, and a degree in finance and business administration from the University of California, Berkeley.

Age: 73

Board Committees:

- Chairman of Audit Committee

Other Public Company Boards: Terex Corporation (since 2007)

Mr. Shaffer brings to the Board:

- senior financial, operational and strategic experience with various large companies
- corporate governance expertise from serving as director of various public companies

Role of the Board and Board Leadership Structure

Our business and affairs are managed under the direction of our Board of Directors, which is our company’s ultimate decision-making body, except with respect to those matters reserved to our stockholders. Our Board’s primary responsibility is to seek to maximize long-term stockholder value. Our Board establishes our overall corporate policies, selects and evaluates our senior management team, which is charged with the conduct of our business, monitors the performance of our company and management, and provides advice and counsel to management. In fulfilling the Board’s responsibilities, directors have full access to our management, internal and external auditors and outside advisors.

Furthermore, our Board of Directors is committed to independent Board oversight. Our current Board leadership structure includes an executive Chairman and a lead director who is an independent director, coupled with new chairs of all of our Board's committees. The positions of Chairman of the Board and Chief Executive Officer are both currently held by Mr. Jacobs. Our Board believes that this combination of roles is currently appropriate because the dual roles enable decisive leadership and ensure clear accountability in the context of strong Board practices and Board culture that facilitate independent oversight. Our Board believes the dual roles function well for our company based on our current strategy, governance and ownership structure.

In 2016, our Board of Directors approved amendments to our company's Corporate Governance Guidelines (the "Guidelines") to provide that the independent directors may appoint a lead independent director who presides over executive sessions of the independent directors, who shall serve a term of at least one year. On March 20, 2016, the independent directors appointed Mr. Jesselson to serve as lead independent director. The position of lead independent director has been structured to serve as an effective balance to the dual roles served by Mr. Jacobs. The lead independent director is selected from the independent directors of the Board of Directors. The lead independent director presides at all meetings of the Board of Directors at which the Chairman is not present and presides at all executive sessions of the independent directors. The Guidelines require that the independent directors meet at least once a year without members of management present, and the lead independent director is empowered to call additional meetings of the independent directors as necessary. In practice, our independent directors have met much more frequently in executive session. The lead independent director also serves as a liaison between the Chairman and the independent directors. Together with the Chairman, the lead independent director develops and approves Board meeting agendas, meeting schedules, and meeting materials to be distributed to our Board of Directors in order to assure sufficient time for informed discussions of issues. The lead independent director is also available to meet with significant stockholders as appropriate and required.

Further information regarding the position of lead independent director is set forth in the Guidelines. The Guidelines are available on the company's corporate website at www.xpo.com under the Investors tab.

Our Board of Directors held 14 meetings during 2015. In 2015, each person serving as a director attended at least 75% of the total number of meetings of our Board of Directors and any Board committee on which he served. Our Board of Directors also acted eight times during 2015 via unanimous written consent.

Our directors are expected to attend the annual meeting. Any director who is unable to attend the annual meeting is expected to notify the Chairman of the Board in advance of the annual meeting. Each person who was then serving as a director attended the 2015 annual meeting of stockholders, except Mr. Jesselson.

Board Risk Oversight

Our Board of Directors provides overall risk oversight with a focus on the most significant risks facing our company, and the management of the risks that we face in the conduct of our business is primarily the responsibility of our senior management team. Our senior management team periodically reviews with our Board of Directors any significant risks facing our company. Our business, strategies, operations, policies, controls and prospects are regularly discussed by our Board of Directors and management team, including as to current and potential risks and approaches for assessing, monitoring, mitigating and controlling risk exposure. Our Board of Directors has delegated responsibility for the oversight of specific risks to the committees of the Board as follows:

- *Audit Committee*. The Audit Committee oversees the policies that govern the process by which our exposure to risk is assessed and managed by management. In that role, the Audit Committee discusses with our management major financial risk exposures and the steps that management has taken to monitor and control these exposures. The Audit Committee also is responsible for reviewing risks arising from related party transactions involving our company and overseeing our company-wide Code of Business Conduct and Ethics and our Senior Officer Code of Business Conduct and Ethics.
- *Compensation Committee*. The Compensation Committee monitors the risks associated with our compensation philosophy and programs.

- *Nominating and Corporate Governance Committee*. The Nominating and Corporate Governance Committee oversees risks related to our governance structure and processes.
- *Acquisition Committee*. The Acquisition Committee oversees risks related to the execution of our acquisition strategy.

Our Board of Directors and Compensation Committee, in consultation with our independent compensation consultant Semler Brossy Consulting Group, LLC ("Semler Brossy"), have assessed the risks that could arise from our employee compensation policies and do not believe that such policies are reasonably likely to have a materially adverse effect on our company.

Committees of the Board and Committee Membership

Our Board of Directors has established four separately designated standing committees to assist our Board of Directors in discharging its responsibilities: the Audit Committee, the Compensation Committee, the Nominating and Corporate Governance Committee and the Acquisition Committee. Our Board of Directors may eliminate or create additional committees as it deems appropriate. The charters for our Board committees are in compliance with applicable SEC rules and the NYSE Listed Company Manual. These charters are available at www.xpo.com. You may obtain a printed copy of any of these charters by sending a request to: Investor Relations, XPO Logistics, Inc., Five Greenwich Office Park, Greenwich, Connecticut 06831.

The Audit Committee, the Compensation Committee and the Nominating and Corporate Governance Committee are composed entirely of independent directors within all applicable standards (as further discussed below). Our Board of Directors' general policy is to review and approve committee assignments annually. The Nominating and Corporate Governance Committee is responsible, after consultation with our Chairman of the Board and Chief Executive Officer and consideration of appropriate member qualifications, to recommend to our Board of Directors for approval all committee assignments, including designations of the chairs. Each committee is also authorized to retain its own outside counsel and other advisors as it desires.

In March 2016, as part of its annual review of the composition of Board committees and the assignment of committee chairs, the Board decided to reconstitute the committees and rotate committee chairs in order to enhance the effective functioning of the committees and to bring fresh perspectives to the committees. The following table sets forth the current membership of each of our Board committees as of March 24, 2016, and reflects the newly-assigned chairs. Mr. Jacobs and Mr. Martell currently do not serve on any Board committees.

Name	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee	Acquisition Committee
G. Chris Andersen		✓		
Gena L. Ashe			C	
Louis DeJoy				✓
Michael G. Jesselson			✓	
Adrian P. Kingshott	✓	C		✓
Jason D. Papastavrou*	✓	✓	✓	C
Oren G. Shaffer	C			

C = Committee Chair ✓ = Committee Member * = Audit Committee Financial Expert

A brief summary of the committees' responsibilities follows:

Audit Committee. The Audit Committee assists our Board of Directors in fulfilling its responsibilities in a number of areas, including, without limitation, oversight of: (i) our accounting and financial reporting processes, including our systems of internal controls and disclosure controls, (ii) the integrity of our financial statements,

(iii) our compliance with legal and regulatory requirements, (iv) the qualifications and independence of our outside auditors, (v) the performance of our outside auditors and internal audit function and (vi) related party transactions. Each member of the Audit Committee satisfies all applicable independence standards, has not participated in the preparation of our financial statements at any time during the past three years and is able to read and understand fundamental financial statements. During 2015, the Audit Committee was comprised of the following three directors: Dr. Papastavrou (Chair), Mr. Jesselson and Mr. Kingshott. The Audit Committee met four times during 2015 and acted four times via unanimous written consent. Our Board of Directors has determined that Dr. Papastavrou is an “audit committee financial expert” as defined under Item 407(d)(5) of Regulation S-K under the Exchange Act.

Compensation Committee. The primary responsibilities of the Compensation Committee are, among other things: (i) to oversee the administration of our compensation programs, (ii) to review the compensation of our executive management and annual bonus compensation, (iii) to review company contributions to qualified and non-qualified plans and (iv) to prepare any report on executive compensation required by SEC rules and regulations. During 2015, the Compensation Committee was comprised of the following three directors: Mr. Andersen (Chair), Dr. Papastavrou and Mr. Shaffer. The Compensation Committee met six times during 2015 and acted seven times via unanimous written consent.

Nominating and Corporate Governance Committee. The primary responsibilities of the Nominating and Corporate Governance Committee are, among other things: (i) to identify individuals qualified to become Board members and recommend that our Board of Directors select such individuals to be presented for stockholder consideration at the annual meeting or to be appointed by the Board of Directors to fill a vacancy, (ii) to make recommendations to our Board of Directors concerning committee appointments, (iii) to develop, recommend to our Board of Directors and annually review the Guidelines and oversee corporate governance matters and (iv) to oversee an annual evaluation of our Board of Directors and committees. During 2015, the Nominating and Corporate Governance Committee was comprised of the following three directors: Mr. Jesselson (Chair), Mr. Kingshott and Mr. Martell. The Nominating and Corporate Governance Committee met once during 2015 and acted once via unanimous written consent.

Acquisition Committee. The Acquisition Committee is responsible for reviewing and approving acquisition, divestiture and related transactions proposed by our management in which the total consideration to be paid or received by us, for any particular transaction, does not exceed the limits that may be established by our Board of Directors from time to time. During 2015, the Acquisition Committee was comprised of the following three directors: Mr. Kingshott (Chair), Mr. Jesselson and Dr. Papastavrou. The Acquisition Committee did not meet during 2015. In 2015, the full Board of Directors considered all acquisition-related matters.

Director Compensation

The following table sets forth information concerning the compensation of each person who served as a non-employee director of our company during 2015.

2015 Director Compensation Table[(1)]

Name	Fees Earned or Paid in Cash ($)	Stock Awards[(2)] ($)	Option Awards[(2)] ($)	Total ($)
G. Chris Andersen[(3)]	$62,500	$172,962	—	$235,462
Louis DeJoy	$ 3,941	—	—	$ 3,941
Michael G. Jesselson[(4)]	$57,500	$172,962	—	$230,462
Adrian P. Kingshott[(4)]	$57,500	$172,962	—	$230,462
James J. Martell[(5)]	$50,000	$172,962	—	$222,962
Jason D. Papastavrou[(6)]	$62,500	$172,962	—	$235,462
Oren G. Shaffer[(6)]	$50,000	$172,962	—	$222,962

(1) Compensation information for Mr. Jacobs, who is also a named executive officer of our company, is disclosed in this proxy statement under the heading "Executive Compensation—Compensation Tables." Mr. Jacobs did not receive additional compensation for his service as a director.

(2) The amounts reflected in this column represent the grant date fair value of the awards made in 2015, as computed in accordance with Financial Accounting Standards Board Accounting Standards Codification 718 "Compensation—Stock Compensation" ("ASC 718"). For further discussion of the assumptions used in the calculation of the grant date fair value, please see "Notes to Consolidated Financial Statements—Note 13. Stock-Based Compensation" of our company's Annual Report on Form 10-K for the year ended December 31, 2015. The values reported in this column represent 4,257 restricted stock units ("RSUs") granted to each of Messrs. Andersen, Jesselson, Kingshott, Martell and Shaffer and Dr. Papastavrou on January 2, 2015 for service as a director in 2015, which vested on January 2, 2016. Each current director serving on January 4, 2016 also received a grant of 6,501 RSUs on such date for service as a director in 2016, which grants are not reflected in the table above.

(3) As of December 31, 2015, Mr. Andersen held 24,000 stock options and 6,757 RSUs.

(4) As of December 31, 2015, each of Messrs. Jesselson and Kingshott held 24,000 stock options and 4,257 RSUs.

(5) As of December 31, 2015, Mr. Martell held 49,000 stock options and 9,257 RSUs.

(6) As of December 31, 2015, each of Dr. Papastavrou and Mr. Shaffer held 24,000 stock options and 9,257 RSUs.

The compensation of our directors is subject to the approval of our Board of Directors, which is based, in part, on the review and recommendation of the Compensation Committee. Directors who are employees of our company do not receive additional compensation for service as members of either our Board of Directors or its committees. In December 2015, in consultation with Semler Brossy and upon the recommendation of our Compensation Committee, our Board of Directors reviewed our outside director compensation program and decided that no changes were necessary for 2016.

Our non-employee directors receive an annual cash retainer of $50,000, payable quarterly in arrears, and an annual RSU grant with a target grant date value of $175,000. The RSUs are granted on the first business day of each calendar year and vest on the first anniversary of the grant date. The number of RSUs granted to each outside director is determined by dividing $175,000 by the average of the closing prices of the company's common stock on the ten trading days immediately preceding the grant date. Unvested stock options and RSUs will be forfeited upon termination of service for any reason. Under our outside director compensation program, the chairpersons of our Audit Committee, Compensation Committee, Nominating and Corporate Governance Committee and Acquisition Committee each receive an additional annual cash retainer of $12,500, $12,500, $7,500 and $7,500, respectively, payable quarterly in arrears. No other fees are paid to our directors for their attendance at or participation in meetings of our Board or its committees. We also reimburse our directors for expenses incurred in the performance of their duties, including reimbursement for air travel and hotel expenses.

In 2016, our Board adopted stock ownership guidelines and stock retention requirements that apply to our non-employee directors and executive officers. Non-employee directors are subject to a stock ownership guideline of six (6) times the annual cash retainer. To determine compliance with these guidelines, generally, common shares held directly or indirectly, and unvested restricted stock units subject solely to time-based vesting count towards meeting the stock ownership guidelines. Stock options, whether vested or unvested, and equity-based awards subject to performance-based vesting conditions are not counted towards meeting the stock ownership guidelines. Until the guidelines are met, 70% of the net shares (after tax withholding) received upon vesting of equity-based awards are required to be retained by the director. As of March 24, 2016, each of our non-employee directors other than Ms. Ashe, who joined the Board in March 2016, was in compliance with our stock ownership guidelines.

Compensation Committee Interlocks and Insider Participation

None of the members of our Compensation Committee has been an officer or employee of our company. During our last completed fiscal year, none of our executive officers served as a member of the compensation committee of any entity that has one or more executive officers serving on our Compensation Committee.

Corporate Governance Guidelines and Codes of Ethics

Our Board of Directors is committed to sound corporate governance principles and practices. Our Board adopted the Guidelines on January 16, 2012 and most recently adopted amendments to the Guidelines in March 2016 to, among other matters (i) provide for a robust lead independent director position as described further in "Role of the Board and Board Leadership Structure" on page 12, and (ii) reflect the Board's commitment, when searching for new directors, to actively seek out highly qualified women and individuals from minority groups to include in the pool from which Board nominees are chosen. Our Board continues to seek out highly qualified board candidates who bring relevant expertise and reflect the company's growing scale and diversity.

The Guidelines serve as a framework within which our Board of Directors conducts its operations. Among other things, the Guidelines include criteria for determining the qualifications and independence of the members of our Board, requirements for the standing committees of our Board, responsibilities for members of our Board and the annual evaluation of the effectiveness of our Board and its committees. The Nominating and Corporate Governance Committee is responsible for reviewing the Guidelines annually, or more frequently as appropriate, and recommending to our Board appropriate changes in light of applicable laws and regulations, the governance standards identified by leading governance authorities, and our company's evolving needs.

We have a Code of Business Conduct and Ethics that applies to our directors and executive officers. In addition, our Board of Directors adopted the Senior Officer Code of Business Conduct and Ethics, which is applicable exclusively to our senior management team. These codes are designed to deter wrongdoing, to promote the honest and ethical conduct of all employees and to promote compliance with applicable governmental laws, rules and regulations, as well as to provide clear channels for reporting concerns. The Senior Officer Code of Business Conduct and Ethics constitutes a "code of ethics" as defined in Item 406(b) of Regulation S-K. We intend to satisfy the disclosure requirements under applicable SEC rules relating to amendments to the Senior Officer Code of Business Conduct and Ethics or waivers from any provision thereof applicable to our principal executive officer, our principal financial officer and principal accounting officer by posting such information on our website pursuant to SEC rules.

The Guidelines, our Code of Business Conduct and Ethics, and our Senior Officer Code of Business Conduct and Ethics are available on our website at www.xpo.com. In addition, you may obtain a printed copy of these documents, without charge, by sending a request to: Investor Relations, XPO Logistics, Inc., Five Greenwich Office Park, Greenwich, Connecticut 06831.

Director Independence

Under the Guidelines, our Board of Directors is responsible to make independence determinations annually with the assistance of the Nominating and Corporate Governance Committee. Such independence determinations are made by reference to the independence standard under the Guidelines and the definition of "independent director" under Section 303A.02 of the NYSE Listed Company Manual. Our Board of Directors has affirmatively determined that Ms. Ashe and each person who served as a director during any part of 2015, except Mr. Jacobs, our Chairman of the Board and Chief Executive Officer, and Mr. DeJoy, satisfies the independence standards under the Guidelines and the NYSE Listed Company Manual.

In addition to the independence standards provided in the Guidelines, our Board of Directors has determined that each director who serves on our Audit Committee satisfies standards established by the SEC providing that, in order to qualify as "independent" for the purposes of membership on that committee, members of audit committees may not (1) accept directly or indirectly any consulting, advisory or other compensatory fee from our company other than their director compensation or (2) be an affiliated person of our company or any of its subsidiaries. Our Board of Directors has also determined that each member of the Compensation Committee satisfies the NYSE standards for independence of Compensation Committee members, which became effective on July 1, 2013. Additionally, our Board of Directors has determined that each member of the Nominating and Corporate Governance Committee satisfies the NYSE standards for independence. In making the independence determinations for each director, our Board of Directors and the Nominating and Corporate Governance Committee analyzed certain relationships of the directors that were not required to be disclosed pursuant to Item 404(a) of Regulation S-K. For Mr. Andersen, those relationships included ordinary course commercial transactions between our company and an entity for which Mr. Andersen is a director. For Mr. Martell, in addition to the relationship disclosed under "Certain Relationships and Related Party Transactions" on page 20, those relationships included (i) ordinary course commercial transactions between the company and entities in which Mr. Martell is either the chairman of the board or a director and (ii) from time to time, our company stores and delivers food for a charity associated with Mr. Martell. For Dr. Papastavrou, those relationships included ordinary course commercial transactions between our company and an entity for which Dr. Papastavrou is a director. For Mr. Shaffer, those relationships included ordinary course commercial transactions between our company and an entity for which Mr. Shaffer is a director.

Director Selection Process

As provided in its charter, the Nominating and Corporate Governance Committee is responsible for recommending to our Board of Directors all nominees for election to the Board, including nominees for re-election to the Board, in each case after consultation with the Chairman of the Board and in accordance with our company's contractual obligations. Pursuant to the Investment Agreement, JPE has had and may in the future have the contractual right based on its securities ownership, as described above under "Directors," to designate for nomination by our Board of Directors a certain percentage of the members of our Board of Directors. Subject to the foregoing, in considering new nominees for election to our Board, the Nominating and Corporate Governance Committee considers, among other things, breadth of experience, financial expertise, wisdom, integrity, an ability to make independent analytical inquiries, an understanding of our company's business environment, knowledge and experience in such areas as technology and marketing, and other disciplines relevant to our company's businesses, the nominee's ownership interest in our company, and a willingness and ability to devote adequate time to Board duties, all in the context of the needs of the Board at that point in time and with the objective of ensuring diversity in the background, experience, and viewpoints of Board members. When searching for new directors, the Board endeavors to actively seek out highly qualified women and individuals from minority groups to include in the pool from which Board nominees are chosen.

Subject to the contractual rights granted to JPE pursuant to the Investment Agreement, the Nominating and Corporate Governance Committee may identify potential nominees for election to our Board of Directors from a variety of sources, including recommendations from current directors or management, recommendations from our stockholders or any other source the committee deems appropriate.

Our Board of Directors will consider nominees submitted by our stockholders subject to the same factors that are brought to bear when it considers nominees referred by other sources. Our stockholders can nominate candidates for election as directors by following the procedures set forth in our bylaws, which are summarized below. We did not receive any director nominees from our stockholders for the 2016 annual meeting.

Our bylaws require that a stockholder who wishes to nominate an individual for election as a director at our annual meeting must give us advance written notice. The notice must be delivered to or mailed and received by the Secretary of our company not less than 90 days or more than 180 days prior to the earlier of the date of the annual meeting and the first anniversary of the preceding year's annual meeting. As more specifically provided in our bylaws, any nomination must include (i) the nominator's name and address and the number of shares of each class of our capital stock that the nominator owns, (ii) the name and address of any person with whom the nominator is acting in concert and the number of shares of each class of our capital stock that any such person owns, (iii) the information with respect to each such proposed director nominee that would be required to be provided in a proxy statement prepared in accordance with applicable SEC rules and (iv) the consent of the proposed candidate to serve as a member of our Board.

Any stockholder who wishes to nominate a potential director candidate must follow the specific requirements set forth in our bylaws, a copy of which may be obtained by sending a request to: Secretary, XPO Logistics, Inc., Five Greenwich Office Park, Greenwich, Connecticut 06831.

Stockholder Communication with the Board

Stockholders and parties interested in communicating with our Board of Directors, any Board committee, any individual director or any group of directors (such as our independent directors) should send written correspondence to: Board of Directors c/o Secretary, XPO Logistics, Inc., Five Greenwich Office Park, Greenwich, Connecticut 06831. Please note that we will not forward communications that are spam, junk mail and mass mailings, resumes and other forms of job inquiries, surveys, business solicitations or advertisements.

Stockholder Proposals for Next Year's Annual Meeting

Stockholder proposals intended to be presented at our 2017 annual meeting of stockholders must be received by our Secretary not later than December 2, 2016, to be considered for inclusion in our proxy materials, pursuant to Rule 14a-8 under the Exchange Act.

As more specifically provided in our bylaws, no business may be brought before an annual meeting of our stockholders unless it is specified in the notice of the annual meeting or is otherwise brought before the annual meeting by or at the direction of our Board of Directors or by a stockholder entitled to vote who has delivered proper notice to us not less than 90 days or more than 180 days prior to the earlier of the date of the annual meeting and the first anniversary of the preceding year's annual meeting. Accordingly, assuming that our 2017 annual meeting of stockholders is held on or after May 11, 2017, any stockholder proposal to be considered at the 2017 annual meeting, including nominations of persons for election to our Board of Directors, must be properly submitted to us not earlier than November 12, 2016 nor later than February 10, 2017.

Detailed information for submitting stockholder proposals or nominations of director candidates will be provided upon written request to: Secretary, XPO Logistics, Inc., Five Greenwich Office Park, Greenwich, Connecticut 06831.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Under its written charter, the Audit Committee of our Board of Directors is responsible to review and approve or ratify any transaction between our company and a related person (as defined in Item 404 of Regulation S-K) that is required to be disclosed under the rules and regulations of the SEC. Our management is responsible for bringing any such transaction to the attention of the Audit Committee. In approving or rejecting any such transaction, the Audit Committee considers the relevant facts and circumstances, including the material terms of the transaction, risks, benefits, costs, availability of other comparable services or products and, if applicable, the impact on a director's independence.

Since January 1, 2015, we have not been a participant in any transaction or series of similar transactions in which the amount exceeded or will exceed $120,000 and in which any current director, executive officer, holder of more than five percent of our capital stock, or any member of the immediate family of the foregoing, had or will have a material interest, except for the transactions described below or as previously disclosed.

During the year ended December 31, 2015, the company provided certain air charter schedule recovery services to Ameriflight, LLC ("Ameriflight"), a regional air cargo carrier. James J. Martell, a member of our Board of Directors, owns and serves as the executive chairman of Ameriflight. The company provides its services to Ameriflight on a transactional basis without a written contract. The company received payments from Ameriflight or its affiliates in an amount of approximately $850,000 for the year ended December 31, 2015. Pursuant to the company's policies and procedures described above, the Audit Committee reviewed and ratified the transactions between XPO Air Charter and Ameriflight, concluding that the transactions are in the best interests of the company and our stockholders and do not impair Mr. Martell's independence as a director.

During the year ended December 31, 2015, the company leased office space from two entities partially owned and controlled by Louis DeJoy, a member of our Board of Directors. In September 2014, in conjunction with the company's acquisition of New Breed Holding Company, XPO Logistics, through certain of our subsidiaries, entered into four commercial lease agreements covering a total of approximately 142,991 square feet of office space located in High Point, N.C., with the entities affiliated with Mr. DeJoy. The non-cancellable lease agreements expire at various dates in 2019. Each lease agreement provides the company, as tenant, with two five-year option periods to extend the lease term. The company made rent payments associated with these lease agreements in an aggregate amount of $1.9 million for the year ended December 31, 2015. In addition, the company paid operating expenses in connection with these leased properties of $0.2 million for the year ended December 31, 2015.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information concerning the beneficial ownership of our voting securities as of the Record Date by (i) each person who is known by us, based solely on a review of public filings, to be the beneficial owner of more than 5% of any class of our outstanding voting securities, (ii) each director, (iii) each named executive officer and (iv) all executive officers and directors as a group. None of the foregoing persons beneficially owned any shares of equity securities of our subsidiaries as of the Record Date.

Under applicable SEC rules, a person is deemed to be the "beneficial owner" of a voting security if such person has (or shares) either investment power or voting power over such security or has (or shares) the right to acquire such security within 60 days by any of a number of means, including upon the exercise of options or warrants or the conversion of convertible securities. A beneficial owner's percentage ownership is determined by assuming that options, warrants and convertible securities that are held by the beneficial owner, but not those held by any other person, and which are exercisable or convertible within 60 days, have been exercised or converted.

Unless otherwise indicated, we believe that all persons named in the table below have sole voting and investment power with respect to all voting securities shown as being owned by them. Unless otherwise indicated, the address of each beneficial owner in the table below is care of XPO Logistics, Inc., Five Greenwich Office Park, Greenwich, Connecticut 06831.

Name of Beneficial Owner	Shares of Common Stock Beneficially Owned	Percentage of Class Outstanding(1)	Shares of Series A Preferred Stock Beneficially Owned(2)	Percentage of Class Outstanding
Beneficial Ownership of 5% or more				
Jacobs Private Equity, LLC	19,285,714(3)	15.0%	67,500	92.6%
Orbis Investment Management Limited(4) Orbis House, 25 Front Street Hamilton Bermuda HM11	16,404,627	15.0%	—	—
Public Sector Pension Investment Board(5) 1250 René-Lévesque Blvd. West, Suite 900, Montreal, QC H3B 4W8	13,637,746	12.4%	—	—
Coral Blue Investment Pte. Ltd(6) 168 Robinson Road #37-01, Capital Tower, Singapore 068912	11,487,278	10.5%	—	—
Ontario Teachers' Pension Plan Board(7) 5650 Yonge Street, 3rd Floor Toronto, ON M2M 4H5	7,706,021	7.0%	—	—
The Vanguard Group(8) 100 Vanguard Blvd. Malvern, PA 19355	6,504,076	5.9%	—	—
Spruce House Investment Management LLC(9) 435 Hudson Street, 8th Floor New York, NY 10014	6,047,055	5.5%	—	—
Wellington Management Group LLP(10) 280 Congress Street Boston, MA 02210	5,612,844	5.1%	—	—

Name of Beneficial Owner	Shares of Common Stock Beneficially Owned	Percentage of Class Outstanding[1]	Shares of Series A Preferred Stock Beneficially Owned[2]	Percentage of Class Outstanding
Directors:				
G. Chris Andersen	107,184[11]	*	250	*
Gena L. Ashe	—	*	—	—
Louis DeJoy	1,112,573[12]	1.0%	—	—
Michael G. Jesselson	335,222[13]	*	725[14]	1.0%
Adrian P. Kingshott	121,471[15]	*	300	*
James J. Martell	366,539[16]	*	725	1.0%
Jason D. Papastavrou	230,346[17]	*	650[18]	*
Oren G. Shaffer	54,257[19]	*	—	—
Named Executive Officers:				
Bradley S. Jacobs+[20]	19,590,730	15.2%	67,500	92.6%
Troy A. Cooper	111,939[21]	*	—	—
John J. Hardig	106,963[22]	*	—	—
Gordon E. Devens	130,000[23]	*	—	—
Scott B. Malat	78,087[24]	*	—	—
Current Executive Officers and Directors as a Group (14 People)	22,507,337[25]	17.2%	70,150	96.3%

* Less than 1%

\+ Director and Executive Officer

(1) For purposes of this column, the number of shares of the class outstanding reflects the sum of (i) 109,735,647 shares of our common stock that were outstanding as of the Record Date, (ii) the number of shares of our common stock into which the outstanding shares of our preferred stock held by the relevant person, if any, were convertible on the Record Date, and (iii) the number of shares of our common stock, if any, which the relevant person could acquire on exercise of options or warrants within 60 days of the Record Date.

(2) Each share of our Series A Preferred Stock that was outstanding on the Record Date has an initial liquidation preference of $1,000 per share and is convertible into approximately 143 shares of our common stock at an effective conversion price of $7.00 per share of our common stock. Our Series A Preferred Stock votes together as a single class with our common stock on an as-converted basis, except with respect to certain matters that impact the rights of holders of our Series A Preferred Stock, in which case our Series A Preferred Stock votes separately as a single class.

(3) Consists of 9,642,857 shares of our common stock issuable upon the exercise of 9,642,857 warrants at an exercise price of $7.00 per share of common stock, and 9,642,857 shares of our common stock issuable upon conversion of 67,500 shares of our Series A Preferred Stock.

(4) Based on the Schedule 13G, filed February 16, 2016, filed by Orbis Investment Management Limited ("OIML"), Orbis Investment Management (U.S.), LLC ("OIMUS") and Orbis Asset Management Limited ("OAML"), which reported that, as of December 31, 2015, OIML beneficially owned 15,914,012 shares, OIMUS beneficially owned 411,455 shares, and OAML beneficially owned 79,160 shares. The group has sole voting and sole dispositive power over such shares.

(5) Based on the Schedule 13G/A, filed February 12, 2016, filed by Public Sector Pension Investment Board, which reported that, as of December 31, 2015, Public Sector Pension Investment Board beneficially owned 13,637,746 shares with sole voting and sole dispositive power over such shares.

(6) Based on the Schedule 13G/A, filed February 9, 2016, filed by Coral Blue Investment Pte. Ltd. and GIC Private Limited, which reported that, as of December 31, 2015, Coral Blue Investment Pte. Ltd. beneficially owned 11,487,278 shares of common stock and shares voting and dispositive power over such shares of common stock with GIC Private Limited.

(7) Based on the Schedule 13G, filed February 11, 2016, filed by Ontario Teachers' Pension Plan Board, which reported that, as of December 31, 2015, Ontario Teachers' Pension Plan Board beneficially owned 7,706,021 shares with sole voting and sole dispositive power over such shares.

(8) Based on the Schedule 13G, filed February 11, 2016, filed by The Vanguard Group, which reported that, as of December 31, 2015, The Vanguard Group beneficially owned 6,504,076 shares with sole voting power over 155,228 shares, shared voting power over 4,300 shares, sole dispositive power over 6,350,548 shares and shared dispositive power over 153,528 shares.

(9) Based on the Schedule 13G/A, filed February 16, 2016, filed by Spruce House Investment Management LLC, Spruce House Capital LLC, The Spruce House Partnership LP, Zachary Sternberg, and Benjamin Stein, which reported that, as of December 31, 2015, Spruce House Investment Management LLC beneficially owned 6,000,000 shares, Spruce House Capital LLC beneficially owned 6,000,000 shares, The Spruce House Partnership LP beneficially owned 6,000,000 shares, Zachary Sternberg beneficially owned 6,045,000 shares and Benjamin Stein beneficially owned 6,047,055 shares. Benjamin Stein has sole voting power over 47,055 shares, shared voting power over 6,000,000 shares, sole dispositive power over 47,055 shares and shared dispositive power over 6,000,000 shares.

(10) Based on the Schedule 13G, filed February 11, 2016, filed by Wellington Management Group LLP, Wellington Group Holdings LLP, and Wellington Investment Advisors Holdings LLP, which reported that, as of December 31, 2015, the group beneficially owned 5,612,844 shares with shared voting power over 4,477,940 shares and shared dispositive power over 5,612,844 shares.

(11) Includes (i) 35,713 shares of our common stock issuable upon the exercise of 35,713 warrants at an exercise price of $7.00 per share of common stock, (ii) 35,714 shares of our common stock issuable upon conversion of 250 shares of our Series A Preferred Stock, (iii) 24,000 shares of our common stock issuable upon the exercise of options that are or will become exercisable within 60 days of the Record Date and (iv) 6,757 Restricted Stock Units ("RSUs") that are or will become vested within 60 days of the Record Date.

(12) Includes (i) 192,086 shares of our common stock beneficially owned by The Louis DeJoy Family Partnership, LLC, of which Mr. DeJoy is the managing member, and (ii) 484,340 shares of our common stock owned by the Louis DeJoy and Aldona Z. Wos Family Foundation, of which Mr. DeJoy is the president.

(13) Includes (i) 12,000 shares of our common stock beneficially owned by the Michael G. Jesselson and Linda Jesselson 3/12/84 Trust, of which Mr. Jesselson is a trustee, (ii) 12,000 shares of our common stock beneficially owned by the Michael G. Jesselson and Linda Jesselson 11/26/85 Trust, of which Mr. Jesselson is a trustee, (iii) 12,000 shares of our common stock beneficially owned by the Michael G. Jesselson and Linda Jesselson 3/31/87 Trust, of which Mr. Jesselson is a trustee, (iv) 10,000 shares of our common stock beneficially owned by the Michael G. Jesselson and Linda Jesselson 6/30/93 Trust, of which Mr. Jesselson is a trustee, (v) 10,000 shares of our common stock owned by Mr. Jesselson's spouse, (vi) 103,572 shares of our common stock issuable upon the exercise of 103,572 warrants at an exercise price of $7.00 per share of our common stock, which warrants are beneficially owned by the Michael G. Jesselson 12/18/80 Trust and the Michael G. Jesselson 4/8/71 Trust, of which trusts Mr. Jesselson is the beneficiary, (vii) 21,322 shares of our common stock issuable upon the exercise of 21,322 warrants at an exercise price of $7.00 per share of our common stock, which warrants are beneficially owned by the Michael G. Jesselson and Linda Jesselson, Trustees UID 6/30/93 FBO Maya Ariel Ruth Jesselson, of which Mr. Jesselson is the beneficiary, (viii) 103,570 shares of our common stock issuable upon conversion of 725 shares of our Series A Preferred Stock, which shares of our Series A Preferred Stock are beneficially owned by the Michael G. Jesselson 12/18/80 Trust and the Michael G. Jesselson 4/8/71 Trust, of which trusts Mr. Jesselson is the beneficiary, and (ix) 24,000 shares of our common stock issuable upon the exercise of options that are or will become exercisable within 60 days of the Record Date.

(14) See clause (viii) of footnote (13).

(15) Includes (i) 42,857 shares of our common stock issuable upon the exercise of 42,857 warrants at an exercise price of $7.00 per share of our common stock, (ii) 42,857 shares of our common stock issuable upon conversion of 300 shares of our Series A Preferred Stock, (iii) 24,000 shares of our common stock issuable upon the exercise of options that are or will become exercisable on within 60 days of the Record Date, and (iv) 4,257 RSUs that are or will become vested within 60 days of the Record Date.

(16) Includes (i) 103,572 shares of our common stock issuable upon the exercise of 103,572 warrants at an exercise price of $7.00 per share of our common stock, (ii) 103,571 shares of our common stock issuable upon conversion of 725 shares of our Series A Preferred Stock, (iii) 49,000 shares of our common stock issuable upon the exercise of options that are or will become exercisable within 60 days of the Record Date and (iv) 5,000 RSUs that are or will become vested within 60 days of the Record Date.

(17) Includes (i) 1,375 shares of our common stock beneficially owned by the Brett A. Athans Declaration of Trust, of which Dr. Papastavrou is the trustee, (ii) 92,857 shares of our common stock issuable upon the exercise of 92,857 warrants at an exercise price of $7.00 per share of our common stock, which warrants are beneficially owned by Springer Wealth Management LLC, of which Dr. Papastavrou is the owner of 100% of the equity securities, (iii) 92,857 shares of our common stock issuable upon conversion of 650 shares of our Series A Preferred Stock, which shares of Series A Preferred Stock are beneficially owned by Springer Wealth Management LLC, of which Dr. Papastavrou is the owner of 100% of the equity securities, (iv) 24,000 shares of our common stock issuable upon the exercise of options that are or will become exercisable within 60 days of the Record Date and (v) 9,257 RSUs that are or will become vested within 60 days of the Record Date.

(18) See clause (iii) of footnote (17).

(19) Includes (i) 8,500 shares of our common stock issuable upon the exercise of 8,500 warrants at an exercise price of $7.00 per share of common stock, (ii) 24,000 shares of our common stock issuable upon the exercise of options that are or will become exercisable within 60 days of the Record Date and (iii) 9,257 RSUs that are or will become vested within 60 days of the Record Date.

(20) Mr. Jacobs has indirect beneficial ownership of the shares of our common stock and our Series A Preferred Stock beneficially owned by JPE as a result of being its Managing Member. See footnote (3). Also includes 200,000 shares of our common stock issuable upon the exercise of options that are or will become exercisable within 60 days of the Record Date.

(21) Includes (i) 10,000 shares of common stock issuable upon the exercise of 10,000 warrants at an exercise price of $7.00 per share of common stock and (ii) 20,000 shares of our common stock issuable upon the exercise of options that are or will become exercisable within 60 days of the Record Date.

(22) Includes 40,000 shares of our common stock issuable upon the exercise of options that are or will become exercisable within 60 days of the Record Date.

(23) Includes (i) 20,000 shares of our common stock issuable upon the exercise of 20,000 warrants at an exercise price of $7.00 per share of common stock and (ii) 100,000 shares of our common stock issuable upon the exercise of options that are or will become exercisable within 60 days of the Record Date.

(24) Includes (i) 12,750 shares of our common stock issuable upon the exercise of 12,750 warrants at an exercise price of $7.00 per share of common stock, and (ii) 20,000 shares of our common stock issuable upon the exercise of options that are or will become exercisable within 60 days of the Record Date

(25) Includes (i) 10,094,000 shares of our common stock issuable upon the exercise of 10,094,000 warrants at an exercise price of $7.00 per share of our common stock, (ii) 10,021,429 shares of our common stock issuable upon conversion of 70,150 shares of our preferred stock, (iii) 657,000 shares of our common stock issuable upon the exercise of options that are or will become exercisable within 60 days of the Record Date, and (iv) 43,042 vested RSUs that are or will become exercisable within 60 days of the Record Date.

Compensation Discussion and Analysis

This Compensation Discussion and Analysis describes XPO's executive compensation program for 2015. The Compensation Committee of our Board (referred to as the "Committee" in this section) oversees our executive compensation program and practices. In this section, we explain how and why the Committee made its 2015 compensation decisions for the following named executive officers, or NEOs:

NEO	Title
Bradley S. Jacobs	Chairman and Chief Executive Officer
Troy A. Cooper	Chief Operating Officer
John J. Hardig	Chief Financial Officer
Gordon E. Devens	Chief Legal Officer
Scott B. Malat	Chief Strategy Officer

Executive Summary

2015: A Transformative Year

In 2015, our executive team successfully executed our growth strategy and transformed our company into a global transportation and logistics company that provides comprehensive supply chain solutions to more than 50,000 customers. We believe that our ability to provide customers with end-to-end supply chain solutions gives us a competitive advantage. We offer these solutions through our highly-integrated organization that, as of December 31, 2015, encompassed over 89,000 employees and approximately 1,451 locations in 33 countries, primarily in North America and Europe.

Successful Execution of Our Growth Strategy in 2015

Through our $3.5 billion acquisition of a majority interest in Norbert Dentressangle SA, we achieved global scale with a concentration of truckload, less-than-truckload, logistics and freight brokerage services in Europe. Through our $3.0 billion acquisition of Con-way Inc., we added less-than-truckload and full truckload service offerings in North America and grew our freight brokerage, logistics and global forwarding service offerings. In addition, our executive team successfully completed two other acquisitions in 2015, which expanded our last mile logistics and drayage businesses.

Financial Performance

We increased our annual revenue run rate to $15 billion as of December 31, 2015, pro forma for full-year contributions from our acquisitions. Furthermore, we exceeded our $625 million year-end target run rate for adjusted earnings before interest, taxes, depreciation and amortization ("adjusted EBITDA") three months early, before we completed the Con-way acquisition.

Well-positioned for the Future

We offer customers a compelling range of transportation and logistics solutions as:

- The second largest freight brokerage firm worldwide based on net revenue;
- The third largest provider of intermodal rail services in North America, with one of the largest U.S. drayage networks, and a leader in cross-border Mexico intermodal;
- The largest provider of home delivery and installation logistics for heavy goods in North America, and a leading last mile provider to the e-commerce industry;
- The second largest global provider of contract logistics based on square footage, with one of the largest e-fulfillment platforms in Europe;
- The largest manager of time-critical and high-value expedite shipments in North America via ground transportation, air charter and web-based managed transportation services;
- The second largest provider of less-than-truckload ("LTL") services in North America and a leading provider of LTL services in Western Europe;
- A top 25 U.S. truckload carrier and a leading cross-border Mexico ground transportation provider;
- A top five global provider of managed transportation based on the value of XPO's freight under management; and
- A growing provider of global forwarding services.

Our Compensation Philosophy

Our executive compensation philosophy is to align the interests of our executive team with the interests of our stockholders and to ensure that the total compensation paid to our executive officers is reasonable and competitive.

Key Objectives of Our Executive Compensation Program

Align executive compensation with long-term stockholder value	Strongly correlate pay and performance	Attract, retain and motivate high-performing executive talent
We use varied compensation elements to align the financial interests and objectives of our NEOs with those of our stockholders and to sustain our unified focus on the execution of our strategy, which we believe will create long-term stockholder value.	Our executive compensation program is designed to strongly correlate the performance of our NEOs and the compensation they receive.	We operate in a highly competitive market for executive talent; as such, we believe it is essential to attract, retain and motivate a high-performing executive team with market competitive pay opportunities that deliver the majority of pay in at-risk elements.

How We Meet These Objectives

Weight executive compensation heavily towards variable pay	Subject executive compensation to meaningful performance goals and holding conditions

Our executive compensation program is heavily weighted towards variable compensation, including equity-based incentives (such as performance-based restricted stock units) and annual cash incentives.

Substantially all of the equity-based awards granted to our NEOs following their hiring are subject to meaningful share price and/or earnings-related performance goals with service-based vesting periods.

Our NEOs are subject to significant stock ownership and retention requirements.

Our NEOs are subject to lock-up restrictions that generally prohibit the sale of any equity awarded by our company – in 2016, these lock-up restrictions were extended for an additional two years until September 2, 2018.

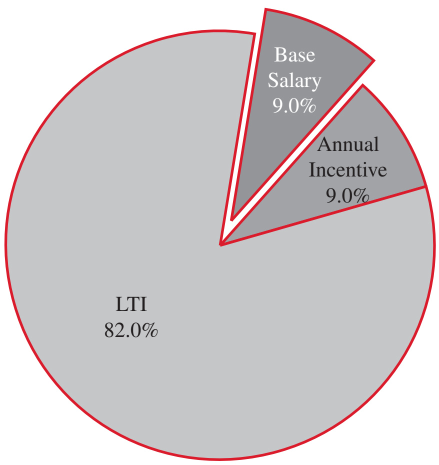
Our NEOs are subject to clawback restrictions with respect to equity and cash incentive compensation.

Our NEOs are subject to comprehensive and lengthy non-competition and other restrictive covenants.

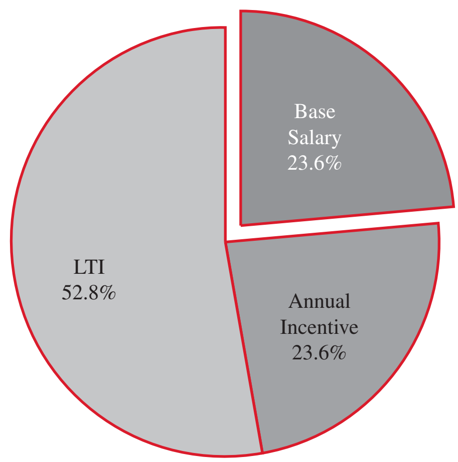
2015 Executive Compensation Highlights

Because the Committee feels strongly that executive compensation should be tightly linked to both company and individual performance, the executive compensation for our NEOs is heavily weighted towards equity-based and variable cash incentive awards. At target, 91% of our CEO's 2015 total direct compensation ("TDC") is incentive-based, and 82% is based on the achievement of long-term performance goals. For our other NEOs, on average, 76% of their 2015 target total direct compensation is incentive-based and 53% is based on achievement of long-term performance goals. The Committee believes that this mix is appropriate to drive execution of our long-term strategy and to further align the interests of our NEOs with those of our stockholders.

CEO
2015 Target TDC Mix



Other NEOs
2015 Target TDC Mix



Other highlights of our 2015 executive compensation include:

- The Committee held base salaries flat in 2015 for all NEOs;
- Our company's strong financial performance against our adjusted EBITDA performance goals and the Committee's assessment of both company and individual performance during a transformative year for the company led to above-target annual cash bonus payouts for the NEOs; and
- Each NEO received his entire long-term incentive award in the form of performance-based restricted stock units, the vesting of which requires meaningful growth in stock price and earnings per share.

Compensation Governance Framework

To meet the key objectives of our executive compensation program and to mitigate risk from our compensation practices and principles, the company has adopted a compensation governance framework that includes the components described below, each of which the Committee believes reinforces the company's executive compensation philosophy and objectives.

- **Clawback policy**: Our NEOs and other executive officers are required to repay overpayments of annual and long-term cash incentive compensation awards in the event of fraud or in the event of a financial restatement occurring within one year following the award payment. Additionally, in order to enhance the long-term retentive value of the 2015 annual bonuses, the Committee made a significant portion of the 2015 cash bonuses subject to repayment if an NEO leaves our company for any reason (other than death) within two years immediately following the payment date, as discussed more fully below.

- **Lock-up restrictions**: Our NEOs are subject to lock-up restrictions that generally prohibit the sale of any equity awarded by our company – in 2016, in connection with the renewal of our NEOs' employment agreements, these lock-up restrictions were extended for an additional two years until September 2, 2018.
- **Stock ownership guidelines and stock retention requirements**: In 2016, our Board established stock ownership guidelines for our NEOs and other executive officers to further align the interests of our executives with those of our stockholders. The following guidelines for equity ownership are expressed as a multiple of each executive's annual base salary:

Executive Office	Stock Ownership Requirement (as a multiple of annual base salary)
CEO	6
Other Executive Officers	3

  To determine compliance with these guidelines, generally, common shares held directly or indirectly and unvested restricted stock units subject solely to time-based vesting count towards meeting the stock ownership guidelines. Stock options, whether vested or unvested, and equity-based awards subject to performance-based vesting conditions are not counted towards meeting the stock ownership guidelines. Until the guidelines are met, 70% of the net shares (after tax withholding) received upon vesting of equity-based awards are required to be retained by the executive officer. As of March 24, 2016, each of our NEOs was in compliance with these stock ownership guidelines.
- **No stock option repricing**: Our company's equity incentive plan does not permit either stock option repricing without shareholder approval or stock option grants with an exercise price below fair market value.
- **No tax gross-ups**: Our company does not provide tax gross-ups on any benefits or perquisites, including severance payments and other benefits received in connection with, or following, a change in control.
- **Independent compensation consultant**: The Committee retains an independent compensation consultant who performs services only for the Committee, as discussed more fully below.
- **No hedging or pledging of company stock**: Under our insider trading policy, our company's directors and executive officers, including the NEOs, are prohibited from pledging or holding company securities in a margin account without pre-clearance. In addition, such persons are prohibited from engaging in hedging transactions, such as prepaid variable forwards, equity swaps, collars and exchange funds or any other transactions that are designed to or have the effect of hedging or offsetting any decrease in the market value of equity securities.

Result of Stockholder Advisory Vote

We conducted our annual advisory vote on executive compensation at our 2015 Annual Meeting on May 19, 2015. While this vote was not binding on the company, our Board or the Committee, we believe that it is important for our stockholders to have an opportunity to vote on this proposal on an annual basis as a means to express their views on our executive compensation philosophy, our executive compensation program and policies, and our decisions regarding executive compensation, all as disclosed in our Proxy Statement.

At our 2015 Annual Meeting, approximately 96% of the votes cast on the advisory vote on executive compensation were in favor of our NEO compensation program as disclosed in our 2015 Proxy Statement. The Committee reviewed and considered the final results of the advisory vote as it completed its annual review of the executive compensation program, and did not make any changes to our executive compensation program in response to such vote.

The company communicates directly and frequently with its stockholders about business strategy. In the course of such stockholder engagement, we often discuss our executive compensation and the further alignment of our executive team's interests with the interests of our stockholders.

Process for Determining Executive Compensation

The Committee believes that its emphasis on variable annual cash incentives and long-term equity-based awards allows it to retain significant flexibility and discretion from year to year in order to strongly motivate our NEOs. Specifically, the total compensation package for each of our NEOs reflects assessments of individual responsibilities, contributions to corporate performance and overall company success in reaching strategic goals. The general framework for our compensation packages includes fixed base salaries and variable incentive compensation consisting of annual cash incentives and equity grants that emphasize pay for performance and, in the case of equity-based grants, achievement of long-term performance goals. The Committee has tended to heavily weight our NEOs' compensation towards variable incentive compensation rather than base salary.

Role of the Compensation Committee

The Committee is responsible for approving our compensation philosophy and overseeing our executive compensation program in a manner consistent with such compensation philosophy. The Committee is tasked with setting annual and long-term performance goals for our NEOs, evaluating and approving award grants under incentive compensation and equity-based plans, and reviewing and approving all other compensation and benefits for our NEOs on an ongoing basis. The Committee acts independently but works closely with our full Board and executive management in making many of its decisions. To assist it in discharging its responsibilities, the Committee has retained the services of Semler Brossy Consulting Group, LLC ("Semler Brossy"), as discussed further below.

Role of Management

Executive management provides input to the Committee as it establishes, reviews and evaluates executive compensation packages and policies, including with respect to the design of our executive compensation program. In particular, our CEO, Mr. Jacobs, provides recommendations as to proposed compensation actions with respect to our executive team, but not with respect to his own compensation. However, the Committee carefully and independently reviews the recommendations of management, without members of management present, and consults with independent advisors before making its final determinations. We believe this process ensures that our executive compensation program effectively aligns with our compensation philosophy and our stockholders' interests.

Role of Independent Compensation Consultant

The Committee directly retained Semler Brossy as its independent advisor. During 2015, Semler Brossy supported the Committee in: reviewing the reasonableness of the 2015 compensation packages and long-term incentive grants for the NEOs and our other senior officers; reviewing this Compensation Discussion and Analysis and the related tables and narratives; structuring the 2015 and 2016 performance-based equity-based awards to executives; evaluating our non-employee director compensation program; assessing the risks associated with the company's overall compensation policies and practices; monitoring trends and evolving market practices in executive compensation; and providing general advice and support to the Committee and Committee Chair. Semler Brossy does not provide any other services to the Committee or the company.

As part of the annual performance evaluation of its independent compensation consultant, the Committee considered Semler Brossy's independence in light of applicable SEC rules and NYSE listing standards. After taking into account Semler Brossy's (i) absence of relationships with management and the members of the Committee; (ii) internal policies; and (iii) other information provided to the Committee by Semler Brossy, the Committee determined that Semler Brossy's work did not raise any conflicts of interest that would prevent it from serving as an independent compensation consultant to the Committee.

Comparative Analysis

The Committee, with input from its independent compensation consultant, reviews and approves the peer group used in evaluating executive compensation to ensure that the peer group continues to reflect certain characteristics comparable to the company. These peer group characteristics include being in the transportation and logistics industries and having annual revenue of at least $1 billion. The peers comprising the 2015 peer group represent most of our publicly traded competitors and, in the Committee's view, were reasonable given the size of XPO prior to the acquisitions of Norbert Dentressangle SA and Con-way Inc.

While we monitor the structure of our peers' pay programs, the Committee does not target a specific percentile positioning against the peer group. Also, the Committee does not target a specific mix between cash and equity or short-term and long-term compensation. The peer group for 2015 consisted of the following logistics and distribution or trucking companies:

Peer Group for 2015 Executive Compensation Decisions

Peer Name	Ticker Symbol	2015 Annual Revenue ($ in millions)
ArcBest Corporation	ARCB	$ 2,667
C.H. Robinson Worldwide, Inc.	CHRW	$13,476
Con-way Inc.	CNW	*
Expeditors International of Washington, Inc.	EXPD	$ 6,617
Hub Group, Inc.	HUBG	$ 3,526
J.B. Hunt Transport Services, Inc.	JBHT	$ 6,188
Landstar Systems, Inc.	LSTR	$ 3,321
Old Dominion Freight Line, Inc.	ODFL	$ 2,972
Park-Ohio Holdings Corp.	PKOH	$ 1,464
Roadrunner Transportation Systems, Inc.	RRTS	$ 1,995
Ryder System, Inc.	R	$ 6,572
Swift Transportation Co.	SWFT	$ 4,229
Universal Truckload Services, Inc.	UACL	$ 1,129
UTi Worldwide, Inc.	UTIW	$ 4,180
YRC Worldwide, Inc.	YRCW	$ 4,832
XPO Logistics, Inc. (as reported)	XPO	
FY 2015		**$ 7,623**
Percent Rank		93P
FY 2014		**$ 2,357**
Percent Rank		20P

* Con-way Inc. was acquired by our company on October 30, 2015.

For 2016, based on the advice of Semler Brossy, the Committee has decided to remove five companies from the peer group (ArcBest Corporation, Old Dominion Freight Line, Inc., Universal Truckload Services, Inc., Park-Ohio Holdings Corp., and Roadrunner Transportation Systems, Inc.). This action was undertaken in order to avoid overweighting smaller companies, given XPO's significant increase in scale during 2015. The Committee removed Con-way Inc. from the peer group following its acquisition by the company on October 30, 2015.

Principal Elements of our Executive Compensation Program

Our executive compensation program consists of three primary elements: annual base salary, annual cash incentive bonuses and, in certain years, long-term incentive compensation awards. Each of these elements is discussed in further detail below.

Annual Base Salary

The Committee did not increase the annual base salaries of our NEOs for 2015. Base salaries provide our NEOs with fixed cash compensation for service during the year, with consideration given to the scope of each NEO's responsibilities, experience and other qualifications essential to his role. Each NEO's annual base salary was initially set in accordance with his employment agreement entered into at the time of initial hire. In light of the Committee's relative emphasis on variable incentive compensation rather than fixed base salary, our NEOs' base salaries were not increased from their hire dates through 2015, except in the case of promotion and change of job responsibilities.

Accordingly, annual base salary rates as of December 31, 2015 were as follows:

NEO	2015 Annual Base Salary
Bradley S. Jacobs	$495,000
Troy A. Cooper	$350,000
John J. Hardig	$395,000
Gordon E. Devens	$300,000
Scott B. Malat	$300,000

Annual Cash Incentive Bonuses

Our company's strong financial performance in 2015 against our adjusted EBITDA target, and the Committee's assessment of both company and individual performance during a transformative year for the company, led to above-target annual cash bonus payouts for the NEOs. Our annual cash incentive bonus program is designed to motivate our NEOs to meet and exceed our annual operating and financial goals. The Committee approves the specific performance goals for our NEOs and determines and certifies achievement against these goals. The performance goals are structured to be challenging to meet.

Pursuant to the terms of their employment agreements, Messrs. Hardig, Cooper and Malat were eligible to receive an annual cash incentive bonus with a target award of 100% of annual base salary, subject to the achievement of specified performance goals as determined by the Committee. For 2015, Mr. Devens was eligible to receive an annual cash incentive bonus with a target award of 40% to 100% of annual base salary, as determined by the Committee. Although Mr. Jacobs is eligible to receive a performance-based annual cash incentive award in an amount determined by the Committee in its discretion, Mr. Jacobs' award has typically been aligned with the annual awards to the other NEOs.

In March 2015, the Committee established for each NEO a target annual cash incentive award for 2015 (the "2015 Cash Incentive Awards") under the terms of our Amended and Restated 2011 Omnibus Incentive Compensation Plan (the "2011 Plan"), which was approved by our stockholders at the 2012 annual meeting of stockholders on May 31, 2012. The 2015 Cash Incentive Awards were designed with the goal that annual cash performance bonuses payable to our executive officers be tax-deductible pursuant to Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code").

Pursuant to the terms of the 2015 Cash Incentive Awards, the Committee set a specific annual performance goal and established an objective formula for calculating the amount of the target awards for participants. The performance goal adopted by the Committee under the 2015 Cash Incentive Awards was defined as our company achieving an annual run rate of adjusted EBITDA[1] during the second half of 2015 of at least $300 million. The Committee chose adjusted EBITDA as the performance metric because it is the financial performance metric for the company's publicly announced targets and adjusted EBITDA is a key metric towards measuring company profitability and cash generation.

The following table sets forth the target awards established by the Committee under the 2015 Cash Incentive Awards, expressed as a percentage of salary and as a dollar amount for each NEO:

NEO	Target Award % of Salary	Target Award in dollars
Bradley S. Jacobs	100%	$495,000
Troy A. Cooper	100%	$350,000
John J. Hardig	100%	$395,000
Gordon E. Devens	100%	$300,000
Scott B. Malat	100%	$300,000

Under the terms of the 2015 Cash Incentive Awards, if the performance goal is satisfied, the Committee is responsible for determining the bonus award payable to a participant based on the achievement of individual or organizational goals, as determined by the Committee in its sole discretion. The Committee retains absolute "negative discretion" to eliminate or reduce the amount of any award under the 2015 Cash Incentive Awards. Further, the 2015 Cash Incentive Awards may be greater than the target award, subject to the individual maximum award limitation provided in the 2011 Plan. The Committee certified that the performance target under the 2015 Cash Incentive Awards was achieved based on our company's adjusted EBITDA annual run rate of $870 million at fiscal year-end[1], which exceeded the performance goal threshold of a $300 million run rate.

The Committee, in consultation with our CEO (except with respect to his own performance assessment), conducted a performance assessment of each executive officer. The CEO's executive officer performance assessment recommendations were based on an overall subjective assessment of each officer's performance and contribution to our company's achievement of its strategic objectives. The Committee conducted a separate assessment of Mr. Jacobs' performance without his involvement.

The Committee considers company performance as well as each NEO's individual performance contributions. For 2015, the Committee determined that our company accomplished and exceeded its key financial and strategic objectives for the year, as outlined above in the "Executive Summary" section of this Compensation Discussion and Analysis section. Under the leadership and guidance of our NEOs, in 2015 we completed four significant acquisitions and continued to optimize our existing operations. In addition, our company significantly exceeded our publicly announced financial performance target for 2015.

Each of the NEOs was determined to have contributed significantly to the company's achievements during 2015. In determining 2015 cash bonus payouts for the NEOs, the Committee's goal was to recognize and reward the NEOs' performance, while also awarding cash bonus amounts that had the effect of relatively balancing total cash compensation across the group of NEOs, with consideration to each NEO's job responsibilities and position. Accordingly, differences in the award payouts to the NEOs, as compared to the target awards, do not reflect a determination by the Committee of the relative performance of any single NEO.

As a result of the above-described performance assessments, and taking into account the indicated total cash compensation payable to each NEO, the Committee approved the bonus payouts below to our NEOs for 2015. In order to enhance the long-term retentive value of the 2015 annual bonuses, the Committee made a significant

(1) This adjusted EBITDA run rate is calculated by multiplying our adjusted EBITDA as reported for the fourth quarter of 2015 by four. Adjusted EBITDA is a non-GAAP financial measure. Please see Annex A to this proxy statement for a reconciliation of this non-GAAP financial measure to the comparable GAAP measure.

portion of the 2015 cash bonuses subject to repayment if an NEO leaves our company for any reason (other than death) within two years immediately following the payment date. In the case of a termination for Cause, the full amount of the Maximum Repayment Obligation specified below would be subject to repayment. In the case of a termination due to disability or resignation, whether with or without Good Reason (as defined in the employment agreements), a prorated amount of the Maximum Repayment Obligation (based on the number of days from the termination date until the two year anniversary of the payment date) would be subject to repayment by the NEO. In the case of a termination by the company without Cause, a prorated amount of the Maximum Repayment Obligation (based on the number of days from six months following the termination date until the two-year anniversary of the payment date) would be subject to repayment by the NEO.

NEO	2015 Annual Bonus Payout	Maximum Repayment Obligation
Bradley S. Jacobs	$2,325,000	$1,400,000
Troy A. Cooper	$1,850,000	$1,100,000
John J. Hardig	$1,650,000	$1,000,000
Gordon E. Devens	$1,650,000	$1,000,000
Scott B. Malat	$1,650,000	$1,000,000

In addition, in June 2015, each of Messrs. Hardig and Malat received a $200,000 one-time discretionary cash incentive award in recognition of their contributions in connection with the company's successful closing of its acquisition of Norbert Dentressangle SA and the related financing transactions.

Long-Term Incentive Program

The Committee designed our 2015 long-term equity incentive awards to align the interests of our executives with those of our stockholders through the use of stock-based awards that reward executives for increases in our stock price over time. These awards are also meant to focus executives on financial metrics that are complementary to the performance metric of adjusted EBITDA applicable to our annual cash incentive program. In addition to being subject to the achievement of long-term performance goals, equity awards made to our NEOs generally are subject to stock ownership and retention requirements and other holding requirements, all of which enhance the focus of our executive team on long-term shareholder value creation.

All equity-based awards granted in connection with the 2011 Plan are at the Committee's discretion and are granted in alignment with our executive compensation philosophy of aligning the interests of our NEOs with those of our stockholders. For 2015, the Committee determined that it would be advisable to make performance-based equity grants to our leadership team to maximize retention and incentivize a unified focus on execution of our long-term strategy. The committee granted performance-based restricted stock unit ("PRSU") awards to each of our NEOs as follows:

NEO	2015 Targeted Award of PRSUs (dollar amount)[2]	2015 Targeted Award of PRSUs (number of shares)
Bradley S. Jacobs	$4,500,000	102,436
Troy A. Cooper	$ 750,000	17,073
John J. Hardig	$ 750,000	17,073
Gordon E. Devens	$ 750,000	17,073
Scott B. Malat	$ 750,000	17,073

(2) The amounts above are the targeted value of the PRSU awards. The values of stock awards shown in the "Summary Compensation" table and other required tables below reflect the grant date fair value determined in accordance with ASC 718.

Based on the initial equity award agreements and subsequent amendments made in 2016, these PRSUs will vest if the following conditions occur: (i) the company's common stock trades at or above $60.00 per share for 20 consecutive trading days prior to April 2, 2018, and the company's fiscal year 2017 adjusted cash earnings per share is at least $2.75, or (ii) if such performance goals are not met, the company's common stock trades at or above $86.00 per share for 20 consecutive trading days prior to September 2, 2020 and the company's fiscal year 2019 adjusted cash earnings per share is at least $4.30. The targeted award values were determined with reference to each NEO's contributions to our company to date, his anticipated contribution to the achievement of our strategic objectives in the future, and prior equity-based awards granted to the NEO. No particular weighting was assigned to any of these considerations. For further discussion of the changes made in 2016, please see "Actions Since the End of Fiscal Year 2015" below.

The dollar values of the targeted awards are higher than the grant date fair value for accounting purposes due to the performance goals and resale restrictions. In granting the PRSUs, the Committee also determined that the structure of the grants, with achievement of the earnings-based performance goal not possible until after the end of 2017, provided an important retentive element and increased long-term focus for our NEOs.

Actions Since the End of Fiscal Year 2015

Effective February 9, 2016, we entered into employment agreements with each of the NEOs (the "2016 Employment Agreements"), which replace and supersede the prior employment agreements with our NEOs that were scheduled to expire on September 2, 2016 (the "Prior Agreements"). Given the original mid-year expiration of the terms of the Prior Agreements, and the resulting termination of the lock-up restrictions on the resale of the company's equity on September 2, 2016, the Committee felt that it was important to enter into the 2016 Employment Agreements in order to promote retention of the executive team and maintain their focus on integration of the significant acquisitions completed in 2015 and their alignment with the long-term interests of our stockholders. For a discussion of the material compensation-related terms of these agreements, please see "Employment Agreements with Named Executive Officers" on page 45 and the tables that follow this Compensation Discussion and Analysis.

The Committee feels that the 2016 Employment Agreements enhance the relationship between our NEOs' pay and performance in a number of ways, including:

- For all PRSUs granted to NEOs in 2014 and 2015, in order to ensure that the adjusted earnings per share performance goal continues to be meaningful, this performance goal was increased from $2.50 to $2.75; in addition, the Committee initially approved a decrease in the share price performance goal from $60.00 to $32.50; however, following a request by the NEOs, the Committee chose to reinstate the original share price goal of $60.00 for 20 consecutive trading days prior to April 2, 2018 and to add an additional performance goal such that, in the event that either the 2018 share price goal of $60.00 or the 2017 adjusted cash earnings per share goal of at least $2.75 is not met, the PRSUs would be earned if both the company's common stock trades at or above $86.00 per share for 20 consecutive trading days prior to September 2, 2020, and the company's fiscal year 2019 adjusted cash earnings per share is at least $4.30;
- Following the significant acquisitions completed in 2015, the Committee assessed base pay levels and increased the annual base salaries of the NEOs to ensure that they remain market competitive as follows:

NEO	2016 Annual Base Salary
Bradley S. Jacobs	$625,000
Troy A. Cooper	$537,500
John J. Hardig	$515,000
Gordon E. Devens	$500,000
Scott B. Malat	$500,000

- In order to induce NEOs to enter into the 2016 Employment Agreements, NEOs were granted cash-settled PRSUs with performance goals based on adjusted cash flow per share (as defined in the award agreements) of $2.93 for 2016, $3.96 for 2017, $5.38 for 2018, and $6.39 for 2019 (subject to adjustment based on certain factors as may be determined by the Committee). The PRSU grants are intended to cover the four-year term of the 2016 Employment Agreements and vest in equal tranches on each of the first four anniversaries of the grant date, subject to the NEO's continued employment and to achievement of the applicable performance goals for each tranche. The total and annualized grant values for each of the NEOs are shown below. The Committee felt that the annualized grant values are appropriate based on a number of factors including market data, and that the awards provide a meaningful incentive for the NEOs to continue to successfully execute the company's long-term strategy and allow them to realize value from strong company financial performance, while ensuring that the NEOs hold these awards for that multi-year period:

NEO	2016-2019 Total Target Award in dollars	Annualized Target Award in dollars
Bradley S. Jacobs	$20,000,000	$5,000,000
Troy A. Cooper	$ 4,500,000	$1,125,000
John J. Hardig	$ 4,000,000	$1,000,000
Gordon E. Devens	$ 4,000,000	$1,000,000
Scott B. Malat	$ 4,000,000	$1,000,000

- For all PRSUs granted to NEOs in 2014 and 2015, upon the termination of employment of an NEO without Cause or by an NEO for good reason (as defined in the award agreements), no PRSUs would be earned unless the performance goals are achieved (prior to this modification, the PRSUs vested on a pro rata basis upon a termination of employment without Cause or for good reason, without regard to the satisfaction of the performance hurdles);
- The NEOs agreed to extend the lock-up of all shares acquired pursuant to compensatory equity grants for two years until September 2, 2018 (previously such shares were locked up until September 2, 2016);
- The NEOs agreed to reduce their severance benefits upon a termination without cause from one year of base salary (or two years in the case of Messrs. Jacobs and Hardig) to six months of base salary;
- The NEOs agreed to substantially broader, longer and stronger noncompetition and other restrictive covenants; and
- As discussed in greater detail in "Principal Elements of our Executive Compensation Program—Annual Cash Incentive Bonuses" on page 31, the NEOs agreed that, upon termination of employment for any reason (other than by reason of death), whether with or without Cause, during the two years immediately following the payment date, a substantial portion of the 2015 cash bonus (up to $1,400,000 in the case of Mr. Jacobs, $1,100,000 in the case of Mr. Cooper and $1,000,000 in the case of each of Messrs. Hardig, Devens and Malat) must be reimbursed to the company.

Other Compensation-Related Items

Equity Granting Policy

All equity grants to executive officers are approved by the Committee with a grant date determined at the time of the approval. The Committee does not target a specific time during the year to make equity grants, but equity grant dates are always on or after the date of Committee approval and in full compliance with applicable laws.

Benefits

Our NEOs are provided with benefits, including participation in the XPO Logistics, Inc. 401(k) Plan and insurance benefit programs that are offered to other eligible employees. In addition, our NEOs are entitled to reimbursement of ordinary business expenses. Other than the foregoing and the amounts set forth in the "All Other Compensation" table below, NEOs are not entitled to any additional perquisites.

Employment Agreements

We believe that it is in the best interests of our company to enter into multi-year employment agreements with our executive officers because the agreements promote long-term retention while still allowing the Committee to exercise discretion in designing incentive compensation programs. For further discussion of the material compensation-related terms of these agreements, please see "Employment Agreements with Named Executive Officers" on page 45 and the tables that follow this Compensation Discussion and Analysis. In addition, each employment agreement has been filed with the SEC and is available on our website and on the SEC's website.

With respect to employment terms applicable during 2015, we entered into an employment agreement with each of our NEOs at the time of his initial hire (which agreements, in the case of Messrs. Cooper and Devens, were amended and restated in March 2014). Each of those employment agreements had a term through September 2, 2016, except Mr. Cooper's employment agreement, which had a term through March 14, 2018, and would expire at the end of the term without automatic renewal.

As discussed above under "Actions Since the End of Fiscal Year 2015", effective on February 9, 2016, the company entered into the 2016 Employment Agreements with each of the NEOs that replace the Prior Agreements that were applicable for 2015. Each of these 2016 Employment Agreements has a term through February 9, 2020, and expires at the end of the term without automatic renewal. The 2016 Employment Agreements contain comprehensive restrictive covenants and other terms, a description of which is set forth under "Employment Agreements with Named Executive Officers—Restrictive Covenants" on page 49.

Clawback Provisions

The Committee is focused on mitigating risk associated with the company's compensation program for NEOs and believes that clawback provisions are a useful tool. Each NEO's employment agreement includes a clawback provision under which the NEO may be required, upon certain triggering events, to repay all or a portion of incentive compensation that was previously paid (including proceeds from previously-exercised and vested equity-based awards), and to forfeit unvested equity-based awards. These clawback provisions are generally triggered if: (i) the NEO has engaged in fraud or other willful misconduct that contributes materially to any significant financial restatements or material loss to our company or any of our affiliates; (ii) the NEO is terminated for Cause (as defined in the employment agreement); or (iii) the NEO breaches the restrictive covenants that are applicable under his employment agreement. To the extent that the rules adopted by the SEC under the Dodd-Frank Wall Street Reform and Consumer Protection Act are broader than the clawback provisions contained in the employment agreements that are applicable to our NEOs, our NEOs will be subject to additional clawback provisions pursuant to such rules. For more information, please see "Employment Agreements with Named Executive Officers—Clawbacks" on page 49.

Equity Ownership Requirements

We believe that maintaining equity ownership in our company will help align our NEOs' interests with the interests of our stockholders and will mitigate a number of risks, including risks related to executive retention and undue risk-taking. In 2016, our Board adopted stock ownership guidelines and stock retention requirements that apply to the company's executive officers and non-employee directors. The following guidelines for equity ownership are expressed as a multiple of each executive's annual base salary:

Executive Office	Stock Ownership Requirement (as a multiple of annual base salary)
CEO	6
Other Executive Officers	3

To determine compliance with these guidelines, generally, common shares held directly or indirectly and unvested restricted stock units subject solely to time-based vesting count towards meeting the stock ownership guidelines. Stock options, whether vested or unvested, and equity-based awards subject to performance-based vesting conditions are not counted towards meeting the stock ownership guidelines. Until the guidelines are met, 70% of the net shares (after tax withholding) received upon vesting of equity-based awards are required to be retained by the executive officer. As of March 24, 2016, each of our NEOs was in compliance with our stock ownership guidelines. In addition, each NEO has agreed to resale restrictions prohibiting the sale or transfer prior to September 2, 2018, of any shares of the company's common stock (on an after-tax basis) acquired upon exercise or settlement of any equity grant received from the company, including equity grants made under each NEO's employment agreement.

Tax Considerations

When consistent with the company's executive compensation goals, we generally try to structure our compensation programs to maximize the deductibility of compensation under Section 162(m) of the Code. However, the Committee and our Board will take into consideration a multitude of factors in making executive compensation decisions and do, in certain circumstances, approve and authorize executive compensation that is not tax deductible.

Compensation Committee Report

The following statement made by our Compensation Committee does not constitute soliciting material and should not be deemed filed or incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act, except to the extent that we specifically incorporate such statement by reference.

The Committee has reviewed and discussed with management the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K as set forth above. Based on such review and discussions, the Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement and incorporated by reference into the company's Annual Report on Form 10-K for the fiscal year ended December 31, 2015.

Compensation Committee:

Adrian P. Kingshott (Chair since March 2016)
G. Chris Andersen (Chair until March 2016)
Jason D. Papastavrou
Oren G. Shaffer (served on the Compensation Committee until March 2016)

Compensation Tables

Summary Compensation Table

The following table sets forth information concerning the total compensation awarded to, earned by, or paid to our named executive officers (NEO) for the year ended December 31, 2015.

Name and Principal Position	Year	Salary ($)	Bonus[1] ($)	Stock Awards[2] ($)	Option Awards[2] ($)	Non-Equity Incentive Plan Compensation[3] ($)	All Other Compensation[4] ($)	Total ($)
Bradley S. Jacobs[5]	2015	$495,000	—	$2,948,108		$2,325,000	$ 3,614	$5,771,722
Chief Executive Officer	2014	$495,000	—	$2,802,536		$ 585,000	$ 2,105	$3,884,641
and Chairman	2013	$495,000	—	—		$ 495,000	$ 2,000	$ 992,000
Troy A. Cooper[6]	2015	$350,000	—	$ 491,361		$1,850,000	$ 3,760	$2,695,121
Chief Operating Officer	2014	$308,462	—	$1,019,349		$ 475,000	$ 2,105	$1,804,916
John J. Hardig	2015	$395,000	$200,000	$ 491,361		$1,650,000	$32,982	$2,769,343
Chief Financial Officer	2014	$395,000	—	$ 834,789		$ 435,000	$27,453	$1,692,242
	2013	$395,000	—	—		$ 390,000	$29,999	$ 814,999
Gordon E. Devens	2015	$300,000	—	$ 491,361		$1,650,000	$ 3,916	$2,445,277
Chief Legal Officer	2014	$300,000	—	$ 894,434		$ 475,000	$ 2,105	$1,671,539
	2013	$300,000	—	$ 721,144		$ 405,000	$ 2,000	$1,428,144
Scott B. Malat	2015	$300,000	$200,000	$ 491,361		$1,650,000	$ 3,916	$2,645,277
Chief Strategy Officer	2014	$300,000	—	$1,173,310		$ 475,000	$ 2,105	$1,950,415
	2013	$300,000	—	$ 360,566		$ 350,000	$ 2,000	$1,012,566

(1) The amounts reflected in this column for 2015 represent a $200,000 one-time discretionary cash incentive award paid on June 30, 2015 to each of Messrs. Hardig and Malat in recognition of their contributions in connection with the company's acquisition of Norbert Dentressangle SA and the related financing transactions.

(2) The amounts reflected in each respective column represent the aggregate grant date fair value of the awards made during each respective year, as computed in accordance with ASC 718. For a further discussion of the assumptions used in the calculation of the grant date fair values for each year, please see "Notes to Consolidated Financial Statements—Note 13. Stock-Based Compensation" of our company's Annual Report on Form 10-K for the year ended December 31, 2015. For further discussion of grants made in 2015, see the accompanying "Grants of Plan-Based Awards" table. For the PRSUs, the amounts reflected in the column assume the achievement of the applicable performance goals at the target level, which is also the maximum level.

(3) The amounts reflected in this column for 2015 represent a performance-based annual cash bonus award earned in respect of 2015, which is described in more detail under the heading "Compensation Discussion and Analysis—Annual Cash Incentive Bonuses."

(4) The components of "All Other Compensation" for 2015 are detailed below in the "All Other Compensation" table.

(5) Mr. Jacobs did not receive any additional compensation for his services as a director.

(6) Mr. Cooper was not an NEO in 2013, and accordingly, compensation information for that year is omitted.

We compensate our NEOs pursuant to the terms of their respective employment agreements, and the information reported in the "Summary Compensation" table reflects the terms of such agreements. For more information about our NEOs' employment agreements, see the discussion in this proxy statement under the heading "Employment Agreements with Named Executive Officers."

All Other Compensation Table

The following table outlines the amounts included in the "All Other Compensation" column in the "Summary Compensation" table for our NEOs in 2015:

Name	Matching Contributions to 401(k) Plan ($)(1)	Company-Paid Life Insurance Premiums ($)(2)	Perquisites and Other Personal Benefits ($)(3)	Total ($)
Bradley S. Jacobs	$3,177	$437	—	$ 3,614
Troy A. Cooper	$3,323	$437	—	$ 3,760
John J. Hardig	$3,220	$437	$29,326	$32,982
Gordon E. Devens	$3,486	$430	—	$ 3,916
Scott B. Malat	$3,486	$430	—	$ 3,916

(1) Amounts in this column represent matching contributions made by us to our company's 401(k) plan. Only amounts contributed directly by our NEOs are eligible for matching contributions, and our NEOs are eligible for matching contributions on the same basis as all other eligible employees of our company.

(2) Amounts in this column represent the company-paid premiums for basic life insurance and accidental death and dismemberment (AD&D) insurance.

(3) Amounts in this column represent the company-paid premiums for an executive Long Term Disability plan of $205 and a payment to reimburse commuting expenses of $29,120 paid pursuant to Mr. Hardig's employment agreement.

Grants of Plan-Based Awards

The following table provides additional detail regarding grants of equity and non-equity plan-based awards under our 2011 Plan:

Name and Principal Position	Grant Date	Approval Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards[1] Threshold ($)	Target ($)	Maximum ($)	Estimated Future Payouts Under Equity Incentive Plan Awards[2] Threshold (#)	Target (#)	Maximum (#)	All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards[3]
Bradley S. Jacobs	2/27/2015	2/27/2015	—	—	—	—	102,436	—	—	—	—	$2,948,108
Chief Executive Officer and Chairman	—	—		495,000								
Troy A. Cooper	2/27/2015	2/27/2015	—	—	—	—	17,073	—	—	—	—	$ 491,361
Chief Operating Officer	—	—		350,000								
John J. Hardig	2/27/2015	2/27/2015	—	—	—	—	17,073	—	—	—	—	$ 491,361
Chief Financial Officer	—	—		395,000								
Gordon E. Devens	2/27/2015	2/27/2015	—	—	—	—	17,073	—	—	—	—	$ 491,361
Chief Legal Officer	—	—	—	300,000	—	—	—	—	—	—	—	—
Scott B. Malat	2/27/2015	2/27/2015	—	—	—	—	17,073	—	—	—	—	$ 491,361
Chief Strategy Officer	—	—	—	300,000	—	—	—	—	—	—	—	—

(1) Amounts represent the target award for each NEO. For actual payout information, please see "Compensation Discussion and Analysis—Annual Cash Incentive Bonuses" on page 31.

(2) Awards in these columns consist of PRSUs. The PRSUs vest upon achievement of the following performance goals (subject, in general, to the grantee's continued employment by the company as of the date of determination): (i) the company's common stock trades at or above $60.00 per share for 20 consecutive trading days prior to April 2, 2018, and the company's fiscal year 2017 adjusted cash earnings per share is at least $2.75, or (ii) if such performance goals are not met, the company's common stock trades at or above $86.00 per share for 20 consecutive trading days prior to September 2, 2020 and the company's fiscal year 2019 adjusted cash earnings per share is at least $4.30.

(3) Amounts represent the grant date fair value of equity awards made in 2015, as computed in accordance with ASC 718.

For additional information relevant to the awards that are shown in the above table (including a discussion of the performance criteria established and the actual payouts, if applicable, under such awards), please see the discussions in this proxy statement under the headings "Compensation Discussion and Analysis—Annual Cash Incentive Bonuses," "Compensation Discussion and Analysis—Long-Term Incentive Program" and "Employment Agreements with Named Executive Officers." Also, the vesting of awards set forth in the above table may, in certain instances, be accelerated upon certain events. See the discussions in this proxy statement under the headings "Compensation Discussion and Analysis" and "Employment Agreements with Named Executive Officers" for the principal terms of our NEOs' employment agreements.

Outstanding Equity Awards at Fiscal Year–End

The following table sets forth the outstanding equity awards held by our NEOs as of December 31, 2015:

	Option Awards					Stock Awards			
Name	**Number of Securities Underlying Unexercised Options (#) Exercisable**	**Number of Securities Underlying Unexercised Options (#) Unexercisable**	**Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)**	**Option Exercise Price ($)**	**Option Expiration Date**	**Number of Shares or Units of Stock That Have Not Vested (#)**	**Market Value of Shares of Units of Stock That Have Not Vested ($)[1]**	**Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#)**	**Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)[1]**
Bradley S. Jacobs Chief Executive Officer and Chairman	200,000	50,000[2]	—	$ 9.28	11/21/2021	42,000[3]	$1,144,500	253,029[4]	$6,895,040
Troy A. Cooper Chief Operating Officer	20,000	5,000[2]	—	$11.46	1/16/2022	25,000[5]	$ 681,250	82,124[6]	$2,237,879
John J. Hardig Chief Financial Officer	40,000	10,000[2]	—	$14.09	2/13/2022	27,000[7]	$ 735,750	61,930[8]	$1,687,593
Gordon E. Devens Chief Legal Officer	100,000	25,000[2]	—	$ 9.79	11/14/2021	57,143[9]	$1,557,147	65,135[10]	$1,774,929
Scott B. Malat Chief Strategy Officer	20,000	5,000[2] 23,000[2]	—	$10.65 $18.07	10/21/2021 3/5/2022	49,262[11]	$1,342,390	74,747[12]	$2,036,856

Note: Vesting of all outstanding equity awards is subject to continued employment by the NEO on the applicable vesting date.

(1) Amounts in this column have been calculated using an assumed stock price of $27.25, the closing price of our common stock on December 31, 2015, the last business day of our fiscal year 2015.

(2) These stock options vest on September 2, 2016.

(3) Consists of (i) 10,000 RSUs, which will vest on September 2, 2016; and (ii) 32,000 PRSUs, which will vest on September 2, 2016.

(4) Consists of 253,029 PRSUs, which will vest on April 2, 2018, subject to achievement of certain performance criteria. PRSUs are reflected at the target amount because there are no threshold amounts for such PRSUs.

(5) Consists of 25,000 PRSUs, of which 15,000 will vest on September 2, 2016, 5,000 will vest on February 15, 2017 and 5,000 will vest on February 15, 2018.

(6) Consists of 82,124 PRSUs, which will vest on April 2, 2018, subject to achievement of certain performance criteria. PRSUs are reflected at the target amount because there are no threshold amounts for such PRSUs.

(7) Consists of (i) 10,000 RSUs, which will vest on September 2, 2016; and (ii) 17,000 PRSUs, which will vest on September 2, 2016.

(8) Consists of 61,930 PRSUs, which will vest on April 2, 2018, subject to achievement of certain performance criteria. PRSUs are reflected at the target amount because there are no threshold amounts for such PRSUs.

(9) Consists of 57,143 PRSUs, of which 34,286 will vest on September 2, 2016, 11,429 will vest on February 15, 2017 and 11,428 will vest on February 15, 2018.

(10) Consists of 65,135 PRSUs, which will vest on April 2, 2018, subject to achievement of certain performance criteria. PRSUs are reflected at the target amount because there are no threshold amounts for such PRSUs.

(11) Consists of (i) 14,000 RSUs, which will vest on September 2, 2016; (ii) 3,191 RSUs, which will vest on September 2, 2016; (iii) 3,500 PRSUs, which will vest on September 2, 2016; and (iv) 28,571 PRSUs, of which 17,143 will vest on September 2, 2016, and 5,714 will vest on each of February 15, 2017 and February 15, 2018.

(12) Consists of 74,747 PRSUs, which will vest on April 2, 2018, subject to achievement of certain performance criteria. PRSUs are reflected at the target amount, because there are no threshold amounts for such PRSUs.

Options Exercised and Stock Vested

The following table sets forth the restricted stock units that vested for our NEOs during 2015. There were no stock option exercises by our NEOs during 2015.

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)(1)
Bradley S. Jacobs	—	—	42,000	1,438,920
Troy A. Cooper	—	—	21,875	749,438
John J. Hardig	—	—	27,000	925,020
Gordon E. Devens	—	—	—	—
Scott B. Malat	—	—	20,704	744,307

(1) The aggregate dollar amount realized upon the vesting of RSUs and PRSUs is calculated based on the closing price on the date of vesting.

Potential Payments Upon Termination or Change of Control

The following table reflects the amounts of compensation that would be due to each of our NEOs pursuant to their respective employment agreements upon termination without Cause or for Good Reason (as defined in their respective employment agreements), termination for Cause, voluntary termination without Good Reason, termination due to disability or death of the executive, a Change of Control (as defined in the 2011 Plan), termination following a Change of Control, in each case, as if each such event had occurred on December 31, 2015. As discussed in this proxy statement under the heading "Employment Agreements with Named Executive Officers," the employment agreements that were in effect on December 31, 2015 have been superseded by new employment agreements effective on February 9, 2016. For purposes of the table below, we have assumed that the current employment agreements of our NEOs that became effective on February 9, 2016 were in effect on December 31, 2015. The amounts shown below are estimates of the payments that each NEO would receive in certain instances. The actual amounts payable will only be determined upon the actual occurrence of any such event.

Event	Bradley S. Jacobs	Troy A. Cooper	John J. Hardig	Gordon E. Devens	Scott B. Malat
Termination without Cause or for Good Reason:					
Cash severance(1)(2)(3)(4)	$ 312,500	$ 268,750	$ 257,500	$ 250,000	$ 250,000
RSUs	*$ 89,598*	—	*$ 89,598*	—	*$ 125,432*
PRSUs	*$ 2,866,756*	*$ 883,485*	*$ 821,323*	*$ 707,793*	*$ 855,432*
Options	*$ 295,391*	*$ 25,959*	*$ 43,270*	*$ 143,504*	*$ 27,290*
Acceleration of equity-based awards(5)	$ 3,251,745	$ 909,444	$ 954,191	$ 851,297	$1,008,154
Continuation of medical / dental benefits(6)	$ 10,208	$ 10,139	$ 10,208	$ 10,208	$ 10,208
Total	***$ 3,574,453***	***$1,188,333***	***$1,221,899***	***$1,111,505***	***$1,268,362***
Termination without Cause or for Good Reason, Fully Extended Non-Compete(7):					
Cash severance(1)(2)(3)	$ 937,500(4)	$ 806,250	$ 772,500(4)	$ 750,000(4)	$ 750,000(4)
RSUs	*$ 89,598*	—	*$ 89,598*	—	*$ 125,432*
PRSUs	*$ 2,866,756*	*$ 883,485*	*$ 821,323*	*$ 707,793*	*$ 855,432*
Options	*$ 295,391*	*$ 25,959*	*$ 43,270*	*$ 143,504*	*$ 27,290*
Acceleration of equity-based awards(5)	$ 3,251,745	$ 909,444	$ 954,191	$ 851,297	$1,008,154
Continuation of medical / dental benefits(6)	$ 10,208	10,139	$ 10,208	$ 10,208	$ 10,208
Total	***$ 4,199,453***	***$1,725,833***	***$1,736,899***	***$1,611,505***	***$1,768,362***

Event	Bradley S. Jacobs	Troy A. Cooper	John J. Hardig	Gordon E. Devens	Scott B. Malat
Termination for Cause or Voluntary Termination without Good Reason:					
Cash severance[1][2]	—	—	—	—	—
Acceleration of equity-based awards	—	—	—	—	—
Continuation of medical / dental benefits	—	—	—	—	—
Total	**—**	**—**	**—**	**—**	**—**
Disability:					
Cash severance[1][2][4]	—	—	—	—	—
Acceleration of equity-based awards[5]	$ 2,043,000	$ 760,200	$ 867,350	$1,993,647	$1,338,435
Continuation of medical / dental benefits	—	—	—	—	—
Total	***$ 2,043,000***	***$ 760,200***	***$ 867,350***	***$1,993,647***	***$1,338,435***
Death:					
Cash severance[2][4]	—	—	—	—	—
Acceleration of equity-based awards[5]	$ 8,938,040	$2,998,079	$2,554,943	$3,768,576	$3,375,291
Continuation of medical / dental benefits	—	—	—	—	—
Total	***$ 8,938,040***	***$2,998,079***	***$2,554,943***	***$3,768,576***	***$3,375,291***
Change of Control and No Termination:					
Cash severance[2]	—	—	—	—	—
Acceleration of equity-based awards[5]	$ 8,938,040	$2,998,079	$2,554,943	$3,768,576	$3,673,385
Continuation of medical / dental benefits	—	—	—	—	—
Total	***$ 8,938,040***	***$2,998,079***	***$2,554,943***	***$3,768,576***	***$3,673,385***
Change of Control and Termination without Cause or for Good Reason:					
Cash severance[2]	$ 3,125,000	$2,687,500	$2,575,000	$2,500,000	$2,500,000
Acceleration of equity-based awards[5]	$ 8,938,040	$2,998,079	$2,554,943	$3,768,576	$3,673,385
Continuation of medical / dental benefits[6]	$ 40,830	$ 40,554	$ 40,830	$ 40,830	$ 40,830
Total	***$12,103,870***	***$5,726,133***	***$5,170,773***	***$6,309,406***	***$6,214,215***

(1) Upon a termination of employment for any reason (other than death), whether with or without Cause, prior to February 2018, a portion of the NEO's 2015 cash bonus must be reimbursed to the company. This repayment obligation is not reflected in the amounts shown in this table. The repayment obligation does not apply after a Change of Control.

(2) Amounts shown do not include any payments for accrued and unpaid salary, bonuses or vacation.

(3) In the event of a termination by our company without Cause or by any NEO for Good Reason prior to a Change of Control, cash severance payable to the NEO will be reduced, dollar for dollar, by other income earned by such NEO. The calculations of severance pay in the above table use the NEO's base salary effective in February 2016 under the 2016 Employment Agreements.

(4) This payment amount under the 2016 Employment Agreement is lower than such payment would have been under the Prior Agreement. Please see "Employment Agreements with Named Executive Officers" on pages 46-49 for a description of such reduction.

(5) Amounts shown were calculated using the fair market value of unvested restricted stock units and the in-the-money value of unvested options based upon a stock price of $27.25 per share, our company's stock price as of December 31, 2015. The amounts shown for PRSUs have been estimated assuming that the applicable performance goals are met at target levels. Although the PRSUs would no longer be subject to a continued service requirement upon the occurrence of a termination by our company without Cause or by the NEO for Good Reason, payment of such award would remain subject to the actual achievement of the applicable performance goals.

(6) The amounts of continued medical and dental benefits shown in the table (i) have been calculated based upon our current actual costs of providing the benefits through COBRA and (ii) have not been discounted for the time value of money. Our current annual cost of providing medical and dental benefits to each of our eligible NEOs is as follows: Mr. Jacobs, $20,415; Mr. Hardig, $20,415; Mr. Cooper, $20,277; Mr. Devens, $20,415; and Mr. Malat, $20,415. In the case of our NEOs, in the event of a termination without Cause, continued medical and dental benefits will cease when the NEO commences employment with a new employer.

(7) In the event of a termination for any reason, our company has the right to extend the period during which such NEO is bound by the non-competition covenant in his employment agreement for up to 12 additional months. During the period the non-compete is extended, the NEO would be entitled to receive cash compensation equal to his monthly base salary as in effect on the date his employment terminated. Amounts included in the respective columns assume that the non-compete is extended for 12 months for each NEO, such that the NEO will not be permitted to compete with our company for three years following his termination and will receive monthly base salary continuation during such 12-month extension period.

Each 2016 Employment Agreement, which is described in detail in this proxy statement under the heading "Employment Agreements with Named Executive Officers," generally provides that, in the event of a termination without Cause (as defined below) either prior to a Change of Control (as defined below) or more than two years following a Change of Control, cash severance payments and continued benefits will be made ratably over the six-month period following the executive's termination (subject to any delays required pursuant to Section 409A of the Code). The 2016 Employment Agreements generally do not provide for payments other than accrued benefits if employment is terminated due to death or disability. Generally, in the event of a termination upon or within two years following a Change of Control, cash severance payments will be made in one lump sum (subject to any delays required pursuant to Section 409A of the Code). The equity-based awards granted to our NEOs will generally accelerate vesting in the event of a termination due to disability or death or upon a Change of Control, except that the 2014 and 2015 PRSU award agreements do not specifically address vesting in the event that the termination of employment is due to disability and for purposes of these calculations we have assumed no accelerated vesting. The severance payments set forth in the table are generally subject to and conditioned upon the NEO signing an irrevocable waiver and release and continued compliance with certain restrictive covenants.

For more information regarding the payments and benefits to which our NEOs are entitled upon certain termination events or upon a Change of Control, see the discussion in this proxy statement under the heading "Employment Agreements with Named Executive Officers."

Employment Agreements with Named Executive Officers

Effective as of February 9, 2016, we entered into employment agreements with each of the NEOs (the "2016 Employment Agreements"), which replace and supersede the prior employment agreements with our NEOs that were originally scheduled to expire on September 2, 2016 (the "Prior Agreements"). The primary purposes of the 2016 Employment Agreements are to (i) incentivize the NEOs to be aligned with our corporate goals and shareholders' interests, (ii) provide financial incentives for the NEOs to increase shareholder value and focus on the integration of recent acquisitions, and (iii) strengthen the linkage between pay and performance in our executive compensation program.

Term. Each 2016 Employment Agreement provides for the NEO's employment from the effective date of February 9, 2016 until February 9, 2020.

Salary and Annual Incentive Bonus. The 2016 Employment Agreements provide for each NEO the annual base salary as set forth in the table below and an annual target bonus of 100 percent of annual base salary.

2016 Employment Agreement Annual Base Salary

Named Executive Officer	Annual Salary
Mr. Bradley S. Jacobs	$625,000
Mr. Troy A. Cooper	$537,500
Mr. John J. Hardig	$515,000
Mr. Gordon E. Devens	$500,000
Mr. Scott B. Malat	$500,000

In addition, for 2015, the 2016 Employment Agreements provide for the payment to each of the NEOs of an annual bonus amount as set forth in the table below. In order to enhance the long-term retentive value of the 2015 annual bonuses, the Committee made a portion of the 2015 cash bonuses subject to repayment if an NEO leaves our company for any reason (other than death) within two years immediately following the payment date. In the case of a termination for Cause, the full amount of the Maximum Repayment Obligation specified below would be subject to repayment. In the case of a termination due to disability or resignation, whether with or without Good Reason (as defined in the 2016 Employment Agreements), a prorated amount of the Maximum Repayment Obligation (based on the number of days from the termination date until the two year anniversary of the payment date) would be subject to repayment by the NEO. In the case of a termination by the company without Cause, a prorated amount of the Maximum Repayment Obligation (based on the number of days from six months following the termination date until the two-year anniversary of the payment date) would be subject to repayment by the NEO.

Employment Agreement 2015 Annual Bonus

Named Executive Officer	2015 Annual Bonus Payout	Maximum Repayment Obligation
Mr. Bradley S. Jacobs	$2,325,000	$1,400,000
Mr. Troy A. Cooper	$1,850,000	$1,100,000
Mr. John J. Hardig	$1,650,000	$1,000,000
Mr. Gordon E. Devens	$1,650,000	$1,000,000
Mr. Scott B. Malat	$1,650,000	$1,000,000

Initial Equity Incentive Awards. In order to induce the NEOs to enter into the 2016 Employment Agreements, the NEOs were granted cash-settled PRSUs with performance goals based on adjusted cash flow per share (as defined in the award agreements) of $2.93 for 2016, $3.96 for 2017, $5.38 for 2018, and $6.39 for 2019 (subject to adjustment based on certain factors as may be determined by the Committee). The PRSU grants are intended to cover the four-year term of the 2016 Employment Agreements and vest in equal tranches on each of the first four anniversaries of the grant date, subject to the NEO's continued employment and to achievement of the applicable performance goals for each tranche. The total and annualized grant values for each of the NEOs are shown below.

NEO	2016-2019 Total Target Award in dollars	Annualized Target Award in dollars
Bradley S. Jacobs	$20,000,000	$5,000,000
Troy A. Cooper	$ 4,500,000	$1,125,000
John J. Hardig	$ 4,000,000	$1,000,000
Gordon E. Devens	$ 4,000,000	$1,000,000
Scott B. Malat	$ 4,000,000	$1,000,000

Lock-up Restrictions. Pursuant to the 2016 Employment Agreements, any shares of our common stock issued to an NEO upon exercise or vesting of any equity compensation award (whether before, on or after the date of the 2016 Employment Agreement) will be subject to a lock-up until the earliest of September 2, 2018, a Change of Control or the NEO's death. Under the Prior Agreements, such shares were subject to lock-up until September 2, 2016.

Benefits and Business Expense Reimbursement. Under the 2016 Employment Agreements, each of our NEOs is eligible to participate in our benefit plans and programs that are generally available to other members of our senior executive team and is eligible for reimbursement of all reasonable and necessary business expenses incurred in the performance of his duties during the term of his 2016 Employment Agreement.

Termination Events. The severance payments pursuant to the 2016 Employment Agreements described below are generally subject to and conditioned upon the NEO (1) signing an irrevocable waiver and general release and (2) complying with the restrictive covenants contained in his 2016 Employment Agreement (as described below).

In the event that any of our NEOs dies during the term of his 2016 Employment Agreement, or if we terminate the NEO's employment without Cause, either prior to a Change of Control or more than two years following a Change of Control, such NEO will be entitled to:

- accrued and unpaid salary, vacation benefits and unreimbursed business expenses;
- solely in the case of a termination by the company without Cause, six months' base salary, at the level in effect on the date of termination, which will be paid in equal installments over the 6 months following the date of termination (subject to any delay required by Section 409A of the Code), which generally will be reduced, dollar-for-dollar, by other earned income; and
- solely in the case of a termination by the company without Cause, medical and dental coverage for a period of 6 months from the date of termination, or, if earlier, until the NEO secures other employment.

Under the Prior Agreements, each NEO (other than Mr. Cooper) was entitled to payment of two years' base salary (for Messrs. Jacobs and Hardig) or one year's base salary (for Messrs. Devens and Malat) if his employment was terminated (i) without Cause, either prior to a Change of Control or more than two years following a Change of Control, or (ii) due to death or disability or for Good Reason (as defined in the Prior Agreements). Pursuant to the 2016 Employment Agreements, the NEOs are no longer entitled to cash benefits in the case of death or disability or, in the event of a termination for Good Reason except following a Change of Control (as further described below under "*Change of Control*").

The 2016 Employment Agreements do not provide for accelerated vesting of equity, equity-based or other long term incentive compensation awards other than as set for the in the applicable award agreements. The Prior Agreements provided that if the NEO's employment was terminated during the term of his employment agreement as a result of death or disability (except for Mr. Cooper), the unvested equity-based awards granted to the NEO in the employment agreement would automatically vest. In addition, pursuant to the Prior Agreements, if the NEO's employment was terminated either by our company without Cause or by him for Good Reason during the term of his employment agreement, a prorated portion of the unvested equity-based awards granted in the employment agreement scheduled to vest on the next vesting date would vest and the balance of any such equity-based awards would be forfeited upon the date of termination.

The 2016 Employment Agreements modified the terms of PRSUs granted to the NEOs during 2014 and 2015. Specifically, the 2016 Employment Agreements provide that, notwithstanding the original award agreements for PRSUs granted during 2014 and 2015, in the event an NEO is terminated without Cause, a prorated portion of the PRSU award will vest only if the applicable performance goal is achieved. The original award agreements with respect to PRSUs granted during 2014 and 2015 to the NEOs provided that, upon a termination without Cause prior to April 2, 2018, such PRSUs would vest on a prorated basis without regard to whether the applicable performance goal was satisfied.

Pursuant to the terms of the 2016 Employment Agreements and a subsequent modification, all PRSUs granted to NEOs in 2014 and 2015 were modified so that such PRSUs will vest if the following conditions occur: (i) the company's common stock trades at or above $60.00 per share for 20 consecutive trading days prior to April 2, 2018, and the company's fiscal year 2017 adjusted cash earnings per share is at least $2.75, or (ii) if such performance goals are not met, the company's common stock trades at or above $86.00 per share for 20 consecutive trading days prior to September 2, 2020 and the company's fiscal year 2019 adjusted cash earnings per share is at least $4.30.

Definitions of Cause and Good Reason

"Cause," for purposes of the 2016 Employment Agreements, generally means the NEO's:

- gross negligence or willful failure to perform his duties;
- abuse or dependency on alcohol or drugs that adversely affects his performance of duties;

- commission of any fraud, embezzlement, theft or dishonesty, or any deliberate misappropriation of money or other assets of our company;
- breach of any term of his 2016 Employment Agreement or any agreement governing any equity-based awards or breach of his fiduciary duties;
- any willful act, or failure to act, in bad faith to the detriment of our company;
- willful failure to cooperate in good faith with a governmental or internal investigation if his cooperation is requested;
- failure to follow our company's code of conduct or ethics policy; and
- conviction of, or plea of nolo contendere to, a felony or any serious crime;

provided that, in cases where cure is possible, the NEO has a cure period of 15 days before he can be terminated for Cause.

Although the Prior Agreements allowed an NEO to terminate his employment for Good Reason at any time, the 2016 Employment Agreements allow an NEO to terminate his employment for Good Reason only upon or during the two-year period following a Change of Control. "Good Reason," for purposes of the 2016 Employment Agreements, generally means, without first obtaining the NEO's written consent:

- our material breach of the terms of the NEO's 2016 Employment Agreement or a reduction in his base salary or target bonus;
- we materially diminish his title, duties, authorities, reporting relationships, responsibilities or position;
- we require the NEO to be based in a location that is more than 50 miles from his initial work location immediately prior to the Change of Control; and
- with regard to Mr. Jacobs, we require him to no longer report to directly to the Board and with regard to Messrs. Cooper, Hardig, Devens and Malat, we require him to report to someone other than the Chief Executive Officer.

In each case, the NEO's Good Reason right is subject to our company's 30-day cure period.

Change of Control. In the event that, upon or within two years following a Change of Control, Messrs. Jacobs', Cooper's, Hardig's, Devens' or Malat's employment is terminated by our company without Cause or such NEO resigns for Good Reason, he will receive:

- accrued and unpaid salary, vacation benefits and unreimbursed business expenses;
- a lump-sum cash payment equal to two times the sum of his annual base salary and target annual bonus each at the level in effect on the date of termination (subject to any delay required by Section 409A of the Code) (this benefit was reduced from the three times the sum of annual base salary and target annual bonus provided in the Prior Agreements);
- a prorated target bonus for the year of termination; and
- medical and dental coverage for a period of 24 months from the date of termination (this benefit was reduced from the 36 months of coverage provided in the Prior Agreements).

In the event that any amounts payable to the NEO in connection with a Change of Control constitute "parachute payments" within the meaning of Section 280G of the Code, then any such amounts will be reduced to avoid triggering the excise tax imposed by Section 4999 of the Code, if it would be more favorable to the NEO on a net after-tax basis. The NEO is not entitled to a gross-up payment for excise taxes imposed by Section 4999 of the Code on "excess parachute payments," as defined in Section 280G of the Code.

Clawbacks. Under the 2016 Employment Agreements, each of our NEOs is subject to equity and annual bonus clawback provisions in the event of (1) a breach of the restrictive covenants, (2) termination of his employment by our company for Cause or (3) his engagement in fraud or willful misconduct that contributes materially to any financial restatement or material loss to our company or its affiliates. If any such event occurs, we generally may terminate or cancel any awards granted to such NEO by our company (whether vested or unvested), and require him to forfeit or remit to our company any amount payable (or the net after-tax amount paid or received by such NEO) in respect of any such awards. Furthermore, under the 2016 Employment Agreements, in the event that an NEO engages in fraud or other willful misconduct that contributes materially to any financial restatement or material loss to our company, our company may generally require such NEO to repay any annual bonus (net of any taxes paid by him) previously paid to him, cancel any earned but unpaid annual bonus or adjust any future compensation such that he will only retain the amount that would have been payable to him after giving effect to the financial restatement or material loss. In addition, in the event that the NEO breaches any restrictive covenant, such NEO will be required, upon written notice from us, to forfeit or repay to our company his severance payments. In certain circumstances, the breach or fraudulent conduct must have occurred within a certain period in order for us to be able to clawback the equity-based awards, annual bonus or severance payments. In addition, the NEO shall be subject to any other clawback or recoupment policy of the company as may be in effect from time to time or any clawback or recoupment as may be required by applicable law.

Restrictive Covenants. In the 2016 Employment Agreements, the NEOs are subject to substantially broader, longer and stronger non-competition and other restrictive covenants as compared to such provisions in the Prior Agreements. Under the 2016 Employment Agreement, each of our NEOs is generally subject to the following restrictive covenants: employee and customer non-solicitation during his employment and for a period of three years thereafter; confidentiality and non-disparagement during his employment and thereafter; and non-competition during his employment and for a period of two years following his termination for any reason. Under the Prior Agreements, the non-competition obligations generally applied for a period of one year following termination by our company without Cause or by the NEO for Good Reason and for a period of three years following any other type of termination. In addition, we have the option to extend the non-competition period for up to an additional year following a termination for any reason, provided that we continue to pay the NEO's base salary as in effect on the date of termination during the extended non-competition period. The Prior Agreements provided for the option to extend the non-competition period for a period of up to two years only in the case of a termination by our company without Cause or by the NEO for Good Reason (except for Mr. Cooper, whose Prior Agreement did not provide for such option to extend the non-competition period) with base salary continuation during such extension period.

EQUITY COMPENSATION PLAN INFORMATION

The following table gives information as of December 31, 2015, with respect to the Company's compensation plans under which equity securities are authorized for issuance.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights[1] (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by security holders	5,472,780(2)	$16.72	4,730,552(3)
Equity compensation plans not approved by security holders	77,000(4)	$14.09	0
Total	5,549,780	$16.66	4,730,552

(1) The weighted average exercise price is based solely on the outstanding options.

(2) Includes 1,192,755 stock options outstanding under the XPO Logistics, Inc. Amended and Restated 2011 Omnibus Incentive Compensation Plan, 71,811 stock options outstanding under the Segmentz, Inc. 2001 Stock Option Plan, 177,348 stock options outstanding under the Con-way Inc. 1997 Equity and Incentive Plan, 499,380 stock options outstanding under the Con-way Inc. 2006 Equity and Incentive Plan, and 12,985 stock options outstanding under the Con-way Inc. 2012 Equity and Incentive Plan. Also includes an aggregate of 2,521,378 restricted stock units and performance-based restricted stock units granted under the XPO Logistics, Inc. Amended and Restated 2011 Omnibus Incentive Compensation Plan and 997,123 restricted stock units granted under the Con-way Inc. 2012 Equity and Incentive Plan.

(3) Includes 737,840 securities available for issuance under XPO Logistics, Inc. Amended and Restated 2011 Omnibus Incentive Compensation Plan and 3,992,712 securities available for issuance under the Con-way Inc. 2012 Equity and Incentive Plan. The securities available for grant under the Con-way Inc. 2012 Equity and Incentive Plan cannot be granted to employees who were employed by XPO Logistics, Inc. or its subsidiaries prior to the closing of the Con-way acquisition.

(4) These securities were granted to our Chief Financial Officer in February 2012 outside the security holder-approved plan as employee inducement grants. These securities represent 50,000 stock options, 10,000 restricted stock units and 17,000 performance-based restricted stock units.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our executive officers and directors, and persons who own more than ten percent of a registered class of our equity securities, to file reports of ownership and changes in ownership with the SEC. Officers, directors and greater than ten-percent stockholders are required by SEC regulations to furnish us with copies of all Section 16(a) forms they file. Based solely on a review of the copies of such forms furnished to us, or written representations from our directors and executive officers, we believe that during 2015, our executive officers, directors and greater than ten-percent beneficial owners complied with all applicable Section 16(a) filing requirements, except that one Form 4 reporting a single transaction involving the automatic conversion of our Series C preferred stock for shares of our common stock upon stockholder approval on September 8, 2015 was filed on September 17, 2015 by Coral Blue Investment Pte. Ltd. ("Coral Blue"), one of the company's greater than ten-percent beneficial owners, because Coral Blue filed the Form 4 promptly upon exchanging the shares of Series C preferred stock for shares of our common stock rather than based on the actual timing of the automatic conversion of the shares of Series C preferred stock upon shareholder approval.

AUDIT-RELATED MATTERS

Report of the Audit Committee

The following statement made by our Audit Committee does not constitute soliciting material and should not be deemed filed or incorporated by reference into any filing under the Securities Act or the Exchange Act, except to the extent that we specifically incorporate such statement by reference.

The Audit Committee ("we" in this Report of the Audit Committee) currently consists of Mr. Shaffer (Chair), Mr. Kingshott and Dr. Papastavrou. During 2015, the Audit Committee consisted of Dr. Papastavrou (Chair), Mr. Jesselson and Mr. Kingshott.

The Board of Directors has determined that each current member of the Audit Committee has the requisite independence and other qualifications for audit committee membership under SEC rules, the listing standards of NYSE, our Audit Committee Charter, and the independence standards set forth in the XPO Logistics, Inc. Corporate Governance Guidelines. The Board of Directors has also determined that Dr. Papastavrou is an "audit committee financial expert" as defined under Item 407(d)(5) of Regulation S-K under the Exchange Act. As more fully described below, in carrying out its responsibilities, the Audit Committee relies on management and XPO's independent registered public accounting firm (the "outside auditors"). The Audit Committee members are not professionally engaged in the practice of accounting or auditing. The Audit Committee operates under a written charter that is reviewed annually and is available at www.xpo.com.

In accordance with our charter, the Audit Committee assists the Board of Directors in fulfilling its responsibilities in a number of areas. These responsibilities include, among others, oversight of (i) XPO's accounting and financial reporting processes, including XPO's systems of internal controls and disclosure controls, (ii) the integrity of XPO's financial statements, (iii) XPO's compliance with legal and regulatory requirements, (iv) the qualifications and independence of XPO's outside auditors and (v) the performance of XPO's outside auditors and internal audit function. Management is responsible for XPO's financial statements and the financial reporting process, including the system of internal control over financial reporting. XPO's outside auditors, KPMG, are accountable to us and are responsible for expressing an opinion as to whether the consolidated financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of XPO in conformity with generally accepted accounting principles in the United States. We are solely responsible for selecting and reviewing the performance of XPO's outside auditors and, if we deem appropriate in our sole discretion, terminating and replacing the outside auditors. We also are responsible for reviewing and approving the terms of the annual engagement of XPO's outside auditors, including the scope of audit and non-audit services to be provided by the outside auditors and the fees to be paid for such services, and discussing with the outside auditors any relationships or services that may impact the objectivity and independence of the outside auditors.

In fulfilling our oversight role, we met and held discussions, both together and separately, with the company's management and KPMG. Management advised us that the company's consolidated financial statements were prepared in accordance with generally accepted accounting principles, and we reviewed and discussed the consolidated financial statements and key accounting and reporting issues with management and KPMG, both together and separately, in advance of the public release of operating results and filing of annual or quarterly reports with the SEC. We discussed with KPMG matters deemed significant by KPMG, including those matters required to be discussed pursuant to Public Company Accounting Oversight Board Auditing Standard No. 16, *Communications with Audit Committees*, and reviewed a letter from KPMG disclosing such matters.

KPMG also provided us with the written disclosures and the letter required by applicable requirements of the Public Company Accounting Oversight Board regarding the outside auditors' communications with the Audit Committee concerning independence, and we discussed with KPMG matters relating to their independence and considered whether their provision of certain non-audit services is compatible with maintaining their independence. In the letter, KPMG confirmed its independence, and we determined that KPMG's provision of non-audit services to XPO is compatible with maintaining its independence. We also reviewed a report by KPMG describing the firm's internal quality-control procedures and any material issues raised in the most recent internal quality-control review or external peer review or inspection performed by the Public Company Accounting Oversight Board.

Based on our review with management and KPMG of XPO's audited consolidated financial statements and KPMG's report on such financial statements, and based on the discussions and written disclosures described above and our business judgment, we recommended to the Board of Directors, and the Board approved, that the audited consolidated financial statements be included in XPO's Annual Report on Form 10-K for the year ended December 31, 2015 for filing with the SEC.

Audit Committee:

Oren G. Shaffer (Chair; member since March 2016)
Jason D. Papastavrou (Chair until March 2016)
Adrian P. Kingshott
Michael G. Jesselson (served on Audit Committee until March 2016)

Policy Regarding Pre-Approval of Services Provided by the Outside Auditors

The Audit Committee's charter requires review and pre-approval by the Audit Committee of all audit services provided by our outside auditors and, subject to the *de minimis* exception under applicable SEC rules, all permissible non-audit services provided by our outside auditors. The Audit Committee has delegated to its chair the authority to approve, within guidelines and limits established by the Audit Committee, specific services to be provided by our outside auditors and the fees to be paid. Any such approval must be reported to the Audit Committee at the next scheduled meeting. As required by Section 10A of the Exchange Act, the Audit Committee pre-approved all audit and non-audit services provided by our outside auditors during 2015 and 2014, and the fees paid for such services.

Services Provided by the Outside Auditors

As described above, the Audit Committee is responsible for the appointment, compensation, oversight, evaluation and termination of our outside auditors. Accordingly, the Audit Committee retained KPMG to serve as our independent registered public accounting firm for fiscal year 2015 on March 23, 2015.

The following table shows the fees for audit and other services provided by KPMG for fiscal years 2015 and 2014.

Fee Category	2015	2014
Audit Fees	$6,500,000	$2,130,000
Audit-Related Fees	2,700,000	2,920,000
Tax Fees	300,000	50,000
All Other Fees	—	—
Total Fees	$9,500,000	$5,100,000

Audit Fees. This category includes fees billed for professional services rendered by KPMG for 2015 and 2014 for the audits of our financial statements included in our Annual Report on Form 10-K, and reviews of the financial statements included in our Quarterly Reports on Form 10-Q. Also included within the 2015 and 2014 audit fees are fees for services rendered for the audits of the opening balance sheets of acquisitions during 2015 and 2014 and fees for services that are normally provided by the independent registered public accounting firm in connection with statutory or regulatory filings or engagements, including comfort letters and consents issued in connection with SEC filings.

Audit-Related Fees. This category includes fees billed for professional services rendered by the outside auditor for assurance and related services related to the performance of the audit or review of the financial statements that are not disclosed as Audit Fees. The 2015 and 2014 fees include financial due diligence services provided by KPMG in connection with acquisitions and potential acquisitions during 2015 and 2014.

Tax Fees. This category includes fees billed for professional services rendered by KPMG in connection with tax due diligence and tax compliance in 2015 and 2014, respectively.

All Other Fees. This category represents fees for all other services or products provided that are not covered by the categories above. There were no such fees for 2015 and 2014.

PROPOSALS TO BE PRESENTED AT THE ANNUAL MEETING

PROPOSAL 1: ELECTION OF DIRECTORS

After consultation with JPE in view of its rights under the Investment Agreement (as described under "Board of Directors and Corporate Governance—Directors" on page 9), our Board of Directors has nominated for election at the annual meeting each of the following persons to serve until the 2017 annual meeting of stockholders or until their successors are duly elected and qualified:

Bradley S. Jacobs;
Gena L. Ashe;
Louis DeJoy;
Michael G. Jesselson;
Adrian P. Kingshott;
Jason D. Papastavrou; and
Oren G. Shaffer.

Each of the above nominees for director is currently serving as a member of our Board of Directors. Ms. Ashe and Mr. DeJoy joined the Board following last year's annual meeting of stockholders. Mr. DeJoy was identified by the Board as a director candidate based on his deep industry experience, most recently as leader of our supply chain business in North America. Mr. DeJoy retired from that position in December 2015. Ms. Ashe was identified as a director candidate through a search process conducted by an independent third party engaged by the Board. The search process was undertaken in 2015 to find highly qualified candidates who bring relevant experience and diverse perspectives to the Board. Two of our current nine directors, Mr. G. Chris Andersen and Mr. James J. Martell, are not standing for re-election at the 2016 annual meeting and will retire from the Board of Directors as of the 2016 annual meeting. The Board of Directors has determined to fix the size of the Board of Directors at seven directors effective upon the 2016 annual meeting. Information about the nominees is set forth above under the heading "Board of Directors and Corporate Governance—Directors."

In the event any of these nominees is unable or declines to serve as a director at the time of the annual meeting, the proxies voting for his or her election will be voted for any nominee who shall be designated by the Board of Directors to fill the vacancy. As of the date of this proxy statement, we are not aware that any of the nominee is unable or will decline to serve as a director if elected.

Required Vote

The election of the seven (7) director nominees named in this proxy statement requires the affirmative vote of a majority of the votes cast (meaning the number of shares voted "for" a nominee must exceed the number of shares voted "against" such nominee) by holders of shares of our common stock (including those that would be issued if all our outstanding Series A Preferred Stock had converted into shares of our common stock as of the Record Date). If any incumbent director standing for election receives a greater number of votes "against" his or her election than votes "for" such election, our bylaws require that such person must promptly tender his or her resignation to the Board of Directors.

Recommendation

Our Board recommends a vote "FOR" the election of each of the nominees listed above to our Board of Directors.

PROPOSAL 2: RATIFICATION OF THE APPOINTMENT OF KPMG LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2016

The Audit Committee of our Board of Directors has appointed KPMG LLP to serve as our independent registered public accounting firm for the year ending December 31, 2016. KPMG has served in this capacity since June 20, 2011.

We are asking our stockholders to ratify the appointment of KPMG as our independent registered public accounting firm. Although ratification is not required by our bylaws or otherwise, our Board of Directors is submitting the appointment of KPMG to our stockholders for ratification as a matter of good corporate governance. If our stockholders fail to ratify the appointment of KPMG, the Audit Committee will consider whether it is appropriate and advisable to appoint another independent registered public accounting firm. Even if our stockholders ratify the appointment of KPMG, the Audit Committee in its discretion may appoint a different registered public accounting firm at any time if it determines that such a change would be in the best interests of our company and our stockholders.

Representatives of KPMG are expected to be present at the annual meeting and will have an opportunity to make a statement and to respond to appropriate questions.

Required Vote

Ratification of the appointment of KPMG as our independent registered public accounting firm for the year ending December 31, 2016 requires the affirmative vote of a majority of the votes cast (meaning the number of shares voted "for" such proposal must exceed the number of shares voted "against" such proposal) by holders of shares of our common stock (including those that would be issued if all our outstanding Series A Preferred Stock had converted into shares of our common stock as of the Record Date) at the annual meeting at which a quorum is present.

Recommendation

Our Board of Directors recommends a vote "FOR" the ratification of the appointment of KPMG as our independent registered public accounting firm for the year ending December 31, 2016.

PROPOSAL 3: ADVISORY VOTE TO APPROVE EXECUTIVE COMPENSATION

The Dodd-Frank Wall Street Reform and Consumer Protection Act, enacted in July 2010, requires that we provide our stockholders with the opportunity to vote to approve, on a non-binding, advisory basis, the compensation of our named executive officers as disclosed in this proxy statement in accordance with the compensation disclosure rules of the SEC. Accordingly, we are asking our stockholders to approve the following advisory resolution:

> "**RESOLVED**, that the stockholders of XPO Logistics, Inc. (the "Company") hereby approve, on an advisory basis, the compensation of the Company's named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion set forth in the Proxy Statement for the Company's 2016 Annual Meeting of Stockholders."

We encourage stockholders to review the Compensation Discussion and Analysis, the compensation tables and the related narrative disclosures included in this proxy statement. As described in detail under the heading "Executive Compensation—Compensation Discussion and Analysis," we believe that our compensation programs appropriately reward executive performance and align the interests of our named executive officers and key employees with the long-term interests of our stockholders, while also enabling us to attract and retain talented executives.

This resolution, commonly referred to as a "say-on-pay" resolution, is non-binding on our Board of Directors. Although non-binding, our Board of Directors and the Compensation Committee will review and consider the voting results when making future decisions regarding our executive compensation program.

At the 2012 annual meeting of stockholders, our stockholders voted to approve an annual holding of the advisory vote on executive compensation. Accordingly, as previously disclosed by the company, we will hold future, non-binding, advisory votes on executive compensation on an annual basis until the next required non-binding, advisory vote on the frequency of the advisory vote on executive compensation.

Required Vote

Approval of this resolution, commonly referred to as a "say-on-pay" resolution, requires the affirmative vote of a majority of the votes cast (meaning the number of shares voted "for" such proposal must exceed the number of shares voted "against" such proposal) by holders of shares of our common stock (including those that would be issued if all our outstanding Series A Preferred Stock had converted into shares of our common stock as of the Record Date) at the annual meeting at which a quorum is present.

Recommendation

Our Board of Directors recommends a vote "FOR" approval of the advisory resolution to approve executive compensation set forth above.

OTHER MATTERS

We do not expect that any matter other than the foregoing proposals will be brought before the annual meeting. If, however, such a matter is properly presented at the annual meeting or any adjournment or postponement of the annual meeting, the persons appointed as proxies will vote as recommended by our Board of Directors or, if no recommendation is given, in accordance with their judgment.

AVAILABILITY OF ANNUAL REPORT AND PROXY STATEMENT

If you would like to receive a copy of our 2015 Annual Report or this proxy statement, please contact us at: Investor Relations, XPO Logistics, Inc., Five Greenwich Office Park, Greenwich, Connecticut 06831 or by telephone at (855) 976-6951, and we will send a copy to you without charge.

A Note about Our Website

Although we include references to our website (www.xpo.com) throughout this proxy statement, information that is included on our website is not incorporated by reference into, and is not a part of, this proxy statement. Our website address is included as an inactive textual reference only.

We use our website as one means of disclosing material non-public information and for complying with our disclosure obligations under the SEC's Regulation FD. Such disclosures typically will be included within the Investors Relations section of our website. Accordingly, investors should monitor such section of our website, in addition to following our press releases, SEC filings and public conference calls and webcasts.

Annex A

Reconciliation of Non-GAAP Measures
XPO Logistics, Inc.
Consolidated Reconciliation of Net Loss to Adjusted EBITDA
(Unaudited)

(In millions)	Category	Three Months Ended December 31, 2015
Net loss attributable to common shareholders	Net loss attributable to common shareholders	$ (62.8)
Preferred stock beneficial conversion charge	Preferred stock beneficial conversion charge	—
Preferred dividends	Cumulative preferred dividends	(0.7)
Noncontrolling interests	Net income attributable to noncontrolling interests	1.0
Net loss	Net loss	(63.1)
Debt commitment fees	Interest expense	11.2
Loss on conversion of convertible senior notes	Interest expense	2.0
Other interest expense	Interest expense	82.7
Income tax benefit	Income tax benefit	(69.6)
Accelerated amortization of trade names	Sales, general and administrative expense	—
Other depreciation expense	Cost of transportation and services	50.0
Other depreciation & amortization expense	Direct operating expense	41.7
Other depreciation & amortization expense	Sales, general and administrative expense	81.1
Unrealized hedging gains & losses	Other expense	2.5
EBITDA		**$138.5**
Transaction & integration costs	Other expense	—
Transaction & integration costs	Foreign currency loss	—
Transaction & integration costs	Sales, general and administrative expense	76.1
Gain on sale of intermodal equipment	Other expense	(3.5)
Rebranding costs	Sales, general and administrative expense	6.5
Adjusted EBITDA		**$217.6**

Adjusted EBITDA was prepared assuming 100% ownership of Norbert Dentressangle.

Non-GAAP Financial Measures

This proxy statement contains certain non-GAAP financial measures as defined under Securities and Exchange Commission ("SEC") rules, such as adjusted earnings (loss) before interest, taxes, depreciation and amortization ("adjusted EBITDA") for the three-month period ended December 31, 2015. As required by SEC rules, we provide a reconciliation of this measure to the most directly comparable measure under United States generally accepted accounting principles ("GAAP"), which is set forth above. We believe that adjusted EBITDA improves comparability from period to period by removing the impact of our capital structure (interest expense from our outstanding debt), asset base (depreciation and amortization), tax consequences, and the nonrecurring expense items noted in the table on the prior page. In addition to its use by management, we believe that adjusted EBITDA is widely used by securities analysts, investors and others to evaluate the financial performance of companies in our industry. Other companies may calculate adjusted EBITDA differently, and therefore our measure may not be comparable to similarly titled measures of other companies. Adjusted EBITDA is not a measure of financial performance or liquidity under GAAP and should not be considered in isolation or as an alternative to net income, cash flows from operating activities and other measures determined in accordance with GAAP. Items excluded from adjusted EBITDA are significant and necessary components of the operations of our business, and, therefore, adjusted EBITDA should only be used as a supplemental measure of our operating performance.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K

(Mark One)

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

For the Fiscal Year Ended December 31, 2015

OR

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

For the transition period from __________ to __________

Commission File Number: 001-32172

XPO Logistics, Inc.

(Exact name of registrant as specified in its charter)

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

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

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

Securities registered under Section 12(b) of the Act:

Title of Each Class:	Name of Each Exchange on Which Registered:
Common Stock, par value $.001 per share	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes ☐ No ☒

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 has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

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

Large accelerated filer ☒	Accelerated filer ☐
Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

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

The aggregate market value of the registrant's common stock, par value $0.001 per share, held by non-affiliates of the registrant was $4,286,583,341 as of June 30, 2015, the last business day of the registrant's most recently completed second fiscal quarter, based upon the closing price of $45.18 per share on the NYSE on that date.

As of February 26, 2016, there were 109,641,880 shares of the registrant's common stock, par value $0.001 per share, outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Specified portions of the registrant's proxy statement, which will be filed with the Securities and Exchange Commission pursuant to Regulation 14A in connection with the registrant's 2016 Annual Meeting of Stockholders (the "Proxy Statement"), are incorporated by reference into Part III of this Annual Report on Form 10-K. Except with respect to information specifically incorporated by reference in this Annual Report, the Proxy Statement is not deemed to be filed as part hereof.

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XPO LOGISTICS, INC.
FORM 10-K—FOR THE YEAR ENDED DECEMBER 31, 2015

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This Annual Report on Form 10-K is for the year ended December 31, 2015. The Securities and Exchange Commission (the "SEC") allows us to incorporate by reference information that we file with the SEC, which means that we can disclose important information to you by referring you directly to those documents. Information incorporated by reference is considered to be part of this Annual Report. In addition, information that we file with the SEC in the future will automatically update and supersede information contained in this Annual Report.

PART I

ITEM 1. *BUSINESS*

General

XPO Logistics, Inc., a Delaware corporation together with its subsidiaries ("XPO," the "Company," "we" or "our"), is a global transportation and logistics company that provides comprehensive supply chain solutions to more than 50,000 customers. XPO offers these solutions through its highly integrated organization that, as of December 31, 2015, encompassed over 89,000 employees and approximately 1,451 locations in 33 countries, primarily in North America and Europe. Our customers are multinational, national, mid-size and small enterprises, and include many of the most prominent companies in the world. On a typical day we facilitate 150,000 ground shipments and manage over five billion inventory units in our contract logistics facilities.

XPO operates on a global basis as an asset-light company, with asset-based businesses accounting for about a third of revenue and less than a quarter of free cash flow. Based on our current business mix, we estimate that our annual net capital expenditure will be approximately 3% of revenue.

In a little more than four years, we have taken XPO from a North American business with $177 million of revenue to a top ten global transportation and logistics company. In September 2011, following the equity investment in the Company led by Bradley S. Jacobs, we put a highly skilled management team in place and began the disciplined execution of a growth strategy to acquire and integrate attractive companies and optimize all XPO operations, with the goal of creating dramatic, long-term value for our customers and shareholders.

We offer customers a compelling range of transportation and logistics solutions:

- Freight Brokerage: the second largest freight brokerage firm in North America based on net revenue; the third largest provider of door-to-door intermodal rail services in North America, with one of the largest U.S. drayage networks, and a leader in cross-border Mexico intermodal;
- Last Mile: the largest provider of home delivery and installation logistics for heavy goods in North America, and a leading last mile provider to the e-commerce industry;
- Supply Chain: the second largest global provider of contract logistics based on square footage, with one of the largest e-fulfillment platforms in Europe;
- Expedite: the largest manager of time-critical and high-value expedite shipments in North America via ground transportation, air charter and web-based managed transportation services;
- Less-Than-Truckload ("LTL"): the second largest provider of LTL services in North America and a leading provider of LTL services in Western Europe. As of December 31, 2015, the Company's LTL service in North America had some of the highest service levels in the industry for on-time performance, offered more next-day and two-day lanes than any other LTL carrier, and covered 99% of U.S. postal codes;
- Full Truckload: a top 20 U.S. carrier and a leading cross-border Mexico ground transportation provider;
- Managed Transportation: a top five global service provider based on the value of XPO's freight under management, which was approximately $2.7 billion as of December 31, 2015; and
- Global Forwarding: a growing provider of global forwarding services.

We believe that our ability to provide customers with end-to-end supply chain solutions gives us a competitive advantage. Many customers, particularly large companies, are increasingly turning to multi-modal providers to handle their supply chain requirements. We have built XPO to capitalize on this trend, as well as the trends toward outsourcing in transportation and logistics, the growth in e-commerce, the adoption of just-in-time inventory practices, and the near-shoring of manufacturing in Mexico.

We have two reportable business segments: Transportation and Logistics. Within each segment, we have built robust service offerings that meet fast-growing areas of customer demand. Substantially all of our businesses operate under the single brand of XPO Logistics. We provide financial information for our segments and geographic information in **Note 20—Segment Reporting and Geographic Information** to our Consolidated Financial Statements.

Transportation

In our Transportation segment, we provide freight brokerage, last mile, expedite, intermodal, LTL, full truckload, and global forwarding services. Freight brokerage, last mile, expedite and global forwarding are all non-asset or asset-light businesses. LTL and full truckload are asset-based. Our leased and owned transportation assets as of December 31, 2015, globally, include 19,000 tractors, 47,000 trailers, 10,000 intermodal containers and 9,000 container chassis. We also have 448 cross-dock terminals worldwide. These assets benefit our company and our customers, especially during periods of tight capacity.

We utilize an "asset right" blended transportation model of brokered, owned and contracted capacity to serve customers consistently in all market conditions and further differentiate our value proposition. Globally, as of December 31, 2015, in addition to our owned assets, our transportation model included truck procurement hubs that manage relationships with more than 10,000 owner operator trucks under contract for last mile, expedite and drayage services, as well as approximately 50,000 additional independent carriers utilized mostly by our freight brokerage business. The North American component of this network, as of year-end 2015, included relationships with approximately 7,000 owner operator trucks, and an additional 38,000 independent carriers representing approximately 1,000,000 trucks on the road.

XPO holds leading positions in many transportation sectors in North America and Europe. In North America, as of December 31, 2015, we were the leader in both last mile logistics for heavy goods and expedite shipment management, and we were among the largest providers of freight brokerage (including truck brokerage and intermodal rail and drayage services) and LTL transportation. In Western Europe, as of December 31, 2015, we were a leading LTL provider and had a growing brokerage business. The Company typically manages all aspects of the services offered, including selecting qualified carriers or vessels—or, in the case of full truckload and LTL, providing capacity—negotiating rates, tracking shipments, billing and resolving disputes. The Company accomplishes this by using its proprietary transportation management technology, third-party carriers and Company-owned trucks.

The Company's transportation segment encompasses seven services:

Freight Brokerage

The Company's freight brokerage business encompasses operations for truck brokerage and, in North America, intermodal and drayage services. Our truck brokerage operations are non-asset-based: we place shippers' freight with qualified carriers, primarily trucking companies. Customers offer loads to us via telephone, fax, email, electronic data interchange and the Internet on a daily basis. These services are priced on either a spot market or contract basis for shippers. We collect payments from our customers and pay the carriers on a spot market basis for transporting customer loads.

We are the third largest provider of intermodal services in North America, and a leading provider of intermodal services in the fast-growing cross-border Mexico sector. Our intermodal operations are asset-light; we provide container capacity—some of which utilizes our 10,000 leased or owned 53-ft. containers and 9,000 chassis—rail brokerage, drayage transportation via independent contractors, and on-site operational services. We contract with railroads to provide the long-haul portion of the shipment of freight in containers, and we contract with trucking companies for the local pick-up and delivery legs of the intermodal freight movement. We also provide customized electronic tracking and analysis of market prices and negotiated rail, truck and intermodal rates, in order to determine the optimal transportation routes. We offer our door-to-door intermodal services to a wide range of customers in North America, including large industrial and retail shippers, transportation intermediaries such as intermodal marketing companies, and steamship lines.

In June 2015, we expanded our drayage operations through the acquisition of Bridge Terminal Transport, Inc. (“BTT”), one of the largest asset-light drayage providers in the U.S. For additional information on the BTT acquisition and other prior acquisitions, see **Note 3—Acquisitions**, of Item 8, “Financial Statements and Supplementary Data.”

Last Mile Logistics

The Company is the largest provider of last mile logistics for heavy goods in North America. Our last mile services are asset-light and utilize independent contractors. Last mile delivery comprises the final stage of the delivery from a local distribution center or retail store to the end-consumer’s home or business. This is a fast-growing industry sector of that serves blue chip retailers, e-commerce companies and smaller retailers with limited in-house capabilities.

Important aspects of last mile service are responsiveness to seasonal demand, economies of scale, and an ability to maintain a consistently high quality of customer experience. In addition, the last mile process often requires incremental services, including pre-scheduled delivery times, unpacking, assembly, utility connection, and installation as well as removal of an old product. These additional services are commonly referred to as white-glove services. We use our proprietary technology platforms to collect customer feedback, monitor carrier performance, manage capacity, and communicate during narrow windows of service to ensure an end-consumer experience that protects the brands of our retail customers.

In February 2015, we further expanded our last mile logistics operations through the acquisition of UX Specialized Logistics (“UX”), a North American provider of last mile logistics services for major retail chains and e-commerce companies. For additional information on the UX acquisitions and other prior acquisitions, see **Note 3—Acquisitions**, of Item 8, “Financial Statements and Supplementary Data.”

Less-Than-Truckload (LTL)

The Company is the second largest provider of LTL services in North America, and holds leading LTL positions in the United Kingdom, France, Spain and Portugal. Our LTL business in North America is asset-based and utilizes employee drivers, a fleet of tractors and trailers for line-haul, pick-up and delivery, and a network of terminals. We provide day-definite regional, inter-regional and transcontinental LTL freight services.

The Company’s LTL business in Europe is a mix of asset-based and asset-light, and utilizes both Company fleet and contracted carrier capacity, together with a network of terminals. We provide LTL services domestically in France, the United Kingdom, and Spain. We offer international LTL distribution across Europe.

Prior to 2015, the Company provided limited LTL services on a brokered basis. On June 8, 2015, the Company acquired a majority interest in Norbert Dentressangle SA (“ND”), a leading provider of LTL services in Western Europe. On October 30, 2015, the Company acquired Con-way Inc. (“Con-way”), including its North American LTL business. For additional information on the ND and Con-way acquisitions and other prior acquisitions, see **Note 3—Acquisitions**, of Item 8, “Financial Statements and Supplementary Data.”

Full Truckload

The Company's full truckload business is an asset-based motor carrier that utilizes a fleet of tractors and trailers to provide short- and long-haul, asset-based transportation services throughout North America and Europe. In North America, we provide dry-van transportation services to manufacturing, industrial and retail customers while using single drivers as well as two-person driver teams over long-haul routes, with each trailer containing only one customer's goods. This origin-to-destination freight movement limits intermediate handling. In Europe, we provide transportation of packaged goods, high cube products, and bulk goods. We provide our services domestically in France, the United Kingdom, Spain, Poland, Romania, Italy and Slovakia, as well as internationally across Europe.

Expedite

The Company is the largest arranger of urgent, time-critical shipments in North America by ground and air transportation, through direct transacting and our web-based technology. This is predominantly a non-asset-based service: substantially all of the ground transportation equipment used by the operations is provided by independent owner-operators who own one truck or van, or by independent fleet owners of multiple trucks or vans who employ multiple drivers. We are focused on developing strong, long-term relationships with our independent owner-operators and fleet owners, and incentivizing them to furnish their capacity to us on an exclusive basis. Expedite air charter service is arranged using the Company's relationships with third-party air carriers.

Our expedite services can be characterized as time-critical, time-sensitive or high priority freight shipments, many of which have special handling needs. The urgency typically arises due to tight tolerances in a customer's supply chain, interruptions or changes in the supply chain, or the failure of another mode of transportation within the supply chain. We have the ability to arrange urgent shipments very quickly by over-the-road transportation, the largest component of our expedite volume, by using independent air charter carriers, and through our proprietary online bid technology.

Expedited shipments are predominantly direct transit movements offering door-to-door service within tightly prescribed time parameters. Customers typically request our expedite services on a per-load transactional basis, with only a small percentage of loads being scheduled for future delivery dates. We operate an ISO 9001:2008 certified 24-hour, seven-day-a-week call center that gives our customers on-demand communications and status updates relating to their expedited shipments.

Managed Transportation

The Company is a top five global provider of managed transportation based on the value of freight under management. Our managed transportation offering includes a range of services provided to shippers who want to outsource some or all of their transportation modes, together with associated activities. These activities can include freight handling such as consolidation and deconsolidation, labor planning, inbound and outbound shipment facilitation, documentation and customs management, claims processing, and third party logistics, or 3PL, supplier management, among other things.

Global Forwarding

The Company's global forwarding business operates as a non-asset logistics provider for domestic, cross-border and international shipments, as well as customized services. We provide these services through relationships with ground, air and ocean carriers and a network of Company-owned and agent-owned locations. Our forwarding capabilities are not restricted by size, weight, mode or location, and therefore are potentially attractive to a wide market base.

As part of our global forwarding business, we operate a subsidiary as a non-vessel operating common carrier ("NVOCC") to transport our customers' freight by contracting with vessel operators.

We are also a customs broker, licensed by the U.S. Customs and Border Protection Service to act on behalf of importers in handling customs formalities and other details. We provide customs brokerage services to direct domestic importers in connection with many of the shipments that we handle as an NVOCC, as well as shipments arranged by other freight forwarders, NVOCCs or vessel operating common carriers.

Logistics

In our Logistics segment, which we refer to as supply chain, the Company provides a range of contract logistics services, including highly engineered and customized solutions, e-commerce fulfillment and reverse logistics, as well as high-value-add warehousing and distribution solutions such as factory support, aftermarket support, integrated manufacturing, packaging, labeling, distribution and transportation. In addition, we utilize our technology and expertise to solve complex supply chain challenges and create transformative solutions for world-class customers, while reducing their operating costs and improving production flow management.

We operate approximately 151 million square feet (14.0 million square meters) of facility space devoted to our contract logistics operations, with about 65.0 million square feet (6.1 million square meters) of that capacity in the United States. When we establish relationships through contractual agreements, it can lead to a wider use of our services, such as inbound and outbound logistics.

Customers of our supply chain business primarily operate in industries with high-growth outsourcing opportunities, such as high tech, e-commerce, telecommunications, aerospace and defense, healthcare, medical equipment, agriculture, food and beverage, and select areas of manufacturing. These customers have demanding requirements for quality standards, real-time data visibility, customer service, handling of high-value products, high transaction volumes with large numbers of stock keeping units (“SKUs”), and/or time-assured deliveries.

In 2015, we further expanded our supply chain business through the ND and Con-way acquisitions. For additional information on these and other acquisitions, see **Note 3—Acquisitions**, of Item 8, “Financial Statements and Supplementary Data.”

Our Strategy

XPO Logistics is a top ten global transportation and logistics company, providing cutting-edge supply chain solutions to the most successful companies in the world. We have established leading positions in key areas of transportation and logistics where there is strong secular demand. We offer our solutions through our highly integrated, multi-modal organization that operates under the XPO Logistics brand worldwide. Our strategy is to deliver unmatched value to customers through our highly integrated organization, extensive service range, global critical mass, and the disciplined execution of initiatives that increase our profitability and create long-term value for our customers and shareholders.

We are continuing to optimize our existing operations by growing our sales force, implementing advanced information technology, cross-selling our services and leveraging our shared capacity. We have a disciplined framework of processes in place for the recruiting, training and mentoring of newly hired employees, and for marketing to the hundreds of thousands of prospective customers who can use our services. Our network is supported by our proprietary information technology that includes robust sales, service, carrier procurement, warehouse management, and customer experience management capabilities, as well as benchmarking and analysis. Most important to our growth, we have instilled a culture of passionate customer service.

Information Systems and Intellectual Property

One of the ways we empower our employees to deliver world-class service is through our information technology (“IT”). We believe that technology is a big differentiator in our industry. Technology represents one of our Company’s largest categories of investment within our annual capital expenditure budget, reflecting our belief that the continual enhancement of our technology platforms is critical to our success. We have an IT team of over 1,500 talented professionals who focus on driving innovation and advancing the effectiveness of our systems.

In our freight brokerage business, our proprietary Freight Optimizer software solution for truck brokerage provides actionable pricing information as well as cost effective, timely and reliable access to carrier capacity, which we believe gives us an advantage versus our competitors. In 2015, also in freight brokerage, we launched our proprietary Rail Optimizer software that optimizes all aspects of the intermodal network, including shipment management, capacity flow and asset management, market-based pricing, and shipment execution with rail providers.

In our last mile logistics business, our proprietary software provides real-time workflow visibility and customer experience management for superior satisfaction ratings. In our expedite business, we utilize satellite tracking and communication units on the independently contracted vehicles that transport goods for our customers, to provide our customers with real-time electronic updates. Our managed transportation business relies strongly on state-of-the-art technology. This includes our proprietary bidding software, which awards loads electronically based on carriers' online bids.

In our Logistics segment, we have developed proprietary technology that enables sophisticated contract logistics solutions for large multi-national and medium-sized corporations and government agencies with complex supply chain requirements. This software supports services such as omni-channel distribution, reverse logistics, transportation management, freight bill audit and payment, lean manufacturing support, aftermarket support and supply chain optimization.

We rely on a combination of trademarks, copyrights, trade secrets, and nondisclosure and non-competition agreements to establish and protect our intellectual property and proprietary technology. Additionally, we have numerous registered trademarks, trade names, and logos in the United States and international jurisdictions.

Customers, Sales and Marketing

Our Company provides services to a variety of customers ranging in size from small, entrepreneurial organizations to *Fortune 500* companies. During 2015, our business units served more than 50,000 different customers. Approximately 6.6% of our 2015 pro forma revenue was attributable to our top five clients, with our largest customer accounting for approximately 1.8% of our pro forma revenue.

Our customers are engaged in a wide range of industries, including high tech, retail, e-commerce, manufacturing, telecommunications, aerospace and defense, life sciences, healthcare, medical equipment, agriculture, and food and beverage.

Our transportation businesses are primarily marketed in North America and Europe. Our logistics and global forwarding businesses serve global markets, with concentrations in North America, Europe and Asia. Pro forma for 2015 acquisitions, approximately 60% of our revenue was generated in the United States, 12% in France, 12% in the United Kingdom, 4% in Spain and 12% in other countries.

To best serve our customers, we maintain a significant staff of sales representatives and related support personnel. Our sales strategy is twofold: we seek to establish long-term relationships with new accounts and to increase the amount of business generated from our existing customer base. These objectives are served by our position as one of the largest third-party logistics providers in the world and by our ability to cross-sell a range of services. We believe that these attributes are competitive advantages in the transportation and logistics industry. See **Note 20 —Segment Reporting and Geographic Information** to the Consolidated Financial Statements for further geographic information.

Competition

The transportation and logistics industry is highly competitive, with thousands of companies competing in the domestic and international markets. Our competitors include local, regional, national and international companies with the same services that our business units provide. Due in part to the fragmented nature of the industry, our business units must strive daily to retain existing business relationships and forge new relationships.

We compete on service, reliability, scope of operations, information technology capabilities and price. Some competitors have larger customer bases, significantly more resources and more experience than we do. The health of the transportation and logistics industry will continue to be a function of domestic and global economic growth. However, we believe we will benefit from the growth of e-commerce, as well as from a long-term outsourcing trend that should continue to enable certain sectors of transportation and logistics to grow at rates that outpace growth in the macro-environment.

Regulation

Our operations are regulated and licensed by various governmental agencies in the United States and in the other countries where we operate. Such regulations impact us directly and indirectly by regulating third-party transportation providers we use to transport freight for our customers.

Regulation affecting Motor Carriers, Owner Operators and Transportation Brokers. In the United States, our subsidiaries that operate as motor carriers have licenses to operate as motor carriers from the Federal Motor Carrier Safety Administration ("FMCSA") of the U.S. Department of Transportation ("DOT"). In addition, our subsidiaries acting as property brokers have property broker licenses from the FMCSA. Our motor carrier subsidiaries and the third-party motor carriers we engage in the United States must comply with the safety and fitness regulations of the DOT, including those relating to drug- and alcohol-testing, hours-of-service, records retention, vehicle inspection, driver qualification and minimum insurance requirements. Weight and equipment dimensions also are subject to government regulations. We also may become subject to new or more restrictive regulations relating to emissions, drivers' hours-of-service, independent contractor eligibility requirements, onboard reporting of operations, air cargo security and other matters affecting safety or operating methods. Other agencies, such as the U.S. Environmental Protection Agency ("EPA"), the Food and Drug Administration, the California Air Resources Board, and U.S. Department of Homeland Security ("DHS"), also regulate our equipment, operations and independent contractor drivers. We and the third-party carriers we use are also subject to a variety of vehicle registration and licensing requirements of the state or other local jurisdictions in which they operate. In other foreign jurisdictions in which we operate, our operations are regulated, where necessary, by the appropriate governmental authority.

In 2010, the FMCSA introduced the Compliance Safety Accountability program ("CSA"), which uses a Safety Management System ("SMS") to rank motor carriers on seven categories of safety-related data, known as Behavioral Analysis and Safety Improvement Categories, or "BASICs," which data, it is anticipated, will eventually be used for determining a carrier's DOT safety rating under revisions to existing Safety Fitness Determination ("SFD") regulations. In December 2015, the Fixing America's Surface Transportation Act ("FAST Act") was signed into law, which requires the FMCSA to review the CSA program to ensure that it provides the most reliable analysis possible. During this review period, the FAST Act requires the FMCSA to remove a property carrier's CSA scores from public view. The FMCSA has since announced an SFD Notice of Proposed Rulemaking ("NPRM") that would revamp the current three-tier federal rating system for federally regulated commercial motor carriers.

Although the CSA scores are not currently publicly available, this development is likely to be temporary. As a result, once the program has been revamped, our fleet could be ranked poorly as compared to our competitors, and the safety ratings of our motor carrier operations could be adversely impacted. Our network of third-party transportation providers may experience a similar result. A reduction in safety and fitness ratings may result in difficulty attracting and retaining qualified independent contractors and could cause our customers to direct their business away from us and to carriers with more favorable CSA scores, which would adversely affect our results of operations.

In the past, the subsidiaries through which we operate our expedited and intermodal drayage operations have exceeded the established intervention threshold in certain of the BASICs, and we may exceed those thresholds in the future. Depending on our ratings, we may be prioritized for an intervention action or roadside inspection, either of which could adversely affect our results of operations, or customers may be less likely to assign loads to us. We cannot predict the extent to which CSA requirements or safety and fitness ratings under SMS or SFD could adversely affect our business, operations or ability to retain compliant drivers, or those of our subsidiaries, independent contractors or third-party transportation providers.

The FMCSA has proposed new rules that would require nearly all carriers, including us, to install and use electronic logging devices ("ELD"). The proposed regulations provide for the installation and use of ELDs to be required two years after publication of the final regulations. ELD installation will increase costs for, and may not be well-received by, independent contractors.

Our operations providing certain services in California are also subject to various regulatory initiatives such as the Ports of Los Angeles and Long Beach clean truck program effective in 2009, California Air Resources Board ("CARB") truck regulation effective in 2010 and the Port of Oakland truck ban effective in 2010, each of which banned trucks that did not meet certain emissions standards. To comply with these requirements, our motor carrier subsidiaries providing certain services in California have implemented programs to source truck capacity from independent owner operators that meet these emissions requirements. The State of California also has required diesel tractors as well as 53-foot long and other trailers operated in the state to satisfy certain fuel efficiency and other performance requirements by compliance target dates occurring between 2011 and 2023. Compliance with California's and ports' regulations has increased rates payable to owner operators operating in California and new tractor costs, might increase the costs of new trailers operated in California, might require the retrofitting of pre-2011 model year trailers operated in California, and could diminish equipment productivity and increase operating expenses.

Regulations affecting our Subsidiaries Providing Ocean and Air Transportation. XPO Customs Clearance Solutions, Inc. ("XCCS") and NDO America, Inc. (following its anticipated name change to XPO GF America, Inc., "XGFA"), two of our subsidiaries, are licensed as customs brokers by U.S. Customs and Border Protection ("CBP") of DHS in each United States customs district in which they do business. All United States customs brokers are required to maintain prescribed records and are subject to periodic audits by CBP. In other jurisdictions in which we perform customs brokerage services, our operations are licensed, where necessary, by the appropriate governmental authority.

Our subsidiaries offering expedited air charter transportation are subject to regulation by the Transportation Security Administration ("TSA") of DHS regarding air cargo security for all loads, regardless of origin and destination. XPO Global Forwarding, Inc. ("XGF"), XGFA and XPO Air Charter also are regulated as "indirect air carriers" by the DHS and TSA. These agencies provide requirements, guidance and, in some cases, administer licensing requirements and processes applicable to the freight forwarding industry. We must actively monitor our compliance with such agency requirements to ensure that we have satisfactorily completed the security requirements and qualifications and implemented the required policies and procedures. These agencies generally require companies to fulfill these qualifications prior to transacting various types of business. Failure to do so could result in penalties and fines. The air cargo industry is also subject to regulatory and legislative actions that could affect the economic conditions within the industry by requiring changes in operating practices or influencing the demand for and the costs of providing services to clients. We cannot predict the extent to which any such regulatory or legislative actions could adversely affect our business and operations, but we strive to comply with and satisfy agency requirements.

For our international operations, XGF, XGFA and XCCS are members of the International Air Transportation Association ("IATA"), a voluntary association of airlines and forwarders that outlines operating procedures for freight forwarders acting as agents or third-party intermediaries for its members. A substantial portion of our international air freight business is completed with other IATA members.

For our international oceanic freight forwarding business, XGF, XGFA and XPO Ocean Lines, Inc. ("XOL"), are registered as an Ocean Transportation Intermediary ("OTI") by the U.S. Federal Maritime

Commission ("FMC"), which establishes the qualifications, regulations and bonding requirements to operate as an OTI for businesses originating and terminating in the United States. XGL and XOL are also licensed NVOCCs and ocean freight forwarders.

Our international freight forwarder operations subject us to regulations of the U.S. Department of State, U.S. Department of Commerce and the U.S. Department of Treasury and to various laws and regulations of the other countries where we operate. Regulations cover matters such as what commodities may be shipped to what destination and to what end-user, unfair international trade practices, and limitations on entities with which we may conduct business.

Other Regulations. We are subject to a variety of other U.S. and foreign laws and regulations, including but not limited to, the Foreign Corrupt Practices Act and other similar anti-bribery and anti-corruption statutes.

Classification of Independent Contractors. Tax and other federal and state regulatory authorities as well as private litigants continue to assert that independent contractor drivers in the trucking industry are employees rather than independent contractors. Federal legislators have introduced legislation in the past to make it easier for tax and other authorities to reclassify independent contractors as employees, including legislation to increase the recordkeeping requirements for employers of independent contractors and to heighten the penalties of employers who misclassify their employees and are found to have violated employees' overtime and/or wage requirements. Additionally, federal legislators have sought to abolish the current safe harbor allowing taxpayers meeting certain criteria to treat individuals as independent contractors if they are following a long-standing, recognized practice. Federal legislators also sought to expand the Fair Labor Standards Act to cover "non-employees" who perform labor or services for businesses, even if the "non-employees" are properly classified as independent contractors; require taxpayers to provide written notice to workers based upon their classification as either an "employee" or a "non-employee"; and impose penalties and fines for violations of the notice requirements or "employee" or "non-employee" misclassifications. Some states have put initiatives in place to increase their revenues from items such as unemployment, workers' compensation and income taxes, and a reclassification of independent contractors as employees would help states with this initiative. Taxing and other regulatory authorities and courts apply a variety of standards in their determination of independent contractor status. If our independent contractor drivers are determined to be our employees, we would incur additional exposure under some or all of the following: federal and state tax, workers' compensation, unemployment benefits, labor, employment and tort laws, including for prior periods, as well as potential liability for employee benefits and tax withholdings.

Environmental Regulations. In the United States, our facilities and operations and our independent contractors are subject to various environmental laws and regulations dealing with the hauling, handling and disposal of hazardous materials, emissions from vehicles, engine-idling, fuel spillage and seepage, discharge and retention of storm water, and other environmental matters that involve inherent environmental risks. Similar laws and regulations may apply in many of the foreign jurisdictions in which we operate. We have instituted programs to monitor and control environmental risks and maintain compliance with applicable environmental laws and regulations. We may be responsible for the cleanup of any spill or other release involving hazardous materials caused by our operations or business. In the past, we have been responsible for the costs of cleanup of diesel fuel spills caused by traffic accidents or other events, and none of these incidents materially affected our business or operations. We generally transport only hazardous materials rated as low-to-medium-risk, and a small percentage of our total shipments contain hazardous materials. We believe that our operations are in substantial compliance with current laws and regulations and do not know of any existing environmental condition that would reasonably be expected to have a material adverse effect on our business or operating results. We also do not expect to incur material capital expenditures for environmental controls in 2016. Future changes in environmental regulations or liabilities from newly discovered environmental conditions or violations (and any associated fines and penalties) could have a material adverse effect on our business, competitive position, results of operations, financial condition or cash flows. U.S. federal and state governments, as well as governments in certain foreign jurisdictions in which we operate, have also proposed environmental legislation that could, among other things, potentially limit carbon, exhaust and greenhouse gas emissions. If enacted, such legislation could also result in higher new tractor and trailer costs, reduced productivity and efficiency, and increased operating expenses, all of which could adversely affect our results of operations.

Risk Management and Insurance

U.S. Operations

We maintain insurance for commercial automobile liability, truckers' commercial automobile liability, commercial general liability, workers' compensation and employers' liability and umbrella and excess umbrella liability, with coverage limits, deductibles and self-insured retention levels that we believe are reasonable given the varying historical frequency, severity and timing of claims. However, we cannot provide assurance that our insurance coverage will effectively protect us in the event of claims made against us.

We generally require the contract carriers that we engage to have at least $1 million of automobile liability insurance and $100,000 of cargo insurance, or up to $250,000 in the case of our intermodal carriers. We require motor carriers we engage to enter into a written agreement with us and to meet safety and performance qualification standards. We also require motor carriers to have workers compensation and other insurance as required by law in connection with the specific tasks they are undertaking. Railroads, which are largely self-insured, provide limited common carrier cargo liability protection, generally up to $250,000 per container.

In our truck and intermodal brokerage operations, we generally are not liable for damage to our customers' cargo or in connection with damage arising from the provision of transportation services. However, in some instances, we agree to assume cargo and other liability. While we endeavor to limit this exposure to matters arising due to our negligence or misconduct, or to cap our exposure at a stated maximum dollar amount, we are not always able to do so.

With respect to our LTL, full truckload, expedited transportation and intermodal drayage operations where we perform services as a licensed motor carrier and in our freight forwarding and last-mile delivery logistics businesses, we have primary liability to our customer for cargo loss and damage and for certain liabilities caused by our independent contractors and contracted carriers. Accordingly, liability claims may be asserted against us for the actions of transportation providers we engage and their employees or independent contractors, or for our actions in retaining them. Claims against us may exceed the amount of our insurance coverage or may not be covered by insurance at all.

We maintain liability insurance policies to help protect us against losses that may not be recovered from the responsible contracted carrier. Our last-mile delivery logistics operations may involve installation of appliances in customers' homes involving water, gas or electric connections. We maintain commercial general liability insurance coverage to help protect us from claims related to these services. Our warehouse operations generally maintain legal liability insurance coverage and maintain contractually required all risk Inland Marine coverage to help protect us against claims arising from damage or loss to customer goods stored in our warehouses. We also maintain property damage insurance to help protect us against damage to our property. Our terms of carriage on international and ocean shipments limit our liability consistent with industry standards. We offer our brokerage, NVOCC and freight forwarding customers the option to purchase all risk cargo insurance for their shipments.

International Operations

Whenever our policies of insurance and their coverage territory are not worldwide, or are not-admitted in a specific country where we operate, but are compulsory in nature, we purchase coverage in that country as necessary to meet local requirements, with coverage placed through local insurers. In jurisdictions outside the United States we maintain insurance coverage for various forms of public liability, occupational accidents and first party property loss, with coverage limits, deductibles and or self-retention levels we believe are reasonable given the historical frequency, severity and timing of claims. However, we cannot provide assurance that such coverages will in all instances effectively protect us in the event of claims made against us or for loss or damage to our property.

Seasonality

XPO's revenue and profitability are typically lower for the first quarter of the calendar year relative to other quarters. The Company believes this is due in part to the post-holiday reduction in demand experienced by many XPO customers, which leads to more capacity in the non-expedited and service-critical markets and, in turn, less demand for expedited and premium shipping services. In addition, the productivity of the Company's fleet of tractors and trailers, independent contractors and transportation providers generally decreases during the winter season because inclement weather impedes operations. It is not possible to predict whether the historical revenue and profitability trends will occur in future periods.

Employees

As of December 31, 2015, we had approximately 89,000 full-time and part-time employees. We recognize our trained staff of employees as one of our most critical resources and acknowledge the recruitment, training and retention of qualified employees as essential to our ongoing success. We believe that we have good relations with our employees.

Executive Officers of the Registrant

We provide below information regarding each of our executive officers.

Name	Age	Position
Bradley S. Jacobs	59	Chairman of the Board and Chief Executive Officer
Troy A. Cooper	46	Chief Operating Officer and Chief Executive Officer-Europe
John J. Hardig	51	Chief Financial Officer
Gordon E. Devens	47	Chief Legal Officer
Scott B. Malat	39	Chief Strategy Officer
Mario A. Harik	35	Chief Information Officer

Bradley Jacobs has served as our Chief Executive Officer and Chairman of the board of directors since September 2011. Mr. Jacobs is also the managing director of Jacobs Private Equity, LLC, which is our largest stockholder. He has led two public companies: United Rentals, Inc. (NYSE: URI), which he co-founded in 1997, and United Waste Systems, Inc., founded in 1989. Mr. Jacobs served as chairman and chief executive officer of United Rentals for its first six years and as executive chairman for an additional four years. He served eight years as chairman and chief executive officer of United Waste Systems. Previously, Mr. Jacobs founded Hamilton Resources (UK) Ltd. and served as its chairman and chief operating officer. This followed the co-founding of his first venture, Amerex Oil Associates, Inc., where he was chief executive officer.

Troy Cooper has served as our Chief Operating Officer since May 2014 and in addition, has served as the Chief Executive Officer and Chairman of XPO Logistics Europe since September 2015. Mr. Cooper joined our company in September 2011 as Vice President—Finance, and has held positions of increasing responsibility since then. Mr. Cooper is responsible for the day-to-day operations and profit and loss performance of the Company. Mr. Cooper was most recently with United Rentals, Inc., where he served as vice president—group controller responsible for field finance functions and helped to integrate over 200 acquisitions in the United States, Canada and Mexico. Previously, he held controller positions with United Waste Systems, Inc. and OSI Specialties, Inc. (formerly a division of Union Carbide, Inc.). Mr. Cooper began his career in public accounting with Arthur Andersen and Co. and has a degree in accounting from Marietta College.

John Hardig has served as our Chief Financial Officer since February 2012. Mr. Hardig most recently served as managing director for the Transportation & Logistics investment banking group of Stifel Nicolaus Weisel from 2003 until joining our company. Prior to that, Mr. Hardig was an investment banker in the Transportation and Telecom groups at Alex. Brown & Sons (now Deutsche Bank) and earlier in his career, worked as a design engineer at Ford Motor Company. Mr. Hardig holds a master of business administration degree from the University of Michigan Business School and a bachelor's degree from the U.S. Naval Academy.

Gordon Devens joined us in November 2011 as Senior Vice President and General Counsel and has served as our Chief Legal Officer since November 2015. Prior to joining us, Mr. Devens was most recently vice president—corporate development with AutoNation, Inc., where he was previously vice president—associate general counsel. Earlier, he was an associate at the law firm of Skadden, Arps, Slate, Meagher & Flom LLP, where he specialized in mergers and acquisitions and securities law. Mr. Devens holds a doctorate of jurisprudence and a bachelor's degree in business administration from the University of Michigan.

Scott Malat has served as our Chief Strategy Officer since July 2012. Mr. Malat served as our Senior Vice President—Strategic Planning from the time he joined us in October 2011 until July 2012. Prior to joining XPO Logistics, Mr. Malat was with Goldman Sachs Group, Inc., where he served as senior equity research analyst covering the air, rail, trucking and shipping sectors. Earlier, Mr. Malat was an equity research analyst with UBS, and a strategy manager with JPMorgan Chase & Co. He serves on the board of directors of the non-profit PSC Partners Seeking a Cure. He is a CFA® charterholder and has a degree in statistics with a concentration in business management from Cornell University.

Mario Harik has served as our Chief Information Officer since November 2011. Mr. Harik has built comprehensive IT organizations and overseen the implementation of proprietary platforms for a variety of firms and has consulted to members of the *Fortune 100*. His prior positions include chief information officer and senior vice president—research and development with Oakleaf Waste Management; chief technology officer with Tallan, Inc.; co-founder of G3 Analyst, where he served as chief architect of web and voice applications; and architect and consultant with Adea Solutions. Mr. Harik holds a master of engineering degree in information technology from Massachusetts Institute of Technology, and a degree in engineering, computer and communications from the American University of Beirut, Lebanon.

Corporate Information and Availability of Reports

XPO Logistics, Inc. was incorporated in Delaware on May 8, 2000. Our executive office is located at Five Greenwich Office Park, Greenwich, Connecticut 06831. Our telephone number is (855) 976-4636. Our stock is listed on the New York Stock Exchange ("NYSE") under the symbol "XPO".

Our corporate website is www.xpo.com. We make available on this website, free of charge, access to our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, Proxy Statements on Schedule 14A and amendments to those materials filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as soon as reasonably practicable after we electronically submit such material to the SEC. We also make available on our website copies of materials regarding our corporate governance policies and practices, including the XPO Logistics, Inc. Corporate Governance Guidelines, our Senior Officer Code of Business Conduct and Ethics and the charters relating to the committees of our board of directors. You also may obtain a printed copy of the foregoing materials by sending a written request to: Investor Relations, XPO Logistics, Inc., Five Greenwich Office Park, Greenwich, Connecticut 06831. The public may read and copy any materials that we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. In addition, the SEC's website is www.sec.gov. The SEC makes available on this website, free of charge, reports, proxy and information statements and other information regarding issuers, such as us, that file electronically with the SEC. Information on our website or the SEC's website is not part of this document. We are currently classified as a "large accelerated filer" for purposes of filings with the SEC.

Item 1A. Risk Factors

Cautionary Statement Regarding Forward-Looking Statements

This Annual Report on Form 10-K and other written reports and oral statements we make from time to time contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Exchange Act. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. In some cases, forward-looking statements can be identified by the use of forward-looking terms such as "anticipate," "estimate," "believe," "continue," "could," "intend," "may," "plan," "potential," "predict," "should," "will," "expect," "objective," "projection," "forecast," "goal," "guidance," "outlook," "effort," "target" or the negative of these terms or other comparable terms. However, the absence of these words does not mean that the statements are not forward-looking. These forward-looking statements are based on certain assumptions and analyses made by 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. These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions that may cause actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. Factors that might cause or contribute to a material difference include, but are not limited to, those discussed below and the risks discussed in the Company's other filings with the SEC. All forward-looking statements set forth in this Annual Report 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 following discussion should be read in conjunction with the Company's audited Consolidated Financial Statements and related Notes thereto included elsewhere in this Annual Report. Forward-looking statements set forth in this Annual Report speak only as of the date hereof, and we do not undertake any obligation to update forward-looking statements to reflect subsequent events or circumstances, changes in expectations or the occurrence of unanticipated events, except as required by law.

Economic recessions and other factors that reduce freight volumes could have a material adverse impact on our business.

The transportation industry historically has experienced cyclical fluctuations in financial results due to economic recession, downturns in business cycles of our customers, increases in prices charged by third-party carriers, interest rate fluctuations and other U.S. and global economic factors beyond our control. During economic downturns, reduced overall demand for transportation services will likely reduce demand for our services and exert downward pressures on rates and margins. In periods of strong economic growth, demand for limited transportation resources can result in increased network congestion and resulting operating inefficiencies. In addition, deterioration in the economic environment subjects our business to various risks that may have a material impact on our operating results and cause us to not reach our long-term growth goals. These risks may include the following:

- A reduction in overall freight volumes in the marketplace reduces our opportunities for growth. In addition, if a downturn in our customers' business cycles causes a reduction in the volume of freight shipped by those customers, our operating results could be adversely affected.
- Some of our customers may face economic difficulties and may not be able to pay us, and some may go out of business. In addition, some customers may not pay us as quickly as they have in the past, causing our working capital needs to increase.
- A significant number of our transportation providers may go out of business and we may be unable to secure sufficient equipment or other transportation services to meet our commitments to our customers.
- We may not be able to appropriately adjust our expenses to changing market demands. In order to maintain high variability in our business model, it is necessary to adjust staffing levels to changing

market demands. In periods of rapid change, it is more difficult to match our staffing level to our business needs. In addition, we have other primarily variable expenses that are fixed for a period of time and certain significant fixed expenses, and we may not be able to adequately adjust them in a period of rapid change in market demand.

We operate in a highly competitive industry and, if we are unable to adequately address factors that may adversely affect our revenue and costs, our business could suffer.

Competition in the transportation services industry is intense. Increased competition may lead to revenue reductions, reduced profit margins, or a loss of market share, any one of which could harm our business. There are many factors that could impair our profitability, including the following:

- competition with other transportation services companies, some of which offer different services or have a broader coverage network, more fully developed information technology systems and greater capital resources than we do;
- reduction by our competitors of their rates to gain business, especially during times of declining economic growth, which reductions may limit our ability to maintain or increase rates, maintain our operating margins or maintain significant growth in our business;
- solicitation by shippers of bids from multiple transportation providers for their shipping needs and the resulting depression of freight rates or loss of business to competitors;
- establishment by our competitors of cooperative relationships to increase their ability to address shipper needs;
- our current or prospective customers may decide to develop internal capabilities for some of the services that we provide; and
- the development of new technologies or business models could result in our disintermediation in certain businesses, such as freight brokerage.

Our profitability may be materially adversely impacted if our investments in equipment, service centers and warehouses do not match customer demand for these resources or if there is a decline in the availability of funding sources for these investments.

Our LTL and full truckload operations require significant investments in revenue equipment, and our LTL operations also require significant investments in freight service centers. The amount and timing of capital investments depend on various factors, including anticipated volume levels and the price and availability of appropriate-use property for service centers and newly-manufactured tractors (which are subject to restrictive Environmental Protection Agency engine-design requirements). If anticipated service center and/or fleet requirements differ materially from actual usage, our capital-intensive business units, specifically LTL and full truckload, may have too much or too little capacity. We attempt to mitigate the risk associated with too much or too little revenue equipment capacity by adjusting capital expenditures and by utilizing short-term equipment rentals and sub-contracted operators in order to match capacity with business volumes. Our investments in revenue equipment and LTL service centers depend on our ability to generate cash flow from operations and our access to credit, debt and equity capital markets. A decline in the availability of these funding sources could adversely affect us.

With respect to our contract logistics operations, implementing warehouse-management services for customers can require a significant commitment of capital in the form of shelving, racking and other warehousing systems. In the event that we are not able to fully amortize the cost of the capital across the term of the related customer agreement, or to the extent that the customer defaults on its obligations under the agreement, we could be forced to take a significant loss on the unrecovered portion of this capital cost.

The significant acquisitions we have recently completed, including acquisitions of non-U.S.-based companies, put us at a heightened risk for failures in internal controls, which could have a material adverse effect on our revenue, earnings, financial position and outlook.

We have grown significantly through acquisitions, including the ND and Con-way acquisitions in 2015. ND's business was headquartered in France and primarily operated in Europe and Asia; accordingly, it was subject to different standards and rules than U.S. public companies. Effective internal controls over financial processes and reporting are necessary for us to provide reliable financial reports and to operate successfully. Our efforts to implement or revise internal control systems in our acquired businesses, including particularly ND, may not be successful or such implementation or revisions may not be completed on the timeline we expect. Any failure in internal controls could have a material adverse effect on our revenue, earnings, financial position and outlook.

Anticipated synergies from any acquisitions that we have undertaken may not materialize in the expected timeframe or at all.

Our 2016 and mid-term financial targets are dependent on our ability to realize significant synergies with respect to our recent acquisitions, especially the October 2015 Con-way acquisition. We may not realize any or all of the synergies that we currently anticipate from any acquisitions that we have undertaken. Among the synergies that we currently expect are cross-selling opportunities to existing customers of XPO and the companies we have acquired, network synergies and other operational synergies. Our estimated synergies from any acquisitions that we have undertaken are subject to a number of assumptions about the timing, execution and costs associated with realizing such synergies. Such assumptions are inherently uncertain and are subject to a wide variety of significant business, economic and competition risks and uncertainties. There can be no assurance that such assumptions turn out to be correct and, as a result, the amount of synergies that we will actually realize and/or the timing of any such realization may differ significantly (and may be significantly lower) from the ones that we currently estimate and we may incur significant costs in reaching the estimated synergies. We may not be successful in integrating some or all these businesses as currently anticipated, which may have a material adverse effect on our business and operations.

We may not successfully manage our growth.

We have grown rapidly and substantially over the prior four years, including by expanding our internal resources, making acquisitions and entering into new markets, and we intend to continue with rapid growth, primarily organically in 2016. We may experience difficulties and higher-than-expected expenses in executing this strategy as a result of unfamiliarity with new markets, change in revenue and business models and entering into new geographic areas.

Our growth will place a significant strain on our management, operational and financial resources. We will need to continually improve existing procedures and controls as well as implement new transaction processing, operational and financial systems, and procedures and controls to expand, train and manage our employee base. Our working capital needs will continue to increase substantially as our operations grow. Failure to manage growth effectively, or obtain necessary working capital, could have a material adverse effect on our business, results of operations, cash flows, stock price and financial condition.

Our business will be seriously harmed if we fail to develop, implement, maintain, upgrade, enhance, protect and integrate our information technology systems.

We rely heavily on our information technology systems to efficiently run our business, and they are a key component of our growth strategy. To keep pace with changing technologies and customer demands, we must correctly interpret and address market trends and enhance the features and functionality of our proprietary technology platform in response to these trends, which may lead to significant ongoing software development costs. We may be unable to accurately determine the needs of our customers and the trends in the transportation services industry or to design and implement the appropriate features and functionality of our technology platform in a timely and cost-effective manner, which could result in decreased demand for our services and a corresponding decrease in our revenues. Despite testing, external and internal risks, such as malware, insecure coding, "Acts of God," data leakage and human error pose a direct threat to the stability or effectiveness of our information technology systems and operations. We may also be subject to cybersecurity attacks and other intentional hacking. Any failure to identify and address such defects or errors or prevent a cyber-attack could result in service interruptions, operational difficulties, loss of revenues or market share, liability to customers or others, diversion of resources, injury to our reputation and increased service and maintenance costs. Addressing such issues could prove to be impossible or very costly and responding to resulting claims or liability could similarly involve substantial cost. We must maintain and enhance the reliability and speed of our information technology systems to remain competitive and effectively handle higher volumes of freight through our network and the various service modes we offer. If our information technology systems are unable to manage additional volume for our operations as our business grows, or if such systems are not suited to manage the various service modes we offer, our service levels and operating efficiency could decline. We expect customers to continue to demand more sophisticated, fully integrated information systems from their transportation providers. If we fail to hire and retain qualified personnel to implement, protect and maintain our information technology systems or if we fail to upgrade our systems to meet our customers' demands, our business and results of operations could be seriously harmed. This could result in a loss of customers or a decline in the volume of freight we receive from customers.

We are developing proprietary information technology for all of our business segments. Our technology may not be successful or may not achieve the desired results. We may require additional training or different personnel to successfully implement this system, all of which may result in additional expense, delays in obtaining results or disruptions to our operations. In addition, acquired companies will need to be on-boarded onto our technology, which may cause additional training or licensing cost and disruption. In such event, our revenue, financial results and ability to operate profitably could be negatively impacted. The challenges associated with integration of our acquisitions may increase these risks.

Our substantial indebtedness could adversely affect our financial condition.

As of December 31, 2015, we had approximately $5,407.9 million of total indebtedness and unused commitments of $1.0 billion under our Second Amended and Restated Revolving Loan Credit Agreement (less $240.6 million in outstanding letters of credit), the availability of which is subject to certain conditions including its borrowing base availability. We incurred this indebtedness in connection with the ND and Con-way acquisitions and for general corporate purposes. As of December 31, 2015, we had cash and cash equivalents of $289.8 million. We have substantial outstanding indebtedness, which could:

- negatively affect our ability to pay principal and interest on our debt or dividends on our Series A Preferred Stock;
- increase our vulnerability to general adverse economic and industry conditions;
- limit our ability to fund future capital expenditures and working capital, to engage in future acquisitions or development activities, or to otherwise realize the value of our assets and opportunities fully because of the need to dedicate a substantial portion of our cash flow from operations to payments of interest and principal or to comply with any restrictive terms of our debt;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- impair our ability to obtain additional financing or to refinance our indebtedness in the future; and
- place us at a competitive disadvantage compared to our competitors that may have proportionately less debt.

Our inability to generate sufficient cash flows to satisfy our debt obligations, or to refinance our indebtedness on commercially reasonable terms or at all, could materially and adversely affect our financial position and results of operations. Further, failure to comply with the covenants under our indebtedness may have a material adverse impact on our operations. If we fail to comply with the covenants under any of our indebtedness, and are unable to obtain a waiver or amendment, such failure may result in an event of default under our indebtedness. We may not have sufficient liquidity to repay or refinance our indebtedness if such indebtedness were accelerated upon an event of default.

Under the terms of our outstanding indebtedness, we may not be able to incur substantial additional indebtedness in the future, which could further exacerbate the risks described above.

The execution of our strategy could depend on our ability to raise capital in the future, and our inability to do so could prevent us from achieving our growth objectives.

We may in the future be required to raise capital through public or private financing or other arrangements in order to pursue our growth strategy or operate our businesses. Such financing may not be available on acceptable terms, or at all, and our failure to raise capital when needed could harm our business or ability to execute our strategy. Further debt financing may involve restrictive covenants and could reduce our profitability. If we cannot raise funds on acceptable terms, we may not be able to grow our business or respond to competitive pressures.

Our success is dependent on our Chief Executive Officer and other key personnel.

Our success depends on the continuing services of our Chief Executive Officer, Mr. Bradley S. Jacobs. We believe that Mr. Jacobs possesses valuable knowledge and skills that are crucial to our success and would be very difficult to replicate.

Over time, our success will depend on attracting and retaining qualified personnel, including our senior management team. Competition for senior management is intense, and we may not be able to retain our management team or attract additional qualified personnel. The loss of a member of senior management would require our remaining senior officers to divert immediate and substantial attention to fulfilling the duties of the departing executive and to seeking a replacement. The inability to adequately fill vacancies in our senior executive positions on a timely basis could negatively affect our ability to implement our business strategy, which could adversely impact our results of operations and prospects.

We depend on third-parties in the operation of our business.

In our global forwarding and freight brokerage operations, we do not own or control the transportation assets that deliver our customers' freight, and we do not employ the people directly involved in delivering the freight. In our full truckload and freight brokerage businesses (particularly our last mile delivery logistics operations, our over-the-road expedite operations and our intermodal drayage operations), we engage independent contractors who own and operate their own equipment. Accordingly, we are dependent on third-parties to provide truck, rail, ocean, air and other transportation services and to report certain events to us, including delivery information and cargo claims. This reliance could cause delays in reporting certain events, including recognizing revenue and claims. Our inability to maintain positive relationships with independent transportation providers could significantly limit our ability to serve our customers on competitive terms. If we are unable to secure sufficient equipment or other transportation services to meet our commitments to our customers or provide our services on competitive terms, our operating results could be materially and adversely affected and our customers could switch to our competitors temporarily or permanently. Many of these risks are beyond our control, including the following:

- equipment shortages in the transportation industry, particularly among contracted truckload carriers and railroads;

- interruptions in service or stoppages in transportation as a result of labor disputes, seaport strikes, network congestion, weather-related issues, "Acts of God," or acts of terrorism;
- changes in regulations impacting transportation;
- increases in operating expenses for carriers, such as fuel costs, insurance premiums and licensing expenses, that result in a reduction in available carriers; and
- changes in transportation rates.

Increases in driver compensation and difficulties attracting and retaining drivers could adversely affect our revenues and profitability.

Our LTL and full truckload operations are conducted primarily with employee drivers. Recently, there has been intense competition for qualified drivers in the transportation industry due to a nationwide shortage of drivers. The availability of qualified drivers may be affected from time to time by changing workforce demographics, competition from other transportation companies and industries for employees, the availability and affordability of driver training schools, changing industry regulations, and the demand for drivers in the labor market. If the industry-wide shortage of qualified drivers continues, these business lines will likely continue to experience difficulty in attracting and retaining enough qualified drivers to fully satisfy customer demands. As a result of the current highly-competitive labor market for drivers, our LTL and full truckload operations may be required to increase driver compensation and benefits in the future, or face difficulty meeting customer demands, all of which could adversely affect our profitability. Additionally, a shortage of drivers could result in underutilization of our truck fleet, lost revenue, increased costs for purchased transportation or increased costs for driver recruitment.

Increases in independent contractor driver compensation or other difficulties attracting and retaining qualified independent contractor drivers could adversely affect our profitability and ability to maintain or grow our independent contractor driver fleet.

Our expedited transportation and intermodal drayage businesses operate through fleets of vehicles that are owned and operated by independent contractors. Our last mile delivery logistics business also operates through a fleet of independent contract carriers that supply their own vehicles, drivers and helpers. These independent contractors are responsible for maintaining and operating their own equipment and paying their own fuel, insurance, licenses and other operating costs. Turnover and bankruptcy among independent contractor drivers often limit the pool of qualified independent contractor drivers and increase competition for their services. In addition, regulations such as the FMCSA Compliance Safety Accountability program may further reduce the pool of qualified independent contractor drivers. Thus, our continued reliance on independent contractor drivers could limit our ability to grow our ground transportation fleet.

We are currently experiencing, and expect to continue to experience from time to time in the future, difficulty in attracting and retaining sufficient numbers of qualified independent contractor drivers. Additionally, our agreements with independent contractor drivers are terminable by either party upon short notice and without penalty. Consequently, we regularly need to recruit qualified independent contractor drivers to replace those who have left our fleet. If we are unable to retain our existing independent contractor drivers or recruit new independent contractor drivers, our business and results of operations could be adversely affected.

The compensation we offer our independent contractor drivers is subject to market conditions and we may find it necessary to continue to increase independent contractor drivers' compensation in future periods. If we are unable to continue to attract and retain a sufficient number of independent contractor drivers, we could be required to increase our mileage rates and accessorial pay or operate with fewer trucks and face difficulty meeting shipper demands, all of which would adversely affect our profitability and ability to maintain our size or to pursue our growth strategy.

Certain of our businesses rely on owner-operators and contract carriers to conduct their operations, and the status of these parties as independent contractors, rather than employees, is being challenged.

We are involved in numerous lawsuits, including putative class action lawsuits, multi-plaintiff and individual lawsuits, and state tax and other administrative proceedings that claim that the Company's contract carriers or owner-operators or their drivers should be treated as our employees, rather than independent contractors, or that certain of the Company's drivers were not paid for all compensable time or were not provided with required meal or rest breaks. These lawsuits and proceedings may seek substantial monetary damages (including claims for unpaid wages, overtime, failure to provide meal and rest periods, unreimbursed business expenses and other items), injunctive relief, or both. We incur certain costs, including legal fees, in defending the status of these parties as independent contractors. While we believe that our contract carriers and owner-operators and their drivers are properly classified as independent contractors rather than as employees, adverse decisions have been rendered recently in certain cases pending against us, including with respect to class certification of certain contract carriers and determinations that certain of our contract carriers and owner-operators are improperly classified. Certain of these decisions are subject to appeal, but we cannot provide assurance that we will determine to pursue any appeal or that any such appeal will be successful. Adverse final outcomes in these matters could, among other things, entitle certain of our contract carriers and owner-operators and their drivers to reimbursement with respect to certain expenses and to the benefit of wage-and-hour laws and result in employment and withholding tax and benefit liability for us, and could result in changes to the independent contractor status of our contract carriers and owner-operators. Changes to state laws governing the definition of independent contractors could also impact the status of our contract carriers and owner-operators. Adverse final outcomes in these matters or changes to state laws could cause us to change our business model, which could have a material adverse effect on our business strategies, financial condition, results of operations or cash flows. These claims involve potentially significant classes that could involve thousands of claimants and, accordingly, significant potential damages and litigation costs, and could lead others to bring similar claims.

The independent contractor misclassification matters in which we are currently engaged involve companies that we acquired. Pursuant to the purchase agreements by which we acquired certain private companies, the former owners have agreed to indemnify us for costs and liabilities related to such class action and individual lawsuits, subject to certain limits, and we have retained purchase price holdbacks and escrows as security for such indemnification. Other than with respect to acquisitions for which our acquisition accounting measurement period remains open, we believe that we have adequate purchase price holdbacks or escrows with respect to the potential impact of loss contingencies involving classification matters that are probable and reasonably estimable. However, such holdbacks or escrows may be insufficient to protect us against the full amount of the indemnified liability, in which case we would need to fund any losses from our available liquidity sources. To the extent that we do not have indemnification rights with respect to any such liabilities, or we are unable to collect under any such indemnification agreements, any payments will require utilization of our funds and establishment of reserves.

We do not currently expect any of these matters or these matters in the aggregate to have a material adverse effect on our results of operations, financial condition or cash flows. However, the results of these matters cannot be predicted with certainty and an unfavorable resolution of one or more of these matters, or our failure to recover, in full or in part, under the indemnity provisions noted above, could have a material adverse effect on our financial condition, results of operations or cash flows.

Intermodal Drayage Classification Claims

Certain of the Company's intermodal drayage subsidiaries received notices from the California Labor Commissioner, Division of Labor Standards Enforcement (the "DLSE"), that a total of approximately 150 owner operators contracted with these subsidiaries filed claims in 2012 with the DLSE in which they assert that they should be classified as employees, as opposed to independent contractors. These claims seek reimbursement for the owner operators' business expenses, including fuel, tractor maintenance and tractor lease payments. After a decision was rendered by a DLSE hearing officer in seven of these claims, in 2014, the Company appealed the decision to California Superior Court, San Diego, where a de novo trial was held on the merits of those claims. On July 17, 2015, the court issued a final statement of decision finding that the seven claimants were employees rather than independent contractors, and awarding an aggregate of $2.9 million plus post-judgement interest and attorneys' fees to the claimants. The Company appealed this judgment, but cannot provide assurance that such appeal will be successful. The remaining DLSE claims (the "Pending DLSE Claims") have been transferred to California Superior Court in three separate actions involving approximately 200 claimants, including the approximately 150 claimants mentioned above. These matters are in the initial procedural stages. The Company believes that it has adequately accrued for the potential impact of loss contingencies relating to the Pending DLSE Claims that are probable and reasonably estimable. The Company is unable at this time to estimate the amount of the possible loss or range of loss, if any, in excess of its accrued liability that it may incur as a result of the Pending DLSE Claims.

One of these intermodal drayage subsidiaries also is a party to a putative class action litigation (*Manuela Ruelas Mendoza v. Pacer Cartage, Inc.*) brought by Edwin Molina on August 19, 2013 and currently pending in the U.S. District Court, Southern District of California. Mr. Molina asserts that he should be classified as an employee, as opposed to an independent contractor, and seeks damages for alleged violation of various California wage and hour laws. Mr. Molina seeks to have the litigation certified as a class action involving all owner-operators contracted with this subsidiary at any time from August 2009 to the present, which could involve as many as 600 claimants. Certain of these potential claimants also may have Pending DLSE Claims. This matter is in the initial stages of discovery and the court has not yet determined whether to certify the matter as a class action. The Company has reached an agreement to settle this litigation with the claimant. The settlement agreement has been approved by the court but remains subject to acceptance by a minimum percentage of members of the purported class. There can be no assurance that the settlement agreement will be accepted by the requisite percentage of members of the purported class.

Another of the Company's intermodal drayage subsidiaries is a party to a putative class action litigation (*C. Arevalo v. XPO Port Services, Inc.*) brought by Carlos Arevalo in the Superior Court for the State of California, County of Los Angeles Central District filed in August 2015. Mr. Arevalo asserts that he should be classified as an employee, as opposed to an independent contractor, and seeks damages for alleged violation of various California wage and hour laws. Mr. Arevalo seeks to have the litigation certified as a class action involving all owner-operators contracted with this subsidiary at any time from August 2011 to the present. Certain of these potential claimants also may have Pending DLSE Claims. This matter is in the initial pleading stage and the court has not yet determined whether to certify the matter as a class action. The Company is unable at this time to estimate the amount of the possible loss or range of loss, if any, that it may incur as a result of this matter.

Last Mile Logistics Classification Claims

Certain of the Company's last mile logistics subsidiaries are party to several putative class action litigations brought by independent contract carriers contracted with these subsidiaries in which the contract carriers assert that they should be classified as employees, as opposed to independent contractors. The particular claims asserted vary from case to case, but the claims generally allege unpaid wages, overtime, alleged failure to provide meal and rest periods and seek reimbursement of the contract carriers' business expenses. Putative class actions against the Company's subsidiaries are pending in Massachusetts (*Celso Martins, Alexandre Rocha, and Calvin Anderson v. 3PD, Inc.* filed in June 2011, pending in U.S. District Court, Massachusetts), Illinois (*Marvin Brandon, Rafael Aguilera, and Aldo Mendez-Etzig v. 3PD, Inc.* filed in May 2013, pending in U.S. District Court, Northern District of Illinois), California (*Cesar Ardon et al v 3PD, Inc.*, filed in September 2013, pending in U.S. District Court, Central District of California and *Fernando Ruiz v. Affinity Logistics Corp.*, filed in May 2005, pending in U.S. District Court, Southern District of California), New Jersey (*Leonardo Alegre v. Atlantic Central Logistics, Simply Logistics, Inc.*, filed in March 2015, pending in U.S. District Court, New Jersey), Pennsylvania (*Victor Reyes v. XPO Logistics, Inc.*, filed in May 2015, pending in U.S. District Court, Pennsylvania) and Connecticut (*Carlos Taveras v. XPO Last Mile, Inc.*, filed in November 2015, pending in U.S. District Court, Connecticut). The Company has completed the settlement of the California *(Ardon)* litigation. The Company also has reached tentative agreements to settle the Massachusetts and Illinois litigations with the respective claimants, subject to court approval (in the case of the Massachusetts litigation) and acceptance by a minimum percentage of members of the respective purported class. There can be no assurance that the settlement agreements will be finalized and executed, that the respective court will approve any such settlement agreement or that it will be accepted by the requisite percentage of members of the respective purported class. The Company believes that it has adequately accrued for the potential impact of loss contingencies relating to the foregoing last mile logistics claims. The Company is unable at this time to estimate the amount of the possible loss or range of loss, if any, in excess of its accrued liability that it may incur as a result of these claims.

Our overseas operations subject us to various operational and financial risks which could adversely affect our business.

The services we provide outside of the United States subject us to risks resulting from changes in tariffs, trade restrictions, trade agreements, tax policies, difficulties in managing or overseeing foreign operations and agents, different liability standards, issues related to compliance with anti-corruption laws such as the Foreign Corrupt Practices Act and the U.K. Bribery Act, data protection, trade compliance, and intellectual property laws of countries which do not protect our rights in our intellectual property, including our proprietary information systems, to the same extent as the laws of the United States. The occurrence or consequences of any of these factors may restrict our ability to operate in the affected region and/or decrease the profitability of our operations in that region. As we expand our business in foreign countries, we will also be exposed to increased risk of loss from foreign currency fluctuations and exchange controls.

Our European business heavily relies on subcontracting and we use a large number of temporary employees in these operations. Any failure to properly manage our subcontractors or temporary employees in Europe could have a material adverse impact on XPO Logistics Europe's revenues, earnings, financial position and outlook.

We operate in Europe through our majority-owned subsidiary, XPO Logistics Europe SA. Subcontracting plays a key role in our European operations and we subcontract approximately 40% of our transport operations there. We are therefore exposed to various risks arising from managing our subcontractors, such as the risk that they do not fulfill their assignments in a satisfactory manner or within the specified deadlines. Such failures could compromise our ability to honor our commitments to customers, comply with applicable regulations or otherwise meet customers' expectations. In some situations, poor execution of services by our subcontractors could result in a customer terminating a contract. Such failures by subcontractors could harm our reputation and ability to win new business and could lead to our being liable for contractual damages. Furthermore, in the event of a failure by our subcontractors, we could be required to perform unplanned work or additional services in line with the contracted service, without receiving any additional compensation. Lastly, some of our subcontractors in Europe may not be insured, or may not have sufficient resources available to handle any claims from customers resulting from potential damage and losses relating to their performance of services on our behalf. As a result, non-compliance with their contractual or legal obligations by our subcontractors may have a material adverse effect on XPO Logistics Europe's business and financial condition.

XPO Logistics Europe also makes significant use of temporary staff. We cannot guarantee that temporary employees are as well-trained as our other employees. Specifically, we are exposed to the risk that temporary employees do not perform their assignments in a satisfactory manner or do not comply with our safety rules in an appropriate manner, such as due to their lack of experience, which may cause harm to goods and people. If such risks materialize, they could have a material adverse effect on our business and financial condition.

Our business may be materially adversely affected by labor disputes.

Our business in the past has been and in the future could be adversely affected by strikes and labor renegotiations affecting seaports, labor disputes between railroads and their union employees, or by a work stoppage at one or more railroads or local trucking companies servicing rail or port terminals, including work disruptions involving owner operators under contract with our local trucking operations. Port shutdowns and similar disruptions to major points in the transportation network, most of which are beyond our control, could result in terminal embargoes, disrupt equipment and freight flows, depress volumes and revenues, increase costs and have other negative effects on our operations and financial results.

XPO Logistics Europe's business activities require a significant amount of labor, which represents one of our main costs, and it is essential that we maintain good relations with employees, trade unions and other staff representative institutions. A deteriorating economic environment may result in tensions in industrial relations, which may lead to industrial action within our European operations that could have a direct impact on customer services. Generally, any deterioration in industrial relations could have an adverse effect on XPO Logistics Europe's revenues, earnings, financial position, and outlook.

A significant labor dispute involving one or more of our customers, or a labor dispute that otherwise affects our operations, could reduce our revenues and harm our profitability.

Labor disputes involving our customers could affect our operations. If our customers are unable to negotiate new labor contracts and our clients' plants experience slowdowns or closures as a result, our revenue and profitability could be negatively impacted. The employees of our customers, suppliers and other service providers may be, or may in the future be, unionized and there may be strikes, lock outs or material labor disputes with respect to our customers or their suppliers in the future that materially affect our performance.

Our Logistics segment derives a substantial portion of revenue from the operation and management of operating facilities, which are often located in close proximity to a client's manufacturing plant and are integrated into the client's production line process. We may experience significant revenue loss and shut-down costs, including costs related to early termination of leases, causing our business to suffer if clients suffer strikes or other labor disputes, close their plants or significantly modify their capacity or supply chains at a plant that our Logistics segment services. In such a situation, our operations may be unable to recoup all or any of the related costs that we have incurred. Similarly, a labor dispute or plant closure involving a supplier to our Logistics segment's clients that results in a slowdown or closure of our clients' plants could also have a material adverse effect on our business.

Efforts by labor organizations to organize our employees may result in reduced operational flexibility and impair our ability to quickly respond to market conditions.

The International Brotherhood of Teamsters union (the "Teamsters") and certain other unions have made organizing attempts at a small number of our LTL locations in the United States. The outcomes of those efforts have generally resulted in rejection of union representation, although a very small percentage of our LTL employees have selected Teamsters representation. As of December 31, 2015, elections at only two facilities have been certified in favor of Teamsters union representation out of our nearly 280 LTL operating locations. Further unionizing efforts by the Teamsters or certain other unions are likely to continue, and we cannot predict with certainty whether that activity will result in the unionization of any additional LTL or other business unit locations. A unionized workforce domestically could potentially result in reduced operational flexibility and impair our ability to quickly respond to market conditions with innovative solutions for customers.

We are involved in multiple lawsuits and are subject to various claims that could result in significant expenditures and impact our operations.

The nature of our business exposes us to the potential for various types of claims and litigation. In addition to the matters described in the risk factor "Certain of our businesses rely on owner-operators and contract carriers to conduct their operations, and the status of these parties as independent contractors, rather than employees, is being challenged," we are subject to claims and litigation related to labor and employment, personal injury, traffic accidents, cargo and other property damage, business practices, environmental liability and other matters, including with respect to claims asserted under various theories of agency and employer liability notwithstanding our independent contractor relationships with our transportation providers. Claims against us may exceed the amount of insurance coverage, or may not be covered by insurance at all. Businesses that we acquire also increase our exposure to litigation. A material increase in the frequency or severity of accidents, liability claims, or workers' compensation claims, or unfavorable resolutions of claims, or our failure to recover, in full or in part, under indemnity provisions with transportation providers could materially and adversely affect our operating results. In addition, significant increases in insurance costs or the inability to purchase insurance as a result of these claims could reduce our profitability.

In one such lawsuit, the Company is a party to a putative class action litigation (*Leung v. XPO Logistics, Inc.*, filed in May 2015 in the U.S. District Court, Illinois) alleging violations of the Telephone Consumer Protection Act (TCPA) related to an automated customer call system used by a last mile logistics business that the Company acquired. The Company has asserted indemnity rights pursuant the agreement by which it acquired this business, subject to certain limits. This matter is in the initial pleading stage and the court has not yet determined whether to certify the matter as a class action. The Company believes that it has adequately accrued for the potential impact of loss contingencies relating to this matter. The Company is unable at this time to estimate the amount of the possible loss or range of loss, if any, in excess of its accrued liability that it may incur as a result of this matter.

An increase in the number and/or severity of self-insured claims or an increase in insurance premiums could have an adverse effect on the Company.

We use a combination of self-insurance programs and large-deductible purchased insurance to provide for the costs of employee medical, vehicular, cargo and workers' compensation claims. Our estimated liability for self-retained insurance claims reflects certain actuarial assumptions and judgments, which are subject to a high degree of variability. We periodically evaluate the level of insurance coverage and adjust insurance levels based on targeted risk tolerance and premium expense. An increase in the number and/or severity of self-insured claims or an increase in insurance premiums could have an adverse effect on us. We have a captive insurance company that participates in a reinsurance pool to reinsure a portion of our workers' compensation and other claims. Each company that participates in the pool cedes premiums and claims to the pool and assumes premiums and claims from the pool. The operating results of the captive insurance company are affected by the number and/or severity of claims and the associated premiums paid or received. Our financial condition, results of operations and cash flows could be adversely affected by the risk assumed and ceded by the captive insurance company. In addition, these captive insurance companies are subject to financial and insurance regulation by a foreign regulatory authority and changes in these applicable regulations could affect our liquidity and asset allocation with our captive insurance companies.

We expect costs associated with providing benefits under employee medical plans and postretirement medical plans to increase due to health care reform legislation. Changes made to the design of our medical plans have the potential to mitigate some of the cost impact of the provisions included in the legislation. Ultimately, the cost of providing benefits under our medical plans is dependent on a variety of factors, including governmental laws and regulations, health care cost trends, claims experience and health care decisions by plan participants. As a result, we are unable to predict how the cost of providing benefits under medical plans will affect our financial condition, results of operations or cash flows.

We are subject to risks associated with defined benefit plans for our current and former employees, which could have a material adverse effect on our earnings and financial position.

Following our acquisitions of ND and Con-way, we now maintain defined benefit pension plans and a postretirement medical plan. Our defined benefit pension plans include funded and unfunded plans in the United States and the United Kingdom. A decline in interest rates and/or lower returns on funded plan assets may cause increases in the expense and funding requirements for these defined benefit pension plans and for our postretirement medical plan. Despite past amendments that froze our defined benefit pension plans to new participants and curtailed benefits, these pension plans remain subject to volatility associated with interest rates, inflation, returns on plan assets, other actuarial assumptions and statutory funding requirements. In addition to being subject to volatility associated with interest rates, our postretirement medical plan remains subject to volatility associated with actuarial assumptions and trends in healthcare costs. Any of the aforementioned factors could lead to a significant increase in the expense of these plans and a deterioration in the solvency of these plans, which could significantly increase the Company's contribution requirements. As a result, we are unable to predict the effect on our financial statements associated with our defined benefit pension plans and our postretirement medical plan.

Because of our floating rate credit facility, we may be adversely affected by interest rate changes.

On October 30, 2015, in connection with the Con-way acquisition, we entered into (1) a senior secured term loan credit agreement (the "Term Loan Facility"), which provided for a single borrowing of $1.6 billion, and (2) the Second Amended and Restated Revolving Loan Credit Agreement (the "ABL Facility") that increased the commitment to $1.0 billion. Both the ABL Facility and the Term Loan Facility provide for an interest rate based on LIBOR or a Base Rate, as defined in the agreements, plus an applicable margin. Our financial position may be affected by fluctuations in interest rates since the Term Loan Facility and ABL Facility are subject to floating interest rates. A hypothetical 100-basis-point increase in the interest rate would increase our annual interest expense by $16.0 million under the Term Loan Facility and by $10.0 million under the ABL facility assuming that the full $1.0 billion was drawn. Interest rates are highly sensitive to many factors, including governmental monetary policies, domestic and international economic and political conditions and other factors beyond our control. A significant increase in interest rates could have an adverse effect on our financial position and results of operations.

As a result of the ND and Con-way acquisitions, XPO is more exposed to currency exchange rate fluctuations because the combined company has an increased proportion of its assets, liabilities and earnings denominated in foreign currencies as compared to XPO prior to these acquisitions.

Prior to the ND acquisition, substantially all of XPO's operations were conducted in U.S. dollars. The ND and Con-way acquisitions significantly increased the potential impact of currency exchange rate fluctuations on our business. As a result of the ND acquisition, the financial results of the combined company are more exposed to currency exchange rate fluctuations and an increased proportion of our assets, liabilities and earnings are denominated in non-U.S. dollar currencies. The Con-way acquisition also increased our exposure to currency exchange rate fluctuations as a portion of Con-way's historic revenues were derived outside the U.S. Despite our efforts to manage the volatility related to exposure to fluctuations in foreign currencies through the use of derivative instruments, there can be no assurance that these risks are fully mitigated by our hedging program.

We present our financial statements in U.S. dollars but we have a significant proportion of our net assets and income in non-U.S. dollar currencies, primarily the euro and pounds sterling ("GBP"). Consequently, a depreciation of non-U.S. dollar currencies relative to the U.S. dollar could have an adverse impact on our financial results. As further discussed below under **Item 7A.** ***Quantitative and Qualitative Disclosures about Market Risk***, as of December 31, 2015, the result of a uniform 10% strengthening in the value of the U.S. dollar relative to the euro would have resulted in a decrease in net assets of approximately $31.1 million, and a uniform 10% strengthening in the value of the U.S. dollar relative to the GBP would have resulted in a decrease in net assets of approximately $53.9 million.

The economic uncertainties relating to eurozone monetary policies may cause the value of the euro to fluctuate against other currencies. Currency volatility contributes to variations in our sales of products and services in impacted jurisdictions. For example, in the event that one or more European countries were to replace the euro with another currency, our sales into such countries, or in Europe generally, would likely be adversely affected until stable exchange rates are established. Accordingly, fluctuations in currency exchange rates could adversely affect our business and financial condition and the business of the combined company.

We may not be able to successfully execute our growth strategy through acquisitions.

While our primary focus in 2016 is on integrating our recent acquisitions, in the mid- to long-term, we may continue to expand through acquisitions to take advantage of market opportunities we perceive in our current markets (transportation and logistics) as well as new markets that we may enter. However, if we choose to make acquisitions in the future, we may experience delays or be unable to make the acquisitions we desire for a number of reasons. Suitable acquisition candidates may not be available at purchase prices that are attractive to us or on terms that are acceptable to us. In pursuing acquisition opportunities, we will compete with other companies, some of which have greater financial and other resources than we do.

We are unable to predict the size, timing and number of acquisitions we may complete. In addition, we may incur expenses associated with sourcing, evaluating and negotiating acquisitions (including those that are not completed), and we also may pay fees and expenses associated with obtaining financing for acquisitions and with investment banks and others finding acquisitions for us. Any of these amounts may be substantial, and together with the size, timing and number of acquisitions we pursue, may negatively impact us and cause significant volatility in our financial results.

Sales or issuances of a substantial number of shares of our common stock may adversely affect the market price of our common stock.

We may fund any future acquisitions or our capital requirements from time to time, in whole or part, through sales or issuances of our common stock or equity-based securities, subject to prevailing market conditions and our financing needs. Future equity financing will dilute the interests of our then-existing stockholders, and future sales or issuances of a substantial number of shares of our common stock or other equity-related securities may adversely affect the market price of our common stock.

We do not own, and may not acquire, all of the outstanding shares of XPO Logistics Europe SA, the majority-owned subsidiary through which we conduct our European operations.

We currently own 86.25% of the outstanding shares of XPO Logistics Europe, the majority-owned subsidiary through which we conduct our European operations. We may not acquire the remaining shares of XPO Logistics Europe. French law only permits "squeeze out" mergers when a holder owns more than 95% of the outstanding shares. If we do not wholly-own XPO Logistics Europe, we will not have access to all of its cash flow to service our debt, as any dividends will be required to be declared pro rata. In addition, we will be subject to limitations on our ability to enter into transactions with XPO Logistics Europe that are not on arms-length terms, which could limit synergies that we could otherwise achieve between our North American and European operations. We also may not be able to consolidate XPO Logistics Europe for tax purposes, and XPO Logistics Europe would be forced to continue as a listed public company in France, thereby incurring certain recurring costs.

Changes in our relationships with our significant customers, including the loss or reduction in business from one or more of them, could have an adverse impact on us.

No single customer accounted for more than 2% of our consolidated pro forma revenue for 2015. We do not believe the loss of any single customer would materially impair our overall financial condition or results of operations; however, collectively, some of our large customers might account for a relatively significant portion of the growth in revenue and margins in a particular quarter or year. Our contractual relationships with customers generally are terminable at will by the customers on short notice and do not require the customer to provide any minimum commitment. Our customers could choose to divert all or a portion of their business with us to one of our competitors, demand rate reductions for our services, require us to assume greater liability that increases our costs, or develop their own logistics capabilities. Failure to retain our existing customers or enter into relationships with new customers could materially impact the growth in our business and the ability to meet our current and long-term financial forecasts.

Volatility in fuel prices impacts our fuel surcharge revenues and may impact our profitability.

We are subject to risks associated with the availability and price of fuel, which are subject to political, economic and market factors that are outside of our control.

We would be adversely affected by an inability to obtain fuel in the future. Although, historically, we have been able to obtain fuel from various sources and in the desired quantities, there can be no assurance that this would continue to be the case in the future.

Fuel expense constitutes one of the greatest costs to our LTL and full truckload carrier operations, as well as to our fleet of independent contractor drivers and third-party transportation providers who complete the physical movement of freight arranged by our other business operations. Accordingly, we may be adversely affected by the timing and degree of fluctuations and volatility in fuel prices. As is customary in our industry, most of our customer contracts include fuel-surcharge revenue programs or cost-recovery mechanisms to mitigate the effect of the fuel prices increase over base amounts established in the contract. However, these fuel surcharge mechanisms may not capture the entire amount of the increase in fuel prices, and they also feature a lag between the payment for fuel and collection of the surcharge revenue. Market pressures may limit our ability to assess fuel surcharges in the future. The extent to which we are able to recover in full for fuel costs changes may also vary depending on the degree to which we are not compensated due to empty and out-of-route miles or from engine idling during cold or warm weather.

Decreases in fuel prices reduce the cost of transportation services and accordingly, will reduce our revenues and may reduce margins for certain lines of business. Significant changes in the price or availability of fuel in future periods, or significant changes in our ability to mitigate fuel price increases through the use of fuel surcharges, could have a material adverse impact on our operations, fleet capacity and ability to generate both revenues and profits.

Our intermodal business may be affected by any adverse change to relationships with railroad service providers upon the expiration or renewal of such contracts.

The rail contracts supporting our intermodal operations, which have varied expiration dates, contain specific contract rates and other negotiated provisions that enable us to provide competitive transportation rates and services to our customers. A loss of one or more of these rail contracts, or failure to enter into renewal or replacement contracts with comparably favorable terms upon expiration of the current contracts, could materially adversely affect our business, results of operations and cash flows. While we expect to be able to continue to obtain competitive terms and conditions from our railroad vendors, no assurance can be given that such terms and conditions will be comparable to those in our current rail contracts.

In addition, Union Pacific is a primary supplier and servicer of the 53-foot containers used in our business, as well as the chassis used on the Union Pacific network. We have the ability under our arrangements with Union Pacific to increase or decrease our equipment fleet periodically. The refusal or failure of Union Pacific to provide us with additional containers and chassis when required, or to allow us to return excess equipment when requested, or our failure to adequately and timely service the containers or chassis we use, could have an adverse effect on our business and results of operations.

Network changes, lane closures, carrier consolidation, and other reductions or deterioration in rail services could increase costs, decrease demand for our intermodal services and adversely affect our operating results.

Most of the intermodal transportation services that we provide depend on the major railroads in the United States and Mexico, which in many markets is limited to a few railroads or even a single railroad. As a result, any reduction, suspension, interruption or elimination of rail service to a particular market may limit our ability to serve some of our customers. Furthermore, reductions in service by the railroads are likely to increase the cost of the rail-based services that we provide and potentially reduce the reliability, timeliness, and overall attractiveness of our intermodal product. Increases in the cost of rail service reduce some of the advantages of intermodal transportation compared to truck and other transportation modes, which may reduce demand for our intermodal services. Rail consolidations in the past have caused service disruptions and would further reduce service choices and bargaining power for rail customers. Further consolidation among railroads might adversely affect intermodal transportation and our results of operations.

From time to time, our railroad suppliers have experienced train resource shortages, operating inefficiencies, and high demand for rail transportation that resulted in increased transit times, terminal congestion, and decreased equipment velocity, all of which increase our costs, decrease equipment capacity, impact customer service, and create a challenging operating environment. To the extent that we rely on rail carriers that experience poor service performance, demand for our intermodal services may be adversely affected.

We are subject to changes in markets and our business plans that have resulted, and may in the future result, in write-downs of the carrying value of our assets, potentially in significant amounts, thereby reducing our net income.

As a result of our regular review of the carrying value of our assets, we may in the future be required to recognize impairment charges, potentially in significant amounts. Changes in business strategy, rebranding efforts, government regulations, economic or market conditions, or our operating performance may result in substantial impairments of intangible, fixed or other assets at any time in the future, including with respect to our acquired businesses. While such impairment charges would not impact our cash position, such charges could significantly reduce our net income.

Issues related to the intellectual property rights on which our business depends, whether related to our failure to enforce our own rights or infringement claims brought by others, could have a material adverse effect on our business, financial condition and results of operations.

We use both internally developed and purchased technology in conducting our business. Whether internally developed or purchased, it is possible that the user of these technologies could be claimed to infringe upon or violate the intellectual property rights of third parties. In the event that a claim is made against us by a third party for the infringement of intellectual property rights, any settlement or adverse judgment against us either in the form of increased costs of licensing or a cease and desist order in using the technology could have an adverse effect on us and our results of operation.

We also rely on a combination of intellectual property rights, including copyrights, trademarks, domain names, trade secrets, intellectual property licenses and other contractual rights, to establish and protect our intellectual property and technology. Any of our owned or licensed intellectual property rights could be challenged, invalidated, circumvented, infringed or misappropriated; our trade secrets and other confidential information could be disclosed in an unauthorized manner to third-parties or we may fail to secure the rights to intellectual property developed by our employees, contractors and others. Efforts to enforce our intellectual property rights may be time consuming and costly, distract management’s attention and resources and ultimately be unsuccessful. Moreover, our failure to develop and properly manage new intellectual property could adversely affect our market positions and business opportunities.

Our failure to obtain, maintain and enforce our intellectual property rights could therefore have a material adverse effect on our business, financial condition and results of operations.

We are subject to regulation, which could negatively impact our business.

Our operations are regulated and licensed by various governmental agencies in the United States and in foreign countries in which we operate. These regulatory agencies have authority and oversight of domestic and international transportation services and related activities, licensure, motor carrier operations, safety and security and other matters. We must comply with various insurance and surety bond requirements to act in the capacities for which we are licensed. Our subsidiaries and independent contractors must also comply with applicable regulations and requirements of such agencies. Through our subsidiaries and business units, we hold various licenses required to carry out our domestic and international services. These licenses permit us to provide services as a motor carrier, property broker, indirect air carrier, OTI, NVOCC, freight forwarder, air freight forwarder, and ocean freight forwarder. We also are subject to regulations and requirements promulgated by, among others, the DOT, FMCSA, DHS, CBP, TSA, FMC, IATA, the Canada Border Services Agency and various other international, domestic, state, and local agencies and port authorities. Certain of our businesses engage in the transportation of hazardous materials, which subjects us to regulations with respect to transportation of such materials and environmental regulations in the case of any accidents the occur during the transportation of materials that causes discharge of such materials. Our failure to maintain our required licenses, or to comply with applicable regulations, could have a material adverse impact on our business and results of operations. See the “Regulation” section of this Annual Report on Form 10-K under the caption entitled “Business” for more information.

Future laws and regulations may be more stringent and require changes in our operating practices that influence the demand for transportation services or require us to incur significant additional costs. We are unable to predict the impact that recently enacted and future regulations may have on our businesses. Higher costs incurred by us, or incurred by our independent contractors or third-party transportation providers who pass the increased costs on to us, as a result of future new regulations could adversely affect our results of operations to the extent we are unable to obtain a corresponding increase in price from our customers.

Seasonality affects our operations and profitability.

The transportation industry experiences seasonal fluctuations. Our results of operations are typically lower for the first quarter of the calendar year relative to our other quarters. We believe this is due in part to the post-holiday reduction in demand experienced by many of our customers, which leads to more capacity in the non-expedited and service-critical markets and, in turn, less demand for expedited and premium shipping services. In addition, the productivity of our independent contractors and transportation providers generally decreases during the winter season because inclement weather impedes operations.

Terrorist attacks, anti-terrorism measures and war could have broad detrimental effects on our business operations.

As a result of the potential for terrorist attacks, federal, state and municipal authorities have implemented and continue to follow various security measures, including checkpoints and travel restrictions on trucking and rail routes and security screenings of air cargo on passenger aircraft and international containers. Such measures may reduce the productivity of our independent contractors and transportation providers or increase the costs associated with their operations, which we could be forced to bear. War, risk of war or a terrorist attack also may have an adverse effect on the economy. A decline in economic activity could adversely affect our revenues or restrict our future growth. Instability in the financial markets as a result of terrorism or war also could impact our ability to raise capital or to refinance our indebtedness. In addition, the insurance premiums charged for some or all of the coverage currently maintained by us could increase dramatically or such coverage could be unavailable in the future.

Our Chairman and Chief Executive Officer controls a large portion of our stock and has substantial control over us, which could limit other stockholders’ ability to influence the outcome of key transactions, including changes of control.

Our Chairman and Chief Executive Officer, Mr. Bradley S. Jacobs, controls, as the managing member of Jacobs Private Equity, LLC (“JPE”), (i) 67,500 shares of our Series A Convertible Perpetual Preferred Stock, which are initially convertible into an aggregate of 9,642,857 shares of our common stock, and (ii) 9,642,857 warrants initially exercisable for an aggregate of 9,642,857 shares of our common stock at an exercise price of $7.00 per share. Mr. Jacobs also directly owns 105,016 shares of our common stock and has employee stock options and restricted stock units convertible into an additional 545,029 shares of our common stock. Under applicable SEC rules, Mr. Jacobs beneficially owns approximately 15% of our outstanding common stock as of December 31, 2015. This concentration of share ownership may adversely affect the trading price for our common stock because investors may perceive disadvantages in owning stock in companies with concentrated stockholders. Our preferred stock votes together with our common stock on an "as-converted" basis on all matters, except as otherwise required by law, and separately as a class with respect to certain matters implicating the rights of holders of shares of the preferred stock. Accordingly, Mr. Jacobs can exert substantial influence over our management and affairs and matters requiring stockholder approval, including the election of directors and the approval of significant corporate transactions, such as mergers, consolidations or the sale of substantially all of our assets. Consequently, this concentration of ownership may have the effect of delaying or preventing a change of control, including a merger, consolidation, or other business combination involving us, or discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control, even if that change of control would benefit our other stockholders. Additionally, significant fluctuations in the levels of ownership of our largest stockholders, including JPE, could impact the volume of trading, liquidity and market price of our common stock.

ITEM 1B. *UNRESOLVED STAFF COMMENTS*

None.

ITEM 2. *PROPERTIES*

As of December 31, 2015, XPO and its subsidiaries operated approximately 1,451 locations, primarily in North America and Europe, including 201 locations owned or leased by our customers. These facilities are located in all 48 states of the contiguous United States as well as globally.

We lease our current executive office located in Greenwich, Connecticut, as well as our national operations centers in Charlotte, North Carolina and Dublin, Ohio. As of December 31, 2015, we owned the shared-services center in Portland, Oregon, the headquarters for our full truckload business in Joplin, Missouri, and the facility at which we conduct a portion of our expedited transportation operations in Buchanan, Michigan. In addition, we owned approximately 146 freight service centers for our LTL business. We believe that our facilities are sufficient for our current needs and are in good condition in all material respects.

ITEM 3. *LEGAL PROCEEDINGS*

We are involved, and will continue to be involved, in numerous legal proceedings arising out of the conduct of our business. These proceedings may include, among other matters, claims for property damage or personal injury incurred in connection with the transportation of freight, claims regarding anti-competitive practices, and employment-related claims, including claims involving asserted breaches of employee restrictive covenants and tortious interference with contract. These proceedings also include numerous purported class-action lawsuits, multi-plaintiff and individual lawsuits and state tax and other administrative proceedings that claim either that our owner operators or contract carriers should be treated as employees, rather than independent contractors, or that certain of our drivers were not paid for all compensable time or were not provided with required meal or rest breaks. We are currently engaged in several alleged independent contractor misclassification claims or other wage and hour claims involving certain companies that we have acquired in our last mile, LTL, full truckload, and intermodal businesses. These lawsuits and proceedings may seek substantial monetary damages (including claims for unpaid wages, overtime, failure to provide meal and rest periods, unreimbursed business expenses and other items), injunctive relief, or both. For additional information about these matters, please refer to **Note 5—Commitments and Contingencies** of Item 8, "Financial Statements and Supplementary Data."

We do not believe that the ultimate resolution of any matters to which we are presently party will have a material adverse effect on our results of operations, financial condition or cash flows. However, the results of these matters cannot be predicted with certainty, and an unfavorable resolution of one or more of these matters could have a material adverse effect on our financial condition, results of operations or cash flows.

ITEM 4. *MINE SAFETY DISCLOSURES*

Not applicable.

PART II

ITEM 5. *MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES*

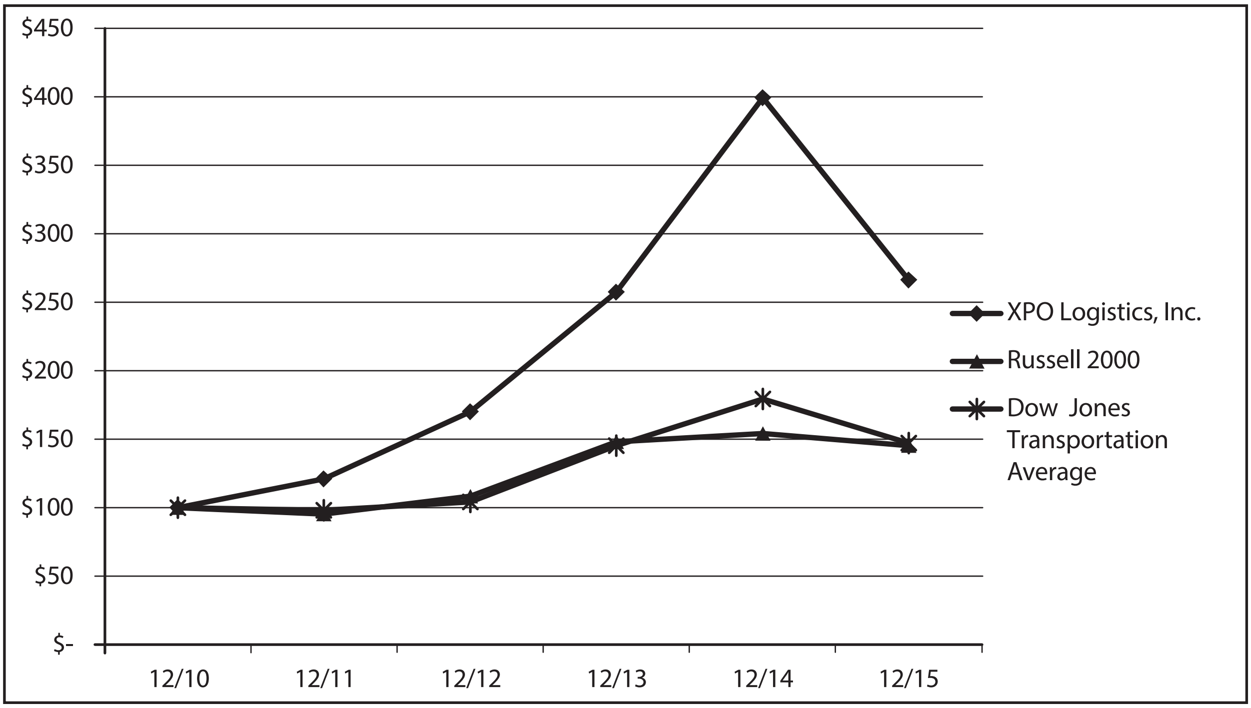
Price Range of Common Stock

Our common stock is traded on NYSE under the symbol "XPO." The table below provides the high and low closing sales prices for our common stock for the quarters included within 2015 and 2014.

	High	Low
2014		
1st quarter	$32.51	$23.90
2nd quarter	30.50	23.24
3rd quarter	39.72	26.03
4th quarter	42.48	31.85
2015		
1st quarter	$47.26	$35.57
2nd quarter	50.56	41.58
3rd quarter	46.74	21.62
4th quarter	33.50	25.04

As of February 26, 2016, there were approximately 272 record holders of our common stock, based upon data available to us from our transfer agent. We have never paid, and have no immediate plans to pay, cash dividends on our common stock. We currently plan to retain future earnings and cash flows for use in the development of our business and to enhance stockholder value through growth and continued focus on improving profitability rather than for paying dividends on our common stock. In addition, our current credit agreement imposes, and we expect that any future credit agreement we enter into will impose, restrictions on our ability to pay cash dividends on our common stock. Accordingly, we do not anticipate paying any cash dividends on our common stock in the near future. Future payment of dividends on our common stock would depend on our earnings, capital requirements, expansion plans, financial condition and other relevant factors.

The graph below compares the cumulative 5-year total return of holders of our common stock with the cumulative total returns of the Russell 2000 Index and the Dow Jones Transportation Average Index. The graph tracks the performance of a $100 investment in our common stock and in each index from December 31, 2010 to December 31, 2015.



	12/10	12/11	12/12	12/13	12/14	12/15
XPO Logistics, Inc.	$100	$121	$170	$257	$399	$266
Russell 2000	$100	$ 95	$108	$148	$154	$145
Dow Jones Transportation Average	$100	$ 98	$104	$145	$179	$147

Unregistered Sales of Equity Securities and Use of Proceeds

During the quarter ended December 31, 2015, the Company issued an aggregate of 803,356 shares of its common stock, par value $0.001 per share, to certain holders of the Company's Convertible Notes in connection with the conversion of $13.2 million aggregate principal amount of the Convertible Notes. The number of shares of our common stock issued in the foregoing transactions equals the number of shares of our common stock presently issuable to holders of the Convertible Notes upon conversion under the original terms of the Convertible Notes. The issuance of these shares was exempt from the registration requirements of the Securities Act of 1933, as amended, in accordance with Section 4(a)(2) thereof, as a transaction by an issuer not involving any public offering. The Company did not receive any proceeds from the above transactions. For additional information, refer to **Note 9—Debt**, of Item 8, "Financial Statements and Supplementary Data."

During the year ended December 31, 2015, pursuant to the Investment Agreement dated as of June 13, 2011 (the "Investment Agreement"), by and among Jacobs Private Equity, LLC ("JPE"), and the other investors party thereto (collectively with JPE, the "Investors"), the Company issued 102,712 unregistered shares of its common stock as a result of the exercise of warrants by certain shareholders. The Company received total proceeds of $0.7 million as a result of the exercise of warrants, which will be used for general corporate purposes. The issuance of these shares was exempt from the registration requirements of the Securities Act of 1933, as amended, in accordance with Section 4(a)(2) thereof, as a transaction by an issuer not involving any public offering.

As previously disclosed in the Company's Current Report on Form 8-K filed with the SEC on June 1, 2015, as amended on June 26, 2015, the Company issued 562,525 shares of Series C Convertible Perpetual Preferred Stock ("Series C Preferred Stock") in a private placement on May 29, 2015. At a Special Meeting of the Company's Stockholders held on September 8, 2015, the stockholders of the Company approved the issuance of 12,500,546 shares of the Company's common stock upon the conversion of 562,525 shares of the Company's outstanding Series C Preferred Stock. Immediately following the Special Meeting, on September 8, 2015, 562,525 shares of Series C Preferred Stock were automatically converted into 12,500,546 shares of the Company's common stock. No additional consideration was received by the Company in connection with the conversion of the Series C Preferred Stock into the Company's common stock. The issuance and sale of the Series C Preferred Stock and the issuance of the Company's common stock in connection with the conversion of the Series C Preferred Stock are exempt from registration under the Securities Act, pursuant to Section 4(a)(2) of the Securities Act, or any state securities laws. See **Note 12—Stockholders' Equity** to the Consolidated Financial Statements for additional information regarding the Series C Preferred Stock.

ITEM 6. *SELECTED FINANCIAL DATA*

This table includes selected financial data for the last five years. This financial data should be read together with our Consolidated Financial Statements and related notes, Management's Discussion and Analysis of Financial Condition and Results of Operations, and other financial data appearing elsewhere in this Annual Report.

XPO Logistics, Inc.
(In millions, except per share data)

	Year Ended December 31,				
	2015	2014	2013	2012	2011
Consolidated Statements of Operations Data:					
Revenue	$ 7,623.2	$2,356.6	$702.3	$278.6	$177.1
Net revenue [a]	3,451.8	654.8	123.6	40.8	29.8
Net (loss) income	(191.6)	(63.6)	(48.5)	(20.3)	0.8
Preferred stock beneficial conversion charge	(52.0)	(40.9)	—	—	(44.2)
Cumulative preferred dividends	(2.8)	(2.9)	(3.0)	(3.0)	(1.1)
Net loss attributable to common stockholders	$ (245.9)	$ (107.4)	$ (51.5)	$ (23.3)	$ (44.6)
Basic loss per share	$ (2.65)	$ (2.00)	$ (2.26)	$ (1.49)	$ (5.41)
Diluted loss per share	$ (2.65)	$ (2.00)	$ (2.26)	$ (1.49)	$ (5.41)
Weighted average common shares outstanding					
Basic	92.8	53.6	22.8	15.7	8.2
Diluted	92.8	53.6	22.8	15.7	8.2
Consolidated Balance Sheet Data:					
Working capital	$ 262.8	$ 842.8	$ 67.7	$270.5	$ 82.1
Total assets	$12,643.2	$2,749.4	$777.1	$409.3	$127.6
Current maturities of long-term debt	$ 135.3	$ 1.8	$ 2.0	$ 0.5	$ 1.7
Long-term debt	$ 5,272.6	$ 580.3	$178.6	$105.1	$ 0.5
Preferred stock	$ 42.0	$ 42.2	$ 42.7	$ 42.8	$ 42.8
Stockholders' equity	$ 3,060.8	$1,655.1	$455.9	$245.1	$108.4

Results for the years ended December 31, 2015, December 31, 2014 and December 31, 2011 reflect beneficial conversion charges of $52.0 million on the Series C Preferred Stock, $40.9 million on the Series B Preferred Stock and $44.2 million on the Series A Preferred Stock, respectively, that were recorded as deemed distributions during the third quarter of 2015, the fourth quarter of 2014 and the third quarter of 2011, respectively.

[a] Net revenue is total revenue less the cost of transportation and services. For a reconciliation of net revenue to revenue, please see the XPO Logistics, Inc. Consolidated Statements of Operations on page 70.

ITEM 7. *MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS*

Cautionary Statement Regarding Forward-Looking Statements

You should read the following discussion in conjunction with Part I, including matters set forth under Item 1A, "Risk Factors", of this Annual Report, and our Consolidated Financial Statements and Notes thereto included elsewhere in this Annual Report. The following discussion contains forward-looking statements. You should refer to the "Cautionary Statement Regarding Forward-Looking Statements" set forth in Part I, Item 1A of this Annual Report.

Executive Summary

XPO Logistics is a top ten global provider of supply chain solutions. As of December 31, 2015, our integrated network of over 89,000 employees and 1,451 locations operated in 33 countries, and included leading positions in many fast-growing areas of transportation and logistics, representing diverse industry sectors and geographies.

Our service capabilities, capacity and technology enable customers of all sizes to operate their supply chains more efficiently and at lower cost. Among the more than 50,000 customers we served as of December 31, 2015 are many of the world's largest multinational companies, and these companies depend on us to manage their transportation and logistics needs.

We run our business on a global basis, with two segments: Transportation and Logistics. Within each segment, we have built robust service offerings that respond to fast-growing areas of customer demand. All of our businesses operate under the single brand of XPO Logistics.

In our Transportation segment, we hold industry-leading positions in both North America and Europe. In North America, we are the leader in last mile logistics for heavy goods and expedite shipment management, and we are among the largest providers of freight brokerage and intermodal rail and drayage services. As of December 31, 2015, our truck procurement hubs managed relationships with more than 7,000 owner operator trucks under contract for drayage, expedited, last mile and LTL, as well as an additional 38,000 carriers representing approximately 1,000,000 trucks on the road. In addition, we have a growing position in freight forwarding across our global footprint.

In Europe, we operate the largest ground transportation network in our industry. As of December 31, 2015, we owned and leased approximately 7,800 trucks, which gives us control of critical capacity for our customers; a portion of this fleet is assigned to dedicated carriage. Our trucks are also an important part of our freight brokerage network, which includes 3,400 trucks contracted through independent owner operators and access to another 12,000 independent carriers.

In our Logistics segment, we provide a range of contract logistics services, including highly engineered and customized solutions, value-added warehousing and distribution, cold chain solutions and other inventory solutions. We perform e-commerce fulfillment, warehousing, reverse logistics, storage, factory support, aftermarket support, manufacturing, distribution and packaging and labeling, as well as optimization services, such as supply chain consulting and production flow management.

As of December 31, 2015, we operated approximately 151 million square feet (14.0 million square meters) of contract logistics facility space globally, with about 65.0 million square feet (6.1 million square meters) of that capacity in the United States, making us a top ten global provider of these services.

In a little more than four years, we have taken XPO from a North American business with $177 million of revenue to a top ten global transportation and logistics company. In September 2011, following the equity investment in the Company led by Bradley S. Jacobs, we put a highly skilled management team in place and began the disciplined execution of a growth strategy to acquire and integrate attractive companies and optimize all XPO operations, with the goal of creating dramatic, long-term value for our customers and shareholders.

We offer customers a compelling range of transportation and logistics solutions:

- Freight Brokerage: the second largest freight brokerage firm in North America based on net revenue; the third largest provider of door-to-door intermodal rail services in North America, with one of the largest U.S. drayage networks, and a leader in cross-border Mexico intermodal;
- Last Mile: the largest provider of home delivery and installation logistics for heavy goods in North America, and a leading last mile provider to the e-commerce industry;
- Supply Chain: the second largest global provider of contract logistics based on square footage, with one of the largest e-fulfillment platforms in Europe;
- Expedite: the largest manager of time-critical and high-value expedite shipments in North America via ground transportation, air charter and web-based managed transportation services;
- Less-Than-Truckload: the second largest provider of LTL services in North America and a leading provider of LTL services in Western Europe. As of December 31, 2015, the Company's LTL service in North America had some of the highest service levels in the industry for on-time performance, offered more next-day and two-day lanes than any other LTL carrier, and covered 99% of U.S. postal codes;
- Full Truckload: a top 20 U.S. carrier and a leading cross-border Mexico ground transportation provider;
- Managed Transportation: a top five global service provider based on the value of XPO's freight under management, which was approximately $2.7 billion as of December 31, 2015; and
- Global Forwarding: a growing provider of global forwarding services.

We believe that our ability to provide customers with integrated, end-to-end supply chain solutions gives us a competitive advantage. Many customers, particularly large companies, are increasingly turning to multi-modal providers to handle their supply chain requirements. We have built XPO to capitalize on this trend, as well as the trend toward outsourcing in both transportation and logistics, the boom in e-commerce, the adoption of just-in-time inventory practices, and the near-shoring in Mexico.

Our customers are served by well-trained employees who understand the importance of world-class service, and who use our leading-edge, proprietary technology to perform their jobs. We have a global team of approximately 1,500 IT professionals who understand how to drive innovation for the benefit of our customers. Our annual investment in technology is among the highest in our industry, because we see the ongoing development of our proprietary technology as being critical to our ability to continually improve customer service and leverage our scale.

Strategy for Growth

XPO Logistics is a top ten global transportation and logistics company, providing cutting-edge supply chain solutions to the most successful companies in the world. We've established leading positions in key areas of transportation and logistics, where there is strong secular demand. We offer our solutions through our highly integrated, multi-modal organization that operates under the single XPO Logistics brand. Our strategy is to optimize our global franchise, execute on opportunities to increase our profitability, and create dramatic long-term value for our customers and shareholders.

Our integrated network includes approximately 89,000 employees at 1,451 locations in 33 countries serving over 50,000 customers. Our global contract logistics platform includes 151 million square feet of facility space. Our global ground transportation network includes approximately 19,000 owned tractors and 47,000 owned trailers, 10,000 trucks contracted through independent owner operations, and access to more than 50,000 independent carriers.

We intend to continue to grow the business in a disciplined manner, and with a compelling value proposition: integrated solutions for any company, of any size, with any combination of supply chain needs.

Recent Developments

Restructuring

In conjunction with various acquisitions, the Company has initiated a cost savings program aimed at restructuring and leveraging the Company's businesses to better serve our customers. This includes facility rationalization, severance programs and eliminating redundancies in the workforce in order to improve efficiency and profitability. For additional information refer to **Note 4—Restructuring Charges**.

Acquisition of Con-way

On September 9, 2015, the Company entered into a definitive Agreement and Plan of Merger (the "Merger Agreement") with Con-way Inc. and Canada Merger Corp., a Delaware corporation and wholly owned subsidiary of XPO ("Merger Subsidiary"). Under the terms of the Merger Agreement, XPO caused Merger Subsidiary to commence a cash tender offer (the "Offer") for all of Con-way's outstanding shares of common stock, par value $0.625 per share (the "Shares"), at a purchase price of $47.60 per Share, net to the seller in cash, without interest thereon and less any applicable withholding taxes. Headquartered in Ann Arbor, Michigan, Con-way was a *Fortune 500* company with a transportation and logistics network of 582 locations and approximately 30,000 employees serving over 36,000 customers. The aggregate consideration paid in the Offer and Merger Agreement was approximately $2.3 billion, without giving effect to related transaction fees and expenses. The acquisition of Con-way closed on October 30, 2015. For additional information refer to **Note 3—Acquisitions**.

Financing of Con-way Acquisition

In connection with the completion of the acquisition of Con-way, XPO entered into a new $1.6 billion term loan credit agreement, the proceeds of which were used, together with cash on hand, to finance a portion of the acquisition consideration as well as other costs and expenses related to the transaction. XPO also entered into a new $1.0 billion asset-based revolving credit facility, which replaced XPO's existing $415.0 million asset-based revolving credit facility. For additional information refer to **Note 9—Debt.**

Acquisition of Majority Interest in Norbert Dentressangle SA

On June 8, 2015, pursuant to the terms and subject to the conditions of the ND Share Purchase Agreement, Dentressangle Initiatives, Mrs. Evelyne Dentressangle, Mr. Pierre-Henri Dentressangle and Ms. Marine Dentressangle (collectively, the "Sellers") sold to XPO and XPO purchased from the Sellers (the "Share Purchase"), all of the ordinary shares of ND owned by the Sellers, representing a total of approximately 67% of the share capital of ND and all of the outstanding share subscription warrants granted by ND to employees, directors or other officers of ND and its affiliates. On June 11, 2015, XPO filed with the French *Autorité des Marchés Financiers* (the "AMF") a mandatory simplified cash offer (the "Tender Offer") to purchase all of the remaining outstanding ordinary shares of ND (other than the shares already owned by XPO) at a price of €217.50 per share. On June 23, 2015, the Company received the necessary approvals from the AMF to launch the Tender Offer and the Tender Offer was launched on June 25, 2015. The Tender Offer remained open for a period of 16 trading days. As of December 31, 2015, the Company had purchased 1,921,553 shares under the Tender

Offer and acquired a total of approximately 86.25% of the share capital of ND, including all of the outstanding share subscription warrants granted by ND to employees, directors or other officers of ND and its affiliates. The fair value of total consideration paid for ND, net of acquired cash, was €2,645.2 million, or $2,955.3 million. For additional information refer to **Note 3—Acquisitions**.

Redemption of ND's Euro Private Placement Notes

In conjunction with the acquisition of ND, we assumed ND's Euro private placement debt of €75.0 million aggregate principal amount of 3.80% notes due December 20, 2019 (the "Euro Private Placement Notes due 2019") and €160.0 million aggregate principal amount of 4.00% notes due December 20, 2020 (the "Euro Private Placement Notes due 2020" and together with the Euro Private Placement Notes due 2019, the "Euro Private Placement Notes"). The Company redeemed €223.0 million of the Euro Private Placement Notes at par on July 31, 2015.

Acquisition of Bridge Terminal Transport Services, Inc.

On May 4, 2015, we entered into a Stock Purchase Agreement with BTTS Holding Corporation to acquire all of the outstanding capital stock of BTT, a leading asset-light drayage provider in the United States. The fair value of the total consideration paid under the BTT Stock Purchase Agreement was $103.8 million and consisted of $103.1 million of cash paid at the time of closing, including an estimate of the working capital adjustment, and $0.7 million of equity. The closing of the transaction was effective on June 1, 2015. For additional information refer to **Note 3—Acquisitions**.

Acquisition of UX Specialized Logistics

On February 9, 2015, we entered into an Asset Purchase Agreement to acquire certain of the assets of UX Specialized Logistics, LLC, a North American provider of last mile logistics and same day delivery services for major retail chains and e-commerce companies. The fair value of the total consideration paid under the UX Asset Purchase Agreement was $58.9 million and consisted of $58.1 million of cash paid at the time of closing, including an estimate of the working capital adjustment, and $0.8 million of equity. For additional information refer to **Note 3—Acquisitions**.

Issuance of Senior Notes due 2019, 2021 and 2022

On February 13, 2015, the Company completed an additional private placement of $400.0 million aggregate principal amount of Senior Notes due 2019 for a total issuance of $900.0 million. On June 4, 2015, the Company completed a private placement of $1.6 billion aggregate principal amount of 6.50% fixed rate Senior Notes due 2022 and €500.0 million Euro-denominated aggregate principal amount of 5.75% fixed rate Senior Notes due 2021. The Senior Notes due 2019, 2021 and 2022 were offered to qualified institutional buyers in reliance on Rule 144A under the Securities Act. The sale of the Senior Notes due 2019, 2021 and 2022 was not registered under the Securities Act. Unless so registered, the Senior Notes due 2019, 2021 and 2022 may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. For additional information refer to **Note 9—Debt**.

Series C Convertible Perpetual Preferred Stock and Common Stock

On May 29, 2015, we entered into fifteen separate Investment Agreements (the "Investment Agreements") with sovereign wealth funds and institutional investors (collectively, the "Purchasers"). Pursuant to the Investment Agreements, on June 3, 2015, we issued and sold 15,499,445 shares (the "Purchased Common Shares") in the aggregate of our common stock, and 562,525 shares (the "Purchased Preferred Stock" and, together with the Purchased Common Shares, the "Purchased Securities") in the aggregate of our Series C Convertible Perpetual Preferred Stock in a private placement. The purchase price per Purchased Common Share was $45.00 and the purchase price per share of Purchased Preferred Stock was $1,000. The Purchased Preferred Stock was mandatorily convertible into an aggregate of 12,500,546 additional shares of Company common stock subject to the approval of the Company's stockholders. We held a special meeting of stockholders of the Company on September 8, 2015 in which the Company's stockholders approved the issuance of shares of Company common stock upon the conversion of the Purchased Preferred Stock. Immediately following the special meeting, the Purchased Preferred Stock was automatically converted into 12,500,546 shares of Company common stock. No additional consideration was received by the Company in connection with the conversion of the Purchased Preferred Stock into Company common stock.

The Purchased Preferred Stock was issued with an initial conversion price of $45.00 per share. As of May 29, 2015, our common stock price was $49.16. As a result, the conversion feature was issued "in-the-money" and we allocated the beneficial conversion feature of $52.0 million to additional paid-in capital. The beneficial conversion feature was contingent upon receiving approval of our stockholders and was therefore recognized in net loss attributable to common shareholders upon receiving stockholder approval on September 8, 2015. For additional information refer to **Note 12—Stockholders' Equity.**

Convertible Debt Conversions

During the year ended December 31, 2015, we entered into transactions pursuant to which we issued an aggregate of 3,315,705 shares of our common stock to certain holders of the 4.50% Convertible Senior Notes due October 1, 2017 (the "Convertible Notes") in connection with the conversion of $54.5 million aggregate principal amount of the Convertible Notes. Certain of these transactions included induced conversions pursuant to which we paid the holder a market-based premium in cash. The negotiated market-based premiums, in addition to the difference between the current fair value and the book value of the Convertible Notes, are reflected in interest expense. The number of shares of common stock issued in the foregoing transactions equals the number of shares of common stock presently issuable to holders of the Convertible Notes upon conversion under the original terms of the Convertible Notes.

Rebranding to XPO Logistics

In the second quarter of 2015, we aligned our services under the single global brand of XPO Logistics. The XPO brand unification reflects our ability to serve customers with a highly integrated range of supply chain solutions, including freight brokerage, intermodal, contract logistics, last mile, expedite and global forwarding. In conjunction with the rebranding, we launched a single, cohesive web presence at www.xpo.com. The site serves as the online point of contact for our customers, carriers, job seekers and other interested parties.

Other Reporting Disclosures

The following section describes some of our revenue and expense categories and is provided to facilitate investors' understanding of the discussion of our financial results below.

Revenue

Revenue is generated through the rates and other fees we charge our customers for our portfolio of freight transportation services as well as through contracts for services provided to certain customers and is impacted by changes in volume, product mix, length of haul, route changes and scope of contracted services provided. The freight transportation and logistics services we provide include full truckload, LTL, and intermodal brokerage, last-mile delivery logistics services, time-critical, urgent shipment solutions, freight forwarding, and contract logistics services.

Cost of transportation and services

Cost of transportation and services is primarily attributable to the cost of providing or procuring freight transportation services for XPO customers, salaries paid to employee drivers in our full truckload and LTL businesses, commissions paid to independent station owners in our global forwarding business, and insurance and truck leasing expense in our expedited business. Our primary means of providing capacity are through our truck and trailer fleet in North America and Europe as well as our base of variable cost third-party owner operators and contract carriers in North America for ground transportation and air charter services in our expedited business and our network of independent truck, rail, ocean and air carriers in our freight brokerage and global forwarding businesses. In the consolidated statements of operations, cost of transportation and services was changed from cost of purchased transportation and services to incorporate Con-way's and ND's trucking fleet costs, such as driver costs, trucking fleet depreciation expense, and truck maintenance costs, in this line item. The costs included on this line item for the periods ended December 31, 2014 and 2013 are the same as originally reported.

Net revenue

Net revenue is total revenue less the cost of transportation and services. This discussion and analysis refers from time to time to net revenue margin. We use the term net revenue margin to refer to the quotient, expressed as a percentage, of net revenue divided by revenue.

Direct operating expense

Direct operating expenses are both fixed and variable expenses directly relating to our intermodal, last mile and contract logistics operations and consist of operating costs related to our contract logistics facilities; intermodal equipment lease expense, depreciation expense, maintenance and repair costs, and property taxes; operating costs of our local drayage and last mile warehousing facilities; the direct costs related to the LTL service centers and European pallet network, such as direct labor, facilities and forklift trucks, and fixed terminal and cargo handling expenses. Operating costs of our contract logistics facilities consist mainly of personnel costs, facility and equipment expenses, materials and supplies, information technology expenses, depreciation expense and other operating expenses related to our contract logistics facilities. Intermodal equipment maintenance and repair costs consist of the costs related to the upkeep of the intermodal equipment fleet. Operating costs of our local drayage and last mile warehousing facilities consist mainly of personnel costs, rent, maintenance, utilities and other facility related costs. Operating costs of our LTL facilities consist mainly of personnel costs, rent and depreciation of service center equipment. Fixed terminal and cargo handling costs primarily relate to the fixed rent and storage expense charged by terminal operators.

Sales, general and administrative expense

Sales, general and administrative expense ("SG&A") consists of costs relating to customer acquisition, carrier procurement, billing, customer service, salaries and related expenses of the executive and administrative staff, acquisition-related costs, office expenses, technology services, professional fees and other purchased services relating to the aforementioned functions, and depreciation (excluding rail car, container and chassis depreciation related to our intermodal business, depreciation related to LTL service centers and depreciation related to our contract logistics facilities and equipment) and amortization expense. The purchased services category includes professional and consulting fees, legal fees and other services purchased from third-parties. The other SG&A expense category includes expense related to supplies, travel, communications, facilities, insurance, the provision for allowance for doubtful accounts, stock-based compensation and other administrative costs.

XPO Logistics, Inc.
Consolidated Statement of Operations
For the Year Ended December 31,

(Dollars in millions)	2015	2014	2013	Percent of Revenue 2015	2014	2013
Revenue	$7,623.2	$2,356.6	$702.3	100.0%	100.0%	100.0%
Cost of transportation and services	4,171.4	1,701.8	578.7	54.7%	72.2%	82.4%
Net revenue	3,451.8	654.8	123.6	45.3%	27.8%	17.6%
Direct operating expense	2,367.0	273.2	6.4	31.0%	11.6%	0.9%
SG&A expense						
Salaries & benefits	569.3	213.8	100.3	7.5%	9.1%	14.3%
Other SG&A expense	183.9	72.0	25.3	2.4%	3.1%	3.6%
Purchased services	159.7	50.1	23.3	2.1%	2.1%	3.3%
Depreciation & amortization	200.5	86.6	20.6	2.6%	3.7%	2.9%
Total SG&A expense	1,113.4	422.5	169.5	14.6%	18.0%	24.1%
Operating loss	(28.6)	(40.9)	(52.3)	(0.3)%	(1.8)%	(7.4)%
Other expense	3.1	0.4	0.5	— %	— %	0.1%
Foreign currency loss	34.1	0.4	—	0.4%	— %	— %
Interest expense	216.7	48.0	18.2	2.8%	2.0%	2.6%
Loss before income tax benefit	(282.5)	(89.7)	(71.0)	(3.5)%	(3.8)%	(10.1)%
Income tax benefit	(90.9)	(26.1)	(22.5)	(1.2)%	(1.1)%	(3.2)%
Net loss	$ (191.6)	$ (63.6)	$ (48.5)	(2.3)%	(2.7)%	(6.9)%

Consolidated Results

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Our consolidated revenue for 2015 increased 223.5% to $7,623.2 million from $2,356.6 million in 2014. This increase was driven by the acquisitions of ND, Con-way, BTT and UX and the inclusion of a full year of results from 2014 acquisitions New Breed Holding Company ("New Breed") and Simply Logistics, Inc. d/b/a Atlantic Central Logistics ("ACL"), as well as organic growth. ND and Con-way's revenue included in the year ended December 31, 2015 was $3,463.1 million and $896.2 million, respectively.

Net revenue for 2015 increased 427.2% to $3,451.8 million from $654.8 million in 2014. Net revenue margin was 45.3% in 2015 as compared to 27.8% in 2014. The increase in net revenue margin primarily relates to the acquisitions of ND, Con-way, BTT and UX, the inclusion of a full year of New Breed and ACL's results, and year-over-year margin improvements in the Company's existing businesses.

Direct operating expense for 2015 was $2,367.0 million, or 31.0% as a percentage of revenue, compared to $273.2 million, or 11.6% as a percentage of revenue, for 2014. Direct operating expense increased due to the acquisitions of ND and Con-way, and the inclusion of a full year of New Breed's results.

SG&A expense increased by $690.9 million in 2015 compared to 2014. As a percentage of revenue, SG&A expense decreased to 14.6% in 2015 as compared to 18.0% in 2014. SG&A increased primarily due to SG&A expense associated with new acquisitions and increased intangible amortization related to acquisitions.

Foreign currency loss increased to $34.1 million from $0.4 million in 2014. The increase was primarily due to foreign currency transaction and remeasurement losses on the cash held to purchase ND and the impact of other foreign currency transactions.

Interest expense for 2015 increased 351.5% to $216.7 million from $48.0 million in 2014. Interest expense in 2015 relates to our Senior Notes, Senior Debentures, Term Loan Facility, Convertible Notes, Euro Private Placement Notes, Asset Financing and other debt facilities. Interest expense in 2014 relates to a portion of the Senior Notes, Convertible Notes, and debt commitment fees.

Our effective income tax benefit rates in 2015 and 2014 were 32.2% and 29.1%, respectively. We recognized a tax benefit in 2015 and 2014 due to the net losses incurred. Our effective tax benefit rate was influenced by various non-deductible costs (including those related to the Company's acquisitions and interest related to conversions of our convertible debt) the change in valuation allowances, various non-taxable items (including those related to the 3PD Holding, Inc. ("3PD") holdback liability and certain fuel and employment tax credits), and the mix of income among the various jurisdictions in which the Company does business. For both periods, our effective income tax rates reflect the Company's intention and ability to permanently reinvest earnings of its foreign subsidiaries.

As of December 31, 2015 and December 31, 2014, the Company had cash and cash equivalents held by its foreign subsidiaries. As a result of our intention to permanently reinvest these earnings, the Company has not provided any additional U.S. taxes on the undistributed earnings as of the balance sheet dates, except on those earnings that are subject to U.S. tax without regard to whether those earnings are actually distributed. If these earnings were repatriated, the Company would need to accrue and pay taxes based on the tax rules in place at the time of repatriation.

The increase in net loss was due primarily to transaction and integration costs, higher interest expense, foreign currency loss and other expense and increased intangible amortization related to acquisitions.

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Our consolidated revenue for 2014 increased 235.6% to $2,356.6 million from $702.3 million in 2013. This increase was driven largely by the acquisitions of Pacer International, Inc. ("Pacer"), 3PD, New Breed and National Logistics Management ("NLM") as well as the organic growth of our freight brokerage cold-start locations.

Total net revenue for 2014 increased 429.8% to $654.8 million from $123.6 million in 2013. Net revenue margin was 27.8% in 2014 as compared to 17.6% in 2013. The increase in net revenue margin primarily relates to the acquisitions of New Breed, Pacer, 3PD and NLM as well as organic improvement to net revenue margin at our freight brokerage locations.

Direct operating expense for 2014 was $273.2 million, or 11.6% as a percentage of revenue, compared to $6.4 million, or 0.9% as a percentage of revenue, for 2013. Direct operating expense, which includes the expense of certain intermodal, drayage and warehousing operations, increased due to the acquisitions of New Breed, Pacer and 3PD. Prior to the acquisitions of New Breed, Pacer and 3PD, we had no such operations. The direct operating expense for 2013 represented 3PD's expense for the post-acquisition period only.

SG&A expense increased by $253.0 million in 2014 compared to 2013. As a percentage of revenue, SG&A expense decreased to 18.0% in 2014 as compared to 24.1% in 2013. SG&A expense increased due to acquisitions; increased sales force recruitment costs; investments in information technology; and costs associated with expanding new and existing freight brokerage offices. SG&A expense also included restructuring, integration and transaction costs related to the acquisitions of New Breed, Pacer and ACL as well as $48.4 million of increased intangible asset amortization related to acquisitions.

Interest expense for 2014 increased 163.7% to $48.0 million from $18.2 million in 2013. Interest expense included $14.4 million of debt commitment fees in relation to our acquisitions of New Breed and Pacer as well as

$5.5 million of expense related to the conversion of our Convertible Notes. The remainder of interest expense was related to our Senior Notes due 2019, Convertible Notes and other debt facilities.

Our effective income tax rates in 2014 and 2013 were 29.1% and 31.7%, respectively. We recognized a tax benefit in both 2014 and 2013 due to the net operating losses incurred. Our effective tax rate was reduced by various non-deductible costs (including those related to the Company's acquisitions, interest related to conversions of our convertible debt and change in valuation allowance) and the mix of income among the various jurisdictions in which the Company does business.

The increase in net loss was due primarily to higher SG&A expenses associated with acquisitions; sales force recruitment; information technology costs; costs associated with our new and existing freight brokerage offices; transaction and integration costs; an increase in intangible asset amortization; and higher interest expense.

Transportation
Statement of Operations
For the Year Ended December 31,

				Percent of Revenue		
(Dollars in millions)	**2015**	**2014**	**2013**	**2015**	**2014**	**2013**
Revenue	$4,924.4	$2,140.0	$702.3	100.0%	100.0%	100.0%
Cost of transportation and services	3,718.8	1,701.8	578.7	75.5%	79.5%	82.4%
Net revenue	1,205.6	438.2	123.6	24.5%	20.5%	17.6%
Direct operating expense	507.1	90.0	6.4	10.3%	4.2%	0.9%
SG&A expense						
Salaries & benefits	340.7	175.0	78.3	6.9%	8.2%	11.1%
Other SG&A expense	129.4	56.4	19.6	2.6%	2.6%	2.8%
Purchased services	44.7	20.4	6.9	0.9%	1.0%	1.0%
Depreciation & amortization	132.1	77.5	19.6	2.7%	3.6%	2.8%
Total SG&A expense	646.9	329.3	124.4	13.1%	15.4%	17.7%
Operating income (loss)	$ 51.6	$ 18.9	$ (7.2)	1.1%	0.9%	(1.0)%

Note: Total depreciation and amortization for the Transportation reportable segment included in cost of transportation and services, direct operating expense and SG&A was $226.5 million, $79.5 million and $19.7 million for the years ended December 31, 2015, 2014, and 2013, respectively.

Transportation

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Revenue in our Transportation segment increased by 130.1% to $4,924.4 million in 2015 compared to $2,140.0 million in 2014. This increase was driven largely by the acquisitions of ND, Con-way, BTT and UX, as well as organic growth.

Total net revenue for 2015 increased 175.1% to $1,205.6 million from $438.2 million in 2014. Net revenue margin was 24.5% in 2015 as compared to 20.5% in 2014. The increase in net revenue is primarily attributable to acquisitions, price optimization, lower purchased transportation costs and the shedding of unprofitable business. We improved our margin percentages in most of our transportation businesses from a year ago, including freight brokerage, last mile, expedite and global forwarding.

Direct operating expense for 2015 was $507.1 million, or 10.3% as a percentage of revenue, compared to $90.0 million, or 4.2% as a percentage of revenue, for 2014. Direct operating expense increased primarily due to the acquisitions of ND, Con-way, BTT and UX.

SG&A expense increased by 96.4% to $646.9 million in 2015 from $329.3 million in 2014. As a percentage of revenue, SG&A expense decreased to 13.1% in 2015 as compared to 15.4% in 2014. The increase in SG&A expense was primarily due to the contribution of SG&A associated with new acquisitions and transaction and integration costs.

Our Transportation segment generated operating income of $51.6 million in 2015 compared to operating income of $18.9 million in 2014, primarily due to increased net revenue and lower SG&A as a percentage of revenue.

Management's growth strategy for the Transportation segment is to:

- Market our broader multi-modal offering to customers of all sizes, both new business and existing accounts;
- Expand our footprint by opening new sales offices;
- Recruit sales and service representatives and improve employee productivity with state-of-the-art training and information technology;
- Focus on carrier recruitment and retention, as well as improved utilization of the current carrier fleet;
- Build leadership positions in the fastest-growing areas of transportation;
- Integrate industry best practices, with specific focus on better leveraging our scale and lowering administrative overhead; and
- Continue to integrate our information technology platform.

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Revenue in our Transportation segment increased by 204.7% to $2,140.0 million in 2014 compared to $702.3 million in 2013. This increase was driven largely by the acquisitions of Pacer, 3PD and NLM as well as the organic growth of our freight brokerage locations.

Total net revenue for 2014 increased 254.5% to $438.2 million from $123.6 million in 2013. Net revenue margin was 20.5% in 2014 as compared to 17.6% in 2013. The increase in net revenue margin primarily relates to the acquisitions of Pacer, 3PD and NLM as well as improvement in net revenue margin at our freight brokerage locations.

Direct operating expense for 2014 was $90.0 million, or 4.2% as a percentage of revenue, compared to $6.4 million, or 0.9% as a percentage of revenue, for 2013. Direct operating expense, which includes the expense of certain intermodal, drayage and warehousing operations, increased due to the acquisitions of Pacer and 3PD. Prior to the acquisitions of Pacer and 3PD, we had no such operations. The direct operating expense for 2013 represented 3PD's expense for the post-acquisition period only.

SG&A expense increased by 164.7% to $329.3 million in 2014 from $124.4 million in 2013. As a percentage of revenue, SG&A expense decreased to 15.4% in 2014 as compared to 17.7% in 2013. The increase in SG&A expense was due to acquisitions, sales force expansion costs, technology and training costs, as well as $42.7 million of increased intangible asset amortization related to acquisitions.

Our Transportation segment generated operating income of $18.9 million in 2014 compared to an operating loss of $7.2 million in 2013. The increase in operating income was primarily attributable to our acquisitions of Pacer and 3PD and the organic growth of our existing freight brokerage locations.

Logistics
Statement of Operations
For the Year Ended December 31,

(Dollars in millions)	2015	2014	Percent of Revenue 2015	Percent of Revenue 2014
Revenue	$2,768.4	$216.6	100.0%	100.0%
Cost of transportation and services	521.6	—	18.8%	— %
Net revenue	2,246.8	216.6	81.2%	100.0%
Direct operating expense	1,859.5	183.2	67.2%	84.6%
SG&A expense				
Salaries & benefits	165.1	6.3	6.0%	2.9%
Other SG&A expense	34.3	1.8	1.2%	0.8%
Purchased services	39.3	1.1	1.4%	0.5%
Depreciation & amortization	67.0	6.6	2.4%	3.0%
Total SG&A expense	305.7	15.8	11.0%	7.2%
Operating income	$ 81.6	$ 17.6	3.0%	8.2%

Note: Total depreciation and amortization for the Logistics reportable segment included in cost of transportation and services, direct operating expense and SG&A was $136.9 million and $16.3 million for the years ended December 31, 2015 and 2014, respectively.

Logistics

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Revenue in our Logistics segment increased by 1,178.1% to $2,768.4 million in 2015 compared to $216.6 million in 2014. This increase was driven by the acquisitions of ND and Con-way, and the inclusion of a full year of New Breed’s results.

Net revenue increased 937.3% to $2,246.8 million in 2015 from $216.6 million in 2014. The increase in net revenue is attributable to the acquisitions of ND and Con-way, and the inclusion of a full year of New Breed’s results.

Direct operating expense in 2015 was $1,859.5 million, or 67.2% as a percentage of revenue, compared to $183.2 million, or 84.6% as a percentage of revenue, in 2014. Direct operating expense increased due to the acquisitions of ND and Con-way, and the inclusion of a full year of New Breed’s results.

SG&A expense increased to $305.7 million in 2015 from $15.8 million in 2014. The increase in SG&A expense was due to the contribution of SG&A associated with the acquisitions of ND and Con-way, and the inclusion of a full year of New Breed’s results. As a percentage of revenue, SG&A expense increased to 11.0% in 2015 compared to 7.2% in 2014.

Our Logistics segment generated operating income of $81.6 million in 2015 compared to $17.6 million in 2014, due to the acquisition of ND and the inclusion of a full year of New Breed’s results. Operating income in 2015 was reduced by transaction and integration costs.

Management’s growth strategy for the Logistics segment is to:

- Focus sales and marketing investments to capture additional business by leveraging the segment’s proprietary technology, network of facilities and industry-specific experience;

- Increase share of spend with existing contract logistics customers who may outsource more of this business to XPO, and who have broader transportation needs we can service; and
- Cross-sell technology-enabled contract logistics and managed transportation services to customers of our Transportation segment.

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Net revenue in our Logistics segment was $216.6 million in 2014. Direct operating expense for 2014 was $183.2 million, or 84.6% as a percentage of revenue. SG&A expense was $15.8 million in 2014, or 7.2% as a percentage of revenue. Operating income was $17.6 million for 2014. Our Logistics segment was established through the acquisition of New Breed in September 2014, and as a result, we have no financial results for our Logistics segment in 2013.

XPO Corporate
Summary of Sales, General and Administrative Expense
For the Year Ended December 31,

(Dollars in millions)	2015	2014	2013	Percent of Revenue 2015	2014	2013
SG&A expense						
Salaries & benefits	$ 62.8	$32.5	$22.0	0.8%	1.4%	3.1%
Other SG&A expense	21.7	13.8	5.7	0.3%	0.6%	0.8%
Purchased services	76.0	28.6	16.4	1.0%	1.2%	2.3%
Depreciation and amortization	1.5	2.5	1.0	— %	0.1%	0.1%
Total SG&A expense	$162.0	$77.4	$45.1	2.1%	3.3%	6.3%

Corporate

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Corporate SG&A expense in 2015 increased by $84.6 million compared to 2014 primarily due to an increase in restructuring, legal and acquisition-related transaction costs.

Corporate SG&A for 2015 included $74.3 million of transaction and integration costs; $6.2 million of non-cash stock-based compensation; and $6.5 million of litigation-related legal costs.

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Corporate SG&A expense in 2014 increased by $32.3 million compared to 2013. Salaries and benefits increased due to the costs of restructuring in our intermodal business unit and an increase in headcount in IT and corporate shared services. Purchased services increased in 2014 due largely to acquisition-related transaction costs. Other SG&A expense increased largely due to the costs of restructuring facility leases in our intermodal business unit.

Corporate SG&A for 2014 included: $14.3 million of acquisition-related transaction costs; $11.4 million of restructuring charges related to the acquisition of Pacer, including $0.8 million of non-cash share based compensation; $5.7 million of additional shared services costs related to the acquisition of Pacer; $5.9 million of litigation-related legal costs; and $6.7 million of other non-cash share based compensation.

Intersegment Eliminations

Intersegment eliminations represent intercompany activity between our reportable segments that is eliminated upon consolidation. Intercompany activity is the result of recent acquisitions and no activity occurred in 2014 and 2013. The difference between operating loss component line items in the Consolidated Statements of Operations and the sum of the respective line items from the Transportation and Logistics Statement of Operations tables above represents intercompany eliminations between our reportable segments. The following table summarizes the intersegment eliminations by line item.

Intersegment Eliminations
Summary Financial Table
For the Year Ended December 31,

(Dollars in millions)	2015	2014	2013
Revenue	$(69.6)	$—	$—
Cost of transportation and services	(69.0)	—	—
Net revenue	(0.6)	—	—
Direct operating expense	0.4	—	—
SG&A expense			
Salaries & benefits	0.7	—	—
Other SG&A expense	(1.5)	—	—
Purchased services	(0.3)	—	—
Depreciation & amortization	(0.1)	—	—
Total SG&A expense	(1.2)	—	—
Operating income	$ 0.2	$—	$—

Liquidity and Capital Resources

General

As of December 31 2015, we had $262.8 million of working capital, including cash and cash equivalents of $289.8 million, compared to working capital of $842.8 million, including cash and cash equivalents of $644.1 million, as of December 31, 2014. This decrease of $580.0 million in working capital during the period was mainly due to using the funds to purchase Con-way, ND, BTT and UX, offset by proceeds from the issuance of Senior Notes, the Term Loan Facility and common and preferred stock in the equity private placement.

In 2016, we anticipate net capital expenditures to be in the range of $475 million to $500 million. Our actual 2016 capital expenditures may differ from the estimated amount depending on factors such as the availability and timing of delivery of equipment. We will continue to evaluate our investments in critical long-term strategic projects to ensure our capital expenditures generate high returns on investments and are balanced with our outlook for global economic conditions.

We continually evaluate our liquidity requirements, capital needs and availability of capital resources based on our operating needs and our planned growth initiatives. In addition to our existing cash balances and net cash provided by operating activities, in certain circumstances we may also use debt financings and issuances of equity or equity-related securities to fund our operating needs and growth initiatives. See the discussion below in the Debt Facilities section regarding our multicurrency secured revolving loan credit facility.

We believe that our existing cash balance and availability under our revolving credit facility will be sufficient to finance our existing operations.

Cash Flow

During 2015, $90.8 million of cash was provided by operations compared to $21.3 million used in 2014 and $66.3 million used for 2013. Cash flow increases from operations between the period ended December 31, 2015 and 2014 related to businesses acquired, including larger non-cash charges related to depreciation and amortization in 2015. The primary use of cash for the periods ended December 31, 2014 and 2013 was the payment of outstanding accounts payable.

Cash generated from revenue equaled $7,631.0 million for 2015 as compared to $2,212.8 million in 2014 and $665.3 million for 2013 and correlates directly with the revenue increase between periods. Cash flow increases are related primarily to acquisitions and margin increases between the periods ended December 31, 2015, 2014 and 2013.

Cash used for payment of transportation services and direct operating expenses in 2015 equaled $6,417.9 million as compared to $1,929.9 million in 2014 and $585.1 million for 2013. The increase in cash outflows between the periods directly correlates to the increase in revenues between the periods ended December 31, 2015, 2014 and 2013.

Other operating uses of cash included SG&A items, which equaled $1,058.8 million, $299.7 million and $134.4 million for the years ended December 31, 2015, 2014 and 2013, respectively. Payroll represents the most significant SG&A item. In 2015, cash used for payroll equaled $769.1 million as compared to $138.3 million and $74.9 million for the same period for 2014 and 2013, respectively.

Investing activities used $4,085.4 million in 2015 compared to a use of $858.3 million in 2014 and $470.3 million in 2013. During 2015, $3,887.0 million was used for acquisitions, $249.0 million was used to purchase fixed assets and $9.7 million was used to settle a forward contract related to the acquisition of ND. The Company received $60.3 million from the sale of assets in 2015. During 2014, $814.0 million was used in acquisitions and $44.6 million was used to purchase fixed assets. During 2013, $458.8 million was used for acquisitions and $11.6 million was used to purchase fixed assets while $0.1 million was provided by other investing activities.

Financing activities generated $3,644.9 million in 2015 compared to $1,502.2 million and $305.7 million generated in 2014 and 2013, respectively. The main sources of cash from financing activities in 2015 was the $4,108.9 million of net proceeds from the issuance of long-term debt and $1,228.1 million of net proceeds from the issuance of preferred and common stock. The primary uses of cash were a repayment of long-term debt of $1,215.6 million and purchases of a portion of ND noncontrolling interests of $459.7 million. In 2014, our primary source of cash was the $1,097.4 million of net proceeds from the issuance of preferred and common stock, $489.6 million of net proceeds from the issuance of long-term debt and $130.0 million borrowed against our revolving credit facility. Our primary use of cash was the $205.0 million used to repay borrowings on the revolving credit facility. During 2013, our main sources of cash from financing activities were the $239.5 million of net proceeds from the issuance of common stock and the $73.3 million of net proceeds from borrowing on our revolving credit facility while our primary uses of cash were the dividends paid to preferred stockholders of $3.0 million, $1.6 million used to pay tax withholdings on restricted shares and $2.5 million related to other financing activities.

Debt Facilities

On October 30, 2015, the Company entered into the Second Amended and Restated Revolving Loan Credit Agreement (the “ABL Facility”) among XPO and certain of XPO’s U.S. and Canadian wholly owned subsidiaries (which include the U.S. subsidiaries of the former Con-way), as borrowers, the other credit parties from time to time party thereto, the lenders party thereto and Morgan Stanley Senior Funding, Inc., as agent for such lenders. The ABL Facility replaced XPO’s existing Amended Credit Agreement, and, among other things, (i) increased the commitments under the ABL Facility to $1.0 billion, (ii) permitted the acquisition of Con-way and the transactions relating thereto, (iii) reduced the margin on loans under the ABL Facility by 0.25% from that contained in the existing Amended Credit Agreement and (iv) matures on October 30, 2020 (subject, in certain circumstances, to a springing maturity in the event that XPO's Senior Notes due 2019 are not repaid or subjected to a cash reserve three months prior to the maturity date thereof). Up to $350 million of the ABL Facility is available for issuance of letters of credit, and up to $50 million of the ABL Facility is available for swing line loans. At December 31, 2015, the Company had a borrowing base of $932.9 million and availability under the ABL Facility of $692.3 million after considering outstanding letters of credit of $240.6 million. As of December 31, 2015, the Company was in compliance with the ABL Facility's financial covenants. Total unamortized debt issuance costs related to the ABL Facility classified in other long-term assets at December 31, 2015 were $9.6 million. For additional information refer to **Note 9—Debt**.

Contractual Obligations

The following table reflects our contractual obligations as of December 31, 2015:

(Dollars in millions) Contractual Obligations	Payments Due by Period Total	Less than 1 Year	1 to 3 Years	3 to 5 Years	More than 5 Years
Capital leases payable	$ 60.9	$ 22.0	$ 29.1	$ 6.2	$ 3.6
Notes payable	3.5	3.5	—	—	—
Operating leases	2,206.8	537.0	741.7	426.0	502.1
Purchase commitments	200.1	99.5	82.4	18.2	—
Employment contracts	13.4	6.6	4.5	2.3	—
Severance	55.7	55.4	0.3	—	—
Convertible senior notes	56.6	2.4	54.2	—	—
Euro Private Placement Notes due 2020	15.7	0.5	1.1	14.1	—
Asset financing	269.4	97.5	144.3	25.3	2.3
Senior Notes due 2022	2,276.0	104.0	208.0	208.0	1,756.0
Senior Notes due 2021	716.5	31.3	62.6	62.6	560.0
Senior Notes due 2019	1,159.9	70.9	141.8	947.2	—
Senior Notes due 2018	305.9	19.3	286.6	—	—
Senior Debentures due 2034	668.5	20.1	40.2	40.2	568.0
Term loan facility	2,112.9	103.7	204.7	201.2	1,603.3
Total contractual cash obligations	$10,121.8	$1,173.7	$2,001.5	$1,951.3	$4,995.3

Actual amounts of contractual cash obligations may differ from estimated amounts due to changes in foreign currency exchange rates. We do not have any other material commitments that have not been disclosed elsewhere.

Critical Accounting Policies

We prepare our 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 impact the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Consolidated Financial Statements and the reported amounts of revenues and expenses during the reporting period.

We review our estimates for, including but not limited to: recognition of revenue, costs of transportation and services, direct operating expenses, recoverability of long-lived assets, estimated legal accruals, estimated restructuring accruals, valuation allowances for deferred taxes, reserve for uncertain tax positions, derivative instruments, self-insurance accruals, defined benefit pension plans, and allowance for doubtful accounts, on a regular basis and make 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 and has discussed them with the audit committee of our board of directors. However, actual results could differ from these estimates. Note 2 to our Consolidated Financial Statements includes a summary of the significant accounting policies and methods used in the preparation of our Consolidated Financial Statements. There were no significant changes to our critical accounting policies in 2015. The following is a brief discussion of our critical accounting policies and estimates.

Revenue Recognition

The Company generally recognizes revenue at the point in time when delivery is completed and the shipping terms of the contract have been satisfied, or in the case of the Company's Logistics segment business, based on specific, objective criteria within the provisions of each contract as described below. XPO LTL recognizes revenue based on relative transit time in each period and recognizes expense as incurred. Related costs of delivery and service are accrued and expensed in the same period the associated revenue is recognized. Revenue is recognized once the following criteria have been satisfied:

- Persuasive evidence of an arrangement exists;
- Services have been rendered;
- The sales price is fixed and determinable; and
- Collectability is reasonably assured.

The Company's Logistics segment recognizes a significant portion of its revenue based on objective criteria that do not require significant estimates or uncertainties. Revenues on cost-reimbursable contracts are recognized by applying a factor to costs as incurred, such factor being determined by the contract provisions. Revenues on unit-price contracts are recognized at the contractual selling prices of work completed. Revenues on time and material contracts are recognized at the contractual rates as the labor hours and direct expenses are incurred. Revenues from fixed-price contracts are recognized as services are provided, unless revenues are earned and obligations fulfilled in a different pattern. Certain contracts provide for labor handling charges to be billed for both incoming and outgoing handling of goods at the time the goods are received in a warehouse. For these contracts, revenue is recognized immediately for the amounts representing handling of incoming goods and deferred revenue is recorded for the performance of services related to the handling of outgoing goods, which is recognized once the related goods leave the warehouse. Storage revenue is recognized as it is earned based on the length of time the related product is stored in the warehouse. Generally, the contracts contain provisions for adjustments to future pricing based upon changes in volumes, services and other market conditions, such as inflation. Revenues relating to such incentive or contingency payments are recorded when the contingency is satisfied, and the Company concludes the amounts are earned.

For all lines of business (other than the Company's managed expedited freight business and the Company's Logistics segment with respect to those transactions where its contract logistics business is serving as the customer's agent in arranging purchased transportation), the Company reports revenue on a gross basis in accordance with the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") Topic 605, "*Reporting Revenue Gross as Principal Versus Net as an Agent*." The Company believes presentation on a gross basis is appropriate under ASC Topic 605 in light of the following factors:

- The Company is the primary obligor and is responsible for providing the service desired by the customer.
- The customer holds us 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, tracing shipments in transit, and providing contract-specific services).

- For the Company's expedited, freight brokerage, last mile and intermodal businesses, we have complete discretion to select contractors or other transportation providers (collectively, "service providers"). For its freight forwarding business, the Company enters into agreements with significant service providers that specify the cost of services, among other things, and have ultimate authority in providing approval for all service providers that can be used by its independently-owned stations. Independently-owned stations may further negotiate the cost of services with approved service providers for individual customer shipments.
- The Company has complete discretion to establish sales and contract pricing. North American independently-owned stations within its global forwarding business have the discretion to establish sales prices.
- The Company bears credit risk for all receivables. In the case of global forwarding, the North American independently-owned stations reimburse the Company for a portion (typically 70-80%) of credit losses. The Company retains the risk that the independent station owners will not meet this obligation.

For certain of the Company's subsidiaries in both of its segments, revenue is recognized on a net basis in accordance with ASC Topic 605 because the Company does not serve as the primary obligor. The Company's global forwarding operations collects certain taxes and duties on behalf of their customers as part of the services offered and arranged for international shipments. The Company presents these collections on a net basis.

Derivative Instruments

The Company records all derivative instruments in the consolidated balance sheets as assets or liabilities at fair value. The accounting treatment for changes in the fair value of derivative instruments depends on whether the instruments have been designated and qualify as part of a hedging relationship and, further, on the type of hedging relationship. For those derivative instruments that are designated and qualify as hedging instruments, we must designate the derivative based upon the exposure being hedged. The effective portions of cash flow hedges are recorded in accumulated other comprehensive income in the consolidated balance sheets until the hedged item is recognized in earnings. The effective portions of net investment hedges are recorded in accumulated other comprehensive income in the consolidated balance sheets as a part of the cumulative translation adjustment. The ineffective portions of cash flow hedges and net investment hedges are recorded in interest expense in the consolidated statements of operations. Derivatives that are not designated as hedging instruments are adjusted to fair value through earnings and are recorded in other expense in the consolidated statements of operations. For additional information, refer to **Note 15—Derivative Instruments.**

Defined Benefit Pension Plans

Defined benefit pension plan benefits are calculated using various actuarial assumptions and methodologies. Assumptions include discount rates, inflation rates, expected long-term rate of return on plan assets, mortality rates, and other factors. The assumptions used in recording the projected benefit obligation and fair value of plan assets represent our best estimates based on information available regarding historical experience and factors that may cause future expectations to differ from past experiences. Differences in actual experience or changes in assumptions could materially impact our obligation and future expense amounts.

Discount Rate

In determining the appropriate discount rate for U.S. Plans (which consist of a primary qualified defined benefit pension plan and another qualified defined benefit pension plan (the "U.S. Qualified Plans")) and non-qualified defined benefit pension plans (collectively, the "U.S. Non-Qualified Pension Plans" and together with the U.S. Qualified Plans, the "U.S. Plans")), we are assisted by actuaries who utilize a yield-curve model based on a universe of high-grade corporate bonds (rated AA or better by Moody's or S&P rating services). The model determines a single equivalent discount rate by applying the yield curve to expected future benefit payments.

In determining the appropriate discount rate for UK Plans (which consist of the Christian Salvesen Pension Scheme ("CSPS") and TDG Pension Scheme ("TDGPS" and together with the CSPS, the "UK Plans")), we are assisted by consultants who utilize a yield-curve model based on the iBoxx universe of high-grade corporate bonds (rated AA or better by Moody's, S&P or Fitch rating services). The model determines a single equivalent discount rate by applying the yield curve to expected future benefit payments.

The discount rate used in determining net periodic benefit expense (income) for 2015 is as follows (prior to June 2015, the Company did not have a defined benefit pension plan):

	2015	
	U.S. Plans	UK Plans
Discount rate on plan obligations	4.65%	3.75%

Rate of Return on Plan Assets

For the U.S. Qualified Plans, XPO sets the expected return on plan assets using current market expectations and historical returns. The expected return on plan assets is based on estimates of long-term expected returns and considers the plans' anticipated asset allocation over the course of the next year. The expected return includes the effect of actively managing the plan assets, and is net of fees and expenses. The plan assets are managed pursuant to a long-term allocation strategy that seeks to mitigate the plans' funded status volatility by increasing the plans' investment in fixed-income investments over time. This strategy was developed by analyzing a variety of diversified asset-class combinations in conjunction with the projected liabilities of the plans.

For the UK Plans, we set the expected return on plan assets using market expectations and historical returns. The expected return on plan assets is based on estimates of long-term expected returns and considers the plans' anticipated asset allocation over the course of the next year. The expected return includes the effect of actively managing the plan assets and is net of fees and expenses.

Significant Assumption Sensitivity

The sensitivity analysis below shows the effect on net periodic benefit expense (income) and the projected benefit obligation from a 25 basis point change in the assumed discount rate:

	25 Basis Point Increase		25 Basis Point Decrease	
(Dollars in millions)	U.S. Plans	UK Plans	U.S. Plans	UK Plans
Discount rate				
Effect on 2015 net periodic benefit expense (income)	$ 0.3	$ 0.7	$ (0.3)	$ (0.9)
Effect on December 31, 2015 projected benefit obligation	(58.6)	(47.9)	61.9	51.0

The funded status of our defined benefit pension plans is less sensitive to a 25 basis point change in the assumed discount rate, given that the fixed-income investments held by some of these plans would also experience a corresponding change in value.

For the year ended December 31, 2015, our expected return on plan assets was $15.4 million for U.S. Qualified Plans and $34.6 million for UK Plans, compared to the actual losses on plan assets of $29.8 million for U.S. Qualified Plans and $30.3 million for UK Plans. The sensitivity analysis below shows the effect on net periodic benefit expense (income) from a 25 basis point change in the expected return on plan assets:

	25 Basis Point Increase		25 Basis Point Decrease	
(Dollars in millions)	U.S. Qualified Plans	UK Plans	U.S. Qualified Plans	UK Plans
Expected return on plan assets				
Effect on 2015 net periodic benefit expense (income)	$(0.7)	$(1.8)	$0.7	$1.8

Actuarial Gains and Losses

Changes in the discount rate and/or differences between the expected and actual rate of return on plan assets results in unrecognized actuarial gains or losses. For our defined benefit pension plans, accumulated unrecognized actuarial losses were $21.5 million for U.S. Plans and actuarial gains of $0.5 million for UK Plans at December 31, 2015. The portion of the unrecognized actuarial gain/loss that exceeds 10% of the greater of the projected benefit obligation or the fair value of plan assets at the beginning of the year is amortized and recognized as income/expense over the estimated average remaining life expectancy of plan participants.

Effect on Operating Results

The effects of the defined benefit pension plans on our operating results consist primarily of the net effect of the interest cost on plan obligations for the U.S. Plans and UK Plans, the expected return on plan assets for the funded defined benefit pension plans and the amortization of gains or losses. We estimate that the defined benefit pension plans will result in annual income of $9.3 million for the U.S. Plans and $14.1 million for the UK Plans in 2016. We recognized net periodic benefit income of $2.2 million for U.S. Plans and $6.0 million for UK Plans in 2015.

Funding

In determining the amount and timing of pension contributions for the U.S. Plans, we consider our cash position, the funded status as measured by the Pension Protection Act of 2006 (the "PPA") and generally accepted accounting principles, and the tax deductibility of contributions, among other factors. We made no contributions to the U.S. Qualified Plans in 2015. We estimate that we will make $5.2 million of contributions to the U.S. Qualified Plans in 2016.

For the UK Plans, the amount and timing of pension contributions is determined in accordance with UK pension codes and trustee negotiations. We made contributions of $10.3 million to the UK Plans in 2015. We estimate that we will make $16.3 million of contributions to the UK Plans in 2016.

The impact of plan amendments and actuarial gains and losses are recorded in accumulated other comprehensive income, and are generally amortized as a component of net periodic benefit cost over the remaining service period of the active employees covered by the defined benefit pension plans. Unamortized gains and losses are amortized only to the extent they exceed 10% of the higher of the fair value of plan assets or the projected benefit obligation of the respective plan. For additional information, refer to **Note 10—Employee Benefit Plans.**

Valuations for Accounts Receivable

Allowance for doubtful accounts is calculated based upon the aging of our receivables, our historical experience of uncollectible accounts, and any specific customer collection issues that we have identified. The allowance of $16.9 million as of December 31, 2015 increased compared to the allowance of $9.8 million as of December 31, 2014. The Company believes that the recorded allowance is sufficient and appropriate based on our customer aging trends, the exposures XPO has identified and our historical loss experience. A 10% deviation from the estimated allowance for doubtful accounts would have resulted in an increase or decrease of SG&A expense by approximately $1.7 million.

Stock-Based Compensation

We account for stock-based compensation based on the equity instrument's grant date fair value in accordance with ASC Topic 718, "*Compensation—Stock Compensation*." The fair value of each stock-based payment award is established on the date of grant. For grants of restricted stock units ("RSUs") subject to service- or performance-based vesting conditions only, the fair value is established based on the market price on the date of the grant. For grants of RSUs subject to market-based vesting conditions, the fair value is established using the Monte Carlo simulation lattice model. For grants of options, we use the Black-Scholes option pricing model to estimate the fair value of stock-based payment awards. The determination of the fair value of stock-based awards is affected by our stock price and a number of assumptions, including expected volatility, expected life, risk-free interest rate and expected dividends.

The weighted-average fair value of each stock option recorded in expense for the years ended December 31, 2015, 2014 and 2013 was estimated on the date of grant using the Black-Scholes option pricing model and is amortized over the requisite service period of the option. We have used one grouping for the assumptions, as our option grants have similar characteristics. The expected term of options granted has been derived based upon our 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 our 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 expected dividend yield is zero.

For the performance-based restricted stock units ("PRSUs"), we recognize expense on a straight line basis over the awards' requisite service period based on the number of awards expected to vest according to actual and expected financial results of the individual performance periods compared to set performance targets for those periods. If achievement of the performance targets for a PRSU award is not considered to be probable, then no expense will be recognized until achievement of such targets becomes probable.

Income Taxes

Our annual effective tax rate is based on our income, statutory tax rates and tax planning opportunities available to us in the various jurisdictions in which we operate. Tax laws are complex and subject to different interpretations by the taxpayer and respective governmental taxing authorities. Significant judgment is required in determining our tax expense and in evaluating our tax positions, including evaluating uncertainties. We review our tax positions quarterly and adjust the balances as new information becomes available. Our income tax rate is affected by the tax rate on our foreign operations as well as the mix of income between our domestic and foreign operations. In addition to local country tax laws and regulations, this rate depends on the extent earnings are indefinitely reinvested outside the United States. Indefinite reinvestment is determined by management's judgment about and intentions concerning the future operations of the Company. In general, it is our practice and intention to reinvest the earnings of our non-U.S. subsidiaries in those operations. As of December 31, 2015, the Company had not made a provision for U.S. or additional foreign withholding taxes for financial reporting over the tax basis of investments in foreign subsidiaries that are essentially permanent in duration, if any exists. Generally, such amounts become subject to U.S. taxation upon the remittance of dividends and under certain other circumstances. It is not practicable to estimate the amount of deferred tax liability related to investments in these foreign subsidiaries.

Deferred income tax assets represent amounts available to reduce income taxes payable on taxable income in future years. Such assets arise because of temporary differences between the financial reporting and tax bases of assets and liabilities, as well as from net operating loss and tax credit carryforwards. We evaluate the recoverability of these future tax deductions and credits by assessing all available evidence, including the reversal of the deferred tax liabilities, carrybacks available and historical and projected pre-tax profits generated by our operations. These sources of income rely heavily on estimates. The future settlement of deferred tax liabilities, which will enable the Company to realize its existing deferred tax assets when they reverse, was the most significant factor in our determination of the valuation allowance under the "more likely than not" criteria. To the extent we do not consider it more likely than not that a deferred tax asset will be recovered, a valuation allowance is established.

Goodwill

Goodwill consists of the excess of cost over the fair value of net assets acquired in business combinations. We follow the provisions of ASC Topic 350, "*Intangibles—Goodwill and Other*," which requires an annual impairment test for goodwill. We perform the annual impairment testing as of August 31 each year unless events or circumstances indicate impairment of the goodwill may have occurred before that time. We determine fair values for each of the reporting units using an income approach. For purposes of the income approach, fair value is determined based on the present value of estimated future cash flows, discounted at an appropriate risk-adjusted rate. We use our internal forecasts to estimate future cash flows and include an estimate of long-term future growth rates based on our most recent views of the long-term outlook for our business. Actual results may differ from those assumed in our forecasts. We derive our discount rates using a capital asset pricing model and analyzing public company market data for our industry to estimate the weighted average cost of capital. We use discount rates that are commensurate with the risks and uncertainty inherent in the respective businesses and in our internally developed forecasts. Discount rates used in our reporting unit valuations ranged from 9.6% to 10.2%. Required rates of return, along with uncertainty inherent in the forecasts of future cash flows, are reflected in the selection of the discount rate. For the periods presented, we did not recognize any goodwill impairment as the estimated fair value of our reporting units with goodwill exceeded the book value of these reporting units.

Estimating the fair value of reporting units requires the use of estimates and significant judgments that are based on a number of factors including actual operating results. If current conditions persist longer or deteriorate further than expected, it is reasonably possible that the judgments and estimates described above could change in future periods.

Intangible Assets with Definite Lives

The Company follows the provisions of ASC Topic 360, "*Property, Plant and Equipment*," which establishes accounting standards for the impairment of long-lived assets such as property, plant and equipment and intangible assets subject to amortization. The Company reviews long-lived assets to be held-and-used for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Fair value is determined based on the present value of estimated future cash flows of the asset, discounted at an appropriate risk-adjusted rate. The Company uses internal forecasts to estimate future cash flows and include an estimate of long-term future growth rates based on the most recent views of the long-term outlook for the business. Actual results may differ from those assumed in our forecasts. The Company derives our discount rates using a capital asset pricing model and analyzing public company market data for the industry to estimate the weighted average cost of capital. The Company uses discount rates that are commensurate with the risks and uncertainty associated with the recovery of the asset. Required rates of return, along with uncertainty inherent in the forecasts of future cash flows, are reflected in the selection of the discount rate. Determining whether an impairment loss has occurred requires comparing the carrying amount to the sum of undiscounted cash flows expected to be generated by the asset. If the sum of the undiscounted expected future cash flows over the remaining useful life of a long-lived asset group is less than its carrying amount, the asset is considered to be impaired. Impairment losses are measured as the amount by which the carrying amount of the asset group exceeds the fair value of the asset. For the periods presented, there was no impairment of the intangible assets with definite lives.

Intangible assets subject to amortization consist of customer relationships, carrier relationships, trade names, non-compete agreements, and other intangible assets. Customer relationships are amortized on a straight-line or an accelerated basis over the period of economic benefit based on the estimated cash flows attributable to the related intangible assets. Trade names are amortized on an accelerated basis over the period of economic benefit based on the estimated cash flows attributable to the related intangible assets. Non-compete agreements, carrier relationships and other intangibles are amortized on a straight-line basis over the estimated useful lives of the related intangible asset.

Property, Plant and Equipment and Other Long-Lived Assets

In accounting for property, plant and equipment, the Company makes estimates about the expected useful lives and the expected residual values of these assets, and the potential for impairment based on the fair values of the assets and the cash flows generated by these assets.

The depreciation of property, plant and equipment over their estimated useful lives and the determination of any salvage values require management to make judgments about future events. The Company periodically evaluates whether changes to estimated useful lives or salvage values are necessary to ensure these estimates accurately reflect the economic use of the assets. The periodic evaluation may result in changes in the estimated lives and/or salvage values used to depreciate the assets, which can affect the amount of periodic depreciation expense recognized and, ultimately, the gain or loss on the disposal of the asset.

Long-lived assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For assets that are to be held and used, an impairment charge is recognized when the estimated undiscounted cash flows associated with the asset or group of assets is less than the carrying value. If impairment exists, a charge is recognized for the difference between the carrying value and the fair value. Fair values are determined using quoted market values, discounted cash flows or external appraisals, as applicable. Assets held for disposal are carried at the lower of carrying value or estimated net realizable value.

Each quarter, the Company considers events that may trigger an impairment of long-lived assets. Indicators of impairment that we consider include such factors as a significant decrease in market value of the long-lived asset, a significant change in the extent or manner in which the long-lived asset is being used, and current-period losses combined with a history of losses or a projection of continuing losses associated with the use of the long-lived asset.

Self-Insurance Accruals

The Company uses a combination of self-insurance programs and large-deductible purchased insurance to provide for the costs of medical, vehicular, cargo and workers' compensation claims. The long-term portion of self-insurance accruals relates primarily to workers' compensation and vehicular claims that are expected to be payable over several years. The Company periodically evaluates the level of insurance coverage and adjusts insurance levels based on risk tolerance and premium expense. The measurement and classification of self-insured costs requires the consideration of historical cost experience, demographic and severity factors, and judgments about the current and expected levels of cost per claim and retention levels. These methods provide estimates of undiscounted liability associated with claims incurred as of the balance sheet date, including estimates of claims incurred but not reported. The Company believes the actuarial methods are appropriate for measuring these highly judgmental self-insurance accruals. However, based on the magnitude of claims and the length of time from incurrence of the claims to ultimate settlement, the use of any estimation method is sensitive to the assumptions and factors described above. Accordingly, changes in these assumptions and factors can materially affect the estimated liability and those amounts may be different than the actual costs paid to settle the claims.

Off-balance Sheet Arrangements

The Company guarantees the lease payments of certain tractor and trailer equipment utilized by subcontract drivers. The guarantee continues through the end of the lease of the equipment, typically four years. The maximum amount of the guarantee is limited to the unpaid principal and interest amounts. As of December 31, 2015, the maximum amount of the guarantees was approximately $13.8 million.

New Pronouncements

Refer to **Note 2—Basis of Presentation and Significant Accounting Policies**, of Item 8, "Financial Statements and Supplementary Data" for a discussion of recently issued accounting standards that are relevant to XPO.

ITEM 7A. *QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK*

The following discussion about our market risk disclosures involves forward-looking statements. Actual results could differ materially from those projected in the forward-looking statements. We are exposed to market risk related to changes in interest rates, foreign currency exchange rates and commodity price risk.

Interest Rate Risk. As of December 31, 2015, we held $321.0 million of cash and restricted cash in cash depository and money market funds held in depository accounts at 121 financial institutions. The primary market risk associated with these investments is liquidity risk.

In conjunction with our June 2015 acquisition of ND, we assumed ND's asset financing arrangements. At December 31, 2015, we had outstanding $262.5 million aggregate principal amount of Asset Financing. Approximately 7% of the Asset Financing has fixed interest rates and approximately 93% has floating interest rates. Our floating rate Asset Financing subjects us to risk resulting from changes in short-term (primarily Euribor) interest rates. We use interest rate swaps (exchanging a variable rate for a fixed rate) to manage the fixed and floating interest rate mix of our Asset Financing and limit our exposure to interest rate risk. As of December 31, 2015, the notional amount of Asset Financing interest rate swaps designated as cash flows hedges was $228.6 million. Assuming a hypothetical 100-basis-point increase in the interest rate, annual interest expense would increase by approximately $0.2 million on our floating rate Asset Financing that is not hedged with interest rate swaps. For additional information on the Asset Financing, refer to **Note 9—Debt** of the consolidated financial statements included within. For additional information on the interest rate swaps, refer to **Note 15—Derivative Instruments** of the consolidated financial statements included within.

We have exposure to changes in interest rates on our revolving credit facility. The interest rates on our revolving credit facility fluctuate based on LIBOR or a Base Rate plus an applicable margin. Assuming our $1.0 billion revolving credit facility was fully drawn at December 31, 2015, a hypothetical 100-basis-point change in the interest rate would have increased our annual interest expense by $10.0 million.

On October 30, 2015, XPO entered into the Term Loan Facility that provided for a single borrowing of $1.6 billion. The interest rate on the Term Loan Facility fluctuates based on LIBOR or a Base Rate, as defined in the agreement, plus an applicable margin of 4.50%, in the case of LIBOR loans, and 3.50%, in the case of Base Rate loans. A hypothetical 100-basis-point increase in the interest rate would increase our annual interest expense by $16.0 million.

Convertible Debt Outstanding. The fair market value of our outstanding issue of Convertible Notes is subject to interest rate and market price risk due to the convertible feature of the notes and other factors. Generally the fair market value of fixed interest rate debt will increase as interest rates fall and decrease as interest rates rise. The fair market value of the Convertible Notes may also increase as the market price of our stock rises and decrease as the market price of our stock falls. Interest rate and market value changes affect the fair market value of the Convertible Notes, and may affect the prices at which we would be able to repurchase such Convertible Notes were we to do so. These changes do not impact our financial position, cash flows or results of operations. For additional information on the fair value of our outstanding Convertible Notes, refer to **Note 2—Basis of Presentation and Significant Accounting Policies** of the Consolidated Financial Statements included within.

Senior Notes due 2018, 2019, 2021 and 2022 and Senior Debentures due 2034. The fair market value of our outstanding issue of Senior Notes due 2018, Senior Notes due 2019, Senior Notes due 2021, and Senior Notes due 2022 (collectively, the "Senior Notes") and Senior Debentures due 2034 (the "Senior Debentures") is subject to interest rate risk. Generally the fair market value of fixed interest rate debt will increase as interest rates fall and decrease as interest rates rise. Interest rate changes affect the fair market value of the Senior Notes and Senior Debentures, and may affect the prices at which we would be able to repurchase such notes were we to do so. These changes do not impact our financial position, cash flows or results of operations. For additional information on the fair value of our outstanding Senior Notes and Senior Debentures, refer to **Note 2—Basis of Presentation and Significant Accounting Policies** of the consolidated financial statements included within.

Foreign Currency Exchange Risk. Following the ND acquisition, we have a significant proportion of our net assets and income in non-U.S. dollar currencies, primarily the EUR and British Pound Sterling ("GBP"). We are exposed to currency risk from the potential changes in functional currency values of our foreign currency denominated assets, liabilities and cash flows. Consequently, a depreciation of the EUR and GBP relative to the U.S. dollar could have an adverse impact on our financial results.

In connection with the issuance of the Senior Notes due 2022, we entered into certain cross-currency swap agreements to partially manage the related foreign currency exchange risk by effectively converting a portion of the fixed-rate USD-denominated Senior Notes due 2022, including the semi-annual interest payments, to fixed-rate, EUR-denominated debt. The risk management objective is to manage a portion of the foreign currency risk relating to net investments in subsidiaries denominated in foreign currencies. In addition to the cross-currency swaps, we use foreign currency denominated notes as nonderivative hedging instruments of our net investments in foreign operations with the same risk management objective as the cross-currency swaps.

In order to manage the short-term effect of foreign currency exchange rate fluctuations in connection with a portion of the cash consideration paid in EUR to acquire a majority interest in the outstanding share capital of ND, we entered into a short-term foreign currency forward contract in the second quarter of 2015. The foreign currency forward contract allowed us to purchase fixed amounts of EUR in the future at an exchange rate of €1.00 to $1.13. As of September 30, 2015, the full notional amount of the foreign currency forward contract was settled.

In order to mitigate against the risk of a reduction in the value of foreign currency earnings before interest, taxes, depreciation and amortization ("EBITDA") from the Company's international operations with the EUR and GBP as the functional currency, the Company entered into foreign currency option contracts in the fourth quarter of 2015.

For additional information on the cross-currency swap agreements and the foreign currency forward contract and option contracts, refer to **Note 15—Derivative Instruments** of the consolidated financial statements included within.

As of December 31, 2015, a uniform 10% strengthening in the value of the USD relative to the EUR would have resulted in a decrease in net assets of approximately $31.1 million. As of December 31, 2015, a uniform 10% strengthening in the value of the USD relative to the GBP would have resulted in a decrease in net assets of approximately $53.9 million. These theoretical calculations assume that an instantaneous, parallel shift in exchange rates occurs, which is not consistent with our actual experience in foreign currency transactions. Fluctuations in exchange rates also affect the volume of sales or the foreign currency sales price as competitors' services become more or less attractive. The sensitivity analysis of the impact of changes in foreign currency exchange rates does not factor in a potential change in sales levels or local currency prices.

The following table sets forth the low and high exchange rates for EUR expressed in USD and the exchange rate at the end of the quarter based on the European Central Bank rates, which are based on a regular daily procedure between central banks across Europe and worldwide and normally takes place at 2:15 PM Central European Time. The exchange rates set forth below are provided for reference only and are not intended to demonstrate trends in exchange rates. They should not be relied upon as an indicator of future exchange rates.

	Quarter ended			
	March 31, 2015	**June 30, 2015**	**September 30, 2015**	**December 31, 2015**
High	1.2043	1.1419	1.1506	1.1439
Low	1.0557	1.0552	1.0852	1.0579
Rate at end of period	1.0759	1.1189	1.1203	1.0887

Commodity Price Risk. We are exposed to the impact of market fluctuations in the price of diesel fuel purchased for use in Company-owned vehicles. From June through December 2015, the price of diesel in France varied by 28.2% and the price of diesel in the United Kingdom varied by 20.6%. During the year ended December 31, 2015, the price of diesel in the United States varied by 28.7%. However, the Company includes price adjustments clauses or cost-recovery mechanisms in many of its customer contracts in the event of a change in the fuel purchase price. The clauses mean that substantially all fluctuations in the purchase price of diesel, except for short-term economic fluctuations, can be passed on to customers in the sales price. Therefore, a hypothetical 10% change in the price of diesel would not be expected to materially alter our financial performance over the long term.

For additional information on commodity price risk, refer to **Item 1A, "Risk Factors"**.

ITEM 8. *FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA*

The Consolidated Financial Statements and supplementary data of the Company required by this Item are included at pages 69-134 of this Annual Report on Form 10-K and are incorporated herein by reference.

ITEM 9. *CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE*

None.

ITEM 9A. *CONTROLS AND PROCEDURES*

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

We carried out an evaluation, as required by paragraph (b) of Rule 13a-15 and 15d-15 of the Exchange Act, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of December 31, 2015. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of December 31, 2015.

Management's Annual Report on Internal Control over Financial Reporting

We are responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) and Rule 15d-15(f) promulgated under the Exchange Act as a process designed by, or under the supervision of, our Chief Executive Officer (our principal executive officer) and Chief Financial Officer (our principal financial officer), and effected by our board of directors, management and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and our directors; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Our internal control system was designed to provide reasonable assurance to our management and board of directors regarding the preparation and fair presentation of our published financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2015. In making this assessment, management used the criteria set forth in the Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on management's assessment, we concluded that, as of December 31, 2015, our internal control over financial reporting was effective.

We completed the acquisitions of UX Specialized Logistics, Bridge Terminal Transport Services, Inc., Norbert Dentressangle SA, and Con-way Inc. during 2015. Due to the proximity of these acquisitions to year-end, we excluded them from our assessment of the effectiveness of our internal control over financial reporting as of December 31, 2015. These acquired businesses are associated with total assets of $10.6 billion and total revenues of $4.6 billion included in the Consolidated Financial Statements of XPO Logistics, Inc. and subsidiaries as of and for the year ended December 31, 2015. For additional information on these acquisitions, see **Note 3—Acquisitions**, of Item 8, "Financial Statements and Supplementary Data."

KPMG LLP, the independent registered public accounting firm that audited the consolidated financial statements included in this Form 10-K, has issued a report on our internal control over financial reporting as of December 31, 2015. Such report is included on page 67 of this Form 10-K.

Changes in Internal Control Over Financial Reporting

Except as described below, there have not been any changes in the Company's internal control over financial reporting during the fiscal quarter ended December 31, 2015 that have materially affected, or are reasonably likely to materially affect, its internal control over financial reporting. On February 9, 2015, June 1, 2015, June 8, 2015 and October 30, 2015, the Company completed its acquisitions of UX Specialized Logistics, Bridge Terminal Transport Services, Inc., Norbert Dentressangle SA, and Con-way Inc., respectively, and is integrating the acquired businesses into the Company's overall internal control over financial reporting process. Our management is in the process of assessing the internal control over financial reporting at these acquired businesses and is implementing or revising internal controls where necessary. For additional information on these acquisitions, see **Note 3—Acquisitions**, of Item 8, "Financial Statements and Supplementary Data."

ITEM 9B. *OTHER INFORMATION*

Not applicable.

PART III

ITEM 10. *DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE*

The information required by Item 10 of Part III of Form 10-K (other than certain information required by Item 401 of Regulation S-K with respect to our executive officers, which is provided under Item 1 of Part I of this Annual Report on Form 10-K) will be set forth in our definitive Proxy Statement for the 2016 Annual Meeting of Stockholders and is incorporated herein by reference.

We have adopted a Senior Officer Code of Business Conduct and Ethics (the "Code"), which is applicable to our principal executive officer, principal financial officer, principal accounting officer and other senior officers. The Code is available on our website at www.xpo.com, under the heading "Corporate Governance" within the "Investors" tab. In the event that we amend or waive any of the provisions of the Code that relate to any element of the code of ethics definition enumerated in Item 406(b) of Regulation S-K, we intend to disclose the same on our website.

ITEM 11. *EXECUTIVE COMPENSATION*

The information required by Item 11 of Part III of Form 10-K will be set forth in our Proxy Statement for the 2016 Annual Meeting of Stockholders and is incorporated herein by reference.

ITEM 12. *SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS*

The information required by Item 12 of Part III of Form 10-K, including information regarding security ownership of certain beneficial owners and management and information regarding securities authorized for issuance under equity compensation plans, will be set forth in our Proxy Statement for the 2016 Annual Meeting of Stockholders and is incorporated herein by reference.

ITEM 13. *CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE*

The information required by Item 13 of Part III of Form 10-K will be set forth in our Proxy Statement for the 2016 Annual Meeting of Stockholders and is incorporated herein by reference.

ITEM 14. *PRINCIPAL ACCOUNTANT FEES AND SERVICES*

The information required by Item 14 of Part III of Form 10-K will be set forth in our Proxy Statement for the 2016 Annual Meeting of Stockholders and is incorporated herein by reference.

PART IV

Item 15. *EXHIBITS, FINANCIAL STATEMENT SCHEDULES*

Financial Statements and Financial Statement Schedules

The list of Consolidated Financial Statements provided in the accompanying Index to Consolidated Financial Statements is incorporated herein by reference. Such Consolidated Financial Statements are filed as part of this Annual Report on Form 10-K. All financial statement schedules are omitted because the required information is not applicable, or because the information required is included in the Consolidated Financial Statements and notes thereto.

Exhibits

The exhibits listed on the accompanying Exhibit Index starting on page 135 of this Annual Report on Form 10-K are filed or incorporated by reference as part of this Annual Report on Form 10-K and such Exhibit Index is incorporated herein by reference.

Certain of the agreements listed as exhibits to this Annual Report on Form 10-K (including the exhibits to such agreements), which have been filed to provide investors with information regarding their terms, contain various representations, warranties and covenants of XPO Logistics, Inc. and the other parties thereto. They are not intended to provide factual information about any of the parties thereto or any subsidiaries of the parties thereto. The assertions embodied in those representations, warranties and covenants were made for purposes of each of the agreements, solely for the benefit of the parties thereto. In addition, certain representations and warranties were made as of a specific date, may be subject to a contractual standard of materiality different from what a security holder might view as material, or may have been made for purposes of allocating contractual risk among the parties rather than establishing matters as facts. Investors should not view the representations, warranties and covenants in the agreements (or any description thereof) as disclosures with respect to the actual state of facts concerning the business, operations, or condition of any of the parties to the agreements (or their subsidiaries) and should not rely on them as such. In addition, information in any such representations, warranties or covenants may change after the dates covered by such provisions, which subsequent information may or may not be fully reflected in the public disclosures of the parties. In any event, investors should read the agreements together with the other information concerning XPO Logistics, Inc. contained in reports and statements that we file with the SEC.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

February 29, 2016

XPO LOGISTICS, INC.

By: /s/ Bradley S. Jacobs

Bradley S. Jacobs
(Chairman of the Board of Directors and Chief Executive Officer)

By: /s/ John J. Hardig

John J. Hardig
(Chief Financial Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities on the dates indicated.

Signature	Title	Date
/s/ Bradley S. Jacobs **Bradley S. Jacobs**	Chairman of the Board of Directors and Chief Executive Officer (Principal Executive Officer)	February 29, 2016
/s/ John J. Hardig **John J. Hardig**	Chief Financial Officer (Principal Financial Officer)	February 29, 2016
/s/ Lance A. Robinson **Lance A. Robinson**	Global Chief Accounting Officer (Principal Accounting Officer)	February 29, 2016
/s/ G. Chris Anderson **G. Chris Andersen**	Director	February 29, 2016
/s/ Louis DeJoy **Louis DeJoy**	Director	February 29, 2016
/s/ Michael G. Jesselson **Michael G. Jesselson**	Director	February 29, 2016
/s/ Adrian P. Kingshott **Adrian P. Kingshott**	Director	February 29, 2016
/s/ James J. Martell **James J. Martell**	Director	February 29, 2016
/s/ Jason D. Papastavrou **Jason D. Papastavrou**	Director	February 29, 2016
/s/ Oren G. Shaffer **Oren G. Shaffer**	Director	February 29, 2016

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
XPO Logistics, Inc.:

We have audited the accompanying consolidated balance sheets of XPO Logistics, Inc. (the Company) and subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive loss, changes in stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2015. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of XPO Logistics, Inc. and subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2015, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), XPO Logistics, Inc.'s internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 29, 2016 expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting.

(signed) KPMG LLP

Charlotte, North Carolina
February 29, 2016

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
XPO Logistics, Inc.:

We have audited XPO Logistics, Inc.'s internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). XPO Logistics, Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on XPO Logistics, Inc.'s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, XPO Logistics Inc. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

XPO Logistics, Inc. acquired UX Specialized Logistics (UX), Bridge Terminal Transport Services, Inc. (BTT), Norbert Dentressangle SA (ND), and Con-way Inc. (Con-way) during 2015, and management excluded from its assessment of the effectiveness of XPO Logistics, Inc.'s internal control over financial reporting as of December 31, 2015, UX's, BTT's, ND's, and Con-way's internal control over financial reporting associated with total assets of $10.6 billion and total revenues of $4.6 billion, included in the consolidated financial statements of XPO Logistics, Inc. and subsidiaries as of and for the year ended December 31, 2015. Our audit of internal control over financial reporting of XPO Logistics, Inc. also excluded an evaluation of the internal control over financial reporting of UX, BTT, ND and Con-way.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of XPO Logistics, Inc. and subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of operations, comprehensive loss, changes in stockholders' equity, and cash flows for each of the years in the three-year period ended December 31, 2015, and our report dated February 29, 2016 expressed an unqualified opinion on those consolidated financial statements.

(signed) KPMG LLP

Charlotte, North Carolina
February 29, 2016

XPO Logistics, Inc.
Consolidated Balance Sheets

(In millions, except share and per share data)	December 31, 2015	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	$ 289.8	$ 644.1
Accounts receivable, net of allowances of $16.9 and $9.8, respectively	2,266.4	543.8
Other current assets	401.0	36.0
Total current assets	2,957.2	1,223.9
Property and equipment, net of $209.3 and $47.3 in accumulated depreciation, respectively	2,852.2	221.9
Goodwill	4,610.6	929.3
Identifiable intangible assets, net of $224.5 and $74.6 in accumulated amortization, respectively	1,876.5	341.5
Deferred tax asset	113.6	9.2
Other long-term assets	233.1	23.6
Total long-term assets	9,686.0	1,525.5
Total assets	$12,643.2	$2,749.4
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 1,063.7	$ 252.7
Accrued expenses	1,291.8	119.9
Current maturities of long-term debt	135.3	1.8
Other current liabilities	203.6	6.7
Total current liabilities	2,694.4	381.1
Long-term debt	5,272.6	580.3
Deferred tax liability	933.3	74.5
Employee benefit obligations	312.6	—
Other long-term liabilities	369.5	58.4
Total long-term liabilities	6,888.0	713.2
Commitments and contingencies		
Stockholders' equity:		
Convertible perpetual preferred stock, $.001 par value; 10,000,000 shares authorized; 72,885 and 73,335 of Series A shares issued and outstanding at December 31, 2015 and December 31, 2014, respectively	42.0	42.2
Common stock, $.001 par value; 300,000,000 shares authorized; 109,523,493 and 77,421,683 shares issued and outstanding at December 31, 2015 and December 31, 2014, respectively	0.1	0.1
Additional paid-in capital	3,212.3	1,831.9
Accumulated deficit	(465.0)	(219.1)
Accumulated other comprehensive loss	(72.3)	—
Noncontrolling interests	343.7	—
Total stockholders' equity	3,060.8	1,655.1
Total liabilities and stockholders' equity	$12,643.2	$2,749.4

See accompanying notes to consolidated financial statements.

XPO Logistics, Inc.
Consolidated Statements of Operations

(In millions, except per share data)	Year Ended December 31, 2015	2014	2013
Revenue	$7,623.2	$2,356.6	$702.3
Operating expenses			
Cost of transportation and services	4,171.4	1,701.8	578.7
Direct operating expense	2,367.0	273.2	6.4
Sales, general and administrative expense	1,113.4	422.5	169.5
Total operating expenses	7,651.8	2,397.5	754.6
Operating loss	(28.6)	(40.9)	(52.3)
Other expense	3.1	0.4	0.5
Foreign currency loss	34.1	0.4	—
Interest expense	216.7	48.0	18.2
Loss before income tax benefit	(282.5)	(89.7)	(71.0)
Income tax benefit	(90.9)	(26.1)	(22.5)
Net loss	(191.6)	(63.6)	(48.5)
Preferred stock beneficial conversion charge	(52.0)	(40.9)	—
Cumulative preferred dividends	(2.8)	(2.9)	(3.0)
Net loss attributable to noncontrolling interests	0.5	—	—
Net loss attributable to common shareholders	$ (245.9)	$ (107.4)	$ (51.5)
Basic loss per share	$ (2.65)	$ (2.00)	$ (2.26)
Diluted loss per share	$ (2.65)	$ (2.00)	$ (2.26)
Weighted-average common shares outstanding			
Basic weighted-average common shares outstanding	92.8	53.6	22.8
Diluted weighted-average common shares outstanding	92.8	53.6	22.8

See accompanying notes to consolidated financial statements.

XPO Logistics, Inc.
Consolidated Statements of Comprehensive Loss

(In millions)	Year Ended December 31, 2015	2014	2013
Net loss	$(191.6)	$(63.6)	$(48.5)
Less: Net loss attributable to noncontrolling interests	0.5	—	—
Net loss attributable to the Company	$(191.1)	$(63.6)	$(48.5)
Other comprehensive (loss) income			
Foreign currency translation losses	$ (68.5)	$ —	$ —
Unrealized gains on cash flow and net investment hedges, net of tax effect of $2.2, $0.0 and $0.0	6.9	—	—
Change in defined benefit plans liability, net of tax effect of $9.8, $0.0 and $0.0	(17.0)	—	—
Other comprehensive loss	(78.6)	—	—
Less: Other comprehensive loss attributable to noncontrolling interests	6.3	—	—
Other comprehensive loss attributable to the Company	$ (72.3)	$ —	$ —
Comprehensive loss	$(270.2)	$(63.6)	$(48.5)
Less: Comprehensive loss attributable to noncontrolling interests	6.8	—	—
Comprehensive loss attributable to the Company	$(263.4)	$(63.6)	$(48.5)

See accompanying notes to consolidated financial statements.

XPO Logistics, Inc.
Consolidated Statements of Cash Flows

(In millions)	Year Ended December 31, 2015	2014	2013
Operating activities			
Net loss	$ (191.6)	$ (63.6)	$ (48.5)
Adjustments to reconcile net loss to net cash from operating activities			
Provisions for allowance for doubtful accounts	12.9	6.9	2.6
Depreciation and amortization	364.9	98.3	20.8
Stock compensation expense	27.9	7.5	4.7
Accretion of debt	6.4	7.3	6.0
Deferred tax benefit	(91.9)	(30.0)	(22.7)
(Gain) Loss on sale of assets	(11.8)	0.3	(0.2)
(Gain) Loss on foreign currency transactions	(0.4)	0.3	(0.9)
Other	9.7	3.7	2.4
Changes in assets and liabilities, net of effects of acquisitions:			
Accounts receivable	7.8	(143.9)	(37.0)
Income tax receivable	(29.2)	2.1	0.1
Prepaid expense and other assets	(6.1)	7.1	(3.0)
Accounts payable	(51.3)	53.9	5.2
Accrued expenses and other liabilities	43.5	28.8	4.2
Cash flows provided (used) by operating activities	90.8	(21.3)	(66.3)
Investing activities			
Acquisition of businesses, net of cash acquired	(3,887.0)	(814.0)	(458.8)
Loss on forward contract related to acquisition	(9.7)	—	—
Payment for purchases of property and equipment	(249.0)	(44.6)	(11.6)
Proceeds from sale of assets	60.3	—	—
Other	—	0.3	0.1
Cash flows used by investing activities	(4,085.4)	(858.3)	(470.3)
Financing activities			
Proceeds from preferred stock and common stock offerings	1,260.0	1,131.3	253.6
Payment for equity issuance costs	(31.9)	(33.9)	(14.1)
Proceeds from issuance of long-term debt	4,151.8	500.0	—
Payment of debt issuance costs	(42.9)	(10.4)	—
Repayment of long-term debt	(1,215.6)	—	—
Proceeds from borrowings on revolving credit facility	—	130.0	73.3
Repayment of borrowings on revolving credit facility	—	(205.0)	—
Bank overdrafts	(12.3)	—	—
Purchase of noncontrolling interests	(459.7)	—	—
Dividends paid to preferred stockholders	(2.8)	(2.9)	(3.0)
Other	(1.7)	(6.9)	(4.1)
Cash flows provided by financing activities	3,644.9	1,502.2	305.7
Effect of exchange rates on cash	(4.6)	—	—
Net (decrease) increase in cash	(354.3)	622.6	(230.9)
Cash and cash equivalents, beginning of period	644.1	21.5	252.4
Cash and cash equivalents, end of period	$ 289.8	$ 644.1	$ 21.5
Supplemental disclosure of cash flow information:			
Cash paid for interest	$ 168.2	$ 19.0	$ 12.4
Cash paid for income taxes	$ 14.5	$ 2.3	$ 0.2
Equity portion of acquisition purchase price	$ 19.1	$ 138.2	$ 10.4
Equity issued upon conversion of debt	$ 55.6	$ 27.1	$ —

See accompanying notes to consolidated financial statements.

XPO Logistics, Inc.
Consolidated Statements of Changes in Stockholders' Equity
For the Three Years Ended December 31, 2015, 2014 and 2013

	Series A Preferred Stock		Series B Preferred Stock		Common Stock		Treasury Stock		Additional Paid-In Capital	Accumulated Deficit	Total
(Dollars in millions)	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount			
Balance at December 31, 2012	**74**	**$42.8**	**—**	**$ —**	**18,003**	**$—**	**(45)**	**$(0.1)**	**$ 262.7**	**$ (60.2)**	**$ 245.2**
Net loss	—	—	—	—	—	—	—	—	—	(48.5)	$ (48.5)
Tax withholdings on restricted shares and other issuances of common stock	—	—	—	—	192	—	—	—	(1.8)	—	$ (1.8)
Conversion of preferred stock to common stock	—	(0.1)	—	—	14	—	—	—	0.1	—	$ —
Proceeds from common stock offering, net of issuance costs	—	—	—	—	11,148	—	—	—	239.5	—	$ 239.5
Issuance of common stock for acquisitions	—	—	—	—	617	—	—	—	10.4	—	$ 10.4
Issuance of common stock upon conversion of senior notes, net of tax	—	—	—	—	609	—	—	—	9.4	—	$ 9.4
Dividend paid	—	—	—	—	—	—	—	—	—	(3.0)	$ (3.0)
Stock compensation expense	—	—	—	—	—	—	—	—	4.7	—	$ 4.7
Balance at December 31, 2013	**74**	**42.7**	**—**	**—**	**30,583**	**—**	**(45)**	**(0.1)**	**525.0**	**(111.7)**	**$ 455.9**
Net loss	—	—	—	—	—	—	—	—	—	(63.6)	$ (63.6)
Exercise of warrants and stock options and other	—	—	—	—	293	—	—	—	(4.5)	—	$ (4.5)
Conversion of Series A preferred stock to common stock	(1)	(0.5)	—	—	120	—	—	—	0.5	—	$ —
Proceeds from issuance of preferred stock, net of issuance costs	—	—	400	363.6	—	—	—	—	—	—	$ 363.6
Conversion of Series B preferred stock to common stock	—	—	(400)	(363.6)	12,128	—	—	—	363.6	—	$ —
Deemed distribution for recognition of beneficial conversion feature on preferred stock	—	—	—	—	—	—	—	—	40.9	(40.9)	$ —
Proceeds from common stock offering, net of issuance costs	—	—	—	—	27,953	0.1	—	—	733.7	—	$ 733.8
Issuance of common stock for acquisitions	—	—	—	—	4,704	—	45	0.1	138.1	—	$ 138.2
Issuance of common stock upon conversion of convertible senior notes, net of tax	—	—	—	—	1,641	—	—	—	27.1	—	$ 27.1
Dividend paid	—	—	—	—	—	—	—	—	—	(2.9)	$ (2.9)
Stock compensation expense	—	—	—	—	—	—	—	—	7.5	—	$ 7.5
Balance at December 31, 2014	**73**	**$42.2**	**—**	**$ —**	**77,422**	**$ 0.1**	**—**	**$—**	**$1,831.9**	**$(219.1)**	**$1,655.1**

See accompanying notes to consolidated financial statements.

XPO Logistics, Inc.
Consolidated Statements of Changes in Stockholders' Equity (continued)
For the Three Years Ended December 31, 2015, 2014 and 2013

	Series A Preferred Stock		Series C Preferred Stock		Common Stock				Accumulated Other Comprehensive Income (Loss)				
(In millions)	Shares	Amount	Shares	Amount	Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Foreign Currency Translation Adjustments	Cash Flow & Net Investment Hedges	Employee Benefit Plans	Non-controlling Interests	Total
Balance at December 31, 2014	**73**	**$42.2**	**—**	**$ —**	**77,422**	**$ 0.1**	**$1,831.9**	**$(219.1)**	**$ —**	**$—**	**$ —**	**$ —**	**$1,655.1**
Net loss	—	—	—	—	—	—	—	(191.6)	—	—	—	—	$ (191.6)
Other comprehensive income (loss), net of $7.6 total tax effect	—	—	—	—	—	—	—	—	(68.5)	6.9	(17.0)	—	$ (78.6)
Transfer to noncontrolling interest from redeemable noncontrolling interest	—	—	—	—	—	—	4.2	—	—	—	—	320.4	$ 324.6
Acquisition of noncontrolling interest and activity during the year	—	—	—	—	—	—	—	0.5	6.7	(0.2)	(0.2)	23.3	$ 30.1
Exercise of warrants and stock options and other	—	—	—	—	683	—	2.9	—	—	—	—	—	$ 2.9
Conversion of Series A preferred stock to common stock	—	(0.2)	—	—	64	—	0.2	—	—	—	—	—	$ —
Proceeds from issuance of preferred stock, net of issuance costs	—	—	563	548.5	—	—	—	—	—	—	—	—	$ 548.5
Conversion of Series C preferred stock to common stock	—	—	(563)	(548.5)	12,501	—	548.5	—	—	—	—	—	$ —
Deemed distribution for recognition of beneficial conversion feature on preferred stock	—	—	—	—	—	—	52.0	(52.0)	—	—	—	—	$ —
Proceeds from common stock offering, net of issuance costs	—	—	—	—	15,499	—	679.6	—	—	—	—	—	$ 679.6
Issuance of common stock for acquisitions	—	—	—	—	38	—	1.5	—	—	—	—	—	$ 1.5
Awards assumed in acquisition	—	—	—	—	—	—	17.6	—	—	—	—	—	$ 17.6
Issuance of common stock upon conversion of convertible senior notes, net of tax	—	—	—	—	3,316	—	55.6	—	—	—	—	—	$ 55.6
Dividend paid	—	—	—	—	—	—	—	(2.8)	—	—	—	—	$ (2.8)
Stock compensation expense	—	—	—	—	—	—	18.3	—	—	—	—	—	$ 18.3
Balance at December 31, 2015	**73**	**$42.0**	**—**	**$ —**	**109,523**	**$ 0.1**	**$3,212.3**	**$(465.0)**	**$(61.8)**	**$ 6.7**	**$(17.2)**	**$343.7**	**$3,060.8**

See accompanying notes to consolidated financial statements.

XPO Logistics, Inc.
Notes to Consolidated Financial Statements
Years ended December 31, 2015, 2014 and 2013

1. Organization

Nature of Business

XPO Logistics, Inc. and its subsidiaries ("XPO" or the "Company") provide comprehensive supply chain solutions to its customers, which are multinational, national, mid-size and small enterprises, and include many of the most prominent companies in the world. XPO runs its business on a global basis, with two reportable segments: Transportation and Logistics.

In the Transportation segment, the Company provides multiple services to facilitate the movement of raw materials, parts and finished goods. The Company accomplishes this by using its proprietary transportation management technology, third-party carriers and Company-owned trucks. XPO's transportation services include: freight brokerage, last mile, expedite, intermodal, less-than-truckload ("LTL"), full truckload, and global forwarding services. Freight brokerage, last mile, expedite and global forwarding are all non-asset or asset-light businesses. LTL and full truckload are asset-based.

In our Logistics segment, which we refer to as supply chain, the Company provides a range of contract logistics services, including highly engineered and customized solutions, value-added warehousing and distribution, and other inventory solutions. The Company performs e-commerce fulfillment, reverse logistics, storage, factory support, aftermarket support, integrated manufacturing, packaging, labeling, distribution and transportation. In addition, we utilize technology and expertise to solve complex supply chain challenges and create transformative solutions for world-class customers, while reducing their operating costs and improving production flow management.

Substantially all of the Company's businesses operate as the single global brand of XPO Logistics. Under the Company's cross-selling customer service initiative, all services are offered to all customers to fulfill their supply chain requirements.

For specific financial information relating to the above segments, refer to **Note 20—Segment Reporting and Geographic Information**.

2. Basis of Presentation and Significant Accounting Policies

Basis of Presentation

The preparation of the consolidated 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 revenue and expense during the reporting period. Estimates have been prepared on the basis of the most current and best available information, but actual results could differ materially from those estimates. Intercompany transactions have been eliminated in the consolidated financial statements. Where the presentation of these intercompany eliminations differs between the consolidated and reportable segment financial statements, reconciliations of certain line items are provided. The results of operations of acquired companies are included in the Company's results from the closing date of the acquisition and forward. Income or loss attributable to noncontrolling interests is deducted from net income/loss to determine net income/loss attributable to common shareholders.

Consolidation

The Company's financial statements consolidate all of its affiliates in which it has a controlling financial interest, most often because the Company holds a majority voting interest. To determine if the Company holds a controlling financial interest in an entity, the Company first evaluates if it is required to apply the variable interest entity ("VIE") model to the entity; otherwise the entity is evaluated under the voting interest model.

Where the Company holds current or potential rights that give it the power to direct the activities of a VIE that most significantly impact the VIE's economic performance combined with a variable interest that gives the Company the right to receive potentially significant benefits or the obligation to absorb potentially significant losses, the Company has a controlling financial interest in that VIE. Rights held by others to remove the party with power over the VIE are not considered unless one party can exercise those rights unilaterally. When changes occur to the design of an entity, the Company reconsiders whether it is subject to the VIE model. The Company continuously evaluates whether it has a controlling financial interest in a VIE.

The Company holds a controlling financial interest in other entities where it currently holds, directly or indirectly, more than 50% of the voting rights or where it exercises control through substantive participating rights or as a general partner. Where the Company is a general partner, it considers substantive removal rights held by other partners in determining if it holds a controlling financial interest. The Company reevaluates whether it has a controlling financial interest in these entities when its voting or substantive participating rights change.

Associated companies are unconsolidated VIE's and other entities in which the Company does not have a controlling financial interest, but over which it has significant influence, most often because the Company holds a voting interest of 20% to 50%. Associated companies are accounted for as equity method investments. Results of associated companies are presented on a one-line basis, net of tax, in other income/expense. Investments in, and advances to, associated companies are presented on a one-line basis in the other long-term assets line item in the consolidated balance sheet, net of allowance for losses, which represents the Company's best estimate of probable losses inherent in such assets.

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 impact the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expense during the reporting period. The Company reviews its estimates on a regular basis and makes adjustments based on historical experience and existing and expected future conditions. Estimates are made with respect to, among other matters, recognition of revenue, costs of transportation and services, direct operating expenses, recoverability of long-lived assets, valuation of acquired assets and liabilities, impairment of goodwill, estimated legal accruals, estimated restructuring accruals, valuation allowances for deferred taxes, reserve for uncertain tax positions, probability of achieving performance targets for vesting of performance-based restricted stock units, self-insurance accruals, pension plan and postretirement obligations, and allowance for doubtful accounts. These evaluations are performed and adjustments are made as information is available. Management believes that these estimates, which have been discussed with the Audit Committee of the Company's Board of Directors, are reasonable; however, actual results could differ from these estimates.

Consolidated Balance Sheets and Statements of Cash Flows Presentation

Certain line items from the December 31, 2014 consolidated balance sheet and consolidated statement of cash flows for the years ended December 31, 2014 and 2013 have been conformed to the 2015 presentation. As a result of the retrospective adoption of ASU No. 2015-03, "Simplifying the Presentation of Debt Issuance Costs," debt issuance costs of $11.8 million at December 31, 2014 are now recognized as a direct deduction from the carrying amount of the related debt liability rather than as a long-term asset. Additionally, as a result of the retrospective application of ASU No. 2015-17, "Balance Sheet Classification of Deferred Taxes," the current portion of deferred tax assets of $9.2 million at December 31, 2014 is now classified as noncurrent. The conformed line items had no impact on previously reported results.

Significant Accounting Policies

Revenue Recognition

The Company recognizes revenue at the point in time when delivery is completed and the shipping terms of the contract have been satisfied, or in the case of the Company's Logistics segment, based on specific, objective criteria within the provisions of each contract as described below. XPO LTL recognizes revenue based on relative transit time in each period and recognizes expense as incurred. Related costs of delivery and service are accrued and expensed in the same period the associated revenue is recognized. Revenue is recognized once the following criteria have been satisfied:

- Persuasive evidence of an arrangement exists;
- Services have been rendered;
- The sales price is fixed and determinable; and
- Collectability is reasonably assured.

The Company's Logistics segment recognizes a significant portion of its revenue based on objective criteria that do not require significant estimates or uncertainties. Revenue on cost-reimbursable contracts is recognized by applying a factor to costs as incurred, such factor being determined by the contract provisions. Revenue on unit-price contracts is recognized at the contractual selling prices or as work is completed. Revenue on time and material contracts is recognized at the contractual rates as the labor hours and direct expenses are incurred. Revenue from fixed-price contracts is recognized as services are provided, unless revenue is earned and obligations fulfilled in a different pattern. Certain contracts provide for labor handling charges to be billed for both incoming and outgoing handling of goods at the time the goods are received in a warehouse. For these contracts, revenue is recognized immediately for the amounts representing handling of incoming goods and deferred revenue is recorded for the performance of services related to the handling of outgoing goods, which is recognized once the related goods leave the warehouse. Storage revenue is recognized as it is earned based on the length of time the related product is stored in the warehouse. Generally, the contracts contain provisions for adjustments to future pricing based upon changes in volumes, services and other market conditions, such as inflation. Revenue relating to such incentive or contingency payments is recorded when the contingency is satisfied and the Company concludes the amounts are earned.

For all lines of business (other than the Company's managed expedited freight business and the Company's Logistics segment with respect to those transactions where its contract logistics business is serving as the customer's agent in arranging purchased transportation), the Company reports revenue on a gross basis in accordance with the Financial Accounting Standards Board's ("FASB") Accounting Standards Codification ("ASC") Topic 605, "*Reporting Revenue Gross as Principal Versus Net as an Agent*." The Company believes presentation on a gross basis is appropriate under ASC Topic 605 in light of the following factors:

- 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, tracing shipments in transit, and providing contract-specific services).
- For the Company's expedited, freight brokerage, last mile and intermodal businesses, the Company has complete discretion to select contractors or other transportation providers (collectively, "service providers"). For its freight forwarding business, the Company enters into agreements with significant service providers that specify the cost of services, among other things, and has ultimate authority in providing approval for all service providers that can be used by its independently-owned stations. Independently-owned stations may further negotiate the cost of services with approved service providers for individual customer shipments.

- The Company has complete discretion to establish sales and contract pricing. North American independently-owned stations within its global forwarding business have the discretion to establish sales prices.
- The Company bears credit risk for all receivables. In the case of global forwarding, the North American independently-owned stations reimburse the Company for a portion (typically 70-80%) of credit losses. The Company retains the risk that the independent station owners will not meet this obligation.

For certain of the Company's subsidiaries in both of its segments, revenue is recognized on a net basis in accordance with ASC Topic 605 because the Company does not serve as the primary obligor. The Company's global forwarding operations collects certain taxes and duties on behalf of their customers as part of the services offered and arranged for international shipments. The Company presents these collections on a net basis.

Under certain supply chain contracts, billings in excess of revenue recognized are recorded as unearned revenue. Unearned revenue is recognized over the contract period as services are provided. In addition, the Company has deferred certain recoverable direct and incremental costs related to the setup of logistics operations under long-term contracts. These deferred setup costs are recognized as expense over the contract term.

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less as of the date of purchase to be cash equivalents unless the investments are legally or contractually restricted for more than three months.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are recorded at the invoice amount or in the case of unbilled amounts at the expected invoice amount. The Company records its allowance for doubtful accounts based upon its assessment of various factors. The Company considers historical experience, the age of the accounts receivable balances, credit quality of the Company's customers, any specific customer collection issues that have been identified, current economic conditions, and other factors that may affect customers' ability to pay. The Company writes off accounts receivable balances that have aged significantly once all collection efforts have been exhausted and the receivables are no longer deemed collectible from the customer. The rollforward of the allowance for doubtful accounts is as follows:

	Year Ended December 31,		
(Dollars in millions)	**2015**	**2014**	**2013**
Beginning balance	$ 9.8	$ 3.5	$0.6
Provision, charged to expense	12.9	6.9	2.6
Write-offs, less recoveries, and other adjustments	(5.8)	(0.6)	0.3
Ending balance	$16.9	$ 9.8	$3.5

Other Current Assets

Other current assets consist primarily of prepaid expenses, value-added taxes and income taxes receivable, miscellaneous receivables and inventory. Prepaid expenses are amortized over the respective contract term or other applicable time period. Inventories are stated at the lower of cost or market using the weighted-average cost method and consist primarily of diesel fuel, vehicle spare parts and various consumable supplies. The following table outlines the Company's other current assets:

(Dollars in millions)	December 31, 2015	December 31, 2014
Prepaid expenses	$142.3	$13.2
Value-added tax and income tax receivables	115.8	15.4
Miscellaneous receivables	50.5	5.4
Inventory	48.9	1.3
Other current assets	43.5	0.7
Total Other Current Assets	$401.0	$36.0

Property and Equipment

Property and equipment are generally recorded at cost, or in the case of acquired property and equipment, at fair value at the date of acquisition. Maintenance and repair expenditures are charged to expense as incurred. When assets are sold, the applicable costs and accumulated depreciation are removed from the accounts, and any gain or loss is included in income. For internally-developed software, the Company has adopted the provisions of ASC Topic 350-40, "*Intangibles—Goodwill and Other*." Accordingly, certain costs incurred in the planning and evaluation stage of internally-developed computer software are expensed as incurred. Costs incurred during the application development stage are capitalized and included in property and equipment. Capitalized internally-developed software also includes the fair value of acquired internally-developed technology.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Classification	Estimated Useful Life
Buildings and leasehold improvements	Term of lease to 40 years
Vehicles, tractors, trailers and tankers	3 to 14 years
Rail cars, container and chassis	15 to 30 years
Machinery and equipment	5 to 10 years
Office and warehouse equipment	3 to 10 years
Computer software and equipment	3 to 5 years

For additional information refer to **Note 6—Property and Equipment**.

Goodwill and Intangible Assets with Indefinite Lives

Goodwill consists of the excess of cost over the fair value of net assets acquired in business combinations. The Company follows the provisions of ASC Topic 350, "*Intangibles—Goodwill and Other*," which requires an annual impairment test for goodwill. The Company may first choose to perform a qualitative evaluation of the likelihood of goodwill impairment. If the Company determines a quantitative evaluation is necessary, the goodwill at the reporting unit is subject to a two-step impairment test. The first step compares the book value of a reporting unit, including goodwill, with its fair value. If the book value of a reporting unit exceeds its fair value, the Company completes the second step in order to determine the amount of goodwill impairment loss that should be recorded. In the second step, the Company determines an implied fair value of the reporting unit's goodwill by allocating the fair value of the reporting unit to all of the assets and liabilities other than goodwill. The amount of impairment is equal to the excess of the book value of goodwill over the implied fair value of that goodwill. The Company performs the annual impairment testing during the third quarter each year unless events or circumstances indicate impairment of the goodwill may have occurred before that time.

For goodwill impairment testing during the third quarter of 2015, the Company elected to bypass the qualitative evaluation, except for the reporting units associated with Norbert Dentressangle SA, as described below. The Company determines fair values for each of the reporting units using an income approach. For purposes of the income approach, fair value is determined based on the present value of estimated future cash flows, discounted at an appropriate risk-adjusted rate. The Company uses its internal forecasts to estimate future cash flows and includes an estimate of long-term future growth rates based on its most recent views of the long-term outlook for the business. Actual results may differ from those assumed in the Company's forecasts. The Company derives its discount rates using a capital asset pricing model and analyzing public company market data for its industry to estimate the weighted-average cost of capital. The Company uses discount rates that are commensurate with the risks and uncertainty inherent in the respective businesses and in its internally developed forecasts. For the periods presented, the Company did not recognize any goodwill impairment as the estimated fair value of its reporting units with goodwill exceeded the book value of these reporting units. For each of the Company's reporting units, the excess of the fair value over the book value ranged from 87% to over 100%. Given the 2015 acquisition of Norbert Dentressangle SA, the Company performed a qualitative evaluation of the likelihood of goodwill impairment on the reporting units associated with the former Norbert Dentressangle SA, concluding that no goodwill impairment existed. For additional information refer to **Note 8—Goodwill**.

Intangible Assets with Definite Lives

The Company follows the provisions of ASC Topic 360, "*Property, Plant and Equipment*," which establishes accounting standards for the impairment of long-lived assets such as property, plant and equipment and intangible assets subject to amortization. The Company reviews long-lived assets to be held-and-used for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. If the sum of the undiscounted expected future cash flows over the remaining useful life of a long-lived asset group is less than its carrying amount, the asset is considered to be impaired. Impairment losses are measured as the amount by which the carrying amount of the asset group exceeds the fair value of the asset. The Company estimates fair value using the expected future cash flows discounted at a rate commensurate with the risks associated with the recovery of the asset. For the periods presented, the Company did not recognize any impairment of the identified intangible assets.

The Company's intangible assets subject to amortization consist of customer relationships, carrier relationships, trade names, non-compete agreements, and other intangibles. Customer relationships are amortized on an accelerated basis over the period of economic benefit based on the estimated cash flows attributable to the related intangible asset or on a straight-line basis over the useful lives of the related intangible asset. Trade names are amortized on an accelerated basis over the period of economic benefit based on the estimated cash flows attributable to the related intangible assets. Non-compete agreements, carrier relationships and other intangibles are amortized on a straight-line basis over the estimated useful lives of the related intangible asset. The range of estimated useful lives and the weighted-average useful lives of the respective intangible assets by type are as follows:

Classification	Estimated Useful Life	Weighted-Average Amortization Period
Customer relationships	3 to 14 years	12.35 years
Carrier relationships	2 years	2.00 years
Trade names	1.2 to 3.5 years	2.86 years
Non-compete agreements	Term of agreement	4.18 years
Other intangible assets	1.5 to 5 years	4.24 years

For additional information refer to **Note 7—Intangible Assets**.

Accrued Expenses

Accrued expenses consist primarily of accrued salaries and wages, accrued value-added tax and other taxes, accrued transportation and facility charges, accrued purchased services, accrued interest on the Company's outstanding debt, accrued employee benefits, and accrued litigation and insurance claims, as well as other miscellaneous accrued expenses. The following table outlines the Company's accrued expenses, other:

(Dollars in millions)	December 31, 2015	December 31, 2014
Accrued salaries and wages	$ 558.6	$ 50.1
Accrued value-added tax and other taxes	153.3	1.3
Accrued transportation and facility charges	156.1	4.9
Accrued insurance claims	95.3	5.8
Accrued estimated litigation liabilities	66.1	11.5
Accrued purchased services	61.7	18.9
Accrued interest	56.8	15.1
Accrued restricted stock cash settlements	19.3	—
Other accrued expenses	124.6	12.3
Total Accrued Expenses	$1,291.8	$119.9

Other Current Liabilities

Other current liabilities consist primarily of deferred revenue, employee benefits, bank overdrafts, estimated acquisition earn-out liability, income taxes payable, current portion of interest rate swap liability, and other current liabilities. Bank overdrafts represent short-term loans and are classified as liabilities on the consolidated balance sheets and financing cash flows in the consolidated statements of cash flows. The following table outlines the Company's other current liabilities:

(Dollars in millions)	December 31, 2015	December 31, 2014
Deferred revenue	$ 62.4	$ 0.5
Employee benefits	38.7	—
Bank overdrafts	29.5	—
Acquisition earn-out liability	21.8	—
Current portion of interest rate swap liability	5.2	—
Other current liabilities	46.0	6.2
Total Other Current Liabilities	$203.6	$ 6.7

Self-Insurance Accruals

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

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

Income Taxes

Taxes on income are provided for in accordance with ASC Topic 740, "*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 value and the tax basis of particular assets and liabilities, and the tax effects of net operating loss and capital loss carryforwards. 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 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. Management periodically assesses the likelihood that the Company will utilize its existing deferred tax assets and records a valuation allowance for deferred tax assets when it is more likely than not that such deferred tax assets will not be realized.

Accounting for uncertainty in income taxes is determined based on ASC Topic 740, which clarifies the accounting for uncertainty in income taxes recognized in a company's financial statements and provides guidance on the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC Topic 740 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosures and transition. For additional information refer to **Note 14—Income Taxes**.

Foreign Currency Translation and Transactions

The assets and liabilities of foreign subsidiaries that use the local currency as their functional currency are translated to U.S. dollars ("USD") using the exchange rate prevailing at each balance sheet date, with balance sheet currency translation adjustments recorded in accumulated other comprehensive income in the consolidated balance sheets. The assets and liabilities of foreign subsidiaries whose local currency is not their functional currency are remeasured from their local currency to their functional currency and then translated to USD. The results of operations of the Company's foreign subsidiaries are translated to USD using average exchange rates prevailing for each period presented. Foreign currency transactions recognized in the consolidated statements of operations are converted to USD by applying the exchange rate prevailing on the date of the transaction. Gains and losses arising from foreign currency transactions and the effects of remeasuring monetary assets and liabilities are recorded in foreign currency loss in the consolidated statements of operations.

Foreign currency transaction and remeasurement losses were $34.1 million, $0.4 million and $0.0 million for the years ended December 31, 2015, 2014 and 2013, respectively.

Fair Value Measurements

FASB ASC Topic 820, "*Fair Value Measurements and Disclosures*," defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and classifies the inputs used to measure fair value into the following hierarchy:

- Level 1—Quoted prices for identical instruments in active markets;
- Level 2—Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable in active markets; and
- Level 3—Valuations based on inputs that are unobservable, generally utilizing pricing models or other valuation techniques that reflect management's judgment and estimates.

The aggregate net fair value estimates are based upon certain market assumptions and pertinent information available to management. The respective carrying value of certain financial instruments approximated their fair values as of December 31, 2015 and 2014, respectively. These financial instruments include cash, accounts receivable, accounts payable, accrued expenses, and current maturities of long-term debt. Fair values approximate carrying values for these financial instruments since they are short-term in nature and are receivable or payable on demand. The fair value of the asset financing approximates the carrying value since the debt is primarily issued at a floating rate, may be prepaid any time at par without penalty and the remaining life is short-term in nature.

Cash equivalents consist of short-term interest-bearing instruments (primarily commercial paper, certificates of deposit and money market funds) with maturities of three months or less at the date of purchase. The carrying amounts for money market funds are a reasonable estimate of fair value and quoted market prices are available and accordingly, are classified as Level 1 instruments. Commercial paper and certificates of deposit are generally valued using published interest rates for instruments with similar terms and maturities, and accordingly, are classified as Level 2 instruments. The fair value of the Company's Senior Notes due 2022, Senior Notes due 2019, and convertible senior notes was estimated using quoted market prices for identical instruments in active markets. The fair value of the Company's Term Loan Facility, Senior Notes due 2021 and Euro private placement notes due 2020 was estimated using inputs that are readily available market inputs for long-term debt with similar terms and maturities. The fair value of the Company's Senior Notes due 2018 and Senior Debentures due 2034 was estimated using an average of prices provided by multiple brokers. For additional information, refer to **Note 9—Debt**. The Company's derivative instruments include over-the-counter derivatives that are primarily valued using models that rely on observable market inputs, such as currency exchange rates and yield curves. For additional information refer to **Note 15—Derivative Instruments**.

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

	December 31, 2015				
(Dollars in millions)	**Carrying Value**	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Financial Assets:					
Cash equivalents	$ 83.2	$ 83.2	$ 9.1	$ 74.1	$—
Financial Liabilities:					
Senior Notes due 2022	$1,577.0	$1,479.8	$1,479.8	$ —	$—
Senior Notes due 2021	536.6	507.5	—	507.5	—
Senior Notes due 2019	900.4	920.3	920.3	—	—
Senior Notes due 2018	268.2	271.0	—	271.0	—
Term loan facility	1,540.3	1,590.0	—	1,590.0	—
Senior Debentures due 2034	199.0	201.0	—	201.0	—
Convertible senior notes	46.8	89.1	89.1	—	—
Euro private placement notes due 2020	14.5	13.9	—	13.9	—
Derivative instruments	8.8	8.8	—	8.8	—

	December 31, 2014				
(Dollars in millions)	**Carrying Value**	**Fair Value**	**Level 1**	**Level 2**	**Level 3**
Financial Assets:					
Cash equivalents	$ 330.8	$ 330.8	$ 330.8	$ —	$—
Financial Liabilities:					
Senior Notes due 2019	$ 490.2	$ 527.5	$ 527.5	$ —	$—
Convertible senior notes	89.9	271.3	271.3	—	—

Derivative Instruments

The Company records all derivative instruments in the consolidated balance sheets as assets or liabilities at fair value. The Company's accounting treatment for changes in the fair value of derivative instruments depends on whether the instruments have been designated and qualify as part of a hedging relationship and, further, on the type of hedging relationship. For those derivative instruments that are designated and qualify as hedging instruments, the Company must designate the derivative based upon the exposure being hedged. The effective portions of cash flow hedges are recorded in accumulated other comprehensive income in the consolidated balance sheets until the hedged item is recognized in earnings. The effective portions of net investment hedges are recorded in accumulated other comprehensive income in the consolidated balance sheets as a part of the cumulative translation adjustment. The ineffective portions of cash flow hedges and net investment hedges are recorded in interest expense in the consolidated statements of operations. Derivatives that are not designated as hedging instruments are adjusted to fair value through earnings and are recorded in other expense in the consolidated statements of operations. Cash receipts and payments are classified according to the derivative's nature. However, cash flows from derivative instruments that are accounted for as cash flow hedges are classified in the same category as the cash flows from the items being hedged. For additional information, refer to **Note 15—Derivative Instruments**.

Defined Benefit Pension Plans

Defined benefit pension plan obligations are calculated using various actuarial assumptions and methodologies. Assumptions include discount rates, inflation rates, expected long-term rate of return on plan assets, mortality rates, and other factors. The assumptions used in recording the projected benefit obligation and fair value of plan assets represent the Company's best estimates based on information available regarding historical experience and factors that may cause future expectations to differ from past experiences. Differences in actual experience or changes in assumptions could materially impact the Company's obligation and future expense amounts.

The impact of plan amendments, actuarial gains and losses and prior-service costs are recorded in accumulated other comprehensive income, and are generally amortized as a component of net periodic benefit cost over the remaining service period of the active employees covered by the defined benefit pension plans. Unamortized gains and losses are amortized only to the extent they exceed 10% of the higher of the fair value of plan assets or the projected benefit obligation of the respective plan. For additional information, refer to **Note 10—Employee Benefit Plans**.

Stock-Based Compensation

The Company accounts for stock-based compensation based on the equity instrument's grant date fair value in accordance with ASC Topic 718, "*Compensation—Stock Compensation*." The fair value of each stock-based payment award is established on the date of grant. For grants of restricted stock units ("RSUs") subject to service- or performance-based vesting conditions only, the fair value is established based on the market price on the date of the grant. For grants of RSUs subject to market-based vesting conditions, the fair value is established using the Monte Carlo simulation lattice model. For grants of options and stock appreciation rights ("SARs"), the Company uses the Black-Scholes option pricing model to estimate the fair value of stock-based payment awards. The determination of the fair value of stock-based awards is affected by the Company's stock price and a number of assumptions, including expected volatility, expected life, risk-free interest rate and expected dividends.

The weighted-average fair value of each stock option recorded in expense for the years ended December 31, 2015, 2014 and 2013 was estimated on the date of grant using the Black-Scholes option pricing model and is amortized over the requisite service period of the option. The Company has used one grouping for the assumptions, as its option grants have 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 expected dividend yield is zero. For options with graded vesting, it is the Company's policy to recognize compensation cost on a straight-line basis over the requisite service period for the entire award; however, the amount of compensation cost recognized at any date will at least equal the portion of the grant date value of the award that is vested at that date.

For the Company's performance-based restricted stock units ("PRSUs"), the Company recognizes expense over the awards' requisite service period based on the number of awards expected to vest according to actual and expected financial results of the individual performance periods compared to set performance targets for those periods. If achievement of the performance targets for a PRSU award is not considered to be probable, then no expense will be recognized until achievement of such targets becomes probable. For additional information refer to **Note 13—Stock-Based Compensation**.

Earnings per Share

Earnings per common share are computed in accordance with ASC Topic 260, "*Earnings per Share*," which requires companies to present basic earnings per share and diluted earnings per share. For additional information refer to **Note 17—Earnings per Share.**

New Accounting Standards

In May 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-09, Revenue (Topic 606): "Revenue from Contracts with Customers." This ASU, codified in the "Revenue Recognition" topic of the FASB Accounting Standards Codification, requires revenue to be recognized upon the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard also requires disclosures sufficient to describe the nature, amount, timing, and uncertainty of revenue and cash flows arising from these customer contracts. This standard is effective for fiscal years, and interim periods within those years, beginning after December 15, 2017, with early adoption permitted for the first interim period within annual reporting periods beginning after December 15, 2016. This ASU can be applied either retrospectively to each prior reporting period presented or with the cumulative effect of initially applying the standard recognized on the date of adoption. The Company will adopt this standard in the first quarter of 2018. The Company is currently evaluating the method of application and the potential impact on the financial statements and related disclosures.

In August 2014, the FASB issued ASU No. 2014-15, Presentation of Financial Statements—Going Concern (Subtopic 205-40): "Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern." This ASU requires management to assess an entity's ability to continue as a going concern by incorporating and expanding upon certain principles that are currently in U.S. auditing standards. The amendments in this update are effective for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter. Early application is permitted. The Company is currently evaluating the standard and the impact, if any, on its consolidated financial statements and footnote disclosures.

In February 2015, the FASB issued ASU No. 2015-02, Consolidation (Topic 810): "Amendments to the Consolidation Analysis," which simplifies consolidation accounting by reducing the number of consolidation models. It also changes certain criteria for identifying variable interest entities. The standard is effective for interim and annual periods beginning after December 15, 2015. The Company is currently evaluating the standard and the impact, if any, on its consolidated financial statements and footnote disclosures.

In April 2015, the FASB issued ASU No. 2015-03, Interest—Imputation of Interest (Subtopic 835-30): "Simplifying the Presentation of Debt Issuance Costs," which requires an entity to recognize debt issuance costs related to a recognized debt liability as a direct deduction from the debt liability on the balance sheet. The ASU is effective for fiscal years, and interim periods within those years, beginning after December 31, 2015 and requires retrospective application to all prior periods presented. The Company has implemented the provisions of ASU 2015-03, retrospectively to all periods presented, for the December 31, 2015 annual reporting period. For the year-ended December 31, 2014, the implementation resulted in a reclassification of debt issuance costs of $11.8 million from long-term assets to the related debt liabilities on the balance sheet.

In May 2015, the FASB issued ASU No. 2015-07, Fair Value Measurements (Topic 820): "Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)." This ASU removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. This ASU is effective retrospectively for fiscal years, and interim periods within those years, beginning after December 15, 2015. Early adoption is permitted. This standard will have an impact on the Company's notes to consolidated financial statements; however, it will not have an effect on the consolidated balance sheets or the statements of consolidated income.

In May 2015, the FASB issued ASU No. 2015-09, Financial Services—Insurance (Topic 944): "Disclosures about Short-Duration Contracts." This ASU requires insurance entities to disclose additional information about the liability for unpaid claims and claim adjustments. This standard is effective for fiscal years beginning after December 15, 2015 and interim periods within annual periods beginning after December 15, 2016 and will be applied retrospectively by providing comparative disclosures for each period presented. The Company is currently evaluating the applicability of this standard to the activities of its captive insurance companies.

In July 2015, the FASB issued ASU No. 2015-11, Inventory (Topic 330): "Simplifying the Measurement of Inventory." This ASU requires that inventory be measured at the lower of cost or net realizable value, rather than lower of cost or market. This ASU is effective prospectively for fiscal years, and interim periods within those years, beginning after December 15, 2016. Early adoption is permitted. The Company is currently evaluating the method of application and the potential impact on the financial statements and related disclosures.

In September 2015, the FASB issued ASU No. 2015-16, Business Combinations (Topic 805): "Simplifying the Accounting for Measurement-Period Adjustments," which simplifies how adjustments are made to provisional amounts recognized in a business combination during the measurement period. The standard is effective for interim and annual periods beginning after December 15, 2015. The Company is currently evaluating the standard and the impact, if any, on its consolidated financial statements and footnote disclosures.

In November 2015, the FASB issued ASU No. 2015-17, Income Taxes (Topic 740): "Balance Sheet Classification of Deferred Taxes." This ASU simplifies the presentation of deferred income taxes in the classified statement of financial position by removing the requirement to separate deferred income tax liabilities and assets into current and noncurrent amounts. The amendments in the update require that deferred tax liabilities and assets be classified as noncurrent in the classified statement of financial position. The standard is effective for annual periods beginning after December 15, 2016, and interim periods within those annual periods. Early adoption is permitted for all entities as of the beginning of an interim or annual reporting period. The Company has implemented the provisions of ASU 2015-17, retrospectively to all periods presented, in the accompanying consolidated balance sheet. As of December 31, 2014, the implementation resulted in a current to noncurrent adjustment of $9.2 million to the Company's deferred tax asset balance.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). The core principle of Topic 842 is that a lessee should recognize the assets and liabilities that arise from leases, including operating leases. Under the new requirements, a lessee will recognize in the statement of financial position a liability to make lease payments (the lease liability) and the right-of-use asset representing the right to the underlying asset for the lease term. For leases with a term of 12 months or less, the lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. The recognition, measurement, and presentation of expenses and cash flows arising from a lease by a lessee have not significantly changed from previous GAAP. The standard is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. Early application of the amendment is permitted. The Company is currently evaluating the standard and the impact on its consolidated financial statements and footnote disclosures.

3. Acquisitions

2015 Acquisitions

Con-way Inc.

On September 9, 2015, XPO entered into a definitive Agreement and Plan of Merger (the "Merger Agreement") with Con-way Inc., a Delaware corporation, and Canada Merger Corp., a Delaware corporation and wholly owned subsidiary of XPO ("Merger Subsidiary"). Headquartered in Ann Arbor, Michigan, Con-way was a *Fortune 500* company with a transportation and logistics network of 582 locations and approximately 30,000 employees serving over 36,000 customers.

Under the terms of the Merger Agreement, XPO caused Merger Subsidiary to commence a cash tender offer (the "Offer") for all of Con-way's outstanding shares of common stock, par value $0.625 per share (the "Shares"), at a purchase price of $47.60 per Share, net to the seller in cash, without interest thereon and less any applicable withholding taxes. The Offer and withdrawal rights expired on October 30, 2015. A total of 46,150,072 Shares were validly tendered and not properly withdrawn pursuant to the Offer as of the expiration date, representing approximately 81.1% of the outstanding Shares. In addition, Notices of Guaranteed Delivery were delivered for 1,793,225 Shares, representing approximately 3.2% of the outstanding Shares. The number of Shares tendered satisfied the minimum condition, and all Shares that were validly tendered and not withdrawn pursuant to the offer were accepted for payment. The fair value of the total consideration paid in the Offer and Merger Agreement was $2,317.8 million, net of cash acquired of $437.3 million, consisting of $2,706.6 million of cash paid at the time of closing for the purchase of all of Con-way's outstanding shares of common stock, $17.6 million representing the portion of replacement equity awards attributable to pre-acquisition service, and a $30.9 million liability for the settlement of certain Con-way stock-based compensation awards.

On October 30, 2015, following its acceptance of the tendered shares, XPO completed its acquisition of Con-way pursuant to the terms of the Merger Agreement. Merger Subsidiary merged with and into Con-way, with Con-way continuing as the surviving corporation as a wholly owned subsidiary of XPO. Pursuant to the Merger Agreement, at the effective time each Share issued and outstanding immediately prior to the effective time was converted into the right to receive the purchase price other than Shares owned by (i) Con-way, XPO or Merger Subsidiary, which Shares have been canceled and cease to exist, (ii) any subsidiary of Con-way or XPO (other than Merger Subsidiary), which Shares have been converted into shares of common stock of the surviving corporation, or (iii) stockholders who validly exercise appraisal rights under Delaware law with respect to such Shares. All Con-way shares not validly tendered into the Offer have been canceled and converted into the right to receive the same $47.60 per share, net to the seller in cash, without interest thereon and less any applicable withholding taxes, as is to be paid for all Shares that were validly tendered and not withdrawn in the Offer. Con-way shares have ceased trading on the New York Stock Exchange.

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

(Dollars in millions)	
Cash consideration	$2,706.6
Liability for equity award settlement	30.9
Portion of replacement equity awards attributable to pre-acquisition service	17.6
Cash acquired	(437.3)
Total consideration	$2,317.8

The Con-way transaction was accounted for as a business combination in accordance with ASC 805 "*Business Combinations*." Assets acquired and liabilities assumed were recorded in the accompanying consolidated balance sheet at their estimated fair values as of October 30, 2015, with the remaining unallocated purchase price recorded as goodwill. Goodwill represents the expected synergies and cost rationalization from the merger of operations as well as intangible assets that do not qualify for separate recognition such as an assembled workforce.

The following table outlines the consideration transferred and purchase price allocation at the respective estimated fair values as of October 30, 2015:

(Dollars in millions)	
Consideration	$2,317.8
Accounts receivable	669.9
Other current assets	99.9
Property and equipment	1,931.0
Trade name	5.6
Non-compete agreements	2.4
Customer relationships	785.2
Deferred tax assets	34.6
Other long-term assets	48.5
Accounts payable	(353.5)
Accrued expenses, other	(380.6)
Other current liabilities	(27.5)
Long-term debt	(640.6)
Deferred tax liabilities	(689.4)
Employee benefit obligations	(159.8)
Other long-term liabilities	(196.7)
Goodwill	$1,188.8

As of December 31, 2015, the purchase price allocation is considered preliminary. Based on a preliminary allocation, $897.2 million of the goodwill relates to the Transportation reportable segment and $291.6 million of the goodwill relates to the Logistics reportable segment. The goodwill as a result of the acquisition is not deductible for income tax purposes. Con-way's revenue and operating income included in the Company's results for the year ended December 31, 2015 were $896.2 million and $0.5 million, respectively.

Norbert Dentressangle SA

On April 28, 2015, XPO entered into (1) a Share Purchase Agreement (the "Share Purchase Agreement") relating to Norbert Dentressangle SA, a French *société anonyme* ("ND"), among Dentressangle Initiatives, a French *société par actions simplifiée*, Mr. Norbert Dentressangle, Mrs. Evelyne Dentressangle, Mr. Pierre-Henri

Dentressangle, Ms. Marine Dentressangle and XPO and (2) a Tender Offer Agreement (the "Tender Offer Agreement" and, together with the Share Purchase Agreement, the "ND Transaction Agreements") between XPO and ND. The ND Transaction Agreements provided for the acquisition of a majority stake in ND by XPO, followed by an all-cash simplified tender offer by XPO to acquire the remaining outstanding shares.

On June 8, 2015, pursuant to the terms and subject to the conditions of the Share Purchase Agreement, Dentressangle Initiatives, Mrs. Evelyne Dentressangle, Mr. Pierre-Henri Dentressangle and Ms. Marine Dentressangle (collectively, the "Sellers") sold to XPO and XPO purchased from the Sellers (the "Share Purchase"), all of the ordinary shares of ND owned by the Sellers, representing a total of approximately 67% of the share capital of ND and all of the outstanding share subscription warrants granted by ND to employees, directors or other officers of ND and its affiliates. Total cash consideration paid for the majority interest in the share capital of ND and settlement of the warrants was €1,437.0 million, or $1,603.9 million, excluding acquired debt. Consideration included only the portion of the fair value of the warrants attributable to service performed prior to the acquisition date. The remaining balance was recorded as compensation expense in the post-combination period. In conjunction with the Share Purchase Agreement, the Company agreed to settle certain performance stock awards of ND. Similar to the warrants, the consideration of €11.8 million, or $13.2 million, included only the portion of the fair value attributable to service performed prior to the acquisition date with the balance recorded as compensation expense in the post-combination period. The performance share settlement will be paid in cash with 50% of the awards paid 18 months from the acquisition date and the remaining 50% paid in 36 months. Further, as a result of the acquisition, the Company repaid certain indebtedness and related interest rate swap liabilities of ND totaling €628.5 million, or $705.0 million.

On June 11, 2015, XPO filed with the French *Autorité des Marchés Financiers* (the "AMF") a mandatory simplified cash offer (the "Tender Offer") to purchase all of the outstanding ordinary shares of ND (other than the shares already owned by XPO) at a price of €217.50 per share. On June 23, 2015, the Company received the necessary approval from the AMF to launch the Tender Offer and the Tender Offer was launched on June 25, 2015. The Tender Offer remained open for a period of 16 trading days. As of December 31, 2015, the Company purchased 1,921,553 shares under the Tender Offer and acquired a total of approximately 86.25% of the share capital of ND. The total fair value of the consideration provided for the noncontrolling interest in ND at the acquisition date is €702.5 million, or $784.2 million, which is based on the quoted market price of ND shares on the acquisition date. Total consideration is summarized in the table below in Euros ("EUR") and USD:

(In millions)	In EUR	In USD
Cash consideration	€1,437.0	$1,603.9
Liability for performance share settlement	11.8	13.2
Repayment of indebtedness	628.5	705.0
Noncontrolling interests	702.5	784.2
Cash acquired	(134.6)	(151.0)
Total consideration	€2,645.2	$2,955.3

The ND Share Purchase was accounted for as a business combination in accordance with ASC 805 "*Business Combinations*." Assets acquired and liabilities assumed were recorded in the accompanying consolidated balance sheet at their estimated fair values as of June 8, 2015, with the remaining unallocated purchase price recorded as goodwill. Goodwill represents the expected synergies and cost rationalization from the merger of operations as well as intangible assets that do not qualify for separate recognition such as an assembled workforce.

The following table outlines the consideration transferred and purchase price allocation at the respective estimated fair values as of June 8, 2015:

(Dollars in millions)	
Consideration	$2,955.3
Accounts receivable	1,060.4
Other current assets	350.2
Deferred tax assets	147.5
Property and equipment	730.7
Trade name covenants	40.0
Non-compete agreements	5.6
Customer relationships	827.0
Other long-term assets	68.3
Accounts payable	(804.1)
Accrued expenses, other	(422.0)
Other current liabilities	(164.6)
Long-term debt	(643.4)
Deferred tax liabilities	(366.8)
Employee benefit obligations	(142.3)
Other long-term liabilities	(155.2)
Noncontrolling interests	(37.2)
Goodwill	$2,461.2

As of December 31, 2015, the purchase price allocation is considered final, except for the fair value of property & equipment, favorable and unfavorable leasehold assets and liabilities, definite-lived intangible assets, taxes and assumed liabilities. Based on a preliminary allocation, $959.9 million of the goodwill relates to the Transportation reportable segment and $1,501.3 million of the goodwill relates to the Logistics reportable segment. The goodwill as a result of the acquisition is not deductible for local country income tax purposes. ND's revenue and operating income included in the Company's results for the year ended December 31, 2015 were $3,463.1 million and $45.1 million, respectively.

Bridge Terminal Transport Services, Inc.

On May 4, 2015, the Company entered into a Stock Purchase Agreement with BTTS Holding Corporation to acquire all of the outstanding capital stock of Bridge Terminal Transport, Inc. ("BTT"), a leading asset-light drayage provider in the United States. The closing of the transaction was effective on June 1, 2015. The fair value of the total consideration paid under the BTT Stock Purchase Agreement was $103.8 million and consisted of $103.1 million of cash paid at the time of closing, including an estimate of the working capital adjustment, and $0.7 million of equity.

The BTT acquisition was accounted for as a business combination in accordance with ASC Topic 805 "*Business Combinations*." Assets acquired and liabilities assumed were recorded in the accompanying consolidated balance sheet at their estimated fair values as of June 1, 2015 with the remaining unallocated purchase price recorded as goodwill. As a result of the acquisition, the Company recorded goodwill of $56.6 million and definite-lived intangible assets of $30.0 million. All goodwill relates to the Transportation reportable segment and is not deductible for income tax purposes. As of December 31, 2015, the purchase price allocation is considered final, except for the settlement of any working capital adjustments and the fair value of taxes and assumed liabilities.

UX Specialized Logistics

On February 9, 2015, the Company entered into an Asset Purchase Agreement with Earlybird Delivery Systems, LLC to acquire certain assets of UX Specialized Logistics, LLC ("UX"). The fair value of the total consideration paid under the UX Asset Purchase Agreement was $58.9 million and consisted of $58.1 million of cash paid at the time of closing, including an estimate of the working capital adjustment, and $0.8 million of equity. UX provided last mile logistics and same day delivery services for major retail chains and e-commerce companies.

The UX acquisition was accounted for as a business combination in accordance with ASC Topic 805 "*Business Combinations*." Assets acquired and liabilities assumed were recorded in the accompanying consolidated balance sheet at their estimated fair values as of February 9, 2015 with the remaining unallocated purchase price recorded as goodwill. As a result of the acquisition, the Company recorded goodwill of $28.9 million and definite-lived intangible assets of $18.8 million. All goodwill relates to the Transportation reportable segment and is fully deductible for income tax purposes. As of December 31, 2015, the purchase price allocation is considered final, except for the settlement of any working capital adjustments and the fair value of taxes and assumed liabilities.

2014 Acquisitions

New Breed Logistics

On July 29, 2014, the Company entered into a definitive Agreement and Plan of Merger (the "New Breed Merger Agreement") with New Breed Holding Company ("New Breed"), providing for the Company to acquire all of New Breed (the "New Breed Transaction"). New Breed was a provider of highly engineered contract logistics solutions for multi-national and medium-sized corporations and government agencies in the United States. The closing of the transaction was effective on September 2, 2014. At the closing, the Company paid $615.9 million in cash including a $1.1 million estimate of the working capital adjustment.

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

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

The New Breed Transaction was accounted for as a purchase business combination in accordance with ASC 805 "*Business Combinations*." Assets acquired and liabilities assumed were recorded in the accompanying consolidated balance sheet at their estimated fair values as of September 2, 2014, with the remaining unallocated purchase price recorded as goodwill. Goodwill represents the expected synergies and cost rationalization from the merger of operations as well as intangible assets that do not qualify for separate recognition such as an assembled workforce.

The following table outlines the consideration transferred and purchase price allocation at the respective estimated fair values as of September 2, 2014:

(Dollars in millions)	
Consideration	$615.9
Cash and cash equivalents	1.8
Accounts receivable	112.1
Other current assets	29.6
Property and equipment	112.7
Trade names	4.5
Contractual customer relationships asset	115.1
Contractual customer relationships liability	(5.6)
Non-contractual customer relationships	15.2
Other long-term assets	15.8
Accounts payable	(17.7)
Accrued expenses	(33.4)
Deferred tax liabilities, long-term	(75.0)
Other long-term liabilities	(9.3)
Goodwill	$350.1

The purchase price allocation is considered final. All goodwill relates to the Logistics reportable segment. The goodwill as a result of the acquisition is not deductible for income tax purposes. The working capital adjustments in connection with this acquisition have been finalized, and there was no material change in the purchase price as a result.

Atlantic Central Logistics

On July 28, 2014, the Company entered into a Stock Purchase Agreement to acquire all of the outstanding capital stock of Simply Logistics, Inc. d/b/a Atlantic Central Logistics ("ACL") for $36.2 million in cash consideration and deferred payments. ACL provided e-commerce fulfillment services by facilitating the time-sensitive, local movement of goods between distribution centers and the end-consumer.

The ACL acquisition was accounted for as a business combination in accordance with ASC Topic 805 "*Business Combinations*." Assets acquired and liabilities assumed were recorded in the accompanying consolidated balance sheet at their estimated fair values as of July 28, 2014 with the remaining unallocated purchase price recorded as goodwill. As a result of the acquisition, the Company recorded goodwill of $25.1 million and definite-lived intangible assets of $12.5 million. All goodwill relates to the Transportation reportable segment. The goodwill as a result of the acquisition is not deductible for income tax purposes. The purchase price allocation is considered final. The working capital adjustments in connection with this acquisition have been finalized, and there was no material change in the purchase price as a result.

Pacer International

On January 5, 2014, the Company entered into a definitive Agreement and Plan of Merger (the "Pacer Merger Agreement") with Pacer International, Inc. ("Pacer"), providing for the acquisition of Pacer by the Company (the "Pacer Transaction"). Pacer was an asset-light North American freight transportation and logistics services provider. The closing of the transaction was effective on March 31, 2014 (the "Effective Time").

At the Effective Time, each share of Pacer's common stock, par value $0.01 per share, issued and outstanding immediately prior to the Effective Time was converted into the right to receive (i) $6.00 in cash and (ii) 0.1017 of a share of XPO common stock, which amount is equal to $3.00 divided by the average of the volume-weighted average closing prices of XPO common stock for the ten trading days prior to the Effective Time (the "Pacer Merger Consideration"). Pursuant to the terms of the Pacer Merger Agreement, all vested and unvested Pacer options outstanding at the Effective Time were settled in cash based on the value of the Pacer Merger Consideration. In addition, all Pacer restricted stock, and all vested and unvested Pacer restricted stock units and performance units outstanding at the Effective Time were converted into the right to receive the Pacer Merger Consideration. The fair value of the total consideration paid under the Pacer Merger Agreement was $331.5 million and consisted of $223.3 million of cash paid at the time of closing and $108.2 million of equity representing the fair value of 3,688,246 shares of the Company's common stock at the closing market price of $29.41 per share on March 31, 2014 less a marketability discount on a portion of shares issued to certain former Pacer executives due to a holding period restriction. The marketability discount did not have a material impact on the fair value of the equity consideration provided.

The Pacer Transaction was accounted for as a business combination in accordance with ASC 805 "*Business Combinations*." Assets acquired and liabilities assumed were recorded in the accompanying consolidated balance sheet at their fair values as of March 31, 2014, with the remaining unallocated purchase price recorded as goodwill. Goodwill represents the expected synergies and cost rationalization from the merger of operations as well as intangible assets that do not qualify for separate recognition such as an assembled workforce. The following table outlines the consideration transferred and purchase price allocation at the respective fair values as of March 31, 2014:

(Dollars in millions)	
Consideration	$331.5
Cash and cash equivalents	22.3
Accounts receivable	119.6
Other current assets	9.4
Property and equipment	43.5
Trade names	2.8
Non-compete agreements	2.3
Contractual customer relationships	66.3
Non-contractual customer relationships	1.0
Deferred tax assets, long-term	2.8
Other long-term assets	2.4
Accounts payable	(71.6)
Accrued expenses, other	(53.7)
Other current liabilities	(2.0)
Other long-term liabilities	(11.6)
Goodwill	$198.0

The purchase price allocation is considered final. All goodwill recorded related to the acquisition relates to the Transportation reportable segment. The carryover of the tax basis in goodwill is deductible for income tax purposes while the step-up in goodwill as a result of the acquisition is not deductible for income tax purposes. Total tax deductible goodwill was $323.2 million on the acquisition date of March 31, 2014. The difference between book and tax goodwill represents the tax basis in goodwill from acquisitions made by Pacer prior to the acquisition by XPO.

Pro Forma Financial Information

The following unaudited pro forma consolidated results of operations present consolidated information of the Company as if the acquisitions of Con-way, ND, New Breed and Pacer had occurred as of January 1, 2014:

(Dollars in millions, except per share data)	Pro Forma Years Ended December 31, 2015	Pro Forma Years Ended December 31, 2014
Revenue	$14,833.5	$14,991.0
Operating income	$ 204.0	$ 279.4
Net loss attributable to common shareholders	$ (245.9)	$ (172.7)
Basic loss per share	$ (2.28)	$ (2.03)
Diluted loss per share	$ (2.28)	$ (2.03)

Pro forma revenue decreased from 2014 to 2015 primarily due to a strengthening of the USD relative to the EUR (which had a negative impact on legacy ND's revenue in 2015). Pro forma operating income and net loss attributable to common shareholders decreased from 2014 to 2015 primarily due to a strengthening of the USD relative to the EUR and costs incurred in 2015 in connection with various integration and restructuring activities. The unaudited pro forma consolidated results for the twelve-month periods were prepared using the acquisition method of accounting and are based on the historical financial information of Con-way, ND, New Breed, Pacer and the Company. The unaudited pro forma consolidated results incorporate historical financial information for all significant acquisitions since January 1, 2014. The historical financial information has been adjusted to give effect to pro forma adjustments that are: (i) directly attributable to the acquisition, (ii) factually supportable and (iii) expected to have a continuing impact on the combined results. The unaudited pro forma consolidated results are not necessarily indicative of what the Company's consolidated results of operations actually would have been had it completed these acquisitions on January 1, 2014.

4. Restructuring Charges

In conjunction with various acquisitions, the Company has initiated facility rationalization and severance programs to close facilities and reduce employment in order to improve efficiency and profitability or adjust for the loss of certain business. The programs include facility exit activities and employment reduction initiatives.

The amount of restructuring charges incurred during the years ended December 31, 2015 and 2014 and included in the consolidated statements of operations as sales, general and administrative expense is summarized below. The table also includes charges recorded on ND's opening balance sheet which were incurred prior to the acquisition date. Only ND restructuring initiatives in existence at the acquisition date were included in the purchase price allocation.

		Twelve months ended December 31, 2014		
(Dollars in millions)	Reserve Balance at December 31, 2013	Charges Incurred	Payments	Reserve Balance at December 31, 2014
Corporate				
Contract termination	$—	$ 6.0	$(2.2)	$3.8
Severance	—	5.4	(4.1)	1.3
Total	$—	$11.4	$(6.3)	$5.1

(Dollars in millions)	Reserve Balance at December 31, 2014	Twelve months ended December 31, 2015 From ND Acquisition	Charges Incurred	Payments	Reserve Balance at December 31, 2015
Transportation					
Contract termination	$—	$ 0.1	$ —	$ —	$ 0.1
Facilities	—	—	0.8	(0.2)	0.6
Severance	—	4.8	27.3	(5.4)	26.7
Total	—	4.9	28.1	(5.6)	27.4
Logistics					
Contract termination	—	0.1	0.9	(0.2)	0.8
Severance	—	9.3	21.3	(5.1)	25.5
Total	—	9.4	22.2	(5.3)	26.3
Corporate					
Contract termination	3.8	—	3.3	(3.1)	4.0
Severance	1.3	—	3.3	(1.1)	3.5
Total	5.1	—	6.6	(4.2)	7.5
Total	$ 5.1	$14.3	$56.9	$(15.1)	$61.2

5. Commitments and Contingencies

Lease Commitments

Under operating leases, the Company is required to make payments for various real estate, double-stack railcars, containers, chassis, tractors, data processing equipment, transportation and office equipment leases that have an initial or remaining non-cancelable lease term. Certain leases also contain provisions that allow the Company to extend the leases for various renewal periods.

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

In connection with its capital leases, the Company reported $38.3 million of revenue equipment and $5.5 million of accumulated depreciation in the consolidated balance sheets as of December 31, 2015. Additionally, the Company reported $26.7 million of other equipment and $1.8 million of accumulated depreciation in the consolidated balance sheets as of December 31, 2015. There were an inconsequential amount of capital leases in 2014.

Future minimum lease payments with initial or remaining non-cancelable lease terms in excess of one year, at December 31, 2015, were as follows:

(Dollars in millions)	Capital Leases	Operating Leases
Year ending December 31:		
2016	$22.0	$ 537.0
2017	14.8	414.1
2018	14.3	327.6
2019	3.8	246.9
2020	2.4	179.1
Thereafter (through 2027)	3.6	502.1
Total minimum lease payments	$60.9	$2,206.8
Amount representing interest	(1.8)	
Present value of minimum lease payments	$59.1	

Rent expense was approximately $412.1 million, $82.3 million and $6.9 million for the years ended December 31, 2015, 2014 and 2013, respectively.

Litigation

The Company is involved, and will continue to be involved, in numerous legal proceedings arising out of the conduct of its business. These proceedings may include, among other matters, claims for property damage or personal injury incurred in connection with the transportation of freight, claims regarding anti-competitive practices, and employment-related claims, including claims involving asserted breaches of employee restrictive covenants and tortious interference with contract. These proceedings also include numerous purported class-action lawsuits, multi-plaintiff and individual lawsuits and state tax and other administrative proceedings that claim either that the Company's owner operators or contract carriers should be treated as employees, rather than independent contractors, or that certain of the Company's drivers were not paid for all compensable time or were not provided with required meal or rest breaks. These lawsuits and proceedings may seek substantial monetary damages (including claims for unpaid wages, overtime, failure to provide meal and rest periods, unreimbursed business expenses and other items), injunctive relief, or both.

The Company establishes accruals for specific legal proceedings when it is considered probable that a loss has been incurred and the amount of the loss can be reasonably estimated. Accruals for loss contingencies are reviewed quarterly and adjusted as additional information becomes available. In connection with certain acquisitions of privately-held businesses, the Company has retained purchase price holdbacks or escrows to provide security for a negotiated duration with respect to damages incurred in connection with pre-acquisition claims and litigation matters. If a loss is not both probable and reasonably estimable, or if an exposure to loss exists in excess of the amount accrued therefor or the applicable purchase price holdback or escrow, the Company assesses whether there is at least a reasonable possibility that a loss, or additional loss, may have been incurred. If there is a reasonable possibility that a loss, or additional loss, may have been incurred, the Company discloses the estimate of the possible loss or range of loss if it is material and an estimate can be made, or states that such an estimate cannot be made. The evaluation as to whether a loss is reasonably possible or probable is based on the Company's assessment, in conjunction with legal counsel, regarding the ultimate outcome of the matter.

The Company believes that it has adequately accrued for, or has adequate purchase price holdbacks or escrows with respect to, the potential impact of loss contingencies that are probable and reasonably estimable. The Company does not believe that the ultimate resolution of any matters to which the Company is presently party will have a material adverse effect on its results of operations, financial condition or cash flows. However, the results of these matters cannot be predicted with certainty, and an unfavorable resolution of one or more of these matters could have a material adverse effect on the Company's financial condition, results of operations or cash flows. Legal costs incurred related to these matters are expensed as incurred.

The Company carries liability and excess umbrella insurance policies that it deems sufficient to cover potential legal claims arising in the normal course of conducting its operations as a transportation company. The liability and excess umbrella insurance policies do not cover the misclassification claims described in this Note. In the event the Company is required to satisfy a legal claim outside the scope of the coverage provided by insurance, the Company's financial condition, results of operations or cash flows could be negatively impacted.

Intermodal Drayage Classification Claims

Certain of the Company's intermodal drayage subsidiaries received notices from the California Labor Commissioner, Division of Labor Standards Enforcement (the "DLSE"), that a total of approximately 150 owner operators contracted with these subsidiaries filed claims in 2012 with the DLSE in which they assert that they should be classified as employees, as opposed to independent contractors. These claims seek reimbursement for the owner operators' business expenses, including fuel, tractor maintenance and tractor lease payments. After a decision was rendered by a DLSE hearing officer in seven of these claims, in 2014, the Company appealed the decision to California Superior Court, San Diego, where a de novo trial was held on the merits of those claims. On July 17, 2015, the court issued a final statement of decision finding that the seven claimants were employees rather than independent contractors, and awarding an aggregate of $2.9 million plus post-judgment interest and attorneys' fees to the claimants. The Company appealed this judgment, but cannot provide assurance that such appeal will be successful. The remaining DLSE claims (the "Pending DLSE Claims") have been transferred to California Superior Court in three separate actions involving approximately 200 claimants, including the approximately 150 claimants mentioned above. These matters are in the initial procedural stages. The Company believes that it has adequately accrued for the potential impact of loss contingencies relating to the Pending DLSE Claims that are probable and reasonably estimable. The Company is unable at this time to estimate the amount of the possible loss or range of loss, if any, in excess of its accrued liability that it may incur as a result of the Pending DLSE Claims.

One of these intermodal drayage subsidiaries also is a party to a putative class action litigation (*Manuela Ruelas Mendoza v. Pacer Cartage, Inc.*) brought by Edwin Molina on August 19, 2013 and currently pending in the U.S. District Court, Southern District of California. Mr. Molina asserts that he should be classified as an employee, as opposed to an independent contractor, and seeks damages for alleged violation of various California wage and hour laws. Mr. Molina seeks to have the litigation certified as a class action involving all owner-operators contracted with this subsidiary at any time from August 2009 to the present, which could involve as many as 600 claimants. Certain of these potential claimants also may have Pending DLSE. This matter is in the initial stages of discovery and the court has not yet determined whether to certify the matter as a class action. The Company has reached an agreement to settle this litigation with the claimant. The settlement agreement has been approved by the court but remains subject to acceptance by a minimum percentage of members of the purported class. There can be no assurance that the settlement agreement will be accepted by the requisite percentage of members of the purported class.

Another of the Company's intermodal drayage subsidiaries is a party to a putative class action litigation (*C. Arevalo v. XPO Port Services, Inc.*) brought by Carlos Arevalo in the Superior Court for the State of California, County of Los Angeles Central District filed in August 2015. Mr. Arevalo asserts that he should be classified as an employee, as opposed to an independent contractor, and seeks damages for alleged violation of various California wage and hour laws. Mr. Arevalo seeks to have the litigation certified as a class action involving all owner-operators contracted with this subsidiary at any time from August 2011 to the present. Certain of these potential claimants also may have Pending DLSE Claims. This matter is in the initial pleading stage and the court has not yet determined whether to certify the matter as a class action. The Company is unable at this time to estimate the amount of the possible loss or range of loss, if any, that it may incur as a result of this matter.

Last Mile Logistics Classification Claims

Certain of the Company's last mile logistics subsidiaries are party to several putative class action litigations brought by independent contract carriers contracted with these subsidiaries in which the contract carriers assert that they should be classified as employees, as opposed to independent contractors. The particular claims asserted vary from case to case, but the claims generally allege unpaid wages, overtime, alleged failure to provide meal and rest periods and seek reimbursement of the contract carriers' business expenses. Putative class actions against the Company's subsidiaries are pending in Massachusetts (*Celso Martins, Alexandre Rocha, and Calvin Anderson v. 3PD, Inc.* filed in June 2011, pending in U.S. District Court, Massachusetts), Illinois (*Marvin Brandon, Rafael Aguilera, and Aldo Mendez-Etzig v. 3PD, Inc.* filed in May 2013, pending in U.S. District Court, Northern District of Illinois), California (*Cesar Ardon et al v 3PD, Inc.*, filed in September 2013, pending in U.S. District Court, Central District of California and *Fernando Ruiz v. Affinity Logistics Corp.*, filed in May 2005, pending in U.S. District Court, Southern District of California), New Jersey (*Leonardo Alegre v. Atlantic Central Logistics, Simply Logistics, Inc.*, filed in March 2015, pending in U.S. District Court, New Jersey), Pennsylvania (*Victor Reyes v. XPO Logistics, Inc.*, filed in May 2015, pending in U.S. District Court, Pennsylvania) and

Connecticut (*Carlos Taveras v. XPO Last Mile, Inc.*, filed in November 2015, pending in U.S. District Court, Connecticut). The Company has completed the settlement of the California (*Ardon*) litigation. The Company also has reached tentative agreements to settle the Massachusetts and Illinois litigations with the respective claimants, subject to court approval (in the case of the Massachusetts litigation) and acceptance by a minimum percentage of members of the respective purported class. There can be no assurance that the settlement agreements will be finalized and executed, that the respective court will approve any such settlement agreement or that it will be accepted by the requisite percentage of members of the respective purported class. The Company believes that it has adequately accrued for the potential impact of loss contingencies relating to the foregoing last mile logistics claims. The Company is unable at this time to estimate the amount of the possible loss or range of loss, if any, in excess of its accrued liability that it may incur as a result of these claims.

Last Mile TCPA Claims

The Company is a party to a putative class action litigation (*Leung v. XPO Logistics, Inc.*, filed in May 2015 in the U.S. District Court, Illinois) alleging violations of the Telephone Consumer Protection Act (TCPA) related to an automated customer call system used by a last mile logistics business that the Company acquired. The Company has asserted indemnity rights pursuant the agreement by which it acquired this business, subject to certain limits. This matter is in the initial pleading stage and the court has not yet determined whether to certify the matter as a class action. The Company believes that it has adequately accrued for the potential impact of loss contingencies relating to this matter that are probable and reasonably estimable. The Company is unable at this time to estimate the amount of the possible loss or range of loss, if any, in excess of its accrued liability that it may incur as a result of this matter.

Less Than Truckload Meal Break Claims

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

The Company has denied any liability with respect to these claims and intends to vigorously defend itself in this case. The Company believes that it has adequately accrued for the potential impact of loss contingencies relating to these claims. There are multiple factors that render the Company unable at this time to estimate the amount of the possible loss or range of loss, if any, in excess of its accrued liability that it may incur as a result of these claims, including: (1) the Company is vigorously defending itself and believes that it has a number of meritorious legal defenses; and (2) at this stage in the case, there are unresolved questions of fact that could be important to the resolution of this matter.

Con-way Acquisition Litigation

On October 7, 2015, a purported stockholder of Con-way filed a putative class action complaint in the Delaware Court of Chancery, captioned *Abrams v. Espe, et al.,* C.A. No. 11585-VCN. The complaint named the members of the board of directors of Con-way, XPO and an affiliate, and Citigroup Inc., financial advisor to Con-way in connection with the proposed acquisition, as defendants. The complaint alleged that the directors breached their fiduciary duties by, among other things, failing to maximize shareholder value in connection with the proposed transaction and failing to disclose certain information in the Schedule 14D-9 of Con-way relating to the proposed acquisition. The complaint also alleged that the other defendants aided and abetted those alleged breaches of fiduciary duty. The lawsuit sought, among other relief, rescissory damages and recovery of the costs of the action, including reasonable attorneys' and experts' fees. On February 24, 2016, the plaintiff filed a Stipulation and Proposed Order requesting dismissal of the action, and further noting their intent to submit an application for an award of attorneys' fees and reimbursement of expenses. On February 24, 2016, the Delaware court granted the Order. No application for attorney's fees and expenses has been made to date.

XPO Logistics Worldwide Government Services Investigation

On June 11, 2014, XPO Logistics Worldwide Government Services, LLC, formerly known as Menlo Worldwide Government Services, LLC ("Government Services"), a subsidiary of the contract logistics business that the Company acquired through the Con-way transaction, received a subpoena *duces tecum* from the U.S. Department of Defense Inspector General requesting records relating to an investigation of its compliance with the terms and conditions of its contractual arrangements with the United States Transportation Command (the "DTCI Contract"). Government Services received a follow-on Civil Investigative Demand from the U.S. Department of Justice dated September 30, 2015, related to the same or related matters. The Company believes that Government Services has fully complied in all material respects with the terms and conditions of the DTCI Contract. Government Services and XPO have cooperated fully in the investigation and intend to continue to do so. The Company is unable at this time to predict the outcome of the investigation. The Company has incurred and will continue to incur legal costs in connection with the investigation, and could incur additional costs, damages or penalties, depending on its outcome. The Company believes that it has adequately accrued for the potential impact of loss contingencies relating to this investigation that are probable and reasonably estimable. The Company is unable at this time to estimate the amount of the possible loss or range of loss, if any, in excess of its accrued liability that it may incur as a result of the investigation.

6. Property and Equipment

The following table summarizes the Company's property and equipment as of December 31, 2015 and December 31, 2014:

(Dollars in millions)	December 31, 2015	December 31, 2014
Property and Equipment		
Land	$ 359.5	$ —
Buildings and leasehold improvements	476.8	33.2
Vehicles, tractors, trailers and tankers	1,440.5	4.4
Rail cars, containers and chassis	13.3	13.0
Machinery and equipment	312.6	44.4
Office and warehouse equipment	79.5	32.9
Computer software and equipment	379.3	141.3
	3,061.5	269.2
Less: Accumulated depreciation	(209.3)	(47.3)
Total Property and Equipment, net	$2,852.2	$221.9

Depreciation of property and equipment was $203.0 million, $35.8 million and $6.7 million for the years ended December 31, 2015, 2014 and 2013, respectively. The net book value of capitalized internally-developed software totaled $122.8 million and $70.1 million as of December 31, 2015 and 2014, respectively.

7. Intangible Assets

The following summarizes the Company's identifiable intangible assets as of December 31, 2015 and December 31, 2014:

(Dollars in millions)	December 31, 2015	December 31, 2014
Definite-lived intangibles:		
Customer relationships	$2,017.0	$376.6
Trade names	51.0	15.4
Non-compete agreements	18.7	9.8
Carrier relationships	12.1	12.1
Other intangible assets	2.2	2.2
	2,101.0	416.1
Less: Accumulated amortization	(224.5)	(74.6)
Total Identifiable Intangible Assets, net	$1,876.5	$341.5

At December 31, 2015, accumulated amortization consists of $174.4 million for customer relationships, $29.1 million for trade names, $6.8 million for non-compete agreements, $12.1 million for carrier relationships, and $2.1 million for other intangible assets. At December 31, 2014, accumulated amortization consists of $52.0 million for customer relationships, $9.2 million for trade names, $2.9 million for non-compete agreements, $8.4 million for carrier relationships, and $2.1 million for other intangible assets.

Estimated future amortization expense for amortizable intangible assets for the next five years is as follows:

(Dollars in millions)	2016	2017	2018	2019	2020
Estimated amortization expense	$201.3	$187.4	$179.0	$172.7	$166.6

Actual amounts of amortization expense may differ from estimated amounts due to changes in foreign currency exchange rates, additional intangible asset acquisitions, impairment of intangible assets, accelerated amortization of intangible assets and other events.

Intangible asset amortization expense recorded in sales, general and administrative expense was $160.8 million, $62.5 million and $14.1 million for the years ended December 31, 2015, 2014 and 2013, respectively.

8. Goodwill

The following table is a roll-forward of goodwill from December 31, 2013 to December 31, 2015. The 2015 additions are the result of the goodwill recognized as excess purchase price in the acquisitions of Con-way, ND, BTT and UX, additional estimated litigation liabilities, and other adjustments related to prior year acquisitions for which the measurement period remained open. The 2014 additions are the result of the goodwill recognized as the excess purchase price in the acquisitions of Pacer, ACL and New Breed. For additional information on the litigation liabilities, refer to **Note 5—Commitments and Contingencies.**

(Dollars in millions)	Transportation	Logistics	Total
Goodwill at December 31, 2013	$ 363.4	$ —	$ 363.4
Acquisitions	213.9	352.3	566.2
Other Adjustments	(0.3)	—	(0.3)
Goodwill at December 31, 2014	577.0	352.3	929.3
Acquisitions	1,942.6	1,792.9	3,735.5
Impact of foreign exchange translation	(23.7)	(37.1)	(60.8)
Litigation liability adjustments, net of tax	10.5	—	10.5
Other adjustments	(1.7)	(2.2)	(3.9)
Goodwill at December 31, 2015	$2,504.7	$2,105.9	$4,610.6

9. Debt

Senior Notes

On August 25, 2014, the Company completed a private placement of $500.0 million aggregate principal amount of 7.875% Senior Notes due 2019. On February 13, 2015, the Company completed an additional private placement of $400.0 million aggregate principal amount of Senior Notes due 2019 for a total issuance of $900.0 million. The additional Senior Notes due 2019 have terms identical to those of the $500.0 million Senior Notes due 2019 and were issued at a premium of 104%, resulting in a $16.0 million premium. On June 4, 2015, the Company completed a private placement of $1,600.0 million aggregate principal amount of 6.50% Senior Notes due 2022 and €500.0 million Euro-denominated aggregate principal amount of 5.75% Senior Notes due 2021. Total unamortized debt issuance costs related to the Senior Notes classified in long-term debt at December 31, 2015 are $43.6 million.

The Senior Notes due 2019 bear interest at a rate of 7.875% per annum payable semiannually, in cash in arrears, on March 1 and September 1 of each year, commencing March 1, 2015 and maturing on September 1, 2019. The Senior Notes due 2022 bear interest at a rate of 6.50% per annum payable semiannually, in cash in arrears, on June 15 and December 15 of each year, commencing December 15, 2015 and maturing on June 15, 2022. The Senior Notes due 2021 bear interest at a rate of 5.75% per annum payable semiannually, in cash in arrears, on June 15 and December 15 of each year, commencing December 15, 2015 and maturing on June 15, 2021.

The Senior Notes are guaranteed by each of the Company's direct and indirect wholly-owned restricted subsidiaries (other than certain excluded subsidiaries) that are obligors under, or guarantee obligations under, the Company's existing credit agreement (or certain replacements thereof) or guarantee certain capital markets indebtedness of the Company or any guarantor of the Senior Notes. The Senior Notes and the guarantees thereof are unsecured, unsubordinated indebtedness of the Company and the guarantors. Among other things, the covenants of the Senior Notes limit the Company's ability to, with certain exceptions: incur indebtedness or issue disqualified stock; grant liens; pay dividends or make distributions in respect of capital stock; make certain investments or other restricted payments; prepay or repurchase subordinated debt; sell or transfer assets; engage in certain mergers, consolidations, acquisitions and dispositions; and enter into certain transactions with affiliates.

Prior to September 1, 2016, the Company may redeem some or all of the Senior Notes due 2019 at a price equal to 100% of the principal amount of the Senior Notes plus the applicable "make-whole" premium, as defined in the indenture. On and after September 1, 2016, the Company may redeem some or all of the senior notes for a redemption price that declines each year, as specified in the indenture. In addition, on or prior to September 1, 2016, the Company may redeem up to 40% of the aggregate principal amount of Senior Notes with the proceeds of certain equity offerings at 107.875% of their principal amount plus accrued interest. The Company may make such redemption only if, after any such redemption, at least 60% of the aggregate principal amount of senior notes originally issued remains outstanding.

The Company may redeem some or all of the Senior Notes due 2022 at any time prior to June 15, 2018 and some or all of the Senior Notes due 2021 at any time prior to December 15, 2017, in each case at a redemption price of 100% of the principal amount, plus accrued and unpaid interest, if any, to, but excluding, the redemption date, plus the applicable "make-whole" premium, as defined in the indenture. On and after June 15, 2018, in the case of the Senior Notes due 2022, and on and after December 15, 2017, in the case of the Senior Notes due 2021, the Company may redeem some or all of the senior notes for a redemption price that declines each year, as specified in the indenture. In addition, on or prior to June 15, 2018 for the Senior Notes due 2022 and on or prior to December 15, 2017 for the Senior Notes due 2021, the Company may redeem up to 40% of the aggregate principal amount of each series of such senior notes with the proceeds of certain equity offerings at 106.5%, in the case of the Senior Notes due 2022, and at 105.75%, in the case of the Senior Notes due 2021, of their principal amount plus accrued and unpaid interest, if any, to, but excluding, the redemption date. The Company may make such redemption only if, after any such redemption, at least 60% of the aggregate principal amount of senior notes of the applicable series remains outstanding.

In conjunction with the Company's acquisition of Con-way described in **Note 3—Acquisitions**, the Company assumed Con-way's 7.25% Senior Notes due 2018 with an aggregate principal amount of $425.0 million. The Senior Notes due 2018 bear interest at a rate of 7.25% per annum payable semiannually, in cash in arrears, on January 15 and July 15 of each year, maturing on January 15, 2018. Prior to their maturity, the Company may redeem some or all of the Senior Notes due 2018 at a redemption price equal to the greater of (i) the principal amount being redeemed, or (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the notes being redeemed, discounted at the redemption date on a semi-annual basis at the rate payable on a U.S. Treasury note having a comparable maturity plus 50 basis points. The notes also contain various restrictive covenants, including limitations on (i) the incurrence of liens and (ii) consolidations, mergers and asset sales.

The Senior Notes due 2018 require the Company to offer to repurchase the notes upon the occurrence of both (i) a change in control, and (ii) a below investment-grade rating by any two of Moody's, Standard and Poor's or Fitch Ratings. The repurchase price would be equal to 101% of the aggregate principal amount of the notes repurchased plus any accrued and unpaid interest. The acquisition of Con-way constituted a change of control under the terms and conditions of the Senior Notes due 2018. In October 2015, Standard and Poor's downgraded Con-way's corporate credit rating to 'B' from 'BBB-' and in November 2015 Moody's downgraded Con-way's senior unsecured notes to 'B3' from 'Baa3'. As a result, the Company offered to redeem Senior Notes due 2018, and in December 2015, holders of $159.2 million of the Senior Notes due 2018 tendered the notes back to the Company, which the Company redeemed at 101% of par, plus accrued interest of $5.1 million.

Senior Debentures

In conjunction with the Company's acquisition of Con-way described in **Note 3—Acquisitions**, the Company assumed Con-way's 6.70% Senior Debentures due 2034 (the "Senior Debentures") with an aggregate principal amount of $300.0 million. The Senior Debentures bear interest at a rate of 6.70% per annum payable semiannually, in cash in arrears, on May 1 and November 1 of each year, maturing on May 1, 2034. Prior to their maturity, the Company may redeem some or all of the Senior Debentures at a redemption price equal to the greater of (i) the principal amount being redeemed, or (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the Senior Debentures being redeemed, discounted at the redemption date on a semi-annual basis at the rate payable on a U.S. Treasury note having a comparable maturity plus 35 basis points. The Senior Debentures were issued under an indenture that restricts the Company's ability, with certain exceptions, to incur debt secured by liens. In accordance with ASC 805 "*Business Combinations*," the Senior Debentures were recorded at fair value on the Con-way acquisition date, resulting in a fair value discount of $101.3 million on October 30, 2015. Including amortization of the fair value adjustment, interest expense on the Senior Debentures is recognized at an annual effective interest rate of 10.96%.

Euro Private Placement Notes

In conjunction with the Company's acquisition of ND described in **Note 3—Acquisitions**, the Company assumed ND's Euro private placement debt of €75.0 million aggregate principal amount of 3.80% Notes due December 20, 2019 (the "Euro Private Placement Notes due 2019") and €160.0 million aggregate principal amount of 4.00% Notes due December 20, 2020 (the "Euro Private Placement Notes due 2020" and together with the Euro Private Placement Notes due 2019, the "Euro Private Placement Notes"). The Euro Private Placement Notes due 2019 bear interest at a rate of 3.80% per annum payable annually, in cash in arrears, on December 20 of each year, maturing on December 20, 2019. The Euro Private Placement Notes due 2020 bear interest at a rate of 4.00% per annum payable annually, in cash in arrears, on December 20 of each year, maturing on December 20, 2020.

Under the terms of the Euro Private Placement Notes, the Company is required to give notice of the change of control to the holders of the Euro Private Placement Notes within 30 calendar days following its occurrence and the notice must specify the date fixed for early redemption which will be no earlier than 25 business days and no later than 30 business days from the date of the publication of the notice and the period of at least 15 business days from the publication of the notice during which the holders of the Euro Private Placement Notes may exercise their option. The consummation of the ND Share Purchase constituted a change of control under the terms and conditions of the Euro Private Placement Notes. As a result, each holder of the Euro Private Placement Notes has the option to require the Company to redeem all of the Euro Private Placement Notes held by such holder, at their principal amount plus accrued interest. The Company gave the required notice to the holders of the Euro Private Placement Notes in June 2015. In July 2015, holders of €223.0 million total Euro Private Placement Notes tendered the notes back to the Company, which the Company redeemed at par on July 31, 2015.

The Euro Private Placement Notes are subject to leverage ratio and indebtedness ratio financial covenants, as defined in the agreements. ND is required to maintain a leverage ratio of less than or equal to 3.50 and an indebtedness ratio of less than or equal to 2.00 as of each semi-annual testing date. As of December 31, 2015, the latest semi-annual testing date, ND is in compliance with the financial covenants.

The Company may redeem all, but not some, of the Euro Private Placement Notes at any time prior to the maturity date, at a redemption price of 100% of the principal amount, plus accrued and unpaid interest, if any, to, but excluding, the redemption date, plus the applicable "make-whole" premium, as defined in the indenture.

Asset Financing

In conjunction with the Company's acquisition of ND, the Company assumed ND's asset financing arrangements. The financing is unsecured and is used to purchase Company-owned trucks in Europe. The financing arrangements are denominated in USD, EUR, British Pounds Sterling and Romanian New Lei, with primarily floating interest rates. As of December 31, 2015, interest rates on asset financing range from 0.269% to 5.5% and initial terms range from five years to ten years.

Debt Facilities

The Company may from time to time use debt financing for acquisitions and business start-ups, among other corporate purposes. The Company also enters into long-term debt and capital leases with various third parties from time to time to finance certain operational equipment and other assets used in its business operations. Generally, these loans and capital leases bear interest at market rates, and are collateralized with accounts receivable, equipment and certain other assets of the Company.

On October 30, 2015, the Company entered into the Second Amended and Restated Revolving Loan Credit Agreement (the "ABL Facility") among XPO and certain of XPO's U.S. and Canadian wholly owned subsidiaries (which include the U.S. subsidiaries of the former Con-way), as borrowers, the other credit parties from time to time party thereto, the lenders party thereto and Morgan Stanley Senior Funding, Inc. ("MSSF"), as agent for such lenders. The ABL Facility replaces XPO's existing Amended Credit Agreement, and, among other things, (i) increases the commitments under the ABL Facility to $1.0 billion, (ii) permits the previously announced acquisition of Con-way, and the transactions relating thereto, (iii) reduces the margin on loans under the ABL Facility by 0.25% from that contained in the existing Amended Credit Agreement and (iv) matures on October 30, 2020 (subject, in certain circumstances, to a springing maturity in the event that XPO's Senior Notes due 2019 are not repaid or subjected to a cash reserve three months prior to the maturity date thereof). Up to $350 million of the ABL Facility is available for issuance of letters of credit, and up to $50 million of the ABL Facility is available for swing line loans. Total unamortized debt issuance costs related to the ABL Facility classified in other long-term assets at December 31, 2015 were $9.6 million.

Availability on the ABL Facility is equal to the borrowing base less advances and outstanding letters of credit. The borrowing base includes a fixed percentage of (i) eligible U.S. and Canadian accounts receivable plus (ii) any eligible U.S. and Canadian rolling stock and equipment. At December 31, 2015, the borrowing base was $932.9 million, which includes a portion of the Company's tractor fleet. Availability under the ABL Facility was $692.3 million at December 31, 2015 after considering outstanding letters of credit of $240.6 million. At December 31, 2015, there are no outstanding advances on the ABL Facility. XPO may from time to time increase base availability under the ABL Facility up to $1.0 billion less any then outstanding letters of credit by including into the borrowing additional rolling stock and equipment. A maximum of 20% of the borrowing base can be attributable to the equipment and rolling stock in the aggregate.

The ABL Facility is secured on a first lien basis by the assets of the credit parties which constitute ABL Facility priority collateral and on a second lien basis by certain other assets. ABL Facility priority collateral consists primarily of U.S. and Canadian accounts receivable as well as any U.S. and Canadian rolling stock and equipment included by XPO in the borrowing base. The Company's borrowings under the ABL Facility will bear interest at a rate equal to LIBOR or a Base Rate, as defined in the agreement, plus an applicable margin of 1.50% to 2.00%, in the case of LIBOR loans, and 0.50% to 1.00%, in the case of Base Rate loans. The ABL Facility contains representations and warranties, affirmative and negative covenants and events of default customary for agreements of this nature. The commitment termination date on the ABL Facility is the earlier of (a) the stated termination date, October, 30, 2020, and (b) May 31, 2019 (the "Early Termination Date"), unless prior to or as of the Early Termination Date, the Senior Notes due 2019 have been discharged, defeased, redeemed, repaid in full, all obligations thereunder have been terminated or the maturity thereof has been extended beyond February 1, 2021.

Among other things, the covenants in the ABL Facility limit the Company's ability to, with certain exceptions: incur indebtedness; grant liens; engage in certain mergers, consolidations, acquisitions and dispositions; make certain investments and restricted payments; and enter into certain transactions with affiliates. In certain circumstances, such as if availability is below certain thresholds, the ABL Facility also requires the Company to maintain a Fixed Charge Coverage Ratio (as defined in the ABL Facility) of not less than 1.00 to 1.00. As of December 31, 2015, the Company is in compliance with this financial covenant. If an event of default under the ABL Facility shall occur and be continuing, the commitments thereunder may be terminated and the principal amount outstanding thereunder, together with all accrued unpaid interest and other amounts owed thereunder, may be declared immediately due and payable. Certain subsidiaries acquired by the Company in the future may be excluded from the restrictions contained in certain of the foregoing covenants.

In connection with the Company's acquisition of Con-way, the Company terminated Con-way's existing credit agreement and transferred all outstanding letters of credit to the ABL Facility.

Convertible Senior Notes

At December 31, 2015, the Company had outstanding $52.3 million aggregate principal amount of Convertible Notes. Total unamortized debt issuance costs classified in long-term debt at December 31, 2015 are $1.2 million. Interest is payable on the Convertible Notes on April 1 and October 1 of each year.

During the year ended December 31, 2015, the Company issued an aggregate of 3,315,705 shares of the Company's common stock to certain holders of the Convertible Notes in connection with the conversion of $54.5 million aggregate principal amount of the Convertible Notes. The conversions were allocated to long-term debt and equity in the amounts of $46.8 million and $55.6 million, respectively. A loss on conversion of $10.0 million was recorded as part of the transactions. Certain of these transactions represented induced conversions pursuant to which the Company paid the holder a market-based premium in cash. The negotiated market-based premiums, in addition to the difference between the current fair value and the book value of the Convertible Notes, were reflected in interest expense. The number of shares of common stock issued in the foregoing transactions equals the number of shares of common stock presently issuable to holders of the Convertible Notes upon conversion under the original terms of the Convertible Notes.

Under certain circumstances at the election of the holder, the Convertible Notes may be converted until the close of business on the business day immediately preceding April 1, 2017, into cash, shares of the Company's common stock, or a combination of cash and shares of common stock, at the Company's election, at the initial conversion rate of approximately 60.8467 shares of common stock per $1,000 in principal amount, which is equivalent to an initial conversion price of approximately $16.43 per share. In addition, following certain corporate events that occur prior to the maturity date, the Company will increase the conversion rate for a holder who elects to convert its Convertible Notes in connection with such corporate event in certain circumstances. On or after April 1, 2017, until the close of business on the business day immediately preceding the maturity date of October 1, 2017, holders may convert their Convertible Notes at any time.

The Convertible Notes may be redeemed by the Company on or after October 1, 2015 if the last reported sale price of the Company's common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive), including the trading day immediately preceding the date on which the Company provides notice of redemption, during any 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which the Company provides notice of redemption. As of December 31, 2015 the Convertible Notes were redeemable under this provision. The Company may redeem the Convertible Notes in whole, but not in part, at a redemption price in cash equal to 100% of the principal amount to be redeemed, plus accrued and unpaid interest to, but excluding, the redemption date, plus a make-whole premium payment. The "make whole premium" payment or delivery will be made, as the case may be, in cash, shares of the Company's common stock or a combination of cash and shares of the Company's common stock, at the Company's election, equal to the present values of the remaining scheduled payments of interest on the Convertible Notes to be redeemed through October 1, 2017 (excluding interest accrued to, but excluding, the redemption date), computed using a discount rate equal to 4.50%. The make-whole premium is paid to holders whether or not they convert the Convertible Notes following the Company's issuance of a redemption notice.

The Convertible Notes do not contain any financial or operating covenants or restrictions on the payment of dividends, the incurrence of indebtedness or the issuance or repurchase of securities by the Company or any of its subsidiaries. If the Company undergoes a fundamental change, holders may, subject to certain conditions, require the Company to repurchase for cash all or part of their Convertible Notes at a repurchase price equal to 100% of the principal amount of the Convertible Notes to be repurchased, plus accrued and unpaid interest to, but excluding, the fundamental change repurchase date.

Term Loan Facility

On October 30, 2015, XPO entered into a senior secured term loan credit agreement (the "Term Loan Facility") with certain U.S. subsidiaries of XPO from time to time party thereto, MSSF, as agent, and the lenders from time to time party thereto. The Term Loan Facility provided for a single borrowing of $1.6 billion on the date thereof, which XPO used, together with cash on hand, to finance the consummation of the Offer and the acquisition of Con-way on October 30, 2015 and the transactions related thereto. The Term Loan Facility was issued at an original issue discount of $32.0 million.

The Term Loan Facility is secured on a first lien basis by certain assets of the credit parties which constitute Term Loan Facility priority collateral, as described in the Term Loan Facility loan documents, and on a second lien basis by ABL Facility priority collateral. Term Loan Facility priority collateral consists primarily of capital stock of certain of XPO's subsidiaries and certain intellectual property, investment property and real estate assets owned by the credit parties. The Term Loan Facility contains representations and warranties, affirmative and negative covenants and events of default customary for agreements of this nature. XPO's borrowings under the Term Loan Facility will bear interest at a rate equal to LIBOR or a Base Rate, as defined in the agreement, plus an applicable margin of 4.50%, in the case of LIBOR loans, and 3.50%, in the case of Base Rate loans. The Term Loan Facility matures on October 30, 2021. Total unamortized debt issuance costs related to the Term Loan Facility classified in long-term debt at December 31, 2015 are $28.2 million.

On the last business day of each fiscal quarter, commencing with the fiscal quarter ending March 31, 2016, a portion of the principal amount in an amount equal to 0.25% of the loan amount is to be repaid. In addition, commencing with the fiscal year ending December 31, 2016, the Company must prepay an aggregate principal amount of the Term Loan Facility equal to (a) 50% of Excess Cash Flow, as defined in the agreement, if any, for the most recent fiscal year ended minus (b) the sum of (i) all voluntary prepayments of loans during such fiscal year and (ii) all voluntary prepayments of loans under the ABL Facility or any other revolving credit facilities during such fiscal year to the extent accompanied by a corresponding permanent reduction in the commitments under the credit agreement or any other revolving credit facilities in the case of each of the immediately preceding clauses (i) and (ii), to the extent such prepayments are funded with internally generated cash flow, as defined in the agreement; provided, further, that (x) the Excess Cash Flow percentage shall be 25% if the Consolidated Secured Net Leverage Ratio of Borrower, as defined in the agreement, for the fiscal year was less than or equal to 3.00:1.00 and greater than 2.50:1.00 and (y) the Excess Cash Flow percentage shall be 0% if the Consolidated Secured Net Leverage Ratio of Borrower for the fiscal year was less than or equal to 2.50:1.00. The remaining principal is due at maturity.

The following table outlines the Company's debt obligations as of December 31, 2015 and December 31, 2014:

(Dollars in millions)	Stated Interest Rates	Initial Term (months)	As of December 31, 2015	As of December 31, 2014
ABL Facility	2.64%	60	$ —	$ —
Senior Notes due 2022	6.50%	84	1,600.0	—
Senior Notes due 2021	5.75%	72	544.4	—
Senior Notes due 2019	7.88%	60	900.0	500.0
Senior Notes due 2018	7.25%	120	265.8	—
Term loan facility	5.50%	72	1,600.0	—
Senior Debentures due 2034	6.70%	360	300.0	—
Convertible senior notes	4.50%	60	52.3	106.8
Euro Private Placement Notes due 2020	4.00%	84	13.1	—
Asset financing [a]	1.38%	67	262.5	—
Notes payable	Various	Various	3.5	1.8
Capital leases for equipment	1.40%	70	59.1	0.2
Total debt			5,600.7	608.8
Plus: unamortized premium on Senior Notes due 2019			13.2	—
Plus: unamortized fair value premium on Senior Notes due 2018			2.4	—
Plus: unamortized fair value premium on Euro Private Placement Notes			1.4	—
Less: unamortized fair value discount on Senior Debentures due 2034			(101.0)	—
Less: unamortized discount on convertible senior notes			(4.3)	(14.9)
Less: unamortized discount on term loan facility			(31.5)	—
Less: current maturities of long-term debt			(135.3)	(1.8)
Less: debt issuance costs			(73.0)	$ (11.8)
Total long-term debt, net of current maturities			$5,272.6	$580.3

[a] The stated interest rate and initial term (in months) for the asset financing is the weighted-average stated interest rate and initial term (in months), respectively.

The following table outlines the Company's principal payment obligations on debt and capital leases for the next five years:

(Dollars in millions)	2016	2017	2018	2019	2020
Principal payments on debt and capital leases	$135.3	$174.5	$345.5	$940.6	$34.9

10. Employee Benefit Plans

Defined Benefit Pension Plans

As a result of the Company's acquisition of ND as described in **Note 3—Acquisitions**, the Company maintains defined benefit pension plans for certain employees in the United Kingdom. These plans consist of the Christian Salvesen Pension Scheme ("CSPS") and TDG Pension Scheme ("TDGPS" and together with the CSPS, the "UK Plans"). As a result of the Company's acquisition of ND, the Company also maintains defined benefit pension plans for certain of its foreign subsidiaries. These international defined benefit pension plans are excluded from the disclosures below due to their immateriality.

As a result of the Company's acquisition of Con-way as described in **Note 3—Acquisitions**, the Company maintains defined benefit pension plans for certain employees in the United States. These pension plans include qualified plans that are eligible for certain beneficial treatment under the Internal Revenue Code of 1986, as amended ("IRC"), as well as non-qualified plans that do not meet the IRC criteria. The Company's qualified defined benefit pension plans consist of a primary qualified defined benefit pension plan and another qualified defined benefit pension plan (the "U.S. Qualified Plans"). The Company's non-qualified defined benefit pension plans (collectively, the "U.S. Non-Qualified Pension Plans" and together with the U.S. Qualified Plans, the "U.S. Plans") consist mostly of a primary non-qualified supplemental defined benefit pension plan and provides additional benefits for certain employees who are affected by IRC limitations on compensation eligible for benefits available under the qualified plans. As a result of the Company's acquisition of Con-way, the Company maintains defined benefit pension plans sponsored by certain of Con-way's foreign subsidiaries. These international defined benefit pension plans are excluded from the disclosures below due to their immateriality. Both the U.S. and UK Plans do not allow for new plan participants or additional benefit accruals.

Defined benefit pension plan obligations are measured based on the present value of projected future benefit payments for all participants for services rendered to date. The projected benefit obligation is a measure of benefits attributed to service to date assuming that the plan continues in effect and that estimated future events (including turnover and mortality) occur. The net periodic benefit costs are determined using assumptions regarding the projected benefit obligation and the fair value of plan assets as of the ND and Con-way acquisition dates. Net periodic benefit costs are recorded in sales, general and administrative expense. The funded status of the defined benefit pension plans, which represents the difference between the projected benefit obligation and the fair value of plan assets, is calculated on a plan-by-plan basis. The Company did not have defined benefit pension plans prior to June 2015.

Funded Status of Defined Benefit Pension Plans

The following tables provide a reconciliation of the changes in the plans' projected benefit obligations as of December 31, 2015:

(Dollars in millions)	U.S. Qualified Plans	U.S Non-Qualified Plans	UK Plans
Projected benefit obligation at December 31, 2014	$ —	$ —	$ —
From acquisitions	1,685.8	74.1	1,393.4
Interest cost	12.7	0.5	28.6
Actuarial gain	(23.0)	(0.7)	(65.3)
Foreign currency exchange rate changes	—	—	(37.5)
Benefits paid	(9.7)	(0.9)	(31.5)
Projected benefit obligation at December 31, 2015	$1,665.8	$73.0	$1,287.7

The following tables provide a reconciliation of the changes in the plans' fair value of plan assets as of December 31, 2015:

(Dollars in millions)	U.S. Qualified Plans	U.S Non-Qualified Plans	UK Plans
Fair value of plan assets at December 31, 2014	$ —	$—	$ —
From acquisitions	1,659.4	—	1,290.5
Actual return (loss) on plan assets	(29.8)	—	(30.3)
Employer contributions	—	0.9	10.3
Benefits paid	(9.7)	(0.9)	(31.5)
Foreign currency exchange rate changes	—	—	(35.2)
Fair value of plan assets at December 31, 2015	$1,619.9	$—	$1,203.8

The following table provides the funded status of the plans as of December 31, 2015:

(Dollars in millions)	U.S. Qualified Plans	U.S Non-Qualified Plans	UK Plans
Funded Status:			
Fair value of plan assets	$1,619.9	$ —	$1,203.8
Projected benefit obligation	1,665.8	73.0	1,287.7
Funded status at December 31, 2015	$ (45.9)	$(73.0)	$ (83.9)
Funded Status Recognized in Balance Sheet:			
Long-term assets	$ 17.3	$ —	$ —
Current liabilities	—	(5.2)	—
Long-term liabilities	(63.2)	(67.8)	(83.9)
Total liability at December 31, 2015	$ (45.9)	$(73.0)	$ (83.9)
Plans with projected and accumulated benefit obligation in excess of plan assets:			
Projected and accumulated benefit obligation	$1,645.7	$ 73.0	$1,287.7
Fair value of plan assets	1,582.5	—	1,203.8
Weighted-average assumptions as of December 31:			
Discount rate	4.65%	4.65%	3.75%

The following table provides amounts included in accumulated other comprehensive loss that have not yet been recognized in net periodic benefit expense as of December 31, 2015:

(Dollars in millions)	U.S. Qualified Plans	U.S Non-Qualified Plans	UK Plans
Actuarial gain (loss)	$(22.2)	$0.7	$0.5

The following table sets forth the amount of net periodic benefit cost and amounts recognized in other comprehensive income or loss for the year ended December 31, 2015:

(Dollars in millions)	U.S. Qualified Plans	U.S Non-Qualified Plans	UK Plans
Net periodic benefit expense (income):			
Interest cost	$ 12.7	$ 0.5	$ 28.6
Expected return on plan assets	(15.4)	—	(34.6)
Net periodic benefit expense (income)	$ (2.7)	$ 0.5	$ (6.0)
Amounts recognized in other comprehensive income or loss:			
Actuarial loss (gain)	22.2	(0.7)	(0.5)
Loss (gain) recognized in other comprehensive income or loss	$ 22.2	$(0.7)	$ (0.5)

No amounts in accumulated other comprehensive loss are expected to be recognized as components of net periodic benefit expense (income) for the year ended December 31, 2016.

The following table outlines the weighted-average assumptions used to determine the net periodic benefit cost at December 31, 2015:

	U.S. Qualified Plans	UK Plans
Discount rate	4.55%	3.75%
Expected long-term rate of return on plan assets	5.57%	5.40%

No rate of compensation increase was assumed as the plans are frozen to additional participant benefit accruals. As of December 31, 2015, the impact of a 25 basis point decrease in the discount rate would increase the projected benefit obligation by approximately $60.0 million, $1.9 million and $51.0 million for the U.S. Qualified Plans, U.S. Non-Qualified Plans and UK Plans, respectively.

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

(Dollars in millions)	U.S. Qualified Plans	U.S Non-Qualified Plans	UK Plans
Year ending December 31:			
2016	$ 66.0	$ 5.2	$ 51.9
2017	70.1	5.2	53.4
2018	74.3	5.2	54.9
2019	78.9	5.2	59.3
2020	83.8	5.2	60.8
2021-2025	479.5	25.2	347.1

Plan Assets

U.S. Qualified Plans

The U.S. Qualified Plans' assets are segregated from those of the Company and are managed pursuant to a long-term allocation strategy that seeks to mitigate the funded status volatility by increasing exposure to fixed income investments over time. This strategy was developed by analyzing a variety of diversified asset-class combinations in conjunction with the projected liabilities.

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

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

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

The assumption of 5.65% for the overall expected long-term rate of return in 2016 was developed using asset allocation, return, risk (defined as standard deviation), and correlation expectations. The return expectations are created using long-term historical returns and current market expectations for inflation, interest rates and economic growth.

UK Plans

The UK Plans' assets are segregated from those of the Company and invested by trustees, which include Company representatives, with the goal of meeting the respective plans' projected future pension liabilities. The trustees' investment objectives are to meet the performance target set in the deficit recovery plans of the schemes in a risk-controlled framework. The actual asset allocations of the plans are in line with the target asset allocations. The target asset allocation of the CSPS consists of 25% matching assets (UK gilts and cash) and 75% growth assets (consisting of government and credit—commingled funds, illiquid credit, hedge funds, dynamic asset allocation, and risk parity). The CSPS target asset allocation also includes 40% notional exposure for synthetic equity exposure. The target asset allocation of the TDGPS consists of 30% matching assets (UK gilts and cash) and 70% growth assets (consisting of government and credit—commingled funds, illiquid credit, hedge funds, real estate alternatives, dynamic asset allocation, and risk parity). The target asset allocations of both plans include acceptable ranges for each asset class, which are typically +/- 10% from the target.

The risk parity and dynamic asset allocation categories include investments in multi-asset funds. These funds are designed to provide a diversified exposure to markets with less volatility than equities. Collateral assets consist of UK gilts and cash, which are used to back derivative positions used to hedge the sensitivity of the liability to changes in interest rates and inflation, such that approximately 85% of the actuarial liability sensitivities were hedged as of December 31, 2015. The derivative positions are also used to gain a synthetic exposure to equity markets. Investments in illiquid credit fixed income securities, real estate and hedge funds are less liquid and typically are categorized as Level 3 in the fair value hierarchy, given the inherent restrictions on redemptions that may impact the Company's ability to sell the investment at its net asset value in the near term.

The expected return over 2016 is 5.4%. The approach to determine the expected long-term rate of return on plan assets is consistent with the one used for the U.S. Plans.

The following table sets forth the fair values of investments held in the pension plans by major asset category as of December 31, 2015, as well as the percentage that each asset category comprises of total plan assets:

(Dollars in millions)	Level 1	Level 2	Level 3	Total	Percentage of Plan Assets
Asset Category (U.S. Qualified Plans)					
Cash and Cash Equivalents					
Short-term investment fund	$ —	$ 34.3	$ —	$ 34.3	2.1%
Equity					
U.S. large companies					
S&P 500 futures	0.7	—	—	0.7	— %
Growth	91.4	—	—	91.4	5.6%
Value	88.2	—	—	88.2	5.4%
U.S. Small Companies					
Value	27.1	—	—	27.1	1.7%
International					
Growth	66.1	—	—	66.1	4.1%
Value fund	—	65.9	—	65.9	4.1%
Fixed Income Securities					
Global long-term debt instruments	158.1	1,088.1	—	1,246.2	76.9%
Total U.S. Plan Assets	$431.6	$1,188.3	$ —	$1,619.9	100.0%
Asset Category (UK Plans)					
Cash and Cash Equivalents	$ 32.8	$ —	$ —	$ 32.8	2.7%
Fixed Income Securities					
Government	260.3	—	—	260.3	21.6%
Government and credit—commingled funds	—	210.8	—	210.8	17.5%
Illiquid credit [a]	—	—	55.2	55.2	4.6%
Derivatives					
Equity	20.8	—	—	20.8	1.7%
Interest rate	—	13.1	—	13.1	1.1%
Currencies	—	(1.6)	—	(1.6)	(0.1)%
Hedge Funds [b]	—	—	40.6	40.6	3.4%
Diversified Multi-Asset Funds					
Risk parity	—	235.2	—	235.2	19.5%
Dynamic asset allocation	49.6	287.0	—	336.6	28.0%
Total UK Plan Assets	$363.5	$ 744.5	$95.8	$1,203.8	100.0%

[a] This fund is not publicly traded and does not have a readily determinable fair value. Accordingly, the fund is valued at its net asset value per share. The underlying investments in the fund consist primarily of commercial mortgage-backed securities and real estate loans.

[b] The fair value of the fund is based on the fair value of the underlying assets, substantially all of which is invested in the York Credit Opportunities Master Fund, L.P., an exempted limited partnership formed under the laws of the Cayman Islands. The fund offers very limited liquidity with redemption only allowed on anniversary of investment with 60 days' prior notice.

The following table is a roll-forward of Level 3 instruments measured at fair value on a recurring basis from December 31, 2014 to December 31, 2015:

(Dollars in millions)	Illiquid Credit	Hedge Funds	Real Estate	Total
Balance at December 31, 2014	$ —	$ —	$—	$ —
From ND acquisition	56.5	46.3	1.9	104.7
Actual return on assets:				
Assets held at end of period	0.3	(4.3)	—	(4.0)
Assets sold during the period	—	—	(0.2)	(0.2)
Sales	—	—	(1.7)	(1.7)
Foreign currency exchange rate changes	(1.6)	(1.4)	—	(3.0)
Balance at December 31, 2015	$55.2	$40.6	$—	$ 95.8

There was no XPO common stock held in plan assets as of December 31, 2015. The U.S. Non-Qualified Pension Plans are unfunded.

Funding

The Company's funding practice is to evaluate its tax and cash position, as well as the funded status of its plans, in determining its planned contributions. The Company estimates that it will contribute $5.2 million to its U.S. Plans and $16.3 million to its UK Plans in 2016; however, this could change based on variations in interest rates, asset returns and other factors.

Defined Contribution Retirement Plans

The Company's cost for defined contribution retirement plans was $13.0 million in 2015. The Company did not have significant defined contribution retirement plan costs prior to its acquisition of Con-way, as described in **Note 3—Acquisitions**.

Postretirement Medical Plan

As a result of the Company's acquisition of Con-way as described in **Note 3—Acquisitions**, the Company sponsors a postretirement medical plan that provides health benefits to certain non-contractual employees at least 55 years of age with at least 10 years of service (the "Postretirement Plan"). The Postretirement Plan does not provide employer-subsidized retiree medical benefits for employees hired on or after January 1, 1993.

Funded Status of Postretirement Medical Plan

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

(Dollars in millions)	2015
Projected benefit obligation at December 31, 2014	$ —
From Con-way acquisition	51.0
Service cost—benefits earned during the year	0.1
Interest cost on projected benefit obligation	0.3
Actuarial loss (gain)	3.3
Participant contributions	0.3
Benefits paid	(1.0)
Projected and accumulated benefit obligation at December 31, 2015	$ 54.0
Funded status of the plan	$(54.0)
Amounts recognized in the balance sheet consist of :	
Current liabilities	(4.0)
Long-term liabilities	(50.0)
Net amount recognized	$(54.0)
Discount rate assumption as of December 31, 2015	4.20%

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

(Dollars in millions)	2015
Actuarial loss	$(3.3)
	$(3.3)

Net Periodic Benefit Expense for Postretirement Medical Plan

Net periodic benefit expense and amounts recognized in other comprehensive income or loss for the year ended December 31, 2015 includes the following:

(Dollars in millions)	2015
Net periodic benefit expense (income):	
Service cost—benefits earned during the year	$ 0.1
Interest cost on projected benefit obligation	0.3
Net periodic benefit expense (income)	$ 0.4
Discount rate assumption used to calculate interest cost from November 1 through December 31	4.10%

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

(Dollars in millions)	Benefit Payments
Year ending December 31:	
2016	$ 4.1
2017	4.0
2018	4.2
2019	4.4
2020	4.5
2021-2025	22.0

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

	2015
Health care cost trend rate assumed for next year	6.74%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	4.50%
Year that the rate reaches the ultimate trend rate	2038

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

11. Noncontrolling Interest

On June 11, 2015, in connection with its acquisition of ND, the Company filed with the French *Autorité des Marchés Financiers* (the "AMF") the Tender Offer to purchase all of the outstanding ordinary shares of ND (other than the shares already owned by XPO) at a price of €217.50 per ND share. On June 23, 2015, the Company received the necessary approvals from the AMF to launch the Tender Offer and the Tender Offer was launched on June 25, 2015. The Tender Offer remained open for a period of 16 trading days until July 17, 2015. During that time, the minority shareholders had the right to sell their shares of ND to the Company and the Company had the obligation to purchase those shares at the Tender Offer price; therefore, as of June 30, 2015, the Company classified the noncontrolling interest as mezzanine equity in the condensed consolidated balance sheet and adjusted the balance to its maximum redemption amount at the balance sheet date. Once the Tender Offer closed on July 17, 2015, the noncontrolling interest was no longer classified as mezzanine equity and is classified as noncontrolling interest in equity in the consolidated balance sheet. The financial results of ND are attributed to the noncontrolling interests based on their ownership percentage and are disclosed in the statement of operations. As of December 31, 2015, the Company had purchased 1,921,553 shares under the Tender Offer and acquired a total of approximately 86.25% of the share capital of ND. The following table is a roll-forward of the redeemable noncontrolling interest from December 31, 2014 to December 31, 2015:

(Dollars in millions)	
As of December 31, 2014	$ —
ND acquisition noncontrolling interest	784.2
Comprehensive gain attributable to redeemable noncontrolling interest	0.8
Adjustment to record noncontrolling interest at redemption value	(4.9)
Adjustments for shares purchased, net of currency adjustment	(459.7)
Transfer to noncontrolling interest within permanent equity	(320.4)
As of December 31, 2015	$ —

12. Stockholders' Equity

Series C Convertible Perpetual Preferred Stock and Common Stock

On May 29, 2015, the Company entered into fifteen separate Investment Agreements (the "2015 Investment Agreements") with sovereign wealth funds and institutional investors (collectively, the "2015 Purchasers"). Pursuant to the 2015 Investment Agreements, on June 3, 2015, the Company issued and sold 15,499,445 shares (the "2015 Purchased Common Shares") in the aggregate of the Company's common stock, par value $0.001 per share (the "Company Common Stock"), and 562,525 shares (the "2015 Purchased Preferred Stock" and, together with the 2015 Purchased Common Shares, the "2015 Purchased Securities") in the aggregate of the Company's Series C Convertible Perpetual Preferred Stock, par value $0.001 per share, in a private placement. The purchase price per 2015 Purchased Common Share was $45.00 (resulting in aggregate gross proceeds to the Company of approximately $697.5 million), and the purchase price per share of 2015 Purchased Preferred Stock was $1,000 (resulting in aggregate gross proceeds to the Company of approximately $562.5 million). The Company received net proceeds of $1,228.1 million after equity issuance costs which was initially allocated between common and preferred stock based on the relative fair values of each instrument. The 2015 Purchased Preferred Stock was mandatorily convertible into an aggregate of 12,500,546 additional shares of Company common stock subject to the approval of the Company's stockholders. The Company held a special meeting of stockholders of the Company on September 8, 2015 in which the Company's stockholders approved the issuance of shares of Company common stock upon the conversion of the 2015 Purchased Preferred Stock. Immediately following the special meeting, the 2015 Purchased Preferred Stock was automatically converted into 12,500,546 shares of Company common stock. No additional consideration was received by the Company in connection with the conversion of the 2015 Purchased Preferred Stock into Company common stock.

The 2015 Purchased Preferred Stock was issued with an initial conversion price of $45.00 per share. As of May 29, 2015, the Company's common stock price was $49.16. As a result, the conversion feature was issued "in-the-money" and the Company allocated the beneficial conversion feature of $52.0 million to additional paid-in capital. The beneficial conversion feature was contingent upon receiving approval of the Company's stockholders and was therefore recognized in net loss attributable to common shareholders upon receiving stockholder approval on September 8, 2015.

Amendment to Certificate of Incorporation

On September 8, 2015, the Company's stockholders approved an amendment of Article IV of the Company's Amended and Restated Certificate of Incorporation to increase the number of authorized shares of common stock, par value $0.001 per share, from 150,000,000 to 300,000,000.

Series B Convertible Perpetual Preferred Stock and Common Stock

On September 11, 2014, the Company entered into an Investment Agreement (the "2014 Investment Agreement") with Public Sector Pension Investment Board ("PSP Investments"), GIC Private Limited ("GIC") (an affiliate of Singapore's sovereign wealth fund), and Ontario Teachers' Pension Plan Board ("OTPP"). Pursuant to the 2014 Investment Agreement, on September 17, 2014, the Company issued and sold 10,702,934 shares (the "2014 Purchased Common Shares") in the aggregate of Company Common Stock and 371,848 shares (the "2014 Purchased Preferred Stock" and, together with the 2014 Purchased Common Shares, the "2014 Purchased Securities") in the aggregate of the Company's Series B Convertible Perpetual Preferred Stock, par value $0.001 per share, in a private placement. The purchase price per 2014 Purchased Common Share was $30.66 (resulting in aggregate gross proceeds to the Company of approximately $328.0 million), and the purchase price per share of 2014 Purchased Preferred Stock was $1,000 (resulting in aggregate gross proceeds to the Company of approximately $372.0 million). The Company received net proceeds of $684.2 million after equity issuance costs which was initially allocated between common and preferred stock based on the relative fair values of each instrument. The 2014 Purchased Preferred Stock was mandatorily convertible into an aggregate of 12,128,115 additional shares of Company Common Stock subject to the approval of the Company's stockholders. The Company held a special meeting of stockholders of the Company on December 23, 2014 in which the Company's stockholders approved the issuance of shares of Company Common Stock upon the conversion of the 2014 Purchased Preferred Stock. Immediately following the special meeting, the 2014 Purchased Preferred Stock was automatically converted into 12,128,115 shares of Company Common Stock. No additional consideration was received by the Company in connection with the conversion of the 2014 Purchased Preferred Stock into Company Common Stock.

The 2014 Purchased Preferred Stock was issued with an initial conversion price of $30.66, which represented a 5% discount to the then-current trailing 20-day volume weighted average price. As of September 11, 2014, the Company's common stock price was $34.05. As a result, the conversion feature was issued "in-the-money" and the Company allocated the intrinsic value of the conversion feature of $40.9 million to additional paid-in capital. The beneficial conversion feature was contingent upon receiving the approval of the Company's stockholders and was therefore recognized in net loss available to common stockholders upon receiving stockholder approval on December 23, 2014.

February 2014 Common Stock Offering

On February 5, 2014, the Company closed a registered underwritten public offering of 15,000,000 shares of common stock, and on February 11, 2014, the Company closed as part of the same public offering the sale of an additional 2,250,000 shares as a result of the full exercise of the underwriters' overallotment option, in each case at a price of $25.00 per share (together, the "February 2014 Offering"). The Company received $413.2 million in net proceeds from the February 2014 Offering after underwriting discounts and expenses.

August 2013 Common Stock Offering

On August 13, 2013, the Company closed a registered underwritten public offering of 9,694,027 shares of common stock, and on August 16, 2013, the Company closed as part of the same public offering the sale of an additional 1,454,104 shares as a result of the full exercise of the underwriters' overallotment option, in each case at a price of $22.75 per share (together, the "August 2013 Offering"). The Company received $239.5 million in net proceeds from the August 2013 Offering after underwriting discounts and expenses.

Series A Convertible Perpetual Preferred Stock and Warrants

Pursuant to the Company's Certificate of Incorporation, the Board of Directors may establish one or more series of preferred stock. Other than the Series A Convertible Perpetual Preferred Stock, par value $0.001 per share (the "Series A Preferred Stock"), no shares of preferred stock are currently outstanding.

On September 2, 2011, pursuant to the Investment Agreement, dated as of June 13, 2011 (the "Investment Agreement"), by and among Jacobs Private Equity, LLC ("JPE"), the other investors party thereto (collectively with JPE, the "Investors") and the Company, the Company issued to the Investors, for $75.0 million in cash: (i) an aggregate of 75,000 shares of the Series A Preferred Stock with an initial liquidation preference of $1,000 per share, which are convertible into shares of Company common stock at a conversion price of $7.00 per common share (subject to customary anti-dilution adjustments), and (ii) warrants exercisable for shares of Company common stock at an initial exercise price of $7.00 per common share (subject to customary anti-dilution adjustments) (the "Warrants"). As of December 31, 2015, the outstanding Series A Preferred Stock is convertible into 10,412,145 shares of Company common stock and there are outstanding Warrants exercisable for an aggregate of 10,462,455 shares of Company common stock. The Series A Preferred Stock ranks, with respect to dividend rights and rights upon liquidation, winding-up or dissolution of the Company, senior to the Company's common stock and to each other class or series of stock of the Company (including any series of preferred stock) the terms of which do not expressly provide that such class or series ranks senior to or pari passu with the Series A Preferred Stock. The Series A Preferred Stock pays quarterly cash dividends equal to the greater of (i) the "as-converted" dividends on the underlying Company common stock for the relevant quarter and (ii) 4% of the then-applicable liquidation preference per annum. The Series A Preferred Stock is not redeemable or subject to any required offer to purchase, and votes together with the Company's common stock on an "as-converted" basis on all matters, except as otherwise required by law, and separately as a class with respect to certain matters implicating the rights of holders of shares of Series A Preferred Stock.

13. Stock-Based Compensation

Under the terms of the XPO Logistics, Inc. Amended and Restated 2011 Omnibus Incentive Compensation Plan (the "2011 Plan"), the Company grants various types of stock-based compensation awards to directors, officers and key employees. The 2011 Plan provides for awards in the form of stock options, stock appreciation rights, restricted stock, restricted stock units, deferred share units, performance compensation awards, performance units, cash incentive awards and other equity-based or equity-related awards (collectively, "Awards") that the Compensation Committee of the Board of Directors (the "Committee") determines are consistent with the purpose of the 2011 Plan and interests of the Company.

The maximum aggregate number of shares of common stock that may be delivered pursuant to Awards under the 2011 Plan is 4,000,000 shares plus shares remaining available for awards under the prior plan as of May 31, 2012 and any shares with respect to awards granted under the predecessor plans that are forfeited after May 31, 2012. In the event of any extraordinary dividend or other extraordinary distribution, recapitalization, rights offering, stock split, reverse stock split, split-up or spin-off, the Committee shall equitably adjust any or all of the number of shares of the Company with respect to which Awards may be granted, including 2011 Plan share limits, the terms of any outstanding Award, the number of shares subject to outstanding Awards, and the exercise price of any Award, if applicable. Any shares delivered pursuant to an Award may consist, in whole or in part, of authorized and unissued shares or of treasury shares.

The 2011 Plan will continue in effect until May 31, 2022, unless terminated earlier by the Board of Directors. As of December 31, 2015, there were 737,840 shares available for issuance under the 2011 Plan.

The Company recognized the following stock-based compensation expense in direct operating expense and sales, general and administrative expense in the consolidated statements of operations:

	Years ended December 31,		
(Dollars in millions)	**2015**	**2014**	**2013**
Stock options	$ 1.9	$ 1.7	$ 1.5
Stock appreciation rights	0.4	—	—
Restricted stock units	9.0	5.8	3.2
Performance-based restricted stock units	17.0	—	—
Warrants	8.5	—	—
Stock-based compensation expense	$36.8	$ 7.5	$ 4.7

The Company did not realize any excess tax benefit or tax deductions from any of the stock-based compensation plans in 2015, 2014 and 2013.

As discussed further in **Note 3—Acquisitions**, the Company settled the outstanding warrants and certain performance stock awards of ND. The portion of the fair value of the warrants and performance shares not attributable to service performed prior to the acquisition date was recorded as stock-based compensation expense in the post-combination period. The amount of stock-based compensation expense related to the settlement of ND stock awards included in the year ended December 31, 2015 was $18.5 million. The $8.5 million of stock-based compensation related to the warrants was settled in cash during the second quarter of 2015 in conjunction with the acquisition.

In conjunction with the Con-way acquisition, the Company settled all outstanding restricted stock awards as well as certain restricted stock units and performance-stock awards of Con-way. All remaining outstanding Con-way equity awards were assumed by the Company, as more fully discussed below. The portion of the fair value not attributable to service performed prior to the acquisition date will be recorded as stock-based compensation expense in the post-combination period. The total value of the cash settlement of Con-way stock-based compensation awards in connection with the acquisition was $30.9 million, $10.0 million of which was paid during the fourth quarter of 2015.

Stock Options

During the years ended December 31, 2015, 2014 and 2013, the Company granted stock options to certain key employees, officers and directors of the Company. For employees and officers, the options typically vest over three to five years after the grant date, have a ten year contractual term, and an exercise price equal to the Company's stock price on the grant date. For grants to members of the Company's Board of directors, the options vest one year after the grant date, have a ten year contractual term, and an exercise price equal to the Company's stock price on the grant date.

In connection with the Con-way transaction, each outstanding Con-way stock option was converted into an equivalent number of stock options with the same terms and conditions as were applicable prior to the acquisition, resulting in a total of 883,733 stock options assumed by the Company. All assumed stock options were fully vested as of the acquisition date.

The following is a summary of the weighted-average assumptions used to calculate the grant-date fair value using the Black-Scholes option pricing model:

	2015	2014	2013
Weighted-average risk-free interest rate	1.6%	1.9%	1.6%
Weighted-average volatility	60.7%	50.5%	51.0%
Weighted-average dividend yield	—	—	—
Weighted-average expected option term (in years)	6.61	6.44	6.44

For stock options with an exercise price equal to the Company's stock price on the date of grant, 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. The expected 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 with a term equal to the expected term of the option in effect at the time of grant.

A summary of stock option award activity for the years ended December 31, 2015, 2014 and 2013 is presented below:

	Stock Options				
	Number of Stock Options	Weighted-Average Exercise Price	Exercise Price Range	Weighted-Average Grant Date Fair Value	Weighted-Average Remaining Term
Outstanding at December 31, 2012	1,383,332	$10.06	$ 2.28 -$18.07	$ 5.50	8.29
Granted	111,000	20.18	$ 16.57 -$23.19	10.13	
Exercised	(57,464)	4.59	$ 2.96 - $6.08	11.62	
Forfeited	(15,348)	14.25	$ 6.08 - $16.57	6.99	
Outstanding at December 31, 2013	1,421,520	$11.02	$ 2.28 - $23.19	$ 6.01	6.93
Granted	50,000	27.48	$23.31 - $31.28	14.37	
Exercised	(74,531)	6.83	$ 2.96 - $17.10	18.43	
Forfeited	(52,194)	15.21	$10.53 - $31.28	7.50	
Outstanding at December 31, 2014	1,344,795	$11.70	$ 2.68 - $27.87	$ 6.04	6.84
Granted	85,755	26.72	$26.63 - $27.47	15.71	
Assumed	883,733	24.17	$10.94 - $31.88	5.71	
Exercised	(271,703)	19.20	$ 2.68 - $29.79	4.85	
Forfeited	(38,300)	20.51	$12.10 - $27.87	9.80	
Outstanding at December 31, 2015	2,004,280	$16.66	$ 2.68 - $31.88	$ 6.06	4.57
Options exercisable at December 31, 2015	1,680,525	$16.62	$ 2.68 - $31.88	$ 5.49	4.05

The intrinsic value of options outstanding and exercisable at December 31, 2015 was $21.7 million and $18.3 million, respectively. As of December 31, 2015, the Company had approximately $2.3 million of unrecognized compensation cost related to stock options which is expected to be recognized over a weighted-average period of 2.35 years. The remaining estimated compensation expense related to existing stock options is as follows:

	Years ended December 31,				
(Dollars in millions)	2016	2017	2018	2019	2020
Remaining estimated compensation expense related to existing stock options	$1.2	$0.6	$0.4	$0.1	$—

The total intrinsic value of options exercised during 2015, 2014 and 2013 was $4.1 million, $1.7 million and $0.8 million, respectively. The total cash received from options exercised during 2015, 2014 and 2013 was $5.2 million, $0.5 million, and $0.3 million, respectively.

Stock Appreciation Rights

In connection with the Con-way transaction, the Company assumed all SARs held by Con-way employees. Each SAR was converted into an equivalent number of SARs with the same terms and conditions as were applicable prior to the acquisition. All converted SARs were fully vested as of the acquisition date. The SARs are liability-classified awards, and, as a result, the Company re-measures the fair value of the awards each reporting period until the awards are settled. The Company recognizes any changes in fair value as compensation cost in the current period. The ultimate expense recognized for the SARs is equal to the intrinsic value at settlement. The Company's accrued liability for cash-settled SARs of $1.9 million at December 31, 2015 was determined using a weighted-average fair value of $13.45 per SAR at December 31, 2015. The Company did not have SARs outstanding in 2014 or 2013.

The following table summarizes SAR activity for 2015:

	Stock Appreciation Rights		
	Number of Rights	Weighted-Average Exercise Price	Weighted-Average Remaining Term
Outstanding at December 31, 2014	—	$ —	—
Granted	—	—	—
Assumed	180,789	15.61	—
Exercised	(37,186)	15.61	—
Forfeited	—	—	—
Outstanding at December 31, 2015	143,603	$15.61	1.79
SARs exercisable at December 31, 2015	143,603	$15.61	1.79

The intrinsic value of SARs outstanding and exercisable at December 31, 2015 was $1.7 million. The total cash paid to settle exercised SARs during 2015 was $0.6 million.

Restricted Stock Units and Performance-based Restricted Stock Units

During the years ended December 31, 2015, 2014 and 2013, the Company granted RSUs and PRSUs to certain key employees, officers and directors of the Company under the 2011 Plan with various vesting requirements as established by the Compensation Committee of the Board of Directors. The RSUs granted vest based on the passage of time. The vesting of certain RSU awards also is subject to the price of the Company's common stock exceeding a specified per share price for a designated period of time and continued employment at the Company by the grantee as of the vesting date. The PRSUs granted will vest based on the achievement of certain targets with respect to the Company's overall financial performance for specified periods. The vesting of certain PRSU awards also is subject to the price of the Company's common stock exceeding a specified per share price for a designated period of time and generally require continued employment at the Company by the grantee as of the vesting date.

In connection with the Con-way transaction, each outstanding RSU not previously settled was converted into an equivalent number of RSUs with the same terms and conditions as were applicable prior to the acquisition, resulting in a total of 661,988 RSUs assumed. Additionally, each outstanding PRSU not previously settled was converted into an equivalent number of PRSUs with the same time-vesting and settlement terms and conditions that existed prior to the acquisition, with the performance-based vesting conditions deemed satisfied at target, resulting in a total of 426,686 RSUs assumed.

In connection with the New Breed Transaction, the Company granted certain members of the New Breed management team an aggregate of 367,705 PRSU awards under the 2011 Plan. Pursuant to the PRSU award agreements, grantees are eligible to earn up to 367,705 PRSUs in the aggregate which will vest based on the achievement of certain targets with respect to New Breed's financial performance during 2015, 2016 and 2017. The vesting of all such PRSUs also is subject to the price of the Company's common stock exceeding a specified per share price for a designated period of time and continued employment at the Company by the grantee as of the vesting date.

In connection with the Pacer Transaction, certain members of the Pacer senior management team signed employment agreements with the Company that became effective upon completion of the acquisition. As part of their employment agreements, the Company granted the Pacer management team members an aggregate of 122,569 time-based RSU awards under the 2011 Plan. Certain of these awards vested 25% on the acquisition date of March 31, 2014 while the remaining 75% of the awards vest ratably on each of December 31, 2014, 2015 and 2016, subject to the employee's continued employment with the Company through each such date. Other RSUs awarded to the Pacer senior management team provided for vesting of 33.4% of the award on March 31, 2015, 33.3% on March 31, 2016 and 33.3% on March 31, 2017, subject to the employee's continued employment with the Company through each such date.

In connection with the 3PD Transaction, each member of the 3PD senior management team signed an employment agreement with the Company that became effective upon completion of the acquisition. Additionally, in order to incentivize 3PD's management, the Company granted the 3PD management team time-based RSUs and performance-based PRSUs under the 2011 Plan. Pursuant to the award agreements, members of the 3PD management team are eligible to earn up to 600,000 RSUs and PRSUs in the aggregate, of which 150,000 RSUs will vest in equal tranches on each of December 31, 2014, 2015 and 2016 based on the passage of time and 450,000 PRSUs will vest based on the achievement of certain targets with respect to 3PD's financial performance during 2016 and 2017 as part of the combined company. The vesting of all such RSUs and PRSUs also is subject to the price of the Company's common stock exceeding a specified per share price for a designated period of time and continued employment at the Company by the grantee as of the vesting date.

The RSUs and PRSUs may vest in whole or in part before the applicable vesting date if the grantee's employment is terminated by the Company without cause or by the grantee with good reason (as defined in the grant agreement), upon death or disability of the grantee or in the event of a change in control of the Company. Upon vesting, the RSUs and PRSUs result in the issuance of shares of XPO common stock after required minimum tax withholdings. The holders of the RSUs and PRSUs do not have the rights of a stockholder and do not have voting rights until certificates representing shares are issued and delivered in settlement of the awards.

For grants of RSUs and PRSUs subject to service- or performance-based vesting conditions only, the fair value is established based on the market price of XPO common stock on the date of the grant. For grants of RSUs and PRSUs subject to market-based vesting conditions, the fair value is established using the Monte Carlo simulation lattice model. The actual number of PRSUs earned will be based on the Company's overall financial performance or the respective business unit's financial performance, as applicable, over the applicable performance periods. The fair value of RSUs is recognized as expense on a straight line basis over the awards' requisite service period. The fair value of PRSUs is recognized as expense on a straight line basis over the awards' requisite service period based on the number of awards expected to vest according to actual and expected financial results of the individual performance periods compared to set performance targets for those periods. If achievement of the performance targets for a PRSU award is not considered to be probable, then no expense will be recognized until achievement of such targets becomes probable.

The fair value of all grants of RSUs and PRSUs subject to market-based vesting conditions was estimated using the Monte Carlo simulation lattice model and the assumptions noted in the following table.

	2015	2014	2013
Weighted-average risk-free interest rate	1.1%	1.2%	1.0%
Weighted-average volatility	41.1%	44.3%	50.0%
Weighted-average dividend yield	—	—	—
Weighted-average term (in years)	2.98	3.59	3.78

A summary of RSU and PRSU award activity for the years ended December 31, 2015, 2014 and 2013 is presented below:

	Restricted Stock Units		Performance-based Restricted Stock Units	
	Number of Restricted Stock Units	Weighted-Average Grant Date Fair Value	Number of Performance-based Restricted Stock Units	Weighted-Average Grant Date Fair Value
Outstanding at December 31, 2012	883,816	$11.31	—	$ —
Granted	305,714	14.38	450,000	15.15
Vested	(219,875)	11.64	—	—
Forfeited	(68,000)	10.65	—	—
Outstanding at December 31, 2013	901,655	$13.26	450,000	$13.26
Granted	175,773	29.81	1,114,951	23.19
Vested	(295,600)	14.98	—	—
Forfeited	(89,005)	14.94	(1,000)	27.61
Outstanding at December 31, 2014	692,823	$15.23	1,563,951	$20.86
Granted	329,899	25.72	537,261	24.75
Assumed	1,088,674	26.02	—	—
Vested	(460,895)	19.47	(25,424)	31.02
Forfeited	(92,060)	27.24	(88,728)	28.15
Outstanding at December 31, 2015	1,558,441	$23.01	1,987,060	$21.47

The total fair value of RSUs vested during 2015, 2014 and 2013 was $14.3 million, $9.9 million and $5.1 million, respectively. Of the 1,558,441 outstanding RSUs, 1,359,477 vest subject to service conditions and 198,964 vest subject to service and market conditions.

The total fair value of PRSUs that vested during 2015 was $0.7 million. No PRSUs vested during December 31, 2014 or 2013, respectively. Of the 1,987,060 outstanding PRSUs, 1,736,238 vest subject to service and a combination of market and performance conditions and 250,822 vest subject to service and performance conditions.

As of December 31, 2015, the Company had approximately $24.9 million of unrecognized compensation cost related to non-vested RSU and PRSU compensation that is anticipated to be recognized over a weighted-average period of approximately 2.53 years. Remaining estimated compensation expense related to outstanding RSUs and PRSUs is as follows:

	Years ended December 31,				
(Dollars in millions)	2016	2017	2018	2019	2020 and thereafter
Remaining estimated compensation expense related to outstanding RSUs and PRSUs deemed probable	$13.1	$7.2	$3.1	$0.6	$0.9

The remaining estimated compensation expense excludes the impact of PRSUs not deemed probable as of December 31, 2015. The unrecognized compensation cost related to PRSUs not deemed probable as of December 31, 2015 is $28.8 million.

14. Income Taxes

A summary of income (loss) before taxes related to U.S. and non U.S. operations are as follows:

(Dollars in millions)	Year Ended December 31, 2015	2014	2013
Operations			
U.S. domestic	$(305.7)	$(87.2)	$(69.2)
Foreign	23.2	(2.5)	(1.8)
Total pre-tax loss	$(282.5)	$(89.7)	$(71.0)

The components of the income tax benefit consist of the following:

(Dollars in millions)	Year Ended December 31, 2015	2014	2013
Current			
Federal	$(34.2)	$ —	$ —
State and local	8.8	3.4	0.3
Foreign	26.4	0.5	(0.1)
	1.0	3.9	0.2
Deferred			
Federal	(58.1)	(27.8)	(22.1)
State and local	(18.2)	(2.7)	(0.6)
Foreign	(15.6)	0.5	—
	(91.9)	(30.0)	(22.7)
Total income tax benefit	$(90.9)	$(26.1)	$(22.5)

The provision for income taxes is different from that which would be obtained by applying the statutory federal income tax rate to income before income taxes. The items causing this difference are as follows:

	Year Ended December 31, 2015	2014	2013
U.S. Federal statutory tax rate	35.0%	35.0%	34.0%
State and local taxes, net	2.2%	0.7%	0.6%
Transaction expense	(3.7)%	(1.7)%	(1.1)%
Loss on convertible debt	(0.6)%	(2.1)%	(1.1)%
Change in valuation allowance	(3.2)%	(1.4)%	(0.6)%
Nontaxable purchase price adjustment	2.2%	— %	— %
Fuel and employment tax credits	2.0%	— %	— %
Change in uncertain tax position provision	0.5%	0.4%	0.3%
U.S. taxation of foreign earnings	(2.4)%	— %	— %
Loss on remeasurement of foreign activities	2.6%	— %	— %
Foreign tax rate differences	— %	(0.5)%	(0.2)%
All other non-deductible items	(2.4)%	(1.3)%	(0.2)%
Net effective tax rate	32.2%	29.1%	31.7%

The tax effects of temporary differences that give rise to significant portions of the noncurrent deferred tax asset and deferred tax liability are as follows:

(Dollars in millions)	Year Ended December 31, 2015	2014
Deferred tax assets		
Net operating loss and other tax attribute carryforwards	$ 242.0	$ 74.3
Accrued expenses	125.4	13.2
Pension and other retirement obligations	70.3	—
Other	65.2	13.4
Total deferred tax asset	502.9	100.9
Valuation allowance	(67.6)	(7.1)
Total deferred tax asset, net	435.3	93.8
Deferred tax liabilities		
Intangible assets	(655.0)	(110.5)
Property & equipment	(541.7)	(41.9)
Other	(58.3)	(6.7)
Total deferred tax liability	(1,255.0)	(159.1)
Net deferred tax liability	$ (819.7)	$ (65.3)

At December 31, 2015 and 2014, the Company had federal net operating losses for all U.S. operations (including those of minority owned subsidiaries) of $409.7 million and $195.4 million, respectively, expiring at various times between 2028 and 2035. At December 31, 2015 and 2014, the tax effect (before federal benefit) of the Company's state net operating losses was $26.5 million and $13.4 million, respectively, expiring at various times between 2016 and 2035. Included in the federal and state net operating losses to be carried forward are $22.1 million of gross windfall tax benefits for stock compensation that has not been recognized as a deferred tax asset and will be recorded as an adjustment to additional paid-in-capital when recognized.

At December 31, 2015 and 2014, the Company had federal tax credit carryforwards of $7.4 million and $1.8 million expiring at various times starting in 2018 with certain credits having an unlimited carryforward period. At December 31, 2015, the Company had state tax credit carryforwards of $4.6 million expiring at various times between 2016 and 2028. At December 31, 2014, the Company had state tax credit carryforwards of $1.5 million expiring at various times between 2015 and 2027.

At December 31, 2015 and 2014, the Company's foreign net operating losses that are available to offset future taxable income were $267.0 million and $6.6 million, respectively. These foreign loss carryforwards will expire at various times between 2016 and 2026 with some losses having an unlimited carryforward period.

As a result of the acquisition of New Breed in 2014, the Company recognized tax benefits related to New Breed's final pre-acquisition period net operating losses of $56.0 million and filed in early 2015 a U.S. Federal net operating loss carryback refund claim for $14.7 million. This refund was received in the first quarter of 2015.

The Company believes it is more likely than not that future earnings and reversal of existing deferred tax liabilities will be sufficient to fully utilize the net operating loss deferred tax assets within the carryforward period. Although currently not anticipated, the Company's ability to use its federal and state net operating loss carryforwards may become subject to restrictions attributable to equity transactions in the future resulting from changes in ownership as defined under Internal Revenue Code Section 382.

In general, it is the practice and intention of the Company to reinvest the earnings of its non-U.S. subsidiaries in those operations. As of December 31, 2015, the Company has not made a provision for U.S. or additional foreign withholding taxes for financial reporting over the tax basis of investments in foreign subsidiaries that are essentially permanent in duration, if any exists. Generally, such amounts become subject to U.S. taxation upon the remittance of dividends and under certain other circumstances. We estimate the amount of unremitted earnings and profits as of December 31, 2015 to be approximately $48.7 million. It is not practicable to estimate the amount of deferred tax liability related to investments in these foreign subsidiaries.

During the year ended December 31, 2015, the Company reassessed its U.S. and foreign valuation allowance requirements. The Company evaluated all available evidence in its analysis, including future settlement of the deferred tax liabilities, carrybacks available and historical and projected pre-tax profits generated by the Company's U.S. operations. The Company also considered tax planning strategies that are prudent and can be reasonably implemented. The future settlement of deferred tax liabilities, which will enable the Company to realize its existing deferred tax assets when they reverse, was the most significant factor in the Company's determination of the valuation allowance under the "more likely than not" criteria. The Company's valuation allowance as of December 31, 2015 was $16.1 million for domestic deferred tax assets and $51.5 million for foreign jurisdictions where it is not "more likely than not" that the deferred tax assets will be utilized. At December 31, 2014, the Company had a valuation allowance of $4.8 million on its domestic deferred tax assets and $2.3 million on its foreign deferred tax assets. The change in the Company's valuation allowance of $60.5 million is a result of the assessment of deferred tax assets as established at the acquisition of ND and Con-way and through the Company's determination that certain state and foreign deferred tax assets do not meet the "more likely than not" criteria during the period.

A reconciliation of the beginning and ending amount of unrecognized tax benefits, excluding interest and penalties, is as follows:

	Year Ended December 31,	
(Dollars in millions)	**2015**	**2014**
Uncertain tax positions, beginning of the year	$ 6.2	$ 0.8
Additions for tax positions of prior years	0.2	—
Additions for tax positions from acquisitions	6.1	5.8
Additions for tax positions taken during the current period	0.5	—
Reductions due to the statute of limitations	(1.5)	(0.4)
Uncertain tax positions, end of the year	$11.5	$ 6.2

The Company recognizes interest and penalties accrued related to uncertain tax positions in the provision for income taxes. For the years ended December 31, 2015 and 2014, $8.1 million and $2.0 million of the unrecognized tax benefits of $11.5 million and $6.2 million, respectively, if resolved favorably, would impact our effective tax rates. The release of the remaining $3.4 million of unrecognized tax benefits would not affect the tax rate upon favorable resolution as the liability would be settled through a holdback provision of an acquisition agreement.

The Company and its wholly owned U.S. subsidiaries file a consolidated Federal income tax return. In addition, its minority owned U.S. subsidiaries file consolidated Federal income tax returns in accordance with U.S. filing requirements. The Company also files unitary or separate returns in various state, local and non-U.S. jurisdictions based on state, local and non-U.S. filing requirements. As a matter of course, various taxing authorities, including the IRS, regularly audit the Company. These audits may result in proposed assessments where the ultimate resolution may result in the Company owing additional taxes. Currently, the Company has no tax years under examination by the IRS. The Company has various non-U.S examinations in process, but at this time, we do not expect any of these routine examinations to yield a material assessment. While there are no other Federal, state or local examinations currently in progress, generally, the Federal returns after 2010, state and local returns after 2008 and non-U.S. returns after 2010 are open under relevant statute of limitations and therefore subject to potential adjustment. The Company believes that its tax positions comply with applicable tax law. The former Con-way companies are subject to examination for federal income taxes for tax year 2015. In 2013, Con-way entered the Compliance Assurance Program ("CAP"). CAP is designed to make audits more effective, efficient and current such that when the federal tax return is filed for the current year it has been approved by the Internal Revenue Service ("IRS"). The IRS has approved both the 2013 and 2014 federal tax return. All federal, state and local income tax returns for the former Con-way are filed through 2014.

15. Derivative Instruments

In the normal course of business, the Company is exposed to certain risks arising from business operations and economic factors, including fluctuations in interest rates and foreign currencies. To manage the volatility related to exposure to fluctuations in interest rates and foreign currencies, the Company uses derivative instruments. The objective of the derivative instruments is to reduce fluctuations in earnings and cash flows associated with changes in foreign currency rates and interest rates. These financial instruments are not used for trading or other speculative purposes. The Company has not historically incurred, and does not expect to incur in the future, any losses as a result of counterparty default.

The Company formally documents all relationships between hedging instruments and hedged items, as well as the risk management objective and strategy for undertaking various hedge transactions. This process includes linking cash flow hedges to specific forecasted transactions or variability of cash flow to be paid. The Company also formally assesses, both at the hedge's inception and on an ongoing basis, whether the designated derivative instruments that are used in hedging transactions are highly effective in offsetting changes in cash flow of hedged items. When a derivative instrument is determined not to be highly effective as a hedge or the underlying hedged transaction is no longer probable, hedge accounting is discontinued prospectively. See **Note 2—Basis of Presentation and Significant Accounting Policies** of the consolidated financial statements for the Company's accounting policies for derivative instruments.

Hedge of Net Investments in Foreign Operations

In connection with the issuance of the Senior Notes due 2022, the Company entered into certain cross-currency swap agreements with a notional amount of $730.9 million to manage the related foreign currency exchange risk by effectively converting a portion of the fixed-rate USD-denominated Senior Notes due 2022, including the semi-annual interest payments, to fixed-rate, EUR-denominated debt. The risk management objective is to manage foreign currency risk relating to net investments in subsidiaries denominated in foreign currencies and reduce the variability in the functional currency equivalent cash flows of a portion of the Senior Notes due 2022. During the term of the swap contracts, the Company will receive semi-annual interest payments in June and December of each year from the counterparties based on USD fixed interest rates, and the Company will make semi-annual interest payments in June and December of each year to the counterparties based on EUR fixed interest rates. At maturity, the Company will repay the original principal amount in EUR and receive the principal amount in USD. The Company has designated the cross-currency swap agreements as qualifying hedging instruments and is accounting for these as net investment hedges. The gains and losses resulting from fair value adjustments to the cross-currency swap agreements are recorded in accumulated other comprehensive income to the extent that the cross-currency swaps are effective in hedging the designated risk. The Company did not record any ineffectiveness for the twelve months ended December 31, 2015. Cash flows related to the cross-currency swaps are included in operating activities on the consolidated statements of cash flows. The Company does not expect amounts that are currently deferred in accumulated other comprehensive income to be reclassified to income during the year ended December 31, 2016. The Company did not have cross-currency swap agreements in 2014 or 2013.

In addition to the cross-currency swaps, the Company uses foreign currency denominated notes as nonderivative hedging instruments of its net investments in foreign operations. During the second quarter of 2015, the Company designated $235.8 million of its Senior Notes due 2021 included in long-term debt on the consolidated balance sheets as a net investment hedge of its investments in international subsidiaries that use the EUR as their functional currency. During the period that the Senior Notes due 2021 were designated as a net investment hedge, the gains and losses resulting from exchange rate adjustments to the foreign currency denominated notes are recorded in accumulated other comprehensive income to the extent that the foreign currency denominated notes are effective in hedging the designated risk. As of December 31, 2015, there is no amount of Senior Notes due 2021 that is designated as a net investment hedge of its investments in international subsidiaries that use the EUR as their functional currency. The de-designation occurred in August 2015 and the $4.7 million gain recognized in accumulated other comprehensive income during the period that the Senior Notes due 2021 were designated as a net investment hedge remains in accumulated other comprehensive income as of December 31, 2015 and will remain in accumulated other comprehensive income until the subsidiary is sold, completely liquidated, or deconsolidated due to a change in control. From the de-designation date through December 31, 2015, the gains and losses resulting from exchange rate adjustments to the foreign currency denominated notes are recorded in the statement of operations in other expense. The Company did not record any ineffectiveness for the twelve months ended December 31, 2015. The Company does not expect amounts that are currently deferred in accumulated other comprehensive income to be reclassified to income during the year ended December 31, 2016. The Company did not have foreign currency denominated notes in 2014 or 2013.

Interest Rate Hedging

In order to mitigate variability in forecasted interest payments on the Company's EUR-denominated asset financings that are based on benchmark interest rates (e.g., Euribor), the Company has entered into interest rate swaps. The objective is for the cash flows of the interest rate swaps to offset any changes in cash flows of the forecasted interest payments attributable to changes in the benchmark interest rate. The interest rate swaps convert floating rate interest payments into fixed rate interest payments. The Company has designated the interest rate swaps as qualifying hedging instruments and is accounting for these as cash flow hedges of the forecasted obligations. The gains and losses resulting from fair value adjustments to the interest rate swaps are recorded in accumulated other comprehensive income to the extent that the interest rate swaps are effective in hedging the designated risk. The gains and losses will be reclassified from accumulated other comprehensive income to interest expense on the dates that interest payments accrue, or when the hedged item becomes probable not to occur. The Company is hedging its exposure to the variability in future cash flows for forecasted interest payments through December 2017. The Company did not have interest rate swaps in 2014 or 2013. During 2015, $43.5 million notional amount of the Company's interest rate swaps were discontinued as cash flow hedges and are classified as derivatives not designated as hedges as of December 31, 2015, with an inconsequential loss recognized in the consolidated statements of operations for the twelve months ended December 31, 2015. Cash flows related to the interest rate swaps are included in operating activities on the consolidated statements of cash flows. The Company expects an inconsequential amount that is currently deferred in accumulated other comprehensive income to be reclassified to income during the year ended December 31, 2016.

Foreign Currency Forward Contract

In order to manage the short-term effect of foreign currency exchange rate fluctuations in connection with a portion of the cash consideration paid in EUR to acquire a majority interest in the outstanding share capital of ND, the Company entered into a $1,864.5 million short-term foreign currency forward contract in the second quarter of 2015. The foreign currency forward contract allowed the Company to purchase fixed amounts of EUR in the future at an exchange rate of €1.00 to $1.13. The Company did not designate the foreign currency forward contract as a qualifying hedging instrument. Gains or losses on the foreign exchange forward contract are recorded in other expense in the consolidated statements of operations. During 2015 the $1,864.5 million foreign currency forward contract was settled and the loss recorded in the consolidated statements of operations related to the foreign currency forward contract was $9.7 million. Cash flows related to the foreign currency forward contract are included in investing activities on the consolidated statements of cash flows. The Company did not have foreign currency forward contracts in 2014 or 2013.

Foreign Currency Option Contracts

In order to mitigate against the risk of a reduction in the value of foreign currency earnings before interest, taxes, depreciation and amortization ("EBITDA") from the Company's international operations with the EUR and GBP as the functional currency, the Company entered into foreign currency option contracts in the fourth quarter of 2015. The option contracts are not designated as qualifying hedging instruments as of December 31, 2015. The option contracts are not speculative and are used to manage the Company's exposure to foreign currency exchange rate fluctuations and other identified risks. The risk of loss associated with option contracts is limited to the premium amounts payable for the option contracts. The option contracts expire in 12 months or less. Gains or losses on the option contracts are recorded in other expense in the consolidated statements of operations. Cash flows related to the foreign currency option contracts are included in operating activities on the consolidated statements of cash flows. The Company did not have foreign currency option contracts in 2014 or 2013.

The following table presents the location on the consolidated balance sheets in which the Company's derivative instruments have been recognized, the fair value hierarchy level applicable to each type of derivative instrument, and the related notional amounts and fair values as of December 31, 2015:

(Dollars in millions)	Balance Sheet Location	Fair Value Hierarchy Level	Notional Amount	Fair Value
Derivatives designated as hedges:				
Cross-currency swap agreements	Other long-term assets	Level 2	$730.9	$ 0.2
Interest rate swaps	Other current liabilities Other long-term liabilities	Level 2	228.6	(7.3)
Derivatives not designated as hedges:				
Interest rate swaps	Other current liabilities Other long-term liabilities	Level 2	43.5	(0.7)
Foreign currency option contracts	Other current liabilities	Level 2	235.2	(1.0)
Total				$(8.8)

The following table indicates the amount of gains/(losses) that have been recognized in accumulated other comprehensive loss in the consolidated balance sheets and gains/(losses) recognized in earnings in the consolidated statements of operations for the twelve months ended December 31, 2015, 2014, and 2013 for derivative and nonderivative instruments:

	Recognized in Accumulated Other Comprehensive Loss			Recognized in Earnings		
(Dollars in millions)	2015	2014	2013	2015	2014	2013
Derivatives designated as hedges:						
Cross-currency swap agreements	$ 4.9	$—	$—	$ —	$—	$—
Interest rate swaps	(1.4)	—	—	—	—	—
Derivatives not designated as hedges:						
Foreign currency option contracts	—	—	—	(1.0)	—	—
Foreign currency forward contracts	—	—	—	(9.7)	—	—
Nonderivatives designated as hedges:						
Foreign currency denominated notes	4.7	—	—	—	—	—
Total	$ 8.2	$—	$—	$(10.7)	$—	$—

16. Variable Interest Entities and Joint Ventures

The Company consolidates VIEs and certain joint ventures (“JVs”) because it has the power to direct the activities that significantly affect the VIE’s and JV’s economic performance, including having operational control over each VIE and JV and operating the VIEs under the XPO brand. The VIEs and JVs provide logistics services for their customers. Investors in these entities only have recourse to the assets owned by the entity and not to the Company’s general credit. The Company does not have implicit support arrangements with any VIE.

Assets and Liabilities of Consolidated VIEs and Joint Ventures

(Dollars in millions)	As of December 31, 2015
Assets	
Cash and cash equivalents	$14.3
Accounts receivable, net of allowance	54.7
Other current assets	3.8
Property and equipment, net of accumulated depreciation	4.8
Other long-term assets	3.0
Total	$80.6
Liabilities	
Accounts payable	$44.9
Accrued expenses, other	8.1
Other current liabilities	8.9
Other long-term liabilities	5.2
Total	$67.1

Total revenue from the Company’s consolidated VIEs and JVs was $189.5 million in the twelve months ended December 31, 2015. Related expenses for the Company’s consolidated VIEs and JVs consisted of operating expenses of $185.5 million in the twelve months ended December 31, 2015 and tax expense of $0.9 million in the twelve months ended December 31, 2015. The Company did not have any VIEs or JVs prior to its June 2015 acquisition of ND.

17. Earnings per Share

Basic earnings per common share are computed by dividing net income attributable to common stockholders by the weighted-average number of shares of common stock outstanding during the period. Diluted earnings per common share are computed by dividing net income attributable to common stockholders by the combined weighted-average number of shares of common stock outstanding and the potential dilution of stock options, warrants, RSUs, PRSUs, Convertible Notes and the Company's Series A Convertible Perpetual Preferred Stock, par value $0.001 per share, outstanding during the period, if dilutive. The weighted-average of potentially dilutive securities excluded from the computation of diluted earnings per share is shown in the table below.

	Year Ended December 31,		
	2015	2014	2013
Basic weighted-average common stock outstanding	92,755,919	53,629,962	22,752,320
Potentially Dilutive Securities:			
Shares underlying the conversion of preferred stock to common stock	10,438,426	10,483,052	10,607,309
Shares underlying the conversion of the convertible senior notes	4,327,654	7,342,864	8,623,331
Shares underlying warrants to purchase common stock	8,574,412	8,202,468	6,900,642
Shares underlying stock options to purchase common stock	823,352	555,977	356,815
Shares underlying restricted stock units and performance-based restricted stock units	1,519,776	797,026	367,183
	25,683,620	27,381,387	26,855,280
Diluted weighted-average shares outstanding	118,439,539	81,011,349	49,607,600

The impact of this dilution was not reflected in the earnings per share calculations in the consolidated statements of operations because the impact was anti-dilutive. The treasury stock method was used to determine the shares underlying warrants, stock options, RSUs and PRSUs for potential dilution with an average market price of $38.79 per share, $31.30 per share and $19.69 per share for the years ended December 31, 2015, 2014 and 2013, respectively.

18. Related Party Transactions

During the years ended December 31, 2015 and 2014, the Company leased office space from two entities partially owned and controlled by Louis DeJoy, the former Chief Executive Officer of XPO's North America supply chain business, who was elected as a member of XPO's Board of Directors on December 3, 2015. The non-cancellable lease agreements expire at various dates in 2019. Each lease agreement provides the Company, as tenant, with two five-year option periods to extend the lease term. The Company made rent payments associated with these lease agreements in the amounts of $1.9 million and $0.6 million for the years ended December 31, 2015 and 2014, respectively. In addition, the Company paid operating expenses in connection with these leased properties of $0.2 million and $0.1 million for the years ended December 31, 2015 and 2014, respectively. See **Note 3—Acquisitions** for further discussion on the common stock issued to Mr. DeJoy as part of the acquisition of New Breed.

During the year ended December 31, 2015, the Company provided certain air charter schedule recovery services to Ameriflight, LLC ("Ameriflight"), a regional air cargo carrier. James J. Martell, a member of XPO's Board of Directors, owns and serves as the executive chairman of Ameriflight. The Company provides its services to Ameriflight on a transactional basis without a written contract. The Company received payments from Ameriflight or its affiliates in an amount of approximately $1.0 million for the year ended December 31, 2015.

19. Quarterly Financial Data (Unaudited)

The Company's unaudited results of operations for each of the quarters in the years ended December 31, 2015 and 2014 are summarized below:

XPO Logistics, Inc.
Quarterly Financial Data
(Unaudited)

(Dollars in millions, except per share data)	March 31, 2015	June 30, 2015	September 30, 2015	December 31, 2015
Revenue	$703.0	$1,215.9	$2,362.0	$3,342.3
Operating expenses				
Cost of transportation and services	440.8	707.3	1,237.3	1,786.0
Direct operating expense	151.2	318.3	798.0	1,099.5
Sales, general and administrative expense	115.8	220.4	282.4	494.8
Total operating expenses	707.8	1,246.0	2,317.7	3,380.3
Operating (loss) income	(4.8)	(30.1)	44.3	(38.0)
Other expense (income)	0.2	2.1	1.6	(0.8)
Foreign currency loss (gain)	0.2	19.8	14.5	(0.4)
Interest expense	23.1	36.3	61.4	95.9
Loss before income tax (benefit) provision	(28.3)	(88.3)	(33.2)	(132.7)
Income tax (benefit) provision	(13.6)	(9.5)	1.8	(69.6)
Net loss	(14.7)	(78.8)	(35.0)	(63.1)
Preferred stock beneficial conversion charge	—	—	(52.0)	—
Cumulative preferred dividends	(0.7)	(0.7)	(0.7)	(0.7)
Net loss (income) attributable to noncontrolling interests	—	4.4	(4.9)	1.0
Net loss attributable to common shareholders	$(15.4)	$ (75.1)	$ (92.6)	$ (62.8)
Basic loss per share	$(0.20)	$ (0.89)	$ (0.94)	$ (0.58)
Diluted loss per share	$(0.20)	$ (0.89)	$ (0.94)	$ (0.58)

(Dollars in millions, except per share data)	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014
Revenue	$282.4	$581.0	$662.5	$830.7
Operating expenses				
Cost of transportation and services	224.0	459.1	487.4	531.3
Direct operating expense	4.0	27.2	71.0	171.0
Sales, general and administrative expense	75.8	106.6	117.7	122.4
Total operating expenses	303.8	592.9	676.1	824.7
Operating (loss) income	(21.4)	(11.9)	(13.6)	6.0
Other expense	0.1	0.3	0.3	(0.3)
Foreign currency loss	—	—	—	0.4
Interest expense	10.1	3.4	17.8	16.7
Loss before income tax benefit	(31.6)	(15.6)	(31.7)	(10.8)
Income tax benefit	(3.3)	(1.8)	(20.1)	(0.9)
Net loss	(28.3)	(13.8)	(11.6)	(9.9)
Preferred stock beneficial conversion charge	—	—	—	(40.9)
Cumulative preferred dividends	(0.8)	(0.7)	(0.7)	(0.7)
Net loss attributable to common shareholders	$ (29.1)	$ (14.5)	$ (12.3)	$ (51.5)
Basic loss per share	$ (0.70)	$ (0.28)	$ (0.23)	$ (0.77)
Diluted loss per share	$ (0.70)	$ (0.28)	$ (0.23)	$ (0.77)

20. Segment Reporting and Geographic Information

The Company determines its operating segments based on the information utilized by the chief operating decision maker, the Company's Chief Executive Officer, to allocate resources and assess performance. Based on this information, the Company has determined that it has two operating segments and two reportable segments. The Company's operating segments are Transportation and Logistics.

These reportable segments are strategic business units through which the Company offers different services. The Company evaluates the performance of the segments primarily based on their respective net operating margin and also evaluates revenues, net revenue margin and operating income. Accordingly, interest expense and other non-operating items are not reported in segment results. In addition, the Company has disclosed corporate amounts, which is not an operating segment and includes the costs of the Company's executive and shared service teams, professional services such as legal and consulting, board of directors, and certain other corporate costs associated with operating as a public company. The Company allocates charges to the reportable segments for IT services, depreciation of IT fixed assets as well as centralized recruiting and training resources. Intercompany transactions have been eliminated in the consolidated balance sheets and results of operations. Intra-segment transactions have been eliminated in the reportable segment results of operations whereas inter-segment transactions represent a reconciling item to consolidated results as shown below.

The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies. The Company evaluates performance based on various financial measures of the respective business segments. The chief operating decision maker does not review assets by segment for purposes of allocating resources and therefore assets by segment are not disclosed.

The following schedule identifies selected financial data for each of the Company's reportable segments for the years ended December 31, 2015, 2014 and 2013, respectively:

XPO Logistics, Inc.
Segment Data

(Dollars in millions)	Transportation	Logistics	Corporate	Eliminations	Total
Year Ended December 31, 2015					
Revenue	$4,924.4	$2,768.4	$ —	$(69.6)	$7,623.2
Operating income (loss)	51.6	81.6	(162.0)	0.2	(28.6)
Depreciation and amortization	226.5	136.9	1.5	—	364.9
Interest expense	25.0	15.3	176.4	—	216.7
Income tax provision (benefit)	(10.5)	17.6	(98.0)	—	(90.9)
Goodwill	2,504.7	2,105.9	—	—	4,610.6
Capital expenditures	126.3	109.5	13.2	—	249.0
Year Ended December 31, 2014					
Revenue	$2,140.0	$ 216.6	$ —	$ —	$2,356.6
Operating income (loss)	18.9	17.6	(77.4)	—	(40.9)
Depreciation and amortization	79.5	16.3	2.5	—	98.3
Interest expense	0.5	—	47.5	—	48.0
Income tax provision (benefit)	0.8	—	(26.9)	—	(26.1)
Goodwill	577.0	352.3	—	—	929.3
Capital expenditures	13.4	24.0	7.2	—	44.6
Year Ended December 31, 2013					
Revenue	$ 702.3	$ —	$ —	$ —	$ 702.3
Operating loss	(7.2)	—	(45.1)	—	(52.3)
Depreciation and amortization	19.7	—	1.1	—	20.8
Interest expense	—	—	18.2	—	18.2
Income tax benefit	(2.4)	—	(20.1)	—	(22.5)
Goodwill	363.4	—	—	—	363.4
Capital expenditures	5.3	—	6.3	—	11.6

For segment reporting purposes by geographic region, revenues are attributed to the sales office location. The following table presents revenues generated by geographical area.

	Year Ended December 31,		
(Dollars in millions)	2015	2014	2013
Revenue			
United States	$4,278.5	$2,141.4	$628.0
North America (excluding United States)	166.3	132.0	74.3
Europe	2,986.9	12.9	—
Asia	171.9	66.3	—
Other	19.6	4.0	—
Total	$7,623.2	$2,356.6	$702.3

As of December 31, 2015, the Company held long-lived tangible and intangible assets outside of the United States of $1,237.1 million.

EXHIBIT INDEX

Exhibit Number	Description
2.1 *	Investment Agreement, dated as of June 13, 2011, by and among Jacobs Private Equity, LLC ("JPE"), each of the other investors party thereto and the registrant (incorporated herein by reference to Exhibit 2.1 to the registrant's Current Report on Form 8-K dated June 14, 2011).
2.2 *	Stock Purchase Agreement, dated July 12, 2013, by and among 3PD Holding, Inc., Logistics Holding Company Limited, Mr. Karl Meyer, Karl Frederick Meyer 2008 Irrevocable Trust II, Mr. Randall Meyer, Mr. Daron Pair, Mr. James J. Martell and XPO Logistics, Inc. (incorporated herein by reference to Exhibit 2.1 to the registrant's Current Report on Form 8-K dated July 12, 2013).
2.3 *	Amendment No. 1 dated August 14, 2013 to Stock Purchase Agreement dated July 12, 2013 by and among the Company, 3PD, Logistics Holding Company Limited, Mr. Karl Meyer, Karl Frederick Meyer 2008 Irrevocable Trust II, Mr. Randall Meyer, Mr. Daron Pair and Mr. James J. Martell (incorporated herein by reference to Exhibit 2.1 to the registrant's Current Report on Form 8-K dated August 15, 2013).
2.4 *	Agreement and Plan of Merger, dated as of January 5, 2014, by and among Pacer International, Inc., XPO Logistics, Inc. and Acquisition Sub, Inc. (incorporated by reference to Exhibit 2.1 to XPO's Current Report on Form 8-K filed with the SEC on January 6, 2014).
2.5 *	Agreement and Plan of Merger, dated as of July 29, 2014, by and among New Breed Holding Company, XPO Logistics, Inc., Nexus Merger Sub, Inc. and NB Representative, LLC, in its capacity as the Representative (incorporated by reference to Exhibit 2.1 to XPO's Current Report on Form 8-K filed with the SEC on July 30, 2014).
2.6 *	Share Purchase Agreement relating to Norbert Dentressangle SA among Dentressangle Initiatives, Mr. Norbert Dentressangle, Mrs. Evelyne Dentressangle, Mr. Pierre-Henri Dentressangle, Ms. Marine Dentressangle and XPO Logistics, Inc., dated as of April 28, 2015 (incorporated by reference to Exhibit 2.1 to XPO's Current Report on Form 8-K filed with the SEC on April 29, 2015).
2.7 *	Tender Offer Agreement between XPO Logistics, Inc. and Norbert Dentressangle SA, dated as of April 28, 2015 (incorporated by reference to Exhibit 2.2 to XPO's Current Report on Form 8-K filed with the SEC on April 29, 2015).
2.8 *	Agreement and Plan of Merger, dated as of September 9, 2015, by and among XPO Logistics, Inc., Con-way Inc., Inc. and Canada Merger Corp. (incorporated by reference to Exhibit 2.1 to XPO's Current Report on Form 8-K filed with the SEC on September 10, 2015).
3.1 *	Amended and Restated Certificate of Incorporation of the registrant, dated May 17, 2005 (incorporated herein by reference to Exhibit 3.1 to the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2007).
3.2 *	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the registrant, dated May 31, 2006 (incorporated herein by reference to Exhibit 3 to the registrant's Current Report on Form 8-K dated June 7, 2006).
3.3 *	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the registrant, dated June 20, 2007 (incorporated herein by reference to Exhibit 3.1 to the registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2007 (the "June 2007 Form 10-Q")).
3.4 *	Certificate of Amendment to the Amended and Restated Certificate of Incorporation of the registrant, dated September 1, 2011 (incorporated herein by reference to Exhibit 3.1 to the registrant's Current Report on Form 8-K dated September 6, 2011 (the "September 2011 Form 8-K"))
3.5 *	2nd Amended and Restated Bylaws of the registrant, dated August 30, 2007 (incorporated herein by reference to Exhibit 3.2 to the registrant's Current Report on Form 8-K/A dated September 14, 2007).

Exhibit Number	Description
3.6 *	Certificate of Amendment to Amended and Restated Certificate of Incorporation of XPO Logistics, Inc. (incorporated by reference to Exhibit 3.1 to XPO's Current Report on Form 8-K filed with the SEC on May 21, 2015)
3.7 *	Text of Amendments to the 2nd Amended and Restated Bylaws of XPO Logistics, Inc. (incorporated by reference to Exhibit 3.2 to XPO's Current Report on Form 8-K filed with the SEC on May 21, 2015).
3.8 *	Certificate of Amendment to Amended and Restated Certificate of Incorporation of XPO Logistics, Inc. (incorporated by reference to Exhibit 3.1 to XPO's Current Report on Form 8-K filed with the SEC on September 8, 2015).
4.1 *	Certificate of Designation of Series A Convertible Perpetual Preferred Stock of the registrant (incorporated herein by reference to Exhibit 4.1 of the September 2011 Form 8-K).
4.2 *	Form of Warrant Certificate (incorporated herein by reference to Exhibit 4.2 of the September 2011 Form 8-K).
4.3 *	Registration Rights Agreement, dated as of September 2, 2011, by and among JPE, each of the other holders and designated secured lenders party thereto and the registrant (incorporated herein by reference to Exhibit 4.3 of the September 2011 Form 8-K).
4.4 *	Senior Indenture dated as of September 26, 2012 between XPO Logistics, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated herein by reference to Exhibit 4.1 of the registrant's Current Report on Form 8-K dated September 26, 2012 (the "September 2012 Form 8-K").
4.5 *	First Supplemental Indenture dated as of September 26, 2012 between XPO Logistics, Inc. and The Bank of New York Mellon Trust Company, N.A., as trustee, supplementing the Senior Indenture dated as of September 26, 2012 (incorporated herein by reference to Exhibit 4.2 of the September 2012 Form 8-K).
4.6 *	Form of Indenture for Senior Debt Securities between the Company and one or more banking institutions to be qualified as Trustee pursuant to Section 305(b)(2) of the Trust Indenture Act of 1939 (incorporated herein by reference to Exhibit 4.6 to the registrant's Registration Statement on Form S-3, registration statement no. 333-188848, filed with the Securities and Exchange Commission on May 24, 2013 (the "May 2013 Form S-3")).
4.7 *	Form of Indenture for subordinated Debt Securities between the Company and one or more banking institutions to be qualified as Trustee pursuant to Section 305(b)(2) of the Trust Indenture Act of 1939 (incorporated herein by reference to Exhibit 4.8 to the registrant's May 2013 Form S-3).
4.8 *	Indenture, dated as of August 25, 2014, between XPO Logistics, Inc. and The Bank of New York Mellon Trust Company, N.A., as Trustee (incorporated by reference to Exhibit 4.1 to XPO's Current Report on Form 8-K filed with the SEC on August 26, 2014).
4.9 *	Investment Agreement, dated as of September 11, 2014, by and among XPO Logistics, Inc. and the Purchasers set forth on Schedule I thereto (incorporated by reference to Exhibit 4.1 to XPO's Current Report on Form 8-K filed with the SEC on September 15, 2014).
4.10 *	Certificate of Designation of Series B Convertible Perpetual Preferred Stock of XPO Logistics, Inc., dated as of September 17, 2014 (incorporated by reference to Exhibit 4.1 to XPO's Current Report on Form 8-K filed with the SEC on September 18, 2014).
4.11 *	Form of Investment Agreement, dated as of May 29, 2015, by and among XPO Logistics, Inc. and the Purchasers set forth on Schedule I thereto (incorporated by reference to Exhibit 4.1 to XPO's Current Report on Form 8-K filed with the SEC on June 1, 2015).

Exhibit Number	Description
4.12 *	Indenture, dated as of June 9, 2015, between XPO Logistics, Inc. and The Bank of New York Mellon Trust Company, N.A., as Trustee, The Bank of New York Mellon, London Branch as London Paying Agent and The Bank of New York Mellon (Luxembourg) S.A. as Luxembourg Paying Agent (incorporated by reference to Exhibit 4.1 to XPO's Current Report on Form 8-K filed with the SEC on June 15, 2015).
4.13 *	Certificate of Designation of Series C Convertible Perpetual Preferred Stock of XPO Logistics, Inc., dated as of June 3, 2015 (incorporated by reference to Exhibit 4.2 to XPO's Amendment No. 1 to Current Report on Form 8-K filed with the SEC on June 26, 2015).
10.1 +*	Amended and Restated 2011 Omnibus Incentive Compensation Plan (incorporated by reference to Exhibit A to XPO Logistics, Inc.'s definitive proxy statement on Schedule 14A filed with the Securities and Exchange Commission on April 27, 2012).
10.2 +*	2001 Amended and Restated Stock Option Plan (incorporated herein by reference to Exhibit 4.1 to the registrant's Registration Statement on Form S-8 dated May 20, 2010).
10.3 +*	Form of Restricted Stock Unit Award Agreement (Service-Vesting) (2011 Omnibus Incentive Compensation Plan) (incorporated herein by reference to Exhibit 10.18 to the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2011).
10.4 +*	Form of Performance-Based Restricted Stock Unit Award Agreement (2011 Omnibus Incentive Compensation Plan) (incorporated herein by reference to Exhibit 10.19 to the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2011).
10.5 +*	Form of Option Award Agreement (2011 Omnibus Incentive Compensation Plan) (incorporated herein by reference to Exhibit 10.20 to the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2011).
10.6 +*	Form of Restricted Stock Unit Award Agreement for Non-Employee Directors (2011 Omnibus Incentive Compensation Plan) (incorporated herein by reference to Exhibit 10.21 to the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2011).
10.7 +*	Form of Option Award Agreement for Non-Employee Directors (2011 Omnibus Incentive Compensation Plan) (incorporated herein by reference to Exhibit 10.22 to the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2011).
10.8 +*	Form of Option Award Agreement (2001 Amended and Restated Stock Option Plan) (grants from June 2011 through September 2011) (incorporated herein by reference to Exhibit 10.23 to the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2011).
10.9 +*	Form of Option Award Agreement (2001 Amended and Restated Stock Option Plan) (grants through May 2011) (incorporated herein by reference to Exhibit 10.24 to the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2011).
10.10 +*	Form of Performance-Based Restricted Stock Unit Award Agreement (incorporated by reference to Exhibit 10.1 to XPO's Current Report on Form 8-K filed with the SEC on March 20, 2014).
10.11 +*	Form of Restricted Stock Unit Award Agreement (incorporated by reference to Exhibit 10.2 to XPO's Current Report on Form 8-K filed with the SEC on March 20, 2014).
10.12 +*	Form of Performance-Based Restricted Stock Unit Award Agreement (incorporated by reference to Exhibit 10.7 to XPO's Current Report on Form 8-K filed with the SEC on February 11, 2016).
10.13 +*	Form of Employment Agreement, dated as of February 9, 2016, (incorporated by reference to Exhibit 10.1 to XPO's Current Report on Form 8-K filed with the SEC on February 11, 2016).
10.14 +*	Exhibit A to Employment Agreement, dated as of February 9, 2016, between the registrant and Bradley S. Jacobs, (incorporated by reference to Exhibit 10.2 to XPO's Current Report on Form 8-K filed with the SEC on February 11, 2016).

Exhibit Number	Description
10.15 +*	Exhibit A to Employment Agreement, dated as of February 9, 2016, between the registrant and John J. Hardig, (incorporated by reference to Exhibit 10.4 to XPO's Current Report on Form 8-K filed with the SEC on February 11, 2016).
10.16 +*	Exhibit A to Employment Agreement, dated as of February 9, 2016, between the registrant and Scott B. Malat, (incorporated by reference to Exhibit 10.6 to XPO's Current Report on Form 8-K filed with the SEC on February 11, 2016).
10.17 +*	Exhibit A to Employment Agreement, dated as of February 9, 2016, between the registrant and Gordon E. Devens (incorporated by reference to Exhibit 10.5 to XPO's Current Report on Form 8-K filed with the SEC on February 11, 2016).
10.18 +*	Exhibit A to Employment Agreement, dated as of February 9, 2016, between the registrant and Troy A. Cooper (incorporated by reference to Exhibit 10.3 to XPO's Current Report on Form 8-K filed with the SEC on February 11, 2016).
10.19 *	Amended and Restated Revolving Loan Credit Agreement, dated as of April 1, 2014, by and among XPO Logistics, Inc. and certain subsidiaries, Morgan Stanley Bank, N.A., Morgan Stanley Senior Funding, Inc., Credit Suisse AG, Cayman Islands Branch, Deutsche Bank AG New York Branch, JPMorgan Chase Bank, N.A., Citibank N.A. and KeyBank National Association as Lenders, and Morgan Stanley Senior Funding, Inc., as Administrative Agent (incorporated by reference to Exhibit 10.1 to XPO's Current Report on Form 8-K filed with the SEC on April 4, 2014).
10.20 *	Amendment to Amended and Restated Revolving Loan Credit dated as of August 8, 2014 (incorporated by reference to Exhibit 10.1 to XPO's Current Report on Form 8-K filed with the SEC on August 11, 2014).
10.21 *	Amendment No. 2 to the Amended and Restated Credit Agreement among XPO Logistics, Inc. and certain of its wholly owned subsidiaries, as borrowers, the lenders party thereto and Morgan Stanley Senior Funding, Inc., as administrative agent for such lenders (incorporated by reference to Exhibit 10.1 to XPO's Current Report on Form 8-K filed with the SEC on June 2, 2015).
10.22 *	Second Amended and Restated Revolving Loan Credit Agreement, dated as of October 30, 2015, by and among XPO Logistics, Inc. and certain subsidiaries signatory thereto, as borrowers, other credit parties signatory thereto, Morgan Stanley Senior Funding, Inc., as agent, and the Lenders from time to time party thereto (incorporated by reference to Exhibit 10.1 to XPO's Current Report on Form 8-K filed with the SEC on November 2, 2015).
10.23 *	Senior Secured Term Loan Credit Agreement by and among XPO Logistics, Inc., certain subsidiaries signatory thereto, Morgan Stanley Senior Funding, Inc., as agent, and the Lenders from time to time party thereto (incorporated by reference to Exhibit 10.2 to XPO's Current Report on Form 8-K filed with the SEC on November 2, 2015).
10.24 +*	Departure Agreement between the Company and Hervé Montjotin dated September 5, 2015 (incorporated by reference to Exhibit 10.4 to XPO's Quarterly Report on Form 10-Q for the quarter ended September 30, 2015).
10.25	Retirement and Release Agreement, dated as of December 1, 2015, by and between XPO Logistics, Inc. and Louis DeJoy.
14 *	Senior Officer Code of Business Conduct and Ethics (incorporated herein by reference to Exhibit 14.1 to the registrant's Current Report on Form 8-K dated January 20, 2012).
21	Subsidiaries of the registrant.
23	Consent of KPMG LLP, Independent Registered Public Accounting Firm.

Exhibit Number	Description
31.1	Certification of the Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, with respect to the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2015.
31.2	Certification of the Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, with respect to the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2015.
32.1	Certification of the Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, with respect to the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2015.
32.2	Certification of the Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, with respect to the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2015.
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase.
101.DEF	XBRL Taxonomy Extension Definition Linkbase.
101.LAB	XBRL Taxonomy Extension Label Linkbase.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase.

* Incorporated by reference.
** Furnished herewith.
\+ This exhibit is a management contract or compensatory plan or arrangement.

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Reconciliation of Non-GAAP Measures
XPO Logistics, Inc.
Reconciliation of Net Loss to Pro Forma Adjusted EBITDA

(In millions)	Year Ended December 31, 2015
XPO Logistics, Inc. (XPO)	
Net Loss Attributable to Common Shareholders	$ (245.9)
Cumulative preferred dividends	2.8
Preferred stock beneficial conversion charge	52.0
Net income attributable to noncontrolling interests	(0.5)
Unrealized hedging gains and losses	2.5
Interest expense	216.7
Income tax benefit	(90.9)
Depreciation and amortization	364.9
EBITDA (XPO standalone, as reported)	301.6
Transaction & integration costs	188.6
Rebranding costs	12.4
Gain on sale of intermodal equipment	(9.5)
Contributions from XPO acquisitions(1)	8.2
EBITDA (XPO pro forma adjusted)	501.3
Norbert Dentressangle SA (ND) - for the pre-acquisition period from January 1, 2015 through June 7, 2015	
Net Income	7.9
Interest expense	27.5
Income tax expense	5.3
Depreciation and amortization	75.5
EBITDA (ND standalone, as reported)	116.2
Transaction & integration costs	29.5
Pro forma adjustments(2)	(0.4)
EBITDA (ND pro forma adjusted)	145.3
Con-way Inc. (Con-way) - for the pre-acquisition period from January 1, 2015 through October 29, 2015	
Net Income	41.6
Interest expense	45.0
Income tax expense	68.0
Depreciation and amortization	201.1
EBITDA (Con-way standalone, as reported)	355.7
Transaction & integration costs	23.7
Con-way Truckload goodwill impairment	62.7
Pro forma adjustments(2)	12.2
EBITDA (Con-way pro forma adjusted)	454.3
Total Pro Forma Adjusted EBITDA	**$1,100.9**

(1) Includes pre-acquisition EBITDA from XPO's acquisitions of Bridge Terminal Transport, Inc. (BTT) on June 1, 2015 and UX Specialized Logistics, LLC (UX) on February 9, 2015.

(2) Includes pro forma adjustments to eliminate income statement impact of historical deferred charges, eliminate pension and postretirement plans amortization of prior service credit and actuarial losses.

Non-GAAP Financial Measures

The letter to stockholders in this annual report contains certain non-GAAP financial measures as defined under Securities and Exchange Commission ("SEC") rules, such as earnings (loss) before interest, taxes, depreciation and amortization ("EBITDA") and pro forma adjusted EBITDA, in each case for the year ended December 31, 2015. As required by SEC rules, we provide reconciliations of these measures to the most directly comparable measure under United States generally accepted accounting principles ("GAAP"), which are set forth on the prior page. We believe that pro forma adjusted EBITDA improves comparability from period to period by removing the impact of our capital structure (interest expense from our outstanding debt), asset base (depreciation and amortization), tax consequences and the following nonrecurring expense items: preferred stock beneficial conversion charge, acquisition-related transaction and integration costs; debt commitment fees; costs related to the rebranding to XPO Logistics (including accelerated amortization of trade names); loss on the conversion of the company's convertible senior notes; impact of non-controlling interests; and gain on sale of intermodal equipment. In addition to its use by management, we believe that pro forma adjusted EBITDA is widely used by securities analysts, investors and others to evaluate the financial performance of companies in our industry. Other companies may calculate pro forma adjusted EBITDA differently, and therefore our measure may not be comparable to similarly titled measures of other companies. Pro forma adjusted EBITDA is not a measure of financial performance or liquidity under GAAP and should not be considered in isolation or as an alternative to net income, cash flows from operating activities and other measures determined in accordance with GAAP. Items excluded from pro forma adjusted EBITDA are significant and necessary components of the operations of our business, and, therefore, pro forma adjusted EBITDA should only be used as a supplemental measure of our operating performance.

XPOLogistics

BOARD OF DIRECTORS:*

Bradley S. Jacobs
Chairman and Chief Executive Officer,
XPO Logistics, Inc.

Gena L. Ashe
Chief Legal Officer (retired),
BrightView Landscapes, LLC
(formerly The Brickman Group, Ltd.)

Louis DeJoy
Chief Executive Officer,
Supply Chain (retired),
XPO Logistics, Inc.

Michael G. Jesselson
Lead Independent Director,
XPO Logistics, Inc.
President and Chief Executive Officer,
Jesselson Capital Corporation

Adrian P. Kingshott
Chief Executive Officer,
AdSon LLC
Senior Advisor to
Headwaters Merchant Bank

Jason D. Papastavrou
Founder and Chief Investment Officer,
ARIS Capital Management, LLC
Co-founder,
Empiric Asset Management, LLC

Oren G. Shaffer
Vice Chairman and
Chief Financial Officer (retired),
Qwest Communications International, Inc.

* Directors standing for election at the 2016 annual meeting of stockholders are shown here. A complete list of directors and executive officers as of March 24, 2016 can be found under the heading "Board of Directors and Corporate Governance" in the proxy statement and under the heading "Executive Officers of the Registrant" in the Form 10-K, which are included with this 2015 Annual Report.

FINANCIAL AND OTHER COMPANY INFORMATION:

Copies of XPO Logistics, Inc.'s financial information such as the Company's Annual Report on Form 10-K as filed with the SEC, quarterly reports on Form 10-Q and Proxy Statement are available at the Company's website at *www.xpo.com* or by contacting "Investor Relations" at our corporate executive office address.

ANNUAL MEETING OF STOCKHOLDERS:

The Annual Meeting of Stockholders will be held on May 11, 2016 at 10:00 a.m., local time, at the Delamar Greenwich Harbor Hotel, located at 500 Steamboat Road, Greenwich, CT 06830

TRANSFER AGENT:

Computershare Investor Services, LLC
Tel. (877) 581-5548
www.computershare.com/investor

Mailing address - courier:
211 Quality Circle, Suite 210
College Station, TX 77845

Mailing address - regular mail:
P.O. Box 30170
College Station, TX 77842-3170

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM:

KPMG LLP, Charlotte, NC

COMMON STOCK:

The company's common stock is traded on NYSE under the symbol "XPO."

CORPORATE EXECUTIVE OFFICE:

Five Greenwich Office Park
Greenwich, CT 06831
Tel. (855) 976-6951

xpo.com