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Roadrunner Transportation Systems, Inc.
Form 10-K/A
January 30, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-K/A
(Amendment No. 1)
ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the Fiscal Year Ended December 31, 2015
Commission File Number 001-34734

ROADRUNNER TRANSPORTATION SYSTEMS, INC.
(Exact Name of Registrant as Specified in Its Charter)

Delaware	20-2454942
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)

1431 Opus Place, Suite 530	60515
Downers Grove, Illinois	
(Address of Principal Executive Offices)	(Zip Code)
(414) 615-1500	
(Registrant's telephone number, including area code)	

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, par value \$.01 per share	The New York Stock Exchange

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 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 Web site, 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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated

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filer,” “smaller reporting company,” and “emerging growth 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 ☐

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

As of June 30, 2015, the last business day of the registrant’s most recently completed second fiscal quarter, the aggregate market value of the registrant’s voting common stock held by non-affiliates of the registrant was approximately \$728.9 million based on the closing price of such stock as reported on The New York Stock Exchange on such date. For purposes of this computation, all officers, directors, and 10% beneficial owners of the registrant are deemed to be affiliates. Such determination should not be deemed to be an admission that such officers, directors, or 10% beneficial owners are, in fact, affiliates of the registrant.

As of January 26, 2018, there were outstanding 38,423,391 shares of the registrant’s Common Stock, par value \$.01 per share.

Documents Incorporated by Reference

Portions of the registrant's definitive Proxy Statement for its 2016 Annual Meeting of Stockholders are incorporated by reference into Part III of this Annual Report on Form 10-K/A where indicated. Such Proxy Statement was filed with the Securities and Exchange Commission on April 6, 2016.

EXPLANATORY NOTE

We are filing this Amendment No. 1 on Form 10-K/A (the “Amendment” or “Form 10-K/A”) to amend our Annual Report on Form

10-K for the year ended December 31, 2015, which was originally filed with the Securities and Exchange Commission (“SEC”) on March 1, 2016 (the “Original Form 10-K”). The purpose of this Amendment is to restate our previously issued consolidated financial statements and related financial information in the Original Form 10-K. This Form 10-K/A also revises our previous conclusion with respect to the effectiveness of our internal control over financial reporting.

Restatement Background

In November 2016, we commenced an internal investigation into certain accounting discrepancies at our Morgan Southern and Bruenger operating companies. Subsequently, an independent internal investigation was undertaken by the Audit Committee of our Board of Directors (the “Audit Committee”), with assistance from outside counsel and outside consultants to provide forensic and investigative support (the “Audit Committee Investigation”). The expanded Audit Committee Investigation included detailed reviews of financial records at other operating companies and at our corporate headquarters. The Audit Committee Investigation identified material accounting errors that impacted substantially all financial statement line items and disclosures.

On January 27, 2017, the Audit Committee, as a result of the information obtained in connection with the ongoing internal investigation and after considering the recommendation of management, determined that previously issued (1) consolidated financial statements as of December 31, 2015 and 2014 and for the three years in the period ended December 31, 2015; (2) unaudited condensed consolidated financial statements for the quarterly periods in the years ended December 31, 2015 and 2014; and (3) the unaudited condensed consolidated financial statements for the quarterly periods ended March 31, 2016, June 30, 2016, and September 30, 2016, should no longer be relied upon due to the identification of material accounting errors.

Based on the Audit Committee Investigation, current management determined that there were deficiencies in the design and/or execution of internal controls that constituted material weaknesses. Current management determined that structural and environmental factors, including the increased size and complexity arising from the acquisition of 25 non-public companies between February 2011 and September 2015, the inconsistency of our accounting systems, policies and procedures, and management override of internal controls contributed to the material weaknesses and resulting material accounting errors. Our internal controls failed to prevent or were overridden by management in certain instances to allow recording accounting entries without appropriate support, recording accounting entries that were inconsistent with information known by management at the time, not communicating relevant information within our organization and, in some cases, withholding information from our independent directors, our Audit Committee, and our independent auditors, which resulted in material accounting errors.

As a result of these errors, we have restated the audited consolidated financial statements as of December 31, 2015 and 2014 and for each of the three years in the period ended December 31, 2015. We have also revised the unaudited results of operations data for each of the quarters presented in Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” for the effects of the restatement.

Other Amended Filings

In addition to this Form 10-K/A, we are concurrently filing amendments to our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2016, June 30, 2016, and September 30, 2016 (the “Forms 10-Q/A”) to restate our previously issued condensed consolidated financial statements and related financial information presented therein and to revise our previous conclusion with respect to the effectiveness of our disclosure controls and procedures.

Internal Control Consideration

Management has determined that the material accounting errors resulted from deficiencies in our internal control over financial reporting that constitute material weaknesses, as described in more detail in Part II, Item 9A, “Controls and Procedures”.

Items Amended in this Form 10-K/A

For the convenience of the reader, this Form 10-K/A amends and restates the Original Form 10-K in its entirety. As a result, it includes both items that have been changed as a result of the restatement and items that are unchanged from the Original Form 10-K. This Form 10-K/A speaks as of the date of the Original Form 10-K and has not been updated

to reflect events occurring subsequent to the filing of the Original Form 10-K other than those associated with the restatement of our consolidated financial statements. Additionally, we have updated certain disclosures with respect to the change in segments and change in accounting for debt issuance costs, which were adopted retrospectively effective January 1, 2016. The following items in the Original Form 10-K have been amended as a result of, and to reflect, the restatement, the change in segments, and the change in accounting for debt issuance costs:

- Part I. Item 1. “Business”
 - Part I. Item 1A. “Risk Factors”
 - Part I. Item 3. “Legal Proceedings”
 - Part II. Item 6. “Selected Financial Data”
 - Part II. Item 7. “Management's Discussion and Analysis of Financial Condition and Results of Operations”
 - Part II. Item 8. “Financial Statements and Supplementary Data”
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- Part II. Item 9A. “Controls and Procedures”

- Part IV. Item 15. “Exhibits and Financial Statement Schedules”

In accordance with applicable SEC rules, this Form 10-K/A includes new certifications required by Sections 302 and 906 of the Sarbanes-Oxley Act of 2002 from our Chief Executive Officer (as Principal Executive Officer and Principal Financial Officer) dated as of the filing date of this Form 10-K/A.

ROADRUNNER TRANSPORTATION SYSTEMS, INC.

ANNUAL REPORT ON FORM 10-K/A

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Form 10-K/A contains 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 Securities Exchange Act of 1934, as amended (the “Exchange Act”). All statements, other than statements of historical fact, contained in this Form 10-K/A are forward-looking statements, including, but not limited to, statements regarding our strategy, prospects, plans, objectives, future operations, future revenue and earnings, projected margins and expenses, markets for our services, potential acquisitions or strategic alliances, financial position, and liquidity and anticipated cash needs and availability. The words “anticipates,” “believes,” “estimates,” “expects,” “intends,” “may,” “plans,” “projects,” “will,” “would,” expressions or the negatives thereof are intended to identify forward-looking statements. However, not all forward-looking statements contain these identifying words. These forward-looking statements represent our current reasonable expectations and involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance and achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. We cannot guarantee the accuracy of the forward-looking statements, and you should be aware that results and events could differ materially and adversely from those contained in the forward-looking statements due to a number of factors including, but not limited to, those described in the section entitled “Risk Factors” included in this Form 10-K/A. Furthermore, such forward-looking statements speak only as of the date of this Form 10-K/A. Except as required by law, we do not undertake publicly to update or revise these statements, even if experience or future changes make it clear that any projected results expressed in this Form 10-K/A or future quarterly reports, press releases or company statements will not be realized. In addition, the inclusion of any statement in this Form 10-K/A does not constitute an admission by us that the events or circumstances described in such statement are material. We qualify all of our forward-looking statements by these cautionary statements. In addition, the industry in which we operate is subject to a high degree of uncertainty and risk due to a variety of factors including those described in the section entitled “Risk Factors.” These and other factors could cause our results to differ materially from those expressed in this Form 10-K/A.

Unless otherwise indicated, information contained in this Form 10-K/A concerning our industry and the markets in which we operate, including our general expectations and market position, market opportunity, and market size, is based on information from various sources, on assumptions that we have made that are based on those data and other similar sources, and on our knowledge of the markets for our services. This information includes a number of assumptions and limitations, and you are cautioned not to give undue weight to such information. In addition, projections, assumptions, and estimates of our future performance and the future performance of the industry in which we operate are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in the section entitled “Risk Factors” and elsewhere in this Form 10-K/A. These and other factors could cause results to differ materially from those expressed in the estimates made by third parties and by us.

Unless otherwise indicated or unless the context requires otherwise, all references in this document to “RRTS,” “our company,” “we,” “us,” “our,” and similar names refer to Roadrunner Transportation Systems, Inc. and, where appropriate, its subsidiaries.

“Roadrunner Transportation Systems,” our logo, and other trade names, trademarks, and service marks of Roadrunner Transportation Systems appearing in this Form 10-K/A are the property of Roadrunner Transportation Systems. Other trade names, trademarks, and service marks appearing in this Form 10-K/A are the property of their respective holders.

PART I

ITEM 1. BUSINESS

Overview

We are a leading asset-light transportation and logistics service provider offering a comprehensive suite of global supply chain solutions, including truckload logistics (“TL”), customized and expedited less-than-truckload (“LTL”), intermodal solutions (transporting a shipment by more than one mode, primarily via rail and truck), freight consolidation, inventory management, expedited services, air freight, international freight forwarding, customs brokerage, and transportation management solutions. We utilize a broad third-party network of transportation providers, comprised of independent contractors (“ICs”) and purchased power providers, to serve a diverse customer base in terms of end-market focus and annual freight expenditures. Purchased power providers are unrelated asset-based over-the-road transportation companies that provide us with freight capacity under non-exclusive contractual arrangements. Although we service large national accounts, we primarily focus on small to mid-size shippers, which we believe represent an expansive and underserved market.

We have three segments:

Truckload Logistics. Within our TL business, we arrange the pickup and delivery of truckload, intermodal, and ground and air expedited freight through our network of 49 TL service centers, 24 company dispatch offices, and over 100 independent brokerage agents located throughout the United States, Mexico, and Canada. We offer temperature-controlled, dry van, intermodal drayage, and flatbed services and specialize in the transport of automotive parts, refrigerated foods, poultry, and beverages. Our on-demand ground and air expedited services feature proprietary bid technology supported by our fleets of ground and air assets. We believe this array of services and specialization provides our customers with full-service options and provides us with more consistent shipping volumes in any given year.

Less-than-Truckload. Our LTL business involves the pickup, consolidation, linehaul, deconsolidation, and delivery of LTL shipments throughout the United States and into Mexico, Puerto Rico, and Canada. With a network of 47 LTL service centers and over 180 third-party delivery agents, we employ a point-to-point LTL model that we believe serves as a competitive advantage over the traditional hub and spoke LTL model in terms of a balance of competitive pricing and transit times, lower incidence of damage, and reduced fuel consumption.

Global Solutions. Within our Global Solutions business, we offer a full portfolio of domestic and international transportation and logistics solution, including access to cost-effective and time-sensitive modes of transportation within our broad network. Specifically, our Global Solutions offering includes pricing, contract management, transportation mode and carrier selection, freight tracking, freight bill payment and audit, cost reporting and analysis, dispatch, and freight consolidation and warehousing. Our customized Global Solutions offering is designed to allow our customers to reduce operating costs, redirect resources to core competencies, improve supply chain efficiency, and enhance customer service. Our Global Solutions business also includes domestic and international air and ocean transportation services and customs brokerage.

Our Industry

Over-the-Road Freight

The over-the-road freight sector includes both private fleets (company drivers) and “for-hire” carriers (ICs and purchased power providers). According to the American Trucking Associations (“ATA”), the U.S. freight sector represented revenue of approximately \$872.1 billion in 2014 and accounted for approximately 80% of domestic freight transportation spend. The ATA estimates that U.S. freight transportation will increase to over \$1.5 trillion by 2026. Private fleets consist of tractors and trailers owned and operated by shippers that move their own goods and, according to the ATA, accounted for revenue of approximately \$324.6 billion in 2014. For-hire carriers transport TL and LTL freight belonging to others and, according to the ATA, accounted for revenue of approximately \$375.8 billion in 2014.

TL carriers dedicate an entire trailer to one shipper from origin to destination and are categorized by the type of equipment they use to haul a shipper’s freight, such as temperature-controlled, dry van, tank, or flatbed trailers. According to the ATA, excluding private fleets, revenue in the U.S. TL segment was approximately \$319.1 billion in 2014.

LTL carriers specialize in consolidating shipments from multiple shippers into truckload quantities for delivery to multiple destinations. LTL carriers are traditionally divided into two categories — national and regional. National carriers typically focus on two-day or longer service across distances greater than 1,000 miles and often operate without time-definite delivery, while regional carriers typically offer time-definite delivery in less than two days. According to the ATA, the U.S. LTL market generated revenue of approximately \$56.7 billion in 2014.

Third-Party Logistics

Third-party logistics (“3PL”) providers offer transportation management solutions and distribution services, including the movement and storage of freight and the assembly of inventory. The U.S. 3PL sector revenue increased from approximately \$76.9 billion in 2003 to approximately \$157.2 billion in 2014 (and experienced growth each year during such period other than from 2008 to 2009), according to Armstrong & Associates, Inc., a leading supply chain market research firm. In addition, only 10.9% of logistics expenditures by U.S. businesses were outsourced in 2014, according to Armstrong & Associates. We believe that the market penetration of 3PL providers will expand in the future as companies increasingly redirect their resources to core competencies and outsource their transportation and logistics requirements as they realize the cost-effectiveness of 3PL providers.

Factors Important to Our Business

Our success principally depends on our ability to generate revenues through our network of sales personnel, proprietary bid technology, and independent brokerage agents and to deliver freight in all modes safely, on time, and cost-effectively through a suite of solutions tailored to the needs of each customer. Customer shipping demand, over-the-road freight tonnage levels, events leading to expedited shipping requirements, and equipment capacity ultimately drive increases or decreases in our revenues. Our ability to operate profitably and generate cash is also impacted by purchased transportation costs, personnel and related benefits, fuel costs, pricing dynamics, customer mix, and our ability to manage costs effectively.

Agent Network and Sales Personnel. In our TL business, we arrange the pickup and delivery of freight either through our growing sales force of over 200 dispatchers in 24 offices or through our network of over 100 independent brokerage agents. Brokerage agents complement our network of dispatch offices by bringing pre-existing customer relationships, new customer prospects, and/or access to new geographic markets. Furthermore, brokerage agents typically provide immediate revenue and do not require us to invest in incremental overhead. Brokerage agents own or lease their own office space and pay for other costs associated with running their operations.

In our LTL business, while many national asset-based LTL providers are encumbered by the fixed overhead costs associated with owning or leasing most or all of their de-consolidation and delivery facilities, we maintain our variable cost structure through the extensive use of delivery agents. We have a network of over 180 third-party LTL delivery agents that provide cost-effective delivery coverage throughout North America. In addition to our agent network, we market and sell our LTL services through a sales force of over 100 people, consisting of account executives, sales managers, inside sales representatives, and commissioned sales representatives.

In our Global Solutions business, we have over 70 salespeople and commissioned sales representatives. Additionally, we have a growing integrated solutions team that cross sells all of our services.

Tonnage Levels and Capacity. Competition intensifies in the transportation industry as tonnage levels decrease and equipment capacity increases. Our ability to maintain or grow existing tonnage levels is impacted by overall economic conditions, shipping demand, over-the-road freight capacity in North America, and capacity in domestic air freight, as well as by our ability to compete effectively in terms of pricing, safety, and on-time delivery. We do business with a broad base of third-party carriers, including ICs and purchased power providers, together with a blend of our own ground and air capacity, which reduces the impact of tightening capacity on our business.

Purchased Transportation Costs. Purchased transportation costs within our TL business are generally based either on negotiated rates for each load hauled or spot market rates for ground and air services. Purchased transportation costs within our LTL business represent amounts we pay to ICs or purchased power providers and are generally contractually agreed-upon rates. Within our Global Solutions business, purchased transportation costs represent payments made to our purchased power providers, which are generally contractually agreed-upon rates. Purchased transportation costs are the largest component of our cost structure. Our purchased transportation costs typically increase or decrease in proportion to revenues.

Fuel. The transportation industry is dependent upon the availability of adequate fuel supplies and the price of fuel. Fuel prices have fluctuated dramatically over recent years. Within our TL and Global Solutions businesses, we generally pass fuel costs through to our customers. As a result, our operating income in these businesses is less impacted by changes in fuel prices. Within our LTL business, our ICs and purchased power providers pass along the cost of diesel fuel to us, and we in turn attempt to pass along some or all of these costs to our customers through fuel

surcharge revenue programs. Although revenues from fuel surcharges generally offset increases in fuel costs, other operating costs have been, and may continue to be, impacted by fluctuating fuel prices. The total impact of higher energy prices on other nonfuel-related expenses is difficult to ascertain. We cannot predict future fuel price fluctuations, the impact of higher energy prices on other cost elements, recoverability of higher fuel costs through fuel surcharges, and the effect of fuel surcharges on our overall rate structure or the total price that we will receive from our customers. Depending on the changes in the fuel rates and the impact on costs in other fuel- and energy-related areas, our operating margins could be impacted.

Pricing. The pricing environment in the transportation industry also impacts our operating performance. Within our TL business, we typically charge a flat rate negotiated on each load hauled. Pricing within our TL business is typically driven by shipment frequency and consistency, length of haul, and customer and geographic mix, but generally has fewer influential factors than pricing within our LTL business. Within our LTL business, we typically generate revenues by charging our customers a rate based on shipment weight, distance hauled, and commodity type. This amount is comprised of a base rate, a fuel surcharge, and any applicable service fees. Our LTL pricing is typically measured by billed revenue per hundredweight, which is often referred to as “yield.” Our LTL pricing is dictated primarily by factors such as shipment size, shipment frequency and consistency, length of haul, freight density, and customer and geographic mix. Within our Global Solutions business, we typically charge a variable rate on each shipment in addition to transaction or service fees appropriate for the solution we have provided to meet a specific customer’s needs. Since we offer both TL and LTL shipping as part of our Global Solutions offering, pricing within our Global Solutions business is impacted by similar factors. The pricing environment for all of our operations generally becomes more competitive during periods of lower industry tonnage levels and increased capacity within the over-the-road freight sector. In addition, when we provide international freight forwarding services in our Global Solutions business, we also contract with airlines, ocean carriers, and agents as needed. The international markets are very dynamic and we must therefore adjust rates regularly based on market conditions.

Our Strategy

Our goal is to be the leading asset-light transportation and logistics service provider in North America. Our strategy includes continuing to:

Continue Generating Free Cash Flows. Our scalable business model and low capital expenditures (as a percentage of our revenues) enhance our ability to generate strong free cash flows and returns on our invested capital and assets. We believe an escalation in shipment and tonnage levels as well as continued expansion of our customer base will drive increased revenues and greater density throughout our network, thereby positively affecting our free cash flow generation.

Gain New Customers. We continue to expand our customer base, and we will continue to pursue increased market share in the TL, LTL, and Global Solutions markets. Our expansive geographic reach, increased with our 2015 acquisition of Stagecoach Cartage and Distribution LP (“Stagecoach”) and our 2014 acquisitions of Rich Logistics, Unitrans, ISI, and Active Aero, and broad service offering provides us with the ability to add new customers seeking “one-stop” and expedited transportation and logistics solutions. We also believe the pool of potential new customers will grow as the benefits of third-party transportation management solutions continue to be embraced.

Increase Penetration with Existing Customers. With our comprehensive service offering and large global network, we have substantial cross-selling opportunities and the potential to capture a greater share of each customer’s annual transportation and logistics expenditures. We believe that macroeconomic factors will provide us with opportunities to further penetrate existing customers. We believe that the acquisitions of Stagecoach, Rich Logistics, Unitrans, and Active Aero will provide us with more cross-selling opportunities as our customers are increasingly seeking a service provider who can provide complete, full service solutions, including a strong suite of international ocean and air freight management, customs brokerage capabilities, and expedited freight solutions.

Pursue Selective Acquisitions. The transportation and logistics industry is highly fragmented, consisting of many smaller, regional service providers covering particular shipping lanes and providing niche services. We built our TL, LTL, and Global Solutions platforms in part by successfully completing and integrating a number of acquisitions. We intend to continue to pursue acquisitions that, under our asset-light model, will complement our existing suite of services, and extend our geographic reach.

Expand Capacity. The current regulatory environment may put a constraint on the current driver base, which could result in a shortage of drivers. As capacity tightens, we plan to maintain or expand our driver base to ensure we meet the demands of our existing customer base. We will continue our efforts to recruit and retain additional ICs and expand our carrier base in order to reduce the impact of potential further tightening of industry truckload capacity. In addition, while we plan to maintain minimum asset intensity, we continue to consider investing in transportation equipment to service select lanes with consistent density if we believe we can achieve an attractive return on investment.

Our Services

We are a leading asset-light transportation and logistics service provider offering a comprehensive suite of global supply chain solutions. In each of our service offerings, we utilize a blend of company-owned and third-party owned equipment to provide the most cost effective service for our customers. Because of this blend, we are able to focus primarily on providing quality service rather than on asset utilization. Our customers generally communicate their freight needs to one of our transportation specialists on a shipment-by-shipment basis via telephone, fax, Internet, e-mail, or electronic data interchange. We leverage a diverse group of third-party carriers and ICs to provide scalable capacity and reliable service to our extensive customer base in North America.

Truckload Logistics

We are a leading TL business operation in North America in terms of revenue. We provide a comprehensive range of TL solutions for our customers by leveraging our broad base of third-party carriers who operate temperature-controlled, dry van, and/or flatbed capacity. Although we specialize in the transport of refrigerated foods, poultry, and beverages, we also provide a variety of TL transportation solutions for dry goods ranging from paper products to steel, as well as flatbed service for larger industrial load requirements. Our intermodal capabilities include drayage, which is the transport of freight between ocean ports or rail ramps and shipping docks. Our 2015 acquisition of Stagecoach and our 2014 acquisitions of Rich Logistics, ISI, and Active Aero expanded our presence in the TL market and expedited service offerings for our customers with time critical transportation needs. Expedited offerings include ground and air services. We arrange the pickup and delivery of TL freight through our 49 TL service centers, 24 company dispatch offices (operated by our employees), or through our network of over 100 independent brokerage agents. Our dispatch offices and brokerage agents are located throughout the United States and Canada.

Company Dispatchers and Inside Sales. We have over 200 company brokers, whom we refer to as dispatchers that not only engage in the routing and selection of our transportation providers, but also supplement our growing internal TL sales force. Inside sales personnel and company dispatchers are responsible for managing existing customer relationships and generating new customer relationships. Because the performance of these individuals is essential to our success, we offer attractive incentive-based compensation packages that we believe keep our dispatchers and sales force motivated, focused, and service-oriented.

Dispatch Office Expansion. We have traditionally expanded our dispatch operations based upon the needs of our customers. Going forward, we plan to open new dispatch offices, particularly in geographic areas where we lack coverage of the local freight market. Importantly, opening a new dispatch office requires only a modest amount of capital — it usually involves leasing a small amount of office space and purchasing communication and information technology equipment. Typically the largest investment required is in working capital as we generate revenue from new customers. While the majority of growth within our dispatch operations has been organic, we will continue to evaluate selective acquisitions that would allow us to quickly penetrate new customers and geographic markets.

Independent Brokerage Agents. In addition to our dispatchers, we also maintain a network of independent brokerage agents that have partnered with us for a number of years. Brokerage agents complement our network of dispatch offices by bringing pre-existing customer relationships, new customer prospects, and/or access to new geographic markets. Furthermore, they typically provide immediate revenue and do not require us to invest in incremental overhead. Brokerage agents own or lease their own office space and pay for their own communications equipment, insurance, and any other costs associated with running their operation. We only invest in the working capital required to execute our quick pay strategy and generally pay a commission to our brokerage agents ranging from 40-70% of the margin we earn on a TL shipment. Similar to our dispatchers, our brokerage agents engage in the routing and selection of transportation providers for our customer base and perform sales and customer service functions on our behalf.

Brokerage Agent Expansion. We believe we offer brokerage agents a very attractive partnership opportunity. We offer access to our reliable network of over 3,900 ICs and company drivers and broad base of purchased power providers, and we invest in the working capital required to pay these carriers promptly and assume collection responsibility. We believe this has contributed to our reputation for quality and reliable service, as well as to the consistent growth of our brokerage agent network. As of December 31, 2015, our TL brokerage agent network consisted of over 100 agents. Additionally, 32 of our brokerage agents each generated more than \$1 million in revenue in 2015. We believe our increased development efforts and attractive value proposition will allow us to further expand our brokerage agent network and enhance the growth of our TL business.

Less-than-Truckload

Based on our industry knowledge, we believe we are the largest asset-light provider of LTL transportation services in North America in terms of revenue. We provide LTL service originating from points within approximately 150 miles of our service centers to most destinations throughout the United States and into Mexico, Puerto Rico, and Canada. Within the United States, we offer national, long-haul service (1,000 miles or greater), inter-regional service (between 500 and 1,000 miles), and regional service (500 miles or less). We serve a diverse group of customers within a variety

of industries, including retail, industrial, paper goods, manufacturing, food and beverage, health care, chemicals, computer hardware, and general commodities.

We use over 180 third-party LTL delivery agents to complement our service center footprint and to provide cost-effective full state, national, and North American delivery coverage. Delivery agents also enhance our ability to handle special needs of the final consignee, such as scheduled deliveries and specialized delivery equipment.

We utilize a point-to-point LTL model that is differentiated from the traditional, asset-based hub and spoke LTL model. Our model does not require intermediate handling at a break-bulk hub (a large terminal where freight is offloaded, sorted, and reloaded), which we believe represents a competitive advantage in terms of timeliness, lower incidence of damage, and reduced fuel consumption.

For example, we can transport LTL freight from Cleveland, Ohio to Los Angeles, California without stopping at a break-bulk hub, while the same shipment traveling through a traditional hub and spoke LTL model would likely be unloaded and reloaded at break-bulk hubs in Akron, Ohio and Adelanto, California prior to reaching its destination.

Key aspects of our LTL service offering include the following:

- **Pickup.** In order to stay as close as possible to our customers, we prefer to handle customer pickups whenever cost-effective. We generally pick up freight within 150 miles of one of our service centers, primarily utilizing local ICs. Although we generally do not own the tractors or other powered transportation equipment used to transport our customers' freight, we own or lease trailers for use in local city pickup and delivery. In 2015, we picked up approximately 79% of our customers' LTL shipments. The remainder was handled by agents with whom we generally have long-standing relationships.

Consolidation at Service Centers. Key to our model is a network of 47 LTL service centers that we lease in strategic markets throughout the United States. At these service centers, numerous smaller LTL shipments are unloaded, consolidated into truckload shipments, and loaded onto a linehaul unit scheduled for a destination city. In order to continuously emphasize optimal load building and enhance operating margins, dock managers review every load before it is dispatched from one of our service centers.

Linehaul. Linehaul is the longest leg of the LTL shipment process. In dispatching a load, a linehaul coordinator at one of our service centers uses our technology system to optimize cost-efficiency and service by assigning the load to the appropriate IC, company driver, or purchased power. In 2015, approximately 36% of our linehaul shipments were handled by over 600 dedicated LTL ICs. As industry-wide freight capacity tightens, we believe our recruitment and retention efforts will allow us to increase IC utilization in order to maintain service and cost stability.

De-consolidation and Delivery. Within our unique model, linehaul shipments are transported to our service centers, delivery agents, or direct to end users without stopping at a break-bulk hub, as is often necessary under the traditional, asset-based hub and spoke LTL model. This generally reduces physical handling and damage claims, and reduces delivery times by one to three days on average. In 2015, we delivered approximately 29% of LTL shipments through our service centers and 71% through our delivery agents.

- **Benefits of a Delivery Agent Network.** While many national asset-based LTL providers are encumbered by the fixed overhead associated with owning or leasing most or all of their de-consolidation and delivery facilities, we maintain our variable cost structure through the extensive use of delivery agents.

Global Solutions

Our Global Solutions offering is designed to provide comprehensive or à la carte 3PL services and domestic and international transportation and container management, and freight consolidation and warehousing. We provide the necessary operational expertise, information technology capabilities, and relationships with third-party transportation providers to meet the unique needs of our customers. For customers that require the most comprehensive service plans, we complement their internal logistics and transportation management personnel and operations, enabling them to redirect resources to core competencies, reduce internal transportation management personnel costs, and, in many cases, achieve substantial annual freight savings. Key aspects of our Global Solutions capabilities include the following:

Procurement. After an in-depth consultation and analysis with our customer to identify cost savings opportunities, we develop an estimate of our customer's potential savings and design a plan for implementation. If necessary, we manage a targeted bid process based on the customer's traffic lanes, shipment volumes, and product characteristics, and negotiate rates with reputable carriers. In addition to a cost-efficient rate, the customer receives a summary of projected savings as well as our carrier recommendation.

Shipment Planning. Utilizing our technology systems and an expansive multi-modal network of third-party transportation providers, we determine the appropriate mode of transportation and select the ideal provider. In addition, we provide load optimization services based on freight patterns and consolidation opportunities. We also provide rating and routing services, either on-site with one of our transportation specialists, off-site through our centralized call center, or online through our website. Finally, we offer merge-in-transit coordination to synchronize the arrival and pre-consolidation of high-value components integral to a customer's production process, enabling them to achieve reduced cycle times, lower inventory holding costs, and improved supply chain visibility.

Customs Brokerage Services. We provide customs brokerage services to customers importing goods. We remove the burden on completing potentially complex customs documentation and paperwork and charge our customers a small fee for completing such work. In addition to processing documents for clearance, our knowledgeable staff can assist with customs compliance issues and remote location filing, and provide information on C-TPAT certification.

International Freight Forwarding. We provide comprehensive air and ocean freight forwarding solutions. For customers requiring ocean freight solutions, we provide full-container-load, less-than-container-load, charters, bulk, refrigerated service or other unique solutions based on our customers' requirements. For customers requiring air freight solutions, we provide express service, temperature control, monitored door-to-door service, consolidated services or aircraft charters, and onboard couriers. We are well-versed in the many technical aspects of government regulations, state and commerce department licensing requirements, foreign government forms, transportation documents, and international collection and banking procedures. We are an authorized International Air Transport Association ("IATA") agent and also an Indirect Air Carrier authorized by the Transportation Security Administration ("TSA"). Some of our locations are also authorized cargo screening locations.

Shipment Execution. Our transportation specialists are adept at managing time-critical shipments. Our technology system prompts a specialist to hold less time-sensitive shipments until other complementary freight can be found to complete the shipping process in the most cost-effective manner. We maintain constant communication with third-party transportation providers from dispatch through final delivery. As a result, our expedited services are capable of meeting virtually any customer transit or delivery requirement. Finally, we provide the ability to track and trace shipments either online or by phone through one of our transportation specialists.

Audit and Payment Services. We capture and consolidate our customers' entire shipping activity and offer weekly electronic billing. We also provide freight bill audit and payment services designed to eliminate excessive or incorrect charges from our customers' bills.

Performance Reporting and Improvement Analysis. Customers utilizing our web reporting system have the ability to review freight bills, develop customized reports online, and access data to assist in financial and operational reporting and planning. Our specialists are also actively driving process improvement by continuously using our technology to identify incremental savings opportunities and efficiencies for our customers.

Freight Consolidation and Warehousing. We have 2.5 million square feet of warehousing space strategically located throughout the United States, which includes temperature controlled areas and food-grade sections. We provide access to our state-of-the-art warehouse management system, which provides customers with complete inventory visibility and a robust tool for inventory management.

With a broad Global Solutions offering, we believe we can accommodate a shipper's unique needs with any combination of services along our entire spectrum, and cater to their preferred means of shipment processing and communication.

We believe our comprehensive service approach and focus on building long-term customer relationships lead to greater retention of existing business compared to a more short-term gain sharing model employed by many 3PL providers. We believe our approach is more sustainable in the event freight capacity tightens and it becomes more difficult for 3PL providers employing the gain sharing model to generate substantial incremental savings for shippers after the first year of implementation. Before becoming fully operational with a customer, we conduct thorough feasibility and cost savings analyses and collaborate with the customer to create a project scope and timeline with measurable milestones. We believe this approach enables us to identify any potential issues, ensure a smooth integration process, and set the stage for long-term customer satisfaction. Within our Global Solutions operation, we have consistently met customer implementation deadlines and achieved anticipated levels of freight savings.

Capacity

We offer scalable capacity and reliable service to our extensive customer base in North America through a diverse third-party network of transportation providers and company drivers. Our various transportation modes include TL, LTL intermodal, and domestic and international air. No single carrier accounted for more than 2% of our 2015 purchased transportation costs. We ensure that each carrier is properly licensed and we regularly monitor each carrier's capacity, reliability, and pricing trends. Enhanced visibility provided by our technology systems allows us to leverage the competitive dynamics within our network to renegotiate freight rates and provide our customers with more cost-effective transportation solutions while enhancing our operating margins.

We continuously focus on building and enhancing our relationships with reliable transportation providers to ensure that we not only secure competitive rates, but that we also gain access to consistent capacity. These relationships are critical to our success based on our asset-light business model. We typically pay our third-party carriers either a

contracted per mile rate or the cost of a shipment less our contractually agreed-upon commission, and generally pay within seven to ten days from the date the shipment is delivered. We pay our third-party carriers promptly in order to drive loyalty and reliable capacity.

Our network of transportation providers can be divided into the following groups:

Independent Contractors. ICs are a key part of our long-term strategy to maintain service and provide cost stability. As of December 31, 2015, we had over 3,000 ICs, which consisted of approximately 2,500 linehaul, truckload, and intermodal services

ICs and approximately 500 local delivery ICs. In selecting our ICs, we adhere to specific screening guidelines in terms of safety records, length of driving experience, and evaluations. In the event of tightening of over-the-road freight capacity, we believe we are well positioned to increase our utilization of ICs as a cost-effective and reliable solution. To enhance our relationship with our ICs, we offer per mile rates that we believe are highly competitive and often above prevailing market rates. In addition, we focus on keeping our ICs fully utilized in order to limit the number of “empty” miles they drive. We regularly communicate with our ICs and seek new ways to enhance their quality of life. We believe our efforts increase IC retention, which we believe ultimately leads to better service for our customers.

Purchased Power Providers. In addition to our large base of ICs, we have access to a broad base of purchased power providers. We have established relationships with carriers of all sizes, including large national trucking companies and small to mid-size regional fleets. With the exception of safety incentives, purchased power providers are generally paid under a similar structure as ICs within our LTL and TL businesses. In contrast to contracts established with our ICs, however, we do not cover the cost of liability insurance for our purchased power providers.

Company Drivers. We employ over 1,400 drivers across our businesses.

Delivery Agents. For the de-consolidation and delivery stages of our LTL shipment process, our network of 47 LTL service centers is complemented by over 180 third-party delivery agents. The use of delivery agents is also a key part of our long-term strategy to maintain a variable cost and scalable operating model with minimal overhead.

Intermodal Capabilities. We maintain intermodal capability within our TL segment and through relationships with third-party carriers who rent capacity on Class 1 railroads throughout North America. Intermodal transportation rates are typically negotiated between us and the capacity provider on a customer-specific basis.

Flight Operations. We support expedited delivery with over 190 flight operations personnel, including pilots, ground crew, and flight coordinators.

Ground Expedite. We utilize proprietary bid technology supported by our logistics personnel and our network of over-the-road equipment.

Customers

Our goal is to establish long-term customer relationships and achieve year-over-year growth in recurring business by providing reliable, timely, and cost-effective transportation and logistics solutions. We possess the scale, operational expertise, and capabilities to serve shippers of all sizes. We serve an extensive customer base within a variety of end markets, with no customer accounting for more than 8% of 2015 revenue and no industry sector accounting for more than 18% of 2015 revenue. Our customer growth was primarily driven by our sales team and a focus on shippers seeking to reduce their exposure to asset-based logistics providers. We believe this reduces our exposure to a decline in shipping demand from any one customer and a cyclical downturn within any particular end market.

Sales and Marketing

In addition to over 100 independent brokerage agents and over 200 dispatchers, we currently market and sell our transportation and logistics solutions through sales personnel located throughout the United States and Canada. We are focused on actively expanding our sales force to new geographic markets where we lack a strong presence. Our objective is to leverage our collective, national sales force to sell our full suite of transportation services. We believe this will allow us to capture a greater share of a shipper’s annual transportation and logistics expenditures.

As of December 31, 2015, our sales force extends into each service offering as follows:

Truckload Logistics. We had over 200 dispatchers and over 100 independent brokerage agents located throughout the United States and Canada. Additionally, we had a sales force of 20 people consisting of sales managers and inside sales representatives. We believe that this sales structure enables our salespeople to better serve our customers by developing an understanding of local and regional market conditions, as well as the specific transportation and logistics issues facing individual customers. Our dispatchers, brokerage agents, and sales force seek additional business from existing customers and pursue new customers based on this knowledge and an understanding of the value proposition we can provide.

Less-than-Truckload. Our LTL sales force of over 100 people consisted of account executives, sales managers, inside sales representatives, and commissioned sales representatives.

Global Solutions. We had over 70 Global Solutions salespeople, commissioned sales representatives, and agents. We also utilize our LTL sales force to enhance the market reach and penetration of our Global Solutions offering and to capitalize on the opportunity to cross-sell a broader menu of services to new and existing customers.

Competition

We compete in the North American transportation and logistics services sector. Our marketplace is extremely competitive and highly fragmented. We compete with a large number of other asset-light logistics companies, asset-based carriers, integrated logistics companies, and third-party freight brokers, many of whom have larger customer bases and more resources than we do.

In our markets, we compete with global asset-based integrated logistics companies such as FedEx Corporation and United Parcel Service, Inc., against whom we compete in all of our service lines; asset-based freight haulers, such as Arkansas Best Corporation, XPO Logistics, Inc., Old Dominion Freight Line Inc., and YRC Worldwide, Inc., against whom we compete in our core TL and LTL service offerings; non-asset based and asset-light freight brokerage companies, such as C.H. Robinson Worldwide, Inc. and Landstar System, Inc., against whom we compete in our core TL and LTL service offerings; 3PL providers that offer comprehensive transportation management solutions, such as Schneider Logistics, Inc. and Transplace, Inc., against whom we compete in our Global Solutions offering; and smaller, niche transportation and logistics companies that provide services within a specific geographic region or end market. In our international freight forwarding business, we compete with a large number of service providers. Depending on the trade lane and solution, these competitors include large multi-national, regional, local, or niche providers. As a result, our focus remains on continuing to provide our customers with exceptional service.

We believe we compete favorably by offering shippers attractive transportation and logistics solutions designed to deliver the optimal combination of cost and service. To that end, we believe our most significant competitive advantages include:

- our comprehensive suite of transportation and logistics services, which allows us to offer à la carte or a “one-stop” value proposition to shippers of varying sizes and to accommodate their diverse needs and preferred means of processing and communication;
- our asset-light, variable cost business model, which allows us to generate strong free cash flows and focus greater attention on providing optimal customer service than on asset utilization;
- our technology systems, which allow us to provide scalable capacity and a high level of customer service across a variety of transportation modes; and
- our knowledgeable management team with experience leading high-growth logistics companies and/or business units, which allows us to benefit from a collective entrepreneurial culture focused on growth.

Seasonality

Our operations are subject to seasonal trends that have been common in the North American over-the-road freight sector for many years. Our results of operations for the quarter ending in March are on average lower than the quarters ending in June, September, and December. Typically, this pattern has been the result of factors such as inclement weather, national holidays, customer demand, and economic conditions. The impact of seasonality was less apparent due to fuel surcharges in 2015 and our organic growth and acquisitions in 2014.

Technology

We believe the continued development and innovation of our technology systems is important to providing our customers with the most cost-effective, timely, and reliable transportation and logistics solutions. Our objective is to allow our customers and vendors to easily do business with us via the Internet. Our customers have the ability, through a paperless process, to receive immediate pricing, place orders, track shipments, process remittance, receive updates on arising issues, and review historical shipping data through a variety of reports over the Internet.

Our TL operation uses a customized technology system to broker our customers’ freight. Our software enhances our ability to track our third-party drivers, tractors, and trailers, which provides customers with visibility into their supply chains. Additionally, our systems allow us to operate as a paperless operation through electronic order entry, resource planning, and dispatch. Our TL operations also utilize spot bid technology to manage expedited customers’ logistics needs.

Our LTL operation utilizes a combination of web-based systems and customized software applications. Additionally, we make use of electronic data interchange (“EDI”) to allow our service centers to communicate electronically with our carriers’ and customers’ internal systems. We offer our EDI-capable customers a paperless process, including document imaging and shipment tracking and tracing.

Our Global Solutions operation uses a variety of software applications and systems customized to meet the unique needs of our customers. We continuously enhance our applications and systems to help improve our productivity, increase customer visibility, and improve collaboration with our service providers, all while offering customizable content for our customers. Our web-based technology approach allows our Global Solutions operation to process and service customer orders, track shipments in real time, select optimal modes of transportation, execute customer billing, provide carrier rates, establish customer-specific profiles, and retain critical information for analysis while providing a company branded solution. We utilize this approach to maximize supply chain efficiency through mode, carrier, and route optimization.

Employees

As of December 31, 2015, we employed 4,502 personnel, which included 61 management personnel, 163 sales and marketing personnel, 2,164 operations and other personnel, 1,429 company drivers, and 685 dock personnel. None of our employees are covered by a collective bargaining agreement and we consider relations with our employees to be good.

Regulation

The federal government substantially deregulated the provision of ground transportation and logistics services via the enactment of the Motor Carrier Act of 1980, the Trucking Industry Regulatory Reform Act of 1994, the Federal Aviation Administration Authorization Act of 1994, and the ICC Termination Act of 1995. Prices and services are now largely free of regulatory controls, although states have the right to require compliance with safety and insurance requirements, and interstate motor carriers remain subject to regulatory controls imposed by the U.S. Department of Transportation (“DOT”) and its agencies, such as the Federal Motor Carrier Safety Administration (“FMCSA”). Motor carrier, freight forwarding, and freight brokerage operations are subject to safety, insurance, and bonding requirements prescribed by the DOT and various state agencies. Any air freight business is subject to commercial standards set forth by the IATA and federal regulations issued by the TSA.

We are also subject to the Compliance, Safety, and Accountability Program (“CSA”), which is the FMCSA safety program designed to improve large truck and bus safety and ultimately reduce crashes. CSA is an enforcement and compliance model that involves assessments of a motor carrier's on-road performance and investigation results for a 24-month period using roadside stops and inspections, resulting in safety performance in the following categories: unsafe driving; hours-of-service compliance; driver fitness; controlled substances/alcohol; vehicle maintenance; hazardous material compliance; and crash indicator. The evaluations are then used by the FMCSA to select carriers for audit and other interventions.

As part of our acquisition of Active Aero, we acquired USA Jet Airlines (“USA Jet”), which holds certificates of public convenience and necessity issued by the DOT pursuant to 49 U.S.C. § 41102 and an air carrier certificate granted by the Federal Aviation Administration (“FAA”) pursuant to Part 119 of the federal aviation regulations. The DOT, the FAA, and the U.S. Department of Homeland Security (“DHS”), through the TSA, have regulatory authority over USA Jet’s air transportation services. The Federal Aviation Act of 1958, as amended, is the statutory basis for DOT and the FAA authority and the Aviation and Transportation Security Act of 2001, as amended, is the basis for TSA aviation security authority.

The FAA’s authority relates primarily to operational aspects of air transportation, including aircraft standards and maintenance, as well as personnel and ground facilities, which may from time to time affect the ability of USA Jet to operate its aircraft in the most efficient manner. The air carrier certificate granted to USA Jet by the FAA remains in effect so long as we meet the safety and operational requirements of the applicable FAA regulations.

The DOT’s authority relates primarily to economic licensing aspects of air transportation. The DOT’s jurisdiction extends to authorized types of operations and aviation route authority and to other regulatory matters, including the transfer of route authority between carriers. USA Jet holds various certificates issued by the DOT, including a domestic certificate authorizing USA Jet to engage in U.S. air transportation and a foreign certificate authorizing international air transportation of property. In addition, USA Jet is subject to non-U.S. government regulation of aviation rights involving non-U.S. jurisdictions, and non-U.S. customs regulation.

The TSA has responsibility for aviation security. The TSA continues to require USA Jet to comply with a Full All-Cargo Aircraft Operator Standard Security Program and the Twelve-Five Standard Security Program, which

contain evolving and strict security requirements. These requirements are not static, but change periodically as the result of regulatory and legislative requirements, imposing additional security costs and creating a level of uncertainty for our operations.

We are also subject to various environmental and safety requirements, including those governing the handling, disposal, and release of hazardous materials, which we may be asked to transport in the course of our operations. If hazardous materials are released into the environment while being transported, we may be required to participate in, or may have liability for response costs and the remediation of such a release. In such a case, we also may be subject to claims for personal injury, property damage, and damage to natural resources. Our business is also subject to changes in legislation and regulations, which can affect our operations and those of our competitors. For example, new laws and initiatives to reduce and mitigate the effects of greenhouse gas emissions could

significantly impact the transportation industry. Future environmental laws in this area could adversely affect our ICs' costs and practices and consequently, our operations.

We are also subject to regulations to combat terrorism that the DHS and other agencies impose.

The international freight forwarding and customs brokerage services provided by our Global Solutions business are regulated by a variety of regulatory agencies and bodies including, but not limited to: the U.S. Federal Maritime Commission ("FMC"), the Bureau of Customs and Border Protection ("CBP") and the TSA within the DHS (customs brokerage and security issues); the IATA; the DOT; the U.S. Food and Drug Administration ("FDA"); the U.S. Department of Agriculture ("USDA"); the U.S. Fish and Wildlife Service ("FWS"); the Bureau of Alcohol, Tobacco Products and Firearms ("BATF"); the U.S. Census Bureau; and other agencies or world governing bodies regulating international trade and compliance. Regulations and requirements must be strictly adhered to and can change periodically. Additionally, our Global Solutions business manages customer activities in numerous countries. As such, there may be risk associated with sudden fluctuations in currency, changes in economic policy, political unrest, changes to tariffs and trade policies/restrictions that are all outside of our control. Compliance with these changes may have a material impact on our operations and may increase our costs to service our customers.

Insurance

We insure our ICs and company drivers against third-party claims for accidents or damaged shipments and we bear the risk of such claims. We maintain insurance for vehicle liability, general liability, and cargo damage claims. We maintain an aggregate of \$100 million of vehicle liability and general liability insurance. The vehicle liability insurance has a \$500,000 deductible. We carry aggregate insurance against the first \$1.0 million of cargo claims, with a \$100,000 deductible. Because we maintain insurance for our ICs, if our insurance does not cover all or any portion of the claim amount, we may be forced to bear the financial loss. We attempt to mitigate this risk by carefully selecting carriers with quality control procedures and safety ratings.

In addition to vehicle liability, general liability, and cargo claim coverage, our insurance policies also cover other standard industry risks related to workers' compensation and other property and casualty risks. We believe our insurance coverage is comparable in terms and amount of coverage to other companies in our industry. We establish insurance reserves for anticipated losses and expenses and periodically evaluate and adjust the reserves to reflect our experience.

Financial Information About Segments

See Note 14 "Segment Reporting" to the consolidated financial statements in this Form 10-K/A for financial information about our segments.

Available Information

Our principal executive offices are currently located at 1431 Opus Place, Suite 530, Downers Grove, Illinois 60515, and our telephone number is (414) 615-1500. Prior to May 2017, our corporate headquarters was in Cudahy, Wisconsin. Our website address is www.rts.com. The information on our website is not incorporated by reference into this Form 10-K/A or in any other report or document we file with the Securities and Exchange Commission ("SEC").

We file reports with the SEC, including Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and any other filings required by the SEC. Through our website, we make available free of charge our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and all amendments to those reports, as soon as reasonably practicable after we electronically file such material with, or furnish it to, the SEC.

The public may read and copy any materials we file with, or furnish to, 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. The SEC maintains an Internet site (www.sec.gov) that contains reports, proxy and information statements, and other information regarding issuers that file electronically with the SEC.

ITEM 1A. RISK FACTORS

You should carefully consider the risk factors set forth below as well as the other information contained in this Form 10-K/A, including our consolidated financial statements and related notes. Any of the following risks could materially and adversely affect our business, financial condition, or results of operations. In such a case, you may lose all or part of your investment. The risks described below are not the only risks facing us. Additional risks and uncertainties not currently known to us or those we currently view to be immaterial may also materially adversely affect our business, financial condition, or results of operations.

The restatement of our previously issued financial statements has been time-consuming and expensive and could expose us to additional risks that could adversely affect our financial position, results of operations, and cash flows. As described in the section entitled “Explanatory Note” and in Note 15 “Restatement of Previously Issued Financial Statements” to our audited consolidated financial statements included in Item 8. “Financial Statements and Supplementary Data” of this Form 10-K/A, we have restated our previously issued consolidated financial statements for the fiscal years ended December 31, 2015, 2014, and 2013, as well as each of the quarters in the years ended December 31, 2015 and 2014. We have also revised our unaudited selected financial data for the fiscal years ended December 31, 2012 and 2011, as summarized in Item 6. “Selected Financial and Operating Data.” The restatement has been time-consuming and expensive and could expose us to a number of additional risks that could adversely affect our financial position, results of operations, and cash flows.

In particular, subsequent to 2016, we have incurred significant expense, including audit, legal, consulting, and other professional fees, as well as fees related to amendments to our sixth amended and restated credit agreement, in connection with the restatement of our previously issued consolidated financial statements and the ongoing remediation of material weaknesses in our internal control over financial reporting. We have taken a number of steps, including both adding internal personnel and hiring outside consultants, and intend to continue to take appropriate and reasonable steps to strengthen our accounting function and reduce the risk of additional misstatements in our financial statements. For more details about our remediation plan, see Item 9A. “Controls and Procedures.” To the extent these steps are not successful, we may have to incur additional time and expense. Our management’s attention has also been, and may further be, diverted from the operation of our business in connection with the restatement and ongoing remediation of material weaknesses in our internal controls.

We are also subject to claims, investigations, and proceedings arising out of the errors in our previously issued financial statements, including securities class action litigation, derivative lawsuits, and government agency investigations.

We have identified material weaknesses in our internal control over financial reporting which could, if not remediated, adversely affect our ability to report our financial condition and results of operations in a timely and accurate manner, investor confidence in our company, and the value of our common stock.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act and based upon the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (the “COSO framework”). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of our financial reporting and preparation of our financial statements for external purposes in accordance with generally accepted accounting principles (“GAAP”). Management is also responsible for reporting on the effectiveness of internal control over financial reporting.

We did not maintain an effective control environment based on the criteria established in the COSO framework. We have identified deficiencies in the principles associated with the control environment of the COSO framework. Specifically, these control deficiencies constitute material weaknesses, either individually or in the aggregate, relating to: (i) our commitment to integrity and ethical values, (ii) the ability of our board of directors to effectively exercise oversight of the development and performance of internal control, as a result of failure to communicate relevant information within our organization and, in some cases, withholding information, (iii) appropriate organizational structure, reporting lines, and authority and responsibilities in pursuit of objectives, (iv) our commitment to attract, develop, and retain competent individuals, and (v) holding individuals accountable for their internal control related responsibilities. As disclosed in the consolidated financial statements included in Item 8. “Financial Statements and

Supplementary Data,” these material weaknesses resulted in material accounting errors.

We did not maintain an effective control environment to enable the identification and mitigation of risks of material accounting errors based on the contributing factors to material weakness in the control environment, including:

The tone from former executive management was insufficient to create the proper environment for effective internal control over financial reporting and to ensure that (i) there were adequate processes for oversight, (ii) there was accountability for the performance of internal control over financial reporting responsibilities, (iii) identified issues and concerns were raised to appropriate levels within our organization, (iv) corrective activities were appropriately applied, prioritized, and implemented in a timely manner, and (v) relevant information was communicated within our organization and not withheld from our independent directors, our Audit Committee, and our independent auditors.

In certain operating companies and at our corporate headquarters there were inconsistent accounting systems, policies, and procedures. Additionally, in certain locations we did not attract, develop, and retain competent management, accounting, financial reporting, internal audit, and information systems personnel or resources to ensure that internal control responsibilities were performed and that information systems were aligned with internal control objectives. Our oversight processes and procedures that guide individuals in applying internal control over financial reporting were not adequate in preventing or detecting material accounting errors, or omissions due to inadequate information and, in certain instances, management override of internal controls, including recording improper accounting entries, recording accounting entries that were inconsistent with information known by management at the time, not communicating relevant information within our organization and, in some cases, withholding information from our independent directors, our Audit Committee, and our independent auditors.

Additionally, we have identified control deficiencies that constituted material weaknesses in the principles associated with the risk assessment, control activities, information and communication and monitoring activities components of the COSO framework. Refer to Item 9A. "Controls and Procedures" of this Form 10-K/A for more information.

As a result of such material weaknesses, our management concluded that our disclosure controls and procedures and internal control over financial reporting were not effective as of December 31, 2015.

A "material weakness" is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim consolidated financial statements will not be prevented or detected on a timely basis. We are actively engaged in developing and implementing a remediation plan designed to address these material weaknesses, but our remediation efforts are not complete and are ongoing. Although we are working to remedy the ineffectiveness of our internal control over financial reporting, there can be no assurance as to when the remediation plan will be fully developed, when it will be fully implemented, or the aggregate cost of implementation. Until our remediation plan is fully implemented, our management will continue to devote significant time and attention to these efforts. If we do not complete our remediation in a timely fashion, or at all, or if our remediation plan is inadequate, there will continue to be an increased risk that we will be unable to timely file future periodic reports with the SEC and that our future consolidated financial statements could contain errors that will be undetected. If we are unable to report our results in a timely and accurate manner, we may not be able to comply with the applicable covenants in our financing arrangements, and may be required to seek additional amendments or waivers under these financing arrangements, which could adversely impact our liquidity and financial condition. Further and continued determinations that there are material weaknesses in the effectiveness of our internal control over financial reporting could reduce our ability to obtain financing or could increase the cost of any financing we obtain and require additional expenditures of both money and our management's time to comply with applicable requirements.

Any failure to implement or maintain required new or improved controls, or any difficulties we encounter in their implementation, could result in additional material weaknesses or material misstatements in our consolidated financial statements. Any new misstatement could result in a further restatement of our consolidated financial statements, cause us to fail to meet our reporting obligations, reduce our ability to obtain financing, or cause investors to lose confidence in our reported financial information, leading to a decline in our stock price. We cannot assure you that we will not discover additional weaknesses in our internal control over financial reporting.

Further, we may be the subject of negative publicity focusing on the restatement of our previously issued financial results and related matters, and may be adversely impacted by negative reactions from our stockholders, creditors, or others with which we do business. This negative publicity may impact our ability to attract and retain customers, employees, drivers, and vendors. The occurrence of any of the foregoing could harm our business and reputation and cause the price of our securities to decline.

The restatement of our previously issued financial results has resulted in private litigation, derivative lawsuits, and government agency investigations and could result in additional litigation, government agency investigations, and enforcement actions.

Following our press release on January 30, 2017, three putative class actions were filed in the United States District Court for the Eastern District of Wisconsin on behalf of a class of persons who acquired our common stock between May 8, 2014 and January 30, 2017, inclusive. The Complaints allege that we, Mark A. DiBlasi, and Peter R.

Armbruster violated Section 10(b) of the Exchange Act, and Messrs. DiBlasi and Armbruster violated Section 20(a) of the Exchange Act, by making materially false or misleading statements, or failing to disclose material facts, regarding our internal control over financial reporting and our financial statements. The Complaints seek certification as a class action, compensatory damages, and attorney's fees and costs. On May 19, 2017, the Court consolidated the actions under the caption In re Roadrunner Transportation Systems, Inc. Securities Litigation, and appointed Public Employees' Retirement System as lead plaintiff. Counsel for lead plaintiff has advised us of their intent to file a consolidated Amended Complaint after we issue our restated financial statements.

On May 25, 2017, Richard Flanagan filed a complaint alleging derivative claims on our behalf in the Circuit Court of Milwaukee County, State of Wisconsin (Case No. 17-cv-004401) against Scott Rued, Mark DiBlasi, Christopher Doerr, John Kennedy, III,

Brian Murray, James Staley, Curtis Stoelting, William Urkiel, Judith Vijums, Michael Ward, Chad Utrup, Ivor Evans, Peter Armbruster, and Brian van Helden. Count I of the Complaint alleges the Director Defendants breached their fiduciary duties by “knowingly failing to ensure that the Company implemented and maintained adequate internal controls over its accounting and financial reporting functions,” and seeks unspecified damages. Count II of the Complaint alleges the Officer Defendants DiBlasi, Armbruster, and van Helden received substantial performance-based compensation and bonuses for fiscal year 2014 that should be disgorged. The action has been stayed by agreement pending a decision on an anticipated motion to dismiss the Amended Complaint to be filed in the securities class action described above.

On June 28, 2017, Jesse Kent filed a complaint alleging derivative claims on our behalf and class action claims in the United States District Court for the Eastern District of Wisconsin (Case No. 17-cv-00893-PP) against Scott Rued, Mark DiBlasi, Christopher Doerr, John Kennedy, III, Brian Murray, James Staley, Curtis Stoelting, William Urkiel, Judith Vijums, Michael Ward, Chad Utrup, Ivor Evans, Peter Armbruster, Brian van Helden, Scott Dobak, and Ralph Kittle. Count I of the Complaint alleges the Individual Defendants other than Armbruster, Dobak, Evans, Kittle, and van Helden, violated Section 14(a) of the Exchange Act by making false and misleading statements in proxies concerning our financial statements and internal controls. Count II of the Complaint alleges: (i) all the Individual Defendants breached their fiduciary duties of good faith, candor, and loyalty by creating a culture of lawlessness; (ii) the Officer Defendants knew, were reckless, or were grossly negligent in not knowing that we lacked effective internal controls and our financial statements were inaccurate; (iii) the Director Defendants other than Dobak and Kittle breached their duty of loyalty by recklessly permitting the improper statements concerning our internal controls and financial statements; (iv) the Director Defendants other than Dobak and Kittle breached their fiduciary duty and committed the ultra vires act of appointing the interlocking director defendant Dobak to the Board in violation of Section 8 of the Clayton Act; and (v) the Audit Committee Defendants breached their fiduciary duty of loyalty by approving the statements concerning our internal controls and financial statements. Count III of the Complaint alleges all the Individual Defendants wasted corporate assets by: (i) spending hundreds of millions of dollars to purchase various companies in connection with our alleged reckless growth-through-acquisition strategy; (ii) forcing us to have to defend ourselves in the securities fraud lawsuits; and (iii) paying improper compensation and bonuses to certain of our executive officers and directors who breached their fiduciary duty. Count IV of the Complaint alleges all the Individual Defendants were unjustly enriched as a result of the compensation and director remuneration they received while breaching their fiduciary duties. Count V of the Complaint alleges a direct claim against our current directors based on our failure to hold an annual meeting of stockholders by June 18, 2017 (13 months after our previous annual meeting of stockholders). The Complaint seeks judgment awarding unspecified damages, directing us to make certain corporate governance changes, awarding restitution, ordering disgorgement, directing us to hold our annual meeting of stockholders, and directing the Board to remove Dobak from the Board. On September 29, 2017, all the Defendants filed a motion to dismiss the Complaint. The motion is being held in abeyance pending our filing of our restated consolidated financial statements.

On December 22, 2017, Chester County Employees Retirement Fund filed a Complaint alleging derivative claims on our behalf in the United States District Court for the Eastern District of Wisconsin (Case No. 2:17-cv-01788-NJ) against the same defendants as those named in the Kent action. The allegations are substantially the same as those in the Kent Complaint.

In addition, subsequent to our announcement that certain previously filed financial statements should not be relied upon, we were contacted by the SEC, FINRA, and the Department of Justice. The Department of Justice and Division of Enforcement of the SEC have commenced investigations into the events giving rise to the restatement. We have received formal requests for documents and other information. We are cooperating fully with all of these agencies. We cannot predict the outcome of these matters, or whether any other actions or proceedings will be filed against us in the future, and the cost of defending such actions or proceedings could be material. Furthermore, defending such actions or proceedings could divert our management and key personnel from our business operations. If we are found liable in any actions or proceedings, we may have to pay substantial damages or change the way we conduct our business, either of which may have a material adverse effect on our business, operating results, financial condition, and prospects. There may also be negative publicity associated with litigation or regulatory proceedings that could

harm our business and reputation and cause the price of our securities to decline.

One or more significant claims or the cost of maintaining our insurance could have an adverse effect on our results of operations.

We employ approximately 1,400 drivers and use the services of thousands of ICs and transportation companies and their drivers in connection with our transportation operations. From time to time, these drivers are involved in accidents which may cause injuries and in which goods carried by these drivers are lost or damaged. Such accidents usually result in equipment damage and, unfortunately, can also result in injuries or death. Our involvement in the transportation of certain goods, including, but not limited to, hazardous materials, could also increase our exposure in the event of an accident resulting in injuries or contamination. The resulting types and/or amounts of damages may under any of these circumstances be excluded by or exceed the amount of our insurance coverage or the insurance coverage maintained by the contracted carrier. Although most of these drivers are ICs or work for third-party carriers, from time to time claims may be asserted against us for their actions 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. A material increase in the frequency or severity of accidents, claims for lost or damaged goods, liability claims, workers' compensation claims, or

unfavorable resolutions of any such claims could adversely affect our results of operations to the extent claims are not covered by our insurance or such losses exceed our reserves. Significant increases in insurance costs or the inability to purchase insurance as a result of these claims could also reduce our profitability and have an adverse effect on our results of operations. The timing of the incurrence of these costs could also significantly and adversely impact our operating results compared to prior periods.

Increased insurance premium costs could have an adverse effect on our results of operations.

Insurance carriers may increase premiums for transportation companies generally. We could also experience additional increases in our insurance premiums in the future if our claims experience worsens. If our insurance or claims expense increases and we are unable to offset the increase with higher freight rates, our results of operations could be adversely affected. Furthermore, we may not be able to maintain or obtain sufficient or desired levels of insurance at reasonable rates. In some instances, certain insurance could become unavailable or available only for reduced amounts of coverage. If we were to incur a significant liability for which we were not fully insured, it could have an adverse effect on our results of operations and financial position.

The cost of compliance with, liability for violations of, or modifications to existing or future governmental laws and regulations could adversely affect our business and results of operations.

Our operations are regulated and licensed by various federal and state agencies in the United States and similar governmental agencies 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 ICs must also comply with applicable regulations and requirements of such agencies.

Through our subsidiaries, 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, air carrier, indirect air carrier, ocean transportation intermediary, non-vessel operating common carrier, 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, FDA, USDA, FWS, BATF and various other international, domestic, state, and local agencies and port authorities. Our failure to maintain our required licenses, or to comply with applicable regulations, could materially and adversely affect our business, results of operations, or financial condition. See the section entitled "Regulation" in Item 1 of this Form 10-K/A for more information.

In addition, DHS regulations applicable to our customers who import goods into the United States and our contracted ocean carriers may impact our ability to provide and/or receive services with and from these parties. Enforcement measures related to violations of these regulations can slow and/or prevent the delivery of shipments, which may negatively impact our operations.

We incur significant costs to operate our business and monitor our compliance with applicable laws and regulations. The regulatory requirements governing our operations are subject to change based on new legislation and regulatory initiatives, which could affect the economics of the transportation industry by requiring changes in operating practices or influencing the demand for, and the cost of providing, transportation services. We cannot predict what impact future regulations may have on our business. Compliance with existing, new, or more stringent measures could disrupt or impede the timing of our deliveries and our ability to satisfy the needs of our customers. In addition, we may experience an increase in operating costs, such as security costs, as a result of governmental regulations that have been and will be adopted in response to terrorist activities and potential terrorist activities. The cost of compliance with existing or future measures could adversely affect our results of operations. Further, we could become subject to liabilities as a result of a failure to comply with applicable regulations.

In addition to the legal claims for property damage or personal injury described in the risk factor entitled "One or more significant claims or the cost of maintaining our insurance could have an adverse effect on our results of operations," like many others in the transportation services industry, we are a defendant in five purported class-action lawsuits in California alleging violations of various California labor laws and one purported class-action lawsuit in Illinois alleging violations of the Illinois Wage Payment and Collection Act. The plaintiffs in each of these lawsuits seek to recover unspecified monetary damages and other items. In addition, the California Division of Labor Standards and

Enforcement has brought administrative actions against us on behalf of seven individuals alleging that we violated California labor laws. Given the early stage of all of the proceedings described in this paragraph, we are not able to assess with certainty the outcome of these proceedings or the amount or range of potential damages or future payments associated with these proceedings at this time. We believe we have meritorious defenses to these actions and intend to defend these proceedings vigorously. However, any legal proceeding is subject to inherent uncertainties, and we cannot assure you that the expenses associated with defending these actions or their resolution will not have a material adverse effect on our business, operating results, or financial condition.

Our operations are subject to various environmental laws and regulations, the violation of which could result in substantial fines or penalties.

From time to time, we arrange for the movement of hazardous materials at the request of our customers. As a result, we are subject to various environmental laws and regulations relating to the handling, transport, and disposal of hazardous materials. If our customers or carriers are involved in an accident involving hazardous materials, or if we are found to be in violation of applicable laws or regulations, we could be subject to substantial fines or penalties, remediation costs, or civil and criminal liability, any of which could have an adverse effect on our business and results of operations. In addition, current and future laws and regulations relating to carbon emissions and the effects of global warming can be expected to have a significant impact on the transportation sector generally and the operations and profitability of some of our carriers in particular, which could adversely affect our business and results of operations.

A decrease in levels of capacity in the over-the-road freight sector could have an adverse impact on our business. The current operating environment in the over-the-road freight sector resulting from fluctuating fuel costs, industry-specific regulations (such as the CSA and hours-of-service rules and the proposed but not yet finalized changes implemented under Moving Ahead for Progress in the 21st Century (MAP-21)), a shortage of qualified drivers, and other economic factors are causing a tightening of capacity in the sector generally, and in our carrier network specifically, which could have an adverse impact on our ability to execute our business strategy and on our business.

We may not be able to successfully execute our acquisition strategy, and any acquisitions that we undertake could be difficult to integrate, disrupt our business, dilute stockholder value, and adversely affect our results of operations.

We plan to increase our revenue and expand our offerings in the market regions that we serve through the acquisition of complementary businesses. We cannot guarantee that we will be able to identify suitable acquisitions or investment candidates. Even if we identify suitable candidates, we cannot guarantee that we will make acquisitions or investments on commercially acceptable terms, if at all. In addition, we may incur debt or be required to issue equity securities to pay for future acquisitions or investments. The issuance of any equity securities could be dilutive to our stockholders. Strategic acquisitions involve numerous risks, including the following:

- failure of the acquired company to achieve anticipated revenues, earnings, or cash flows;
- assumption of liabilities that were not disclosed to us or that exceed our estimates;
- problems integrating the purchased operations with our own, which could result in substantial costs and delays or other operational, technical, or financial problems;
- potential compliance issues with regard to acquired companies that did not have adequate internal controls;
- diversion of management's attention or other resources from our existing business;
- risks associated with entering markets in which we have limited prior experience; and
- potential loss of key employees and customers of the acquired company.

We have had, and may have in the future, difficulties integrating acquired companies.

For acquisitions, success is also dependent upon efficiently integrating the acquired business into our existing operations. We are required to integrate these businesses into our internal control environment, which may present challenges that are different than those presented by organic growth and that may be difficult to manage. For example, as described in Part II, Item 9A. "Controls and Procedures" of this Form 10-K/A, based on the Audit Committee Investigation, current management determined that there were deficiencies in the design and/or execution of internal controls that constituted material weaknesses, with one of the contributing factors being the increased size and complexity of our company arising from the acquisition of 25 non-public companies between February 2011 and September 2015. The possible difficulties of integration include, among others: retention of customers and key employees; unanticipated issues in the assimilation and consolidation of information, communications, and other systems; inefficiencies and difficulties that arise because of unfamiliarity with potentially new geographic areas and new assets and the businesses associated with them; consolidation of corporate and administrative infrastructures; the diversion of management's attention from ongoing business concerns; the effect on internal controls and compliance with the regulatory requirements under the Sarbanes-Oxley Act of 2002; and unanticipated issues, expenses, and liabilities. The diversion of management's attention from our current operations to the acquired operations and any

difficulties encountered in combining operations has prevented us, and could in the future prevent us, from realizing the full benefits anticipated to result from the acquisitions and has adversely impacted, and could in the future adversely impact, our results of operations and financial condition. Also, following an acquisition, we may discover previously unknown liabilities associated with the acquired business for which we have no recourse under applicable

indemnification provisions. If we are unable to successfully integrate and grow these acquisitions and to realize contemplated revenue synergies and cost savings, our business, prospects, results of operations, financial position, and cash flows could be materially and adversely affected.

We have not successfully managed, and may not in the future manage, our growth.

We intend to continue to grow rapidly and substantially, including by expanding our internal resources, making acquisitions, and entering into new markets. We have experienced, and may in the future 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. For example, as described in Part II, Item 9A. “Controls and Procedures” of this Form 10-K/A, based on the Audit Committee Investigation, current management determined that there were deficiencies in the design and/or execution of internal controls that constituted material weaknesses, with one of the contributing factors being the increased size and complexity of our company arising from the acquisition of 25 non-public companies between February 2011 and September 2015.

Our growth has placed, and will in the future place, a significant strain on our management and our 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 increase substantially as our operations grow. Failure to manage growth effectively, or obtain necessary working capital, has in the past had, and could in the future have, a material adverse effect on our business, results of operations, financial position, and cash flows.

Our international operations subject us to operational and financial risks.

We provide transportation and logistics services to and from international locations and are, therefore, subject to risks of international business, including, but not limited to, the following:

- changes in tariffs, trade restrictions, trade agreements, and taxations;
- difficulties in managing or overseeing foreign operations and agents;
- limitations on the repatriation of funds because of foreign exchange controls;
- different liability standards; and

• intellectual property laws of countries which do not protect our rights in our intellectual property, including, but not limited to, our proprietary information systems, to the same extent as the laws of the United States.

We are also subject to compliance with the Foreign Corrupt Practices Act (“FCPA”). Failure to comply with the FCPA and local regulations in the conduct of our international business operations may result in legal claims against us.

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 be exposed to increased risk of loss from foreign currency fluctuations and exchange controls as well as longer accounts receivable payment cycles. We have limited control over these risks, and if we do not correctly anticipate changes in international economic and political conditions, we may not alter our business practices in time to avoid adverse effects.

Our indebtedness could adversely affect our business and limit our ability to expand our business or respond to changes, and we may be unable to generate sufficient cash flow to satisfy our debt service obligations.

As of December 31, 2015, we had indebtedness of \$439.4 million offset by \$6.6 million of debt issuance cost. We may incur additional indebtedness in the future, including any additional borrowings available under our senior credit facility. Any substantial indebtedness and the fact that a substantial portion of our cash flow from operating activities could be needed to make payments on this indebtedness could have adverse consequences, including the following:

- reducing the availability of our cash flow for our operations, capital expenditures, future business opportunities, and other purposes;
- limiting our flexibility in planning for, or reacting to, changes in our business and the industries in which we operate, which would place us at a competitive disadvantage compared to our competitors that may have less debt;
- limiting our ability to borrow additional funds; and

increasing our vulnerability to general adverse economic and industry conditions.

Our ability to borrow any funds needed to operate and expand our business will depend in part on our ability to generate cash. Our ability to generate cash is subject to the performance of our business as well as general economic, financial, competitive, legislative, regulatory, and other factors that are beyond our control. If our business does not generate sufficient cash flow from operating activities or if future borrowings are not available to us under our senior credit facility or otherwise in amounts sufficient to enable us to fund our liquidity needs, our operating results, financial condition, and ability to maintain or expand our business may be adversely affected. Moreover, our inability to make scheduled payments on our debt obligations in the future would require us to refinance all or a portion of our indebtedness on or before maturity, sell assets, delay capital expenditures, or seek additional equity.

Additionally, we have exposure to changes in interest rates on our revolving credit facility and term loan. The interest rates on our revolving credit facility and term loan fluctuate based on the prime rate or LIBOR plus an applicable margin. Assuming our \$400.0 million revolving credit facility was fully drawn and taking into consideration the outstanding term loan of \$296.3 million as of December 31, 2015, a 1.0% increase in the borrowing rate would increase our annual interest expense by \$7.0 million.

Our senior credit facility contains financial and other restrictive covenants with which we may be unable to comply. A default under these financing arrangements could cause a material adverse effect on our liquidity, financial condition, and results of operations.

The loans outstanding under our senior credit facility are secured by a first priority lien on certain real property owned by our domestic subsidiaries and substantially all of our and our domestic subsidiaries' tangible and intangible personal property, including a pledge of the capital stock of certain of our direct and indirect subsidiaries. Our senior credit facility contains conditions, representations and warranties, events of default, and indemnification provisions that are customary for financings of this type, including, but not limited to, a minimum fixed charge coverage ratio, a maximum adjusted leverage ratio, and limitations on incurrence of debt, investments, liens on assets, transactions with affiliates, mergers, consolidations, and purchases and sales of assets.

If we default under the terms of this facility and fail to obtain appropriate amendments to or waivers under the applicable financing arrangement, our borrowings against the facility could be immediately declared due and payable. If we fail to pay the amount due, the lenders could proceed against the collateral by which our loans are secured, our borrowing capacity may be limited, or the facility could be terminated. If acceleration of outstanding borrowings occurs or if the facilities are terminated, we may have difficulty borrowing additional funds sufficient to refinance the accelerated debt or entering into new credit or debt arrangements, and, if available, the terms of the financing may not be acceptable. A default under our senior credit facility could have a material adverse effect on our liquidity and financial condition.

Fluctuations in the price or availability of fuel and limitations on our ability to collect fuel surcharges may adversely affect our results of operations.

We are subject to risks associated with fuel charges from our ICs, purchased power providers, and aircraft in our LTL and TL businesses. The availability and price of fuel are subject to political, economic, and market factors that are outside of our control. Fuel prices have fluctuated dramatically over recent years. Over time we have been able to mitigate the impact of the fluctuations through our fuel surcharges which are closely linked to the market price for fuel. There can be no assurance that our fuel surcharge revenue programs will be effective in the future. Market pressures may limit our ability to assess our fuel surcharges. At the request of our customers, we have at times temporarily capped the fuel surcharges at a fixed percentage pursuant to contractual arrangements that vary by customer. Currently, a minimal number of our customers have contractual arrangements with varying levels of capped fuel surcharges. If fuel surcharge revenue programs, base freight rate increases, or other cost-recovery mechanisms do not offset our exposure to rising fuel costs, our results of operations could be adversely affected.

A significant or prolonged economic downturn in the over-the-road freight sector, or a substantial downturn in our customers' business, could adversely affect our revenue and results of operations.

The over-the-road freight sector has historically experienced cyclical fluctuations in financial results due to, among other things, economic recession, downturns in business cycles, increasing costs and taxes, fluctuations in energy prices, price increases by carriers, changes in regulatory standards, license and registration fees, interest rate

fluctuations, and other economic factors beyond our control. All of these factors could increase the operating costs of a vehicle and impact capacity levels in the over-the-road freight sector. Our ICs or purchased power providers may charge higher prices to cover higher operating expenses, and our operating income may decrease if we are unable to pass through to our customers the full amount of higher purchased transportation costs. Additionally, economic conditions may adversely affect our customers, their need for our services, or their ability to pay for our services.

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. We face significant competition in local, regional, national, and international markets. 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 ability to maintain our current profitability, including the following:

- competition with other transportation services companies, some of which have a broader coverage network, a wider range of services, and greater capital resources than we do;

- reduction by our competitors of their freight rates to gain business, especially during times of declining growth rates in the economy, which reductions may limit our ability to maintain or increase freight rates, maintain our operating margins, or maintain significant growth in our business;

- solicitation by shippers of bids from multiple carriers for their shipping needs and the resulting depression of freight rates or loss of business to competitors;

- development of a technology system similar to ours by a competitor with sufficient financial resources and comparable experience in the transportation services industry; and

- establishment by our competitors of cooperative relationships to increase their ability to address shipper needs.

Our executive officers and key personnel are important to our business, and these officers and personnel may not remain with us in the future.

We depend substantially on the efforts and abilities of our senior management. Our success will depend, in part, on our ability to retain our current management team and to attract and retain qualified personnel in the future.

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 executive 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.

Our reliance on ICs to provide transportation services to our customers could limit our expansion.

Our transportation services are conducted in part by ICs, who are generally responsible for paying for their own equipment, fuel, and other operating costs. Our ICs are responsible for providing the tractors and generally the trailers they use related to our business. Certain factors such as increases in fuel costs, insurance costs and the cost of new and used tractors, reduced financing sources available to ICs for the purchase of equipment, or the impact of CSA and hours-of-service rules could create a difficult operating environment for ICs. Turnover and bankruptcy among ICs in the over-the-road freight sector often limit the pool of qualified ICs and increase the competition among carriers for their services. If we are required to increase the amounts paid to ICs in order to obtain their services, our results of operations could be adversely affected to the extent increased expenses are not offset by higher freight rates.

Additionally, our agreements with our ICs are terminable by either party upon short notice and without penalty.

Consequently, we regularly need to recruit qualified ICs to replace those who have left our pool. If we are unable to retain our existing ICs or recruit new ICs, our results of operations and ability to expand our business could be adversely affected.

Our third-party carriers must meet our needs and expectations, and those of our customers, and their inability to do so could adversely affect our results of operations.

Our business depends to a large extent on our ability to provide consistent, high quality, technology-enabled transportation and logistics solutions. We generally do not own or control the transportation assets that deliver our customers' freight, and we generally do not employ the people directly involved in delivering the freight. We rely on third parties to provide less-than-truckload, truckload and intermodal brokerage, and domestic and international air services and to report certain information to us, including information relating to delivery status and freight claims. This reliance could cause delays in providing our customers with timely delivery of freight and important service data, as well as in the financial reporting of certain events, including recognizing revenue and recording claims. If we are unable to secure sufficient transportation services to meet our customer commitments, or if any of the third parties we

rely on do not meet our needs or expectations, or those of our customers, our results of operations could be adversely affected, and our customers could switch to our competitors temporarily or permanently.

If our ICs are deemed to be employees, our business and results of operations could be adversely affected.

We are a defendant in a purported class-action lawsuit in California that alleges, among other claims, that the plaintiffs were misclassified as independent contractors. Given the early stage of this proceeding, we are not able to assess with certainty the outcome of this proceeding or the amount or range of potential damages or future payments associated with this proceeding at this time. In addition, tax and other regulatory authorities have in the past sought to assert that independent contractors in the trucking industry are employees rather than independent contractors. There can be no assurance that these authorities will not successfully assert this position against us or that tax and other laws that currently consider these persons ICs will not change. If our ICs are determined to be our employees, we would incur additional exposure under 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, tax withholdings, and penalties and interest. Our business model relies on the fact that our ICs are independent contractors and not deemed to be our employees, and exposure to any of the above factors could have an adverse effect on our business and results of operations.

Our financial results may be adversely impacted by potential future changes in accounting practices.

Future changes in accounting standards or practices, and related legal and regulatory interpretations of those changes, may adversely impact public companies in general, the transportation industry, or our operations specifically. New accounting standards or requirements, such as a conversion from GAAP to International Financial Reporting Standards, could change the way we record revenues, expenses, assets, and/or liabilities or could be costly to implement. These types of regulations could have a negative impact on our financial position, liquidity, results of operations, and/or access to capital.

We rely heavily on information and technology to operate our transportation and business networks, and any disruption to our technology infrastructure or the Internet could harm our operations and our reputation among customers.

Our ability to attract and retain customers and to compete effectively depends in part upon the sophistication and reliability of our technology network, including our ability to provide features of service that are important to our customers. To keep pace with changing technologies and customer demands in the future, we must correctly interpret and address market trends and enhance the features and functionality of our technology system. We may be unable to implement the appropriate features and functionality in a timely manner, which could result in decreased demand for our services and a corresponding decrease in revenue.

In addition, we have become increasingly reliant on our technology systems for our operations as well as providing services to our customers. External and internal risks, such as malware, code anomalies, "Acts of God," attempts to penetrate our networks, transitional challenges in migrating operating company functionality to a centralized automation platform, data leakage, and human error pose a direct threat to our services and data. Any disruption to the Internet or our complex technology infrastructure, including those impacting our computer systems, could adversely impact our customer service, volumes, and revenues and result in increased costs. These types of adverse impacts could also occur in the event the confidentiality, integrity, or availability of company and customer information is compromised due to a data loss by us or a trusted third party. While we have invested and continue to invest in technology security initiatives, information technology risk management, and disaster recovery plans, these measures cannot fully insulate us from technology disruptions or data loss and the resulting adverse effect on our operations and financial results. Additionally, the cost and operational consequences of implementing further data or system protection measures could be significant.

Seasonal sales fluctuations and weather conditions could have an adverse impact on our results of operations.

The transportation industry is subject to seasonal sales fluctuations as shipments are generally lower during and after the winter holiday season. The productivity of our carriers historically decreases during the winter season because companies have the tendency to reduce their shipments during that time and inclement weather can impede operations. At the same time, our operating expenses could increase because harsh weather can lead to increased accident frequency rates and increased claims, as well as reduced commodity production (i.e. poultry, beef, fruit, produce). These commodities and other products we transport are also subject to disease, crop failure, reduction in production quantities or adjustments to automotive model changeovers. Any of the fluctuations could have an adverse effect on

revenues. If we were to experience lower-than-expected revenue during any such period, our expenses may not be offset, which could have an adverse impact on our results of 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 large trucks. Such measures may reduce the productivity of our ICs or increase the costs associated with their operations, which we could be forced to bear. For example, security measures imposed at bridges, tunnels, border crossings, and other points on key trucking routes may cause delays and increase the non-driving time of our ICs, which could have an adverse effect on our results of operations. 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. 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 Global Solutions business derives a portion of its revenues from inventory management, the loss of which could have a negative impact on our financial condition, results of operations, and cash flows.

A portion of our Global Solutions business is involved with inventory and freight management for customers whose products are shipped to a limited number of big box retailers. Should these big box retailers change their supply chain practices and direct our customers to deliver product via another source, such change could have a negative impact on our Global Solutions business.

Our ability to raise capital in the future may be limited, and our failure to raise capital when needed 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. Such financing may not be available on acceptable terms, or at all, and our failure to raise capital when needed could harm our business. Additional equity financing may dilute the interests of our stockholders, and debt financing, if available, 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 total assets include goodwill and intangibles. If we determine that these items have become impaired in the future, our earnings could be adversely affected.

As of December 31, 2015, we had recorded goodwill of \$682.8 million and other intangible assets, net of accumulated amortization, of \$75.7 million. Goodwill represents the excess of purchase price over the estimated fair value assigned to the net tangible and identifiable intangible assets of a business acquired. Goodwill and other intangible assets are evaluated for impairment annually or more frequently, if indicators of impairment exist. If the impairment evaluations for goodwill and intangible assets indicate the carrying amount exceeds the estimated fair value, an impairment loss is recognized in an amount equal to that excess. Our annual impairment evaluations of goodwill are performed as of July 1.

Subsequent to our annual impairment analysis as of July 1, 2015, a decline in revenues during the quarter ended September 30, 2015 resulted in a triggering event that required us to perform an interim goodwill impairment analysis of all reporting units as of September 30, 2015. We completed our interim impairment analysis and determined no impairment had occurred, as each reporting unit's calculated fair value exceeded the carrying value. As a result, there is no goodwill impairment for any of the periods presented in our consolidated financial statements included in this Form 10-K/A.

If we are unable to expand the number of our sales representatives, or if a significant number of our existing sales representatives leave us, our ability to increase our revenue could be negatively impacted.

Our ability to expand our business will depend, in part, on our ability to attract additional sales representatives and brokerage agents. Competition for qualified sales representatives can be intense, and we may be unable to attract such persons. Any difficulties we experience in expanding the number of our sales representatives could have a negative impact on our ability to expand our customer base, increase our revenue, and continue our growth.

In addition, we must retain our current sales representatives and properly incentivize them to obtain new customers and maintain existing customer relationships. If a significant number of our sales representatives leave us, our revenue could be negatively impacted. A significant increase in the turnover rate among our current sales representatives could also increase our recruiting costs and decrease our operating efficiency.

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 8% of our 2015 revenue. 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.

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The market value of our common stock may fluctuate and could be substantially affected by various factors.

The price of our common stock on the New York Stock Exchange (“NYSE”) constantly changes. We expect that the market price of our common stock will continue to fluctuate. Our share price may fluctuate as a result of a variety of factors, many of which are beyond our control. These factors include, among others:

- actual or anticipated variations in earnings, financial or operating performance, or liquidity;
- changes in analysts' recommendations or projections;
- failure to meet analysts' projections;
- general economic and capital market conditions;
- announcements of developments related to our business;
- operating and stock performance of other companies deemed to be peers;
- actions by government regulators;
- news reports of trends, concerns, and other issues related to us or our industry, including changes in regulations; and
- other factors described in this “Risk Factors” section.

Our common stock price may fluctuate significantly in the future, and these fluctuations may be unrelated to our performance. General market price declines or market volatility in the future could adversely affect the price of our common stock, and the current market price of our common stock may not be indicative of future market prices.

The New York Stock Exchange could commence procedures to delist our common stock, in the event we do not timely file all required periodic reports with the SEC, in which case the market price of our shares might decline and become more volatile and our stockholders' ability to trade in our stock could be adversely affected.

As a result of our failure to timely file our Annual Report on Form 10-K for the year ended December 31, 2016 with the SEC, as previously disclosed, on April 4, 2017 we received a notice from the New York Stock Exchange (the “NYSE”) informing us that we were not in compliance with the NYSE's continued listing requirements under the timely filing criteria set forth in Section 802.01E of the NYSE Listed Company Manual and that we were subject to the procedures set forth in the NYSE's listing standards related to late filings. Under the NYSE rules, we were provided with six months from April 4, 2017 to file the delinquent 2016 Annual Report on Form 10-K. In the event that we did not file the delinquent 2016 Annual Report on Form 10-K and the required 2017 Quarterly Reports on Form 10-Q by the end of that six-month period, we could receive up to an additional six-month extension at the discretion of the NYSE. On October 5, 2017, the NYSE granted us an extension to December 15, 2017 to file our delinquent 2016 Annual Report on Form 10-K and the required 2017 Quarterly Reports on Form 10-Q. On December 18, 2017, the NYSE granted us an extension to April 4, 2018 to file our delinquent 2016 Annual Report on Form 10-K and the required 2017 Quarterly Reports on Form 10-Q. While we are filing this Form 10-K/A and concurrently filing the Quarterly Reports on Form 10-Q/A for the quarters ended March 31, 2016, June 30, 2016, and September 30, 2016 and our Annual Report on Form 10-K for the year ended December 31, 2016, our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2017, June 30, 2017 and September 30, 2017 have not been filed and we remain subject to the procedures set forth in the NYSE's listing standards related to late filings and subject to the risk of delisting. If our common stock were delisted, there could be no assurance whether or when it would again be listed for trading on NYSE or any other exchange. Further, the market price of our shares might decline and become more volatile, and our stockholders may find that their ability to trade in our stock would be adversely affected. Furthermore, institutions whose charters do not allow them to hold securities in unlisted companies might sell our shares, perhaps very promptly, which could have a further adverse effect on the price of our stock.

Our current principal stockholders continue to have significant influence over us, and they could delay, deter, or prevent a change of control or other business combination or otherwise cause us to take action with which you might not agree.

Investment funds affiliated with HCI Equity Partners, L.L.C. together owned approximately 20.4% of our outstanding common stock as of December 31, 2015. In addition, two of our directors are affiliated with HCI Equity Partners, L.L.C. As a result, these stockholders will have significant influence over the election of our board of directors and our decision to enter into any corporate transaction and may have the ability to prevent any transaction that requires the approval of stockholders, regardless of whether or not other stockholders believe that such a transaction is in their own best interests. Such concentration of voting power could have the effect of delaying, deterring, or preventing a

change of control or other business combination that might otherwise be beneficial to our stockholders or could limit the price that some investors might be willing to pay in the future for shares of our common stock.

The interests of these stockholders may not always coincide with our interests as a company or the interests of our other stockholders. Accordingly, these stockholders could cause us to enter into transactions or agreements that you would not approve or make decisions with which you may disagree.

Provisions in our certificate of incorporation, our bylaws, and Delaware law could make it more difficult for a third party to acquire us, discourage a takeover, and adversely affect existing stockholders.

Our certificate of incorporation, our bylaws, and the Delaware General Corporation Law contain provisions that may make it more difficult or delay attempts by others to obtain control of our company, even when these attempts may be in the best interests of our stockholders. These include provisions limiting the stockholders' powers to remove directors or take action by written consent instead of at a stockholders' meeting. Our certificate of incorporation also authorizes our board of directors, without stockholder approval, to issue one or more series of preferred stock, which could have voting and conversion rights that adversely affect or dilute the voting power of the holders of common stock. In addition, our certificate of incorporation provides for our board to be divided into three classes, serving staggered terms. The classified board provision could have the effect of discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control of us. Delaware law also imposes conditions on the voting of "control shares" and on certain business combination transactions with "interested stockholders."

These provisions and others that could be adopted in the future could deter unsolicited takeovers or delay or prevent changes in our control or management, including transactions in which stockholders might otherwise receive a premium for their shares over then-current market prices. These provisions may also limit the ability of stockholders to approve transactions that they may deem to be in their best interests.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Prior to May 2017, our corporate, TL, LTL, and Global Solutions headquarters, where senior management resides, was located in Cudahy, Wisconsin, where we lease 28,824 square feet of space under a lease that expires in 2020. The primary functions performed at this location are accounting, treasury, marketing, human resources, linehaul support, claims, safety, and information technology support.

For our TL business, we own three and lease 15 company dispatch offices and lease eight cross-dock and drop yard locations throughout the United States and Canada. We own seven and lease 41 TL service centers, lease five warehouses, and lease five freight consolidation and inventory management centers throughout the United States. For our LTL business, we lease 28 service centers throughout the United States, each of which is interactively connected. Each service center manages and is responsible for the freight that originates in its service area. The typical service center is configured to perform cross-dock and limited short-term warehouse operations. For our Global Solutions business, we own one and lease ten service centers, lease eight dispatch offices, and lease two storage facilities throughout the United States.

We believe that our current facilities are in good working order and are capable of supporting our operations for the foreseeable future; however, we will continue to evaluate leasing additional space as needed to accommodate our growth.

ITEM 3. LEGAL PROCEEDINGS

In the ordinary course of business, we are a defendant in several legal proceedings arising out of the conduct of our business. These proceedings include claims for property damage or personal injury incurred in connection with our services. Although there can be no assurance as to the ultimate disposition of these proceedings, we do not believe, based upon the information available at this time, that these property damage or personal injury claims, in the aggregate, will have a material impact on our consolidated financial statements. We are self-insured up to \$1,000,000 for workers compensation claims. We maintain liability insurance coverage for claims in excess of \$500,000 per occurrence and cargo coverage for claims in excess of \$100,000 per occurrence. We believe we have adequate insurance to cover losses in excess of the deductible amount. As of December 31, 2015 and 2014, we had reserves for estimated uninsured losses for auto liability, cargo, and workers compensation of \$25.9 million and \$18.9 million, respectively.

In addition to the legal proceedings described above we are a defendant in five purported class-action lawsuits in California alleging violations of various California labor laws and one purported class-action lawsuit in Illinois alleging violations of the Illinois Wage Payment and Collection Act. The plaintiffs in each of these lawsuits seek to recover unspecified monetary damages and other items. In addition, the California Division of Labor Standards and Enforcement has brought administrative actions against us on behalf of seven individuals alleging that we violated California labor laws. Given the early stage of all of the proceedings described

in this paragraph, we are not able to assess with certainty the outcome of these proceedings or the amount or range of potential damages or future payments associated with these proceedings at this time. We believe we have meritorious defenses to these actions and intend to defend these proceedings vigorously. However, any legal proceeding is subject to inherent uncertainties, and we cannot assure that the expenses associated with defending these actions or their resolution will not have a material adverse effect on our business, operating results, or financial condition.

Following our press release on January 30, 2017, three putative class actions were filed in the United States District Court for the Eastern District of Wisconsin on behalf of a class of persons who acquired our common stock between May 8, 2014 and January 30, 2017, inclusive. The Complaints allege that we, Mark A. DiBlasi, and Peter R. Armbruster violated Section 10(b) of the Exchange Act, and Messrs. DiBlasi and Armbruster violated Section 20(a) of the Exchange Act, by making materially false or misleading statements, or failing to disclose material facts, regarding our internal control over financial reporting and our financial statements. The Complaints seek certification as a class action, compensatory damages, and attorney's fees and costs. On May 19, 2017, the Court consolidated the actions under the caption *In re Roadrunner Transportation Systems, Inc. Securities Litigation*, and appointed Public Employees' Retirement System as lead plaintiff. Counsel for lead plaintiff has advised us of their intent to file a consolidated Amended Complaint after we issue our restated financial statements.

On May 25, 2017, Richard Flanagan filed a complaint alleging derivative claims on our behalf in the Circuit Court of Milwaukee County, State of Wisconsin (Case No. 17-cv-004401) against Scott Rued, Mark DiBlasi, Christopher Doerr, John Kennedy, III, Brian Murray, James Staley, Curtis Stoelting, William Urkiel, Judith Vijums, Michael Ward, Chad Utrup, Ivor Evans, Peter Armbruster, and Brian van Helden. Count I of the Complaint alleges the Director Defendants breached their fiduciary duties by "knowingly failing to ensure that the Company implemented and maintained adequate internal controls over its accounting and financial reporting functions," and seeks unspecified damages. Count II of the Complaint alleges the Officer Defendants DiBlasi, Armbruster, and van Helden received substantial performance-based compensation and bonuses for fiscal year 2014 that should be disgorged. The action has been stayed by agreement pending a decision on an anticipated motion to dismiss the Amended Complaint to be filed in the securities class action described above.

On June 28, 2017, Jesse Kent filed a complaint alleging derivative claims on our behalf and class action claims in the United States District Court for the Eastern District of Wisconsin (Case No. 17-cv-00893-PP) against Scott Rued, Mark DiBlasi, Christopher Doerr, John Kennedy, III, Brian Murray, James Staley, Curtis Stoelting, William Urkiel, Judith Vijums, Michael Ward, Chad Utrup, Ivor Evans, Peter Armbruster, Brian van Helden, Scott Dobak, and Ralph Kittle. Count I of the Complaint alleges the Individual Defendants other than Armbruster, Dobak, Evans, Kittle, and van Helden, violated Section 14(a) of the Exchange Act by making false and misleading statements in proxies concerning our financial statements and internal controls. Count II of the Complaint alleges: (i) all the Individual Defendants breached their fiduciary duties of good faith, candor, and loyalty by creating a culture of lawlessness; (ii) the Officer Defendants knew, were reckless, or were grossly negligent in not knowing that we lacked effective internal controls and our financial statements were inaccurate; (iii) the Director Defendants other than Dobak and Kittle breached their duty of loyalty by recklessly permitting the improper statements concerning our internal controls and financial statements; (iv) the Director Defendants other than Dobak and Kittle breached their fiduciary duty and committed the ultra vires act of appointing the interlocking director defendant Dobak to the Board in violation of Section 8 of the Clayton Act; and (v) the Audit Committee Defendants breached their fiduciary duty of loyalty by approving the statements concerning our internal controls and financial statements. Count III of the Complaint alleges all the Individual Defendants wasted corporate assets by: (i) spending hundreds of millions of dollars to purchase various companies in connection with our alleged reckless growth-through-acquisition strategy; (ii) forcing us to have to defend ourselves in the securities fraud lawsuits; and (iii) paying improper compensation and bonuses to certain of our executive officers and directors who breached their fiduciary duty. Count IV of the Complaint alleges all the Individual Defendants were unjustly enriched as a result of the compensation and director remuneration they received while breaching their fiduciary duties. Count V of the Complaint alleges a direct claim against our current directors based on our failure to hold an annual meeting of stockholders by June 18, 2017 (13 months after our previous annual meeting of stockholders). The Complaint seeks judgment awarding unspecified damages, directing us to make certain corporate governance changes, awarding restitution, ordering disgorgement, directing us to hold our annual meeting of

stockholders, and directing the Board to remove Dobak from the Board. On September 29, 2017, all the Defendants filed a motion to dismiss the complaint. The motion is being held in abeyance pending our filing of our restated consolidated financial statements.

On December 22, 2017, Chester County Employees Retirement Fund filed a Complaint alleging derivative claims on our behalf in the United States District Court for the Eastern District of Wisconsin (Case No. 2:17-cv-01788-NJ) against the same defendants as those named in the Kent action. The allegations are substantially the same as those in the Kent Complaint.

In addition, subsequent to our announcement that certain previously filed financial statements should not be relied upon, we were contacted by the SEC, FINRA, and the Department of Justice. The Department of Justice and Division of Enforcement of the SEC have commenced investigations into the events giving rise to the restatement. We have received formal requests for documents and other information. We are cooperating fully with all of these agencies.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

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PART II

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

Market Information on Common Stock

Our common stock has been trading on the NYSE under the symbol "RRTS" since May 13, 2010. Prior to that time, there was no public market for our common stock. The following table sets forth, for the periods indicated, the high and low sales prices of our common stock as quoted on the NYSE.

	High	Low
Fiscal 2015:		
First quarter	\$26.73	\$20.20
Second quarter	\$28.51	\$23.43
Third quarter	\$26.95	\$18.24
Fourth quarter	\$19.22	\$8.91
Fiscal 2014:		
First quarter	\$29.82	\$21.17
Second quarter	\$28.82	\$23.79
Third quarter	\$29.02	\$22.72
Fourth quarter	\$23.96	\$19.57
Fiscal 2013:		
First quarter	\$23.71	\$17.63
Second quarter	\$29.52	\$21.52
Third quarter	\$30.98	\$26.38
Fourth quarter	\$28.70	\$23.84

Stockholders

As of February 25, 2016, there were 58 holders of record of our common stock. On February 25, 2016, the closing price of our common stock as reported on the NYSE was \$11.72 per share.

Dividends

We have never declared or paid cash dividends on our common stock. We currently plan to retain any earnings to finance the growth of our business rather than to pay cash dividends. Payments of any cash dividends in the future will depend on our financial condition, results of operations, and capital requirements, as well as other factors deemed relevant by our board of directors. Our current debt agreement prohibits us from paying dividends without the consent of our lenders.

Equity Compensation Plan Information

For equity compensation plan information, refer to Item 12 in Part III of this Form 10-K/A.

Performance Graph

The following line graph compares cumulative total shareholder returns for the period from December 31, 2010 through December 31, 2015 for (1) our common stock; (2) the Nasdaq Composite Index; and (3) the Nasdaq Transportation Index. The graph assumes an investment of \$100 on December 31, 2010. The calculations of cumulative stockholder return on the Nasdaq Composite Index and the Nasdaq Transportation Index include reinvestment of dividends. The calculation of cumulative stockholder return on our common stock does not include reinvestment of dividends because we did not pay any dividends during the measurement period. The historical performance shown is not necessarily indicative of future performance.

The performance graph shall not be deemed “soliciting material” or to be “filed” with the SEC for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of that section. The performance graph shall not be deemed to be incorporated by reference into any filing of our company under the Exchange Act or the Securities Act.

* \$100 invested on December 31, 2010 in stock or in index, including reinvestment of dividends. Fiscal year ending December 31.

ITEM 6. SELECTED FINANCIAL DATA

The following presents selected financial data, as revised, for each fiscal year in the five-year period ended December 31, 2015. Our past operating results are not necessarily indicative of our future operating results as the consolidated statement of operations includes the results of operations of our acquired companies since the date of their acquisition. The selected financial data below should be read in conjunction with Item 7. “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and our consolidated financial statements and related notes contained elsewhere in this Form 10-K/A, including Note 3 “Acquisitions” thereto.

We have derived the consolidated statements of operations data for the years ended December 31, 2015, 2014, and 2013 and the consolidated balance sheet data as of December 31, 2015 and 2014 from our restated audited consolidated financial statements included in Part II. Item 8. “Financial Statements and Supplementary Data” of this Form 10-K/A. Similarly, the consolidated statement of operations data and other data for the years ended December 31, 2012 and 2011 and the consolidated balance sheet data as of December 31, 2013, 2012, and 2011 have been revised for the effects of the restatement; however, such periods are no longer subject to audit. Our historical results are not necessarily indicative of the results that should be expected in the future and the selected financial data is not intended to replace the consolidated financial statements and related notes included elsewhere in this Form 10-K/A.

CONSOLIDATED STATEMENT OF OPERATIONS DATA

(In thousands, except per share amounts)

	Year Ended December 31,				
	2015	2014	2013	2012	2011
	As Revised (1)	As Revised (1)	As Revised (1)	As Revised (2)	As Revised (2)
Revenues	\$1,992,166	\$1,872,470	\$1,361,410	\$1,073,354	\$843,627
Purchased transportation costs	1,310,396	1,294,724	944,275	753,459	620,343
Personnel and related benefits	263,254	213,661	151,935	120,366	87,446
Other operating expenses	323,955	271,210	170,053	128,763	90,848
Depreciation and amortization	31,626	24,254	15,444	9,064	4,755
Acquisition transaction expenses	564	2,305	851	773	1,368
Operating income	62,371	66,316	78,852	60,929	38,867
Interest on debt	19,439	13,363	7,883	7,981	4,135
Dividends on preferred stock subject to mandatory redemption	—	—	—	49	200
Income before provision for income taxes	42,932	52,953	70,969	52,899	34,532
Provision for income taxes	17,312	20,243	25,049	21,204	14,974
Net income	25,620	32,710	45,920	31,695	19,558
Net income	\$25,620	\$32,710	\$45,920	\$31,695	\$19,558
Earnings per share:					
Basic	\$0.67	\$0.86	\$1.27	\$1.02	\$0.64
Diluted	\$0.65	\$0.83	\$1.21	\$0.98	\$0.62
Weighted average common stock outstanding:					
Basic	38,179	37,852	36,133	31,040	30,432
Diluted	39,180	39,259	37,913	32,425	31,545

(1) See Note 15 “Restatement of Previously Issued Financial Statements” to the consolidated financial statements in this Form 10-K/A.

(2) Selected financial data has been revised for the effects of the restatement; however, such periods are no longer subject to audit. The effects of the restatement were as follows:

	Year Ended December 31,					
	2012			2011		
	As			As		
	Previously	Adjustments	As Revised	Previously	Adjustments	As
	Reported			Reported		Revised
Revenues	\$1,073,354	\$ —	\$1,073,354	\$843,627	\$ —	\$843,627
Purchased transportation costs	753,459	—	753,459	620,343	—	620,343
Personnel and related benefits	119,955	411	120,366	87,178	268	87,446
Other operating expenses	120,718	8,045	128,763	83,625	7,223	90,848
Depreciation and amortization	9,499	(435)	9,064	4,978	(223)	4,755
Acquisition transaction expenses	773	—	773	1,368	—	1,368
Operating income	68,950	(8,021)	60,929	46,135	(7,268)	38,867
Interest on long-term debt	7,981	—	7,981	4,135	—	4,135
Dividends on preferred stock subject to mandatory redemption	49	—	49	200	—	200
Income before provision for income taxes	60,920	(8,021)	52,899	41,800	(7,268)	34,532
Provision for income taxes	23,390	(2,186)	21,204	15,929	(955)	14,974
Net income	\$37,530	\$ (5,835)	\$31,695	\$25,871	\$ (6,313)	\$19,558
Earnings per share:						
Basic	\$1.21		\$1.02	\$0.85		\$0.64
Diluted	\$1.16		\$0.98	\$0.82		\$0.62
Weighted average common stock outstanding:						
Basic	31,040		31,040	30,432		30,432
Diluted	32,425		32,425	31,545		31,545

CONSOLIDATED BALANCE SHEET DATA

(In thousands)

	December 31,				
	2015	2014	2013	2012	2011
	As Revised	As Revised	As	As	As
	(1)	(1)	Revised	Revised	Revised
			(2)	(2)	(2)
Total assets ⁽³⁾	\$1,307,753	\$1,250,638	\$859,492	\$688,041	\$535,018
Adjusted working capital ⁽⁴⁾	153,626	155,950	98,256	71,058	51,526
Total debt (including current maturities) ⁽³⁾	432,830	423,945	187,165	155,992	132,043
Capital lease obligation	12,464	1,730	1,934	2,145	1,365
Series A preferred stock subject to mandatory redemption	—	—	—	—	5,000
Total stockholders' investment	556,439	524,287	485,141	379,931	289,640

⁽¹⁾ See Note 15 "Restatement of Previously Issued Financial Statements" to the consolidated financial statements in this Form 10-K/A.

(2) Selected financial data has been revised for the effects of the restatement; however, such periods are no longer subject to audit. The effects of the restatement were as follows:

	December 31, 2013			2012			2011		
	As Previously Reported	Adjustments	As Revised	As Previously Reported	Adjustments	As Revised	As Previously Reported	Adjustments	As Revised
Total assets ⁽³⁾	\$871,880	\$(12,388)	\$859,492	\$700,808	\$(12,767)	\$688,041	\$543,718	\$(8,700)	\$535,018
Adjusted working capital ⁽⁴⁾	102,110	(3,854)	98,256	64,097	6,961	71,058	42,845	8,681	51,526
Total debt (including current maturities) ⁽³⁾	192,640	(5,475)	187,165	161,500	(5,508)	155,992	136,500	(4,457)	132,043
Capital lease obligation	1,058	876	1,934	1,138	1,007	2,145	1,365	—	1,365
Series A preferred stock subject to mandatory redemption	—	—	—	—	—	—	5,000	—	5,000
Total stockholders' investment	500,365	(15,224)	485,141	392,079	(12,148)	379,931	295,953	(6,313)	289,640

⁽³⁾ Adjustments to total assets and debt balances include effects of reclassification of debt issuance costs resulting from the adoption of new accounting methodology as disclosed in Note 1 "Organization, Nature of Business and Significant Accounting Policies" to the consolidated financial statements in this Form 10-K/A.

⁽⁴⁾ Adjusted working capital, calculated as current assets less current liabilities, excluding current maturities of debt and short-term capital lease obligations, is not a financial measure presented in accordance with GAAP. The following is a reconciliation of Adjusted working capital from current assets (in thousands):

	Year Ended December 31,				
	2015	2014	2013	2012	2011
	As Revised	As Revised	As Revised	As Revised	As Revised
Current assets	\$346,564	\$349,139	\$211,115	\$160,330	\$128,094
Less: Current liabilities	630,918	617,367	124,001	106,483	90,795
Plus: Short-term capital lease obligation	5,150	233	204	211	227
Plus: Current maturities of debt	432,830	423,945	10,938	17,000	14,000
Adjusted working capital	\$153,626	\$155,950	\$98,256	\$71,058	\$51,526

OTHER DATA

(In thousands)

	Year Ended December 31,				
	2015	2014	2013	2012	2011
	As Revised	As Revised	As Revised	As Revised (2)	As Revised (2)
EBITDA ⁽³⁾	\$93,997	\$90,570	\$94,296	\$69,993	\$43,622
Adjusted EBITDA ⁽³⁾	\$93,566	\$91,103	\$85,356	\$70,652	\$44,146
Net cash provided by operating activities ⁽¹⁾	68,214	37,228	33,644	34,879	32,190
Net cash used in investing activities ⁽¹⁾	(76,671)	(265,842)	(124,894)	(101,742)	(139,556)
Net cash provided by financing activities ⁽¹⁾	5,578	233,985	84,780	75,456	109,685

(1) See Note 15 “Restatement of Previously Issued Financial Statements” to the consolidated financial statements in this Form 10-K/A.

(2) Selected financial data has been revised for the effects of the restatement. The effects of the restatement were as follows:

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	Year Ended December 31,								
	2015			2014			2013		
	As Previously Reported	Adjustments	As Revised	As Previously Reported	Adjustments	As Revised	As Previously Reported	Adjustments	As Revised
EBITDA ⁽³⁾	\$128,996	\$ (34,999)	\$93,997	\$120,764	\$ (30,194)	\$90,570	\$101,674	\$ (7,378)	\$94,296
Net cash provided by operating activities	73,362	(5,147)	68,215	40,630	(3,402)	37,228	36,123	(2,479)	33,644
Net cash used in investing activities	(81,544)	4,872	(76,672)	(268,844)	3,002	(265,842)	(127,073)	2,179	(124,894)
Net cash provided by financing activities	5,501	77	5,578	234,121	(136)	233,985	84,480	300	84,780

	2012			2011		
	As Previously Reported	Adjustments	As Revised	As Previously Reported	Adjustments	As Revised
EBITDA ⁽³⁾	\$78,449	\$ (8,456)	\$69,993	\$51,113	\$ (7,491)	\$43,622
Net cash provided by operating activities	36,723	(1,844)	34,879	33,164	(974)	32,190
Net cash used in investing activities	(103,607)	1,865	(101,742)	(140,530)	974	(139,556)
Net cash provided by financing activities	75,477	(21)	75,456	109,685	—	109,685

⁽³⁾ EBITDA represents earnings before interest, taxes, depreciation, and amortization. We use Adjusted EBITDA, which excludes impairment and other non-cash gains and losses, adjustments to contingent purchase obligations, and share-based compensation expenses, as a supplemental measure in evaluating our operating performance and when determining executive incentive compensation. We believe Adjusted EBITDA is useful to investors in evaluating our performance compared to other companies in our industry because it assists in analyzing and benchmarking the performance and value of a business. The calculation of EBITDA and Adjusted EBITDA eliminates the effects of financing, income taxes, and the accounting effects of capital spending. These items may vary for different companies for reasons unrelated to the overall operating performance of a company's business. EBITDA and Adjusted EBITDA are not financial measures presented in accordance with U.S. generally accepted accounting principles ("GAAP"). Although our management uses Adjusted EBITDA as a financial measure to assess the performance of our business compared to that of others in our industry, EBITDA and Adjusted EBITDA have limitations as analytical tools, and you should not consider it in isolation, or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

- EBITDA and Adjusted EBITDA do not reflect our cash expenditures, future requirements for capital expenditures, or contractual commitments;

- EBITDA and Adjusted EBITDA do not reflect changes in, or cash requirements for, our working capital needs;

- EBITDA and Adjusted EBITDA do not reflect the significant interest expense or the cash requirements necessary to service interest or principal payments on our debt;

- although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, EBITDA and Adjusted EBITDA do not reflect any cash requirements for such replacements; and

- other companies in our industry may calculate Adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure.

Because of these limitations, EBITDA and Adjusted EBITDA should not be considered a measure of discretionary cash available to us to invest in the growth of our business. We compensate for these limitations by relying primarily on our results of operations under GAAP. See the consolidated statements of operations included in our consolidated

financial statements included elsewhere in this Form 10-K/A.

The following is a reconciliation of EBITDA and Adjusted EBITDA from net income (in thousands):

	Year Ended December 31,				
	2015	2014	2013	2012	2011
	As	As	As	As	As
	Revised	Revised	Revised	Revised	Revised
Net income	\$25,620	\$32,710	\$45,920	\$31,695	\$19,558
Plus: Total interest expense	19,439	13,363	7,883	8,030	4,335
Plus: Provision for income taxes	17,312	20,243	25,049	21,204	14,974
Plus: Depreciation and amortization	31,626	24,254	15,444	9,064	4,755
EBITDA	\$93,997	\$90,570	\$94,296	\$69,993	\$43,622
Plus: Adjustments to contingent purchase obligations	(2,931)	(1,722)	(10,443)	—	—
Plus: Share-based compensation expense	2,500	2,255	1,503	659	524
Adjusted EBITDA	\$93,566	\$91,103	\$85,356	\$70,652	\$44,146

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

Management's Discussion and Analysis has been revised for the effects of the restatement disclosed in Note 15 "Restatement of Previously Issued Financial Statements" in Part II. Item 8. "Financial Statements and Supplementary Data" of this Form 10-K/A. You should read the following discussion and analysis in conjunction with "Selected Financial Data" and our consolidated financial statements and related notes contained in Part II. Item 8. "Financial Statements and Supplementary Data" of this Form 10-K/A. This discussion contains forward-looking statements that involve risks, uncertainties, and assumptions. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of a variety of factors, including those set forth under Item 1A. "Risk Factors." Overview

We are a leading asset-light transportation and logistics service provider offering a comprehensive suite of global supply chain solutions, including truckload logistics, customized and expedited less-than-truckload, intermodal solutions (transporting a shipment by more than one mode, primarily via rail and truck), freight consolidation, inventory management, expedited services, air freight, international freight forwarding, customs brokerage, and transportation management solutions. We utilize a broad third-party network of transportation providers, comprised of ICs and purchased power providers, to serve a diverse customer base in terms of end-market focus and annual freight expenditures. Although we service large national accounts, we primarily focus on small to mid-size shippers, which we believe represent an expansive and underserved market.

We have three segments:

Truckload Logistics. Within our TL business, we arrange the pickup and delivery of truckload, intermodal, and ground and air expedited freight through our network of 49 TL service centers, 24 company dispatch offices, and over 100 independent brokerage agents located throughout the United States, Mexico, and Canada. We offer temperature-controlled, dry van, intermodal drayage, and flatbed services and specialize in the transport of automotive parts, refrigerated foods, poultry, and beverages. Our on-demand ground and air expedited services feature proprietary bid technology supported by our fleets of ground and air assets. We believe this array of services and specialization provides our customers with full-service options and provides us with more consistent shipping volumes in any given year.

Less-than-Truckload. Our LTL business involves the pickup, consolidation, linehaul, deconsolidation, and delivery of LTL shipments throughout the United States and into Mexico, Puerto Rico, and Canada. With a network of 47 LTL service centers and over 180 third-party delivery agents, we employ a point-to-point LTL model that we believe serves as a competitive advantage over the traditional hub and spoke LTL model in terms of a balance of competitive pricing and transit times, lower incidence of damage, and reduced fuel consumption.

Global Solutions. Within our Global Solutions business, we offer a full portfolio domestic and international transportation and logistics solution, including access to cost-effective and time-sensitive modes of transportation within our broad network. Specifically, our Global Solutions offering includes pricing, contract management, transportation mode and carrier selection, freight tracking, freight bill payment and audit, cost reporting and analysis, dispatch, and freight consolidation and warehousing. Our customized Global Solutions offering is designed to allow our customers to reduce operating costs, redirect resources to core competencies, improve supply chain efficiency, and enhance customer service. Our Global Solutions business also includes domestic and international air and ocean transportation services and customs brokerage.

Recent Acquisitions

On July 28, 2015, we acquired all of the outstanding partnership interests of Stagecoach for the purpose of expanding our presence within the TL segment. Headquartered in Texas, Stagecoach provides regional, intermodal, and over-the-road truckload services throughout the southwestern United States and Mexico. Stagecoach also provides warehousing and transloading solutions to customers through its network of strategically located facilities in southcentral and west Texas.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with GAAP requires that we make estimates and assumptions. In certain circumstances, those estimates and assumptions can affect amounts reported in the accompanying

consolidated financial statements and related notes. In preparing our financial statements, we have made our best estimates and judgments of certain amounts included in the financial statements, giving due consideration to materiality. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable. Application of the accounting policies described below involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ from these estimates. The following is a brief discussion of our critical accounting policies and estimates.

Goodwill and Other Intangibles

Goodwill represents the excess of purchase price over the estimated fair value assigned to the net tangible and identifiable intangible assets of a business acquired. Goodwill is tested for impairment at least annually or more frequently whenever events or changes in circumstances indicate that the asset may be impaired, or in the case of goodwill, the fair value of the reporting unit is below its carrying amount. The analysis of potential impairment of goodwill requires a two-step approach that begins with an estimation of the fair value at the “reporting unit” level. We have four reporting units for our three segments. We have one reporting unit for our LTL segment, one reporting unit for our TL segment, and two reporting units for our Global Solutions segment, as this is the lowest level for which discrete financial information is prepared and regularly reviewed by segment management. The impairment test for goodwill involves comparing the fair value of a reporting unit to its carrying amount, including goodwill. If the carrying amount of the reporting unit exceeds its fair value, a second step is required to measure the goodwill impairment loss. The second step includes valuing all the tangible and intangible assets of the reporting unit as if the reporting unit had been acquired in a business combination. Then, the implied fair value of the reporting unit’s goodwill is compared to the carrying amount of that goodwill. If the carrying amount of the reporting unit’s goodwill exceeds the implied fair value of the goodwill, we recognize an impairment loss in an amount equal to the excess, not to exceed the carrying amount.

For purposes of our impairment analysis, the fair value of our reporting units are estimated based upon an average of an income fair value approach and a market fair value approach, both of which incorporate numerous assumptions and estimates such as company forecasts, discount rates, and growth rates, among others. The determination of fair value requires considerable judgment and is highly sensitive to changes in the underlying assumptions. Based on the tests performed in 2015, we concluded that the fair value for each reporting unit was in excess of the respective reporting unit’s carrying value, and therefore no impairment adjustments were required.

Other intangible assets recorded consists primarily of definite-lived customer lists. We evaluate our other intangible assets for impairment when current facts or circumstances indicate that the carrying value of the assets to be held and used may not be recoverable.

Revenue Recognition

TL revenue is recorded when all of the following have occurred: an agreement of sale exists; pricing is fixed or determinable; delivery has occurred; our obligation to fulfill a transaction is complete; and collection of revenue is reasonably assured. This occurs when we complete the delivery of a shipment or the service has been fulfilled.

LTL revenue is recorded when all of the following have occurred: an agreement of sale exists; pricing is fixed or determinable; and collection of revenue is reasonably assured. We use a percentage of services completed method to recognize revenue, which results in an allocation of revenue between reporting periods based on the distinctive phases of each LTL transaction completed in each reporting period, with expenses recognized as incurred. We believe that this is the most appropriate method for LTL revenue recognition based on the multiple distinct phases of a typical LTL transaction, which is in contrast to the single phase of a typical TL transaction.

Global Solutions revenue is recorded when the shipment has been delivered by a third-party carrier. Fees for services revenue is recognized when the services have been rendered. At the time of delivery or rendering of services, as applicable, our obligation to fulfill a transaction is complete and collection of revenue is reasonably assured. We offer volume discounts to certain customers. Revenue is reduced as discounts are earned. In some instances, we perform multiple services. Typically separate fees are quoted and recognized as revenue when services are rendered.

Occasionally, customers request an all-inclusive “door-to-door” fee for a set of services and revenue is allocated to each element of the service package and recognized as each service is completed.

We typically recognize revenue on a gross basis, as opposed to a net basis, because we bear the risks and benefits associated with revenue-generated activities by, among other things, (1) acting as a principal in the transaction, (2) establishing prices, (3) managing all aspects of the shipping process, and (4) taking the risk of loss for collection, delivery, and returns. Certain Global Solutions transactions to provide specific services are recorded at the net amount charged to the client due to the following factors: (A) we do not have latitude in establishing pricing, and (B) we do not bear the risk of loss for delivery and returns; these items are the risk of the carrier.

Results of Operations

The following table sets forth, for the periods indicated, summary TL, LTL, Global Solutions, corporate, and consolidated statement of operations data. Such revenue data for our TL, LTL, and Global Solutions segments is expressed as a percentage of consolidated revenues. Other statement of operations data for our TL, LTL, and Global Solutions segments is expressed as a percentage of segment revenues. Total statement of operations and corporate and eliminations data is expressed as a percentage of consolidated revenues. In 2016, we realigned two of our operating companies into different segments and retrospectively adjusted prior periods for comparability. The change in segments did not have any impact on the consolidated financial statements, but segment data for 2015, 2014, and 2013 has been revised to retrospectively reflect the change in segments.

	Year Ended December 31,								
	2015			2014			2013		
	(Dollars in thousands)								
Revenues:									
TL	\$1,128,390	56.6	%	\$943,055	50.4	%	\$587,371	43.1	%
LTL	515,328	25.9	%	577,175	30.8	%	558,971	41.1	%
Global Solutions	377,137	18.9	%	367,423	19.6	%	224,831	16.5	%
Eliminations	(28,689)	(1.4)	%	(15,183)	(0.8)	%	(9,763)	(0.7)	%
Total	1,992,166	100.0	%	1,872,470	100.0	%	1,361,410	100.0	%
Purchased transportation costs:									
TL	716,518	63.5	%	631,932	67.0	%	411,937	70.1	%
LTL	357,124	69.3	%	421,556	73.0	%	400,299	71.6	%
Global Solutions	265,443	70.4	%	256,419	69.8	%	141,802	63.1	%
Eliminations	(28,689)	(1.4)	%	(15,183)	(0.8)	%	(9,763)	(0.7)	%
Total	1,310,396	65.8	%	1,294,724	69.1	%	944,275	69.4	%
Other operating expenses ⁽¹⁾ :									
TL	340,568	30.2	%	253,651	26.9	%	134,874	23.0	%
LTL	139,965	27.2	%	134,726	23.3	%	121,441	21.7	%
Global Solutions	78,523	20.8	%	79,894	21.7	%	54,464	24.2	%
Corporate	28,717	1.4	%	18,905	1.0	%	12,060	0.9	%
Total	587,773	29.5	%	487,176	26.0	%	322,839	23.7	%
Depreciation and amortization:									
TL	22,587	2.0	%	15,285	1.6	%	9,074	1.5	%
LTL	2,801	0.5	%	2,964	0.5	%	3,009	0.5	%
Global Solutions	4,903	1.3	%	4,868	1.3	%	3,115	1.4	%
Corporate	1,335	0.1	%	1,137	0.1	%	246	—	%
Total	31,626	1.6	%	24,254	1.3	%	15,444	1.1	%
Operating income:									
TL	48,717	4.3	%	42,187	4.5	%	31,486	5.4	%
LTL	15,438	3.0	%	17,929	3.1	%	34,222	6.1	%
Global Solutions	28,268	7.5	%	26,242	7.1	%	25,450	11.3	%
Corporate	(30,052)	(1.5)	%	(20,042)	(1.1)	%	(12,306)	(0.9)	%
Total	62,371	3.1	%	66,316	3.5	%	78,852	5.8	%
Total interest expense	19,439	1.0	%	13,363	0.7	%	7,883	0.6	%
Income before provision for income taxes	42,932	2.2	%	52,953	2.8	%	70,969	5.2	%
Provision for income taxes	17,312	0.9	%	20,243	1.1	%	25,049	1.8	%
Net income	\$25,620	1.3	%	\$32,710	1.7	%	\$45,920	3.4	%

(1) Reflects the sum of personnel and related benefits, other operating expenses, and acquisition transaction expenses.

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

Revenues

Consolidated revenues increased by \$119.7 million, or 6.4%, to \$1,992.2 million in 2015 from \$1,872.5 million in 2014, primarily as a result of the companies we acquired in 2014 and 2015, which were offset by a decrease in fuel surcharge revenues and volume.

TL revenues increased by \$185.3 million, or 19.7%, to \$1,128.4 million in 2015 from \$943.1 million in 2014, primarily as a result of our acquisitions of Rich Logistics, ISI, Active Aero, and Stagecoach, which had incremental revenues of \$216.6 million. The increase associated with the acquisitions was primarily offset by the decrease in fuel surcharge revenues.

LTL revenues decreased by \$61.9 million, or 10.7%, to \$515.3 million in 2015 from \$577.2 million in 2014. LTL revenues were impacted year-over-year by a drop in fuel prices that resulted in a \$35.7 million, or 35.7%, decrease in fuel surcharge revenue and a 13.5% decrease in LTL tonnage, primarily due to weak freight demand and changes in freight mix. These decreases were partially offset by a 10.1% increase in revenue per hundredweight, excluding fuel surcharges, primarily driven by improved pricing and positive freight mix changes resulting from our pricing initiatives.

Global Solutions revenues increased by \$9.7 million, or 2.6%, to \$377.1 million in 2015 from \$367.4 million in 2014. This growth was primarily driven by our 2014 acquisition of Unitrans, which increased \$14.2 million from the prior year. The increase at Unitrans was offset by a decrease in volume at other Global Solutions companies.

Purchased Transportation Costs

Purchased transportation costs increased by \$15.7 million, or 1.2%, to \$1,310.4 million in 2015 from \$1,294.7 million in 2014. Purchased transportation costs as a percent of revenue decreased to 65.8% in 2015 from 69.1% in 2014.

TL purchased transportation costs increased by \$84.6 million, or 13.4%, to \$716.5 million in 2015 from \$631.9 million in 2014, primarily as a result of our acquisitions of Rich Logistics, ISI, and Active Aero, which had incremental purchased transportation costs of \$137.5 million. This increase was offset by decreases in our other business primarily related to the lower revenues at our other operating companies. TL purchased transportation costs as a percentage of TL revenues decreased to 63.5% in 2015 from 67.0% in 2014, primarily due to higher use of employee drivers at recently acquired companies, which are reported in other operating expenses.

LTL purchased transportation costs decreased by \$64.5 million, or 15.3%, to \$357.1 million in 2015 from \$421.6 million in 2014, and decreased as a percentage of LTL revenues to 69.3% in 2015 from 73.0% in 2014. Excluding fuel surcharges, our average linehaul cost per mile decreased to \$1.25 in 2015 from \$1.28 in 2014.

Global Solutions purchased transportation costs increased by \$9.0 million, or 3.5%, to \$265.4 million in 2015 from \$256.4 million in 2014, and increased as a percentage of Global Solutions revenues to 70.4% in 2015 from 69.8% in 2014. The increase was primarily due to our 2014 acquisition of Unitrans, which had increased purchased transportation costs of \$9.2 million.

Other Operating Expenses

Other operating expenses, which reflect the sum of personnel and related benefits, other operating expenses, and acquisition transaction expenses shown in our consolidated statements of operations, increased by \$100.6 million, or 20.6%, to \$587.8 million in 2015 from \$487.2 million in 2014.

Within our TL business, other operating expenses increased by \$86.9 million, or 34.3%, to \$340.6 million in 2015 from \$253.7 million in 2014, primarily as a result of our acquisitions of Rich Logistics, ISI, Active Aero, and Stagecoach, which accounted for incremental costs of \$60.3 million. Additionally, we incurred increased leased equipment and maintenance costs of \$7.0 million primarily due to the declining quality and performance of lease purchase units, and increased insurance claims expense of \$5.4 million primarily due to an increase in severe accidents in the latter half of 2015. These cost increases were offset by contingent consideration obligation adjustments related to downward changes to the operating results forecasts for certain acquisitions with contingent consideration thresholds. The value of the expected contingent purchase obligation decreased resulting in a reduction in expenses of \$2.9 million in 2015 and \$1.7 million in 2014. As a percentage of TL revenues, other operating expenses increased to 30.2% in 2015 from 26.9% in 2014.

Within our LTL business, other operating expenses increased by \$5.3 million, or 3.9%, to \$140.0 million in 2015 from \$134.7 million in 2014, primarily due to increased insurance and claims expense of \$4.2 million, and increased contractor receivable reserves of \$0.3 million. As a percentage of LTL revenues, other operating expenses increased to 27.2% in 2015 from 23.3% in 2014.

Within our Global Solutions business, other operating expenses decreased by \$1.4 million, or 1.7%, to \$78.5 million in 2015 from \$79.9 million in 2014, primarily due to a decrease in temporary labor costs of \$2.0 million, which was partially offset by an increase in salaries and benefits of \$0.5 million. As a percentage of Global Solutions revenues, other operating expenses decreased to 20.8% in 2015 from 21.7% in 2014.

Other operating expenses that were not allocated to our TL, LTL, or Global Solutions businesses increased \$9.8 million, or 51.9%, to \$28.7 million in 2015 from \$18.9 million in 2014, primarily as a result of the \$5.0 million charge that we recorded in connection with the termination of certain IC lease purchase guarantee programs, \$1.2 million of severance expenses related to the separation agreement with a former company executive officer, increased amortization of the lease purchase guarantee unit of \$0.9 million related to increased number of units compared to the prior year, and increased compensation costs of \$0.7 million.

Depreciation and Amortization

Depreciation and amortization increased to \$31.6 million in 2015 from \$24.3 million in 2014, reflecting increases in property, plant, and equipment attributable to our acquisitions and continued revenue growth, as well as increased amortization of customer relationship intangibles of \$2.5 million in connection with our 2014 and 2015 acquisitions.

Operating Income

Operating income decreased by \$3.9 million, or 5.9%, to \$62.4 million in 2015 from \$66.3 million in 2014. As a percentage of revenues, operating income decreased to 3.1% in 2015 from 3.5% in 2014.

Within our TL business, operating income increased by \$6.5 million, or 15.5%, to \$48.7 million in 2015 from \$42.2 million in 2014. Operating income as a percentage of TL revenues decreased to 4.3% in 2015 from 4.5% in 2014.

Within our LTL business, operating income decreased by \$2.5 million, or 13.9%, to \$15.4 million in 2015 from \$17.9 million in 2014, and decreased as a percentage of LTL revenues to 3.0% in 2015 from 3.1% in 2014.

Within our Global Solutions business, operating income increased by \$2.1 million, or 7.7%, to \$28.3 million in 2015 from \$26.2 million in 2014, and increased as a percentage of Global Solutions revenues to 7.5% in 2015 from 7.1% in 2014.

Other operating loss that was not allocated to TL, LTL, or Global Solutions businesses increased \$10.1 million, or 49.9%, to \$30.1 million in 2015 from \$20.0 million in 2014, primarily as a result of higher other operating expenses described above.

Interest Expense

Interest expense increased to \$19.4 million in 2015 from \$13.4 million in 2014, primarily as a result of the increased debt related to our 2014 acquisitions and our 2015 acquisition of Stagecoach, as well as the increased interest rate year-over-year.

Income Tax

Income tax provision was \$17.3 million in 2015 compared with \$20.2 million in 2014. The effective tax rate was 40.3% in 2015 compared to 38.2% in 2014. The effective tax rates were impacted by the contingent consideration adjustments in 2015 and 2014. The effective income tax rate varies from the federal statutory rate of 35.0% primarily due to state income taxes as well as the impact of items causing permanent differences.

Net Income

Net income was \$25.6 million in 2015 compared with \$32.7 million in 2014.

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

Revenues

Consolidated revenues increased by \$511.1 million, or 37.5%, to \$1,872.5 million in 2014 from \$1,361.4 million in 2013. Revenues increased primarily as a result of the companies we acquired in 2013 and 2014.

TL revenues increased by \$355.7 million, or 60.6%, to \$943.1 million in 2014 from \$587.4 million in 2013. The 2013 acquisitions of Adrian Carriers, Wando Trucking, TA Drayage, G.W. Palmer, and YES Trans and the 2014 acquisitions of Rich Logistics, ISI, and Active Aero contributed \$297.0 million of the revenue increase. The remaining \$58.7 million of the revenue increase was driven by load growth due to the expansion of our IC network, as well as the continued increase in the utilization of our TL brokerage agent network.

LTL revenues increased by \$18.2 million, or 3.3%, to \$577.2 million in 2014 from \$559.0 million in 2013. This reflected year-over-year LTL tonnage growth of 1.0%, driven by a 2.2% increase in the number of LTL shipments.

These increases were slightly

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offset by a 1.2% decline in weight per shipment. Revenue per hundredweight, excluding fuel surcharges, increased 3.1% year-over-year.

Global Solutions revenues increased by \$142.6 million, or 63.4%, to \$367.4 million in 2014 from \$224.8 million in 2013. This growth was primarily driven by the 2013 acquisition of Marisol and the 2014 acquisition of Unitrans.

Purchased Transportation Costs

Purchased transportation costs increased by \$350.4 million, or 37.1%, to \$1,294.7 million in 2014 from \$944.3 million in 2013. Purchased transportation costs as a percent of revenue decreased to 69.1% in 2014 from 69.4% in 2013.

TL purchased transportation costs increased by \$220.0 million, or 53.4%, to \$631.9 million in 2014 from \$411.9 million in 2013, primarily as a result of our 2013 and 2014 acquisitions, which contributed \$169.2 million of the increase. The remaining increase was due to the expansion of our IC network and increased utilization of our TL brokerage agent network. TL purchased transportation costs as a percentage of TL revenues decreased to 67.0% in 2014 from 70.1% in 2013, primarily due to an increase in employee drivers which are reported in other operating expenses.

LTL purchased transportation costs increased by \$21.3 million, or 5.3%, to \$421.6 million in 2014 from \$400.3 million in 2013, and increased as a percentage of LTL revenues to 73.0% in 2014 from 71.6% in 2013. Excluding fuel surcharges, our average linehaul cost per mile increased to \$1.28 in 2014 from \$1.24 in 2013. Overall, the LTL purchased transportation cost was impacted by a shift in freight mix resulting in an increase in non-metro delivery zones with higher delivery costs and an increase in purchased power rates.

Global Solutions purchased transportation costs increased by \$114.6 million, or 80.8%, to \$256.4 million in 2014 from \$141.8 million in 2013, and increased as a percentage of Global Solutions revenue to 69.8% in 2014 from 63.1% in 2013. The increase was primarily due to the 2013 acquisition of Marisol and the 2014 acquisition of Unitrans.

Other Operating Expenses

Other operating expenses, which reflect the sum of personnel and related benefits, other operating expenses, and acquisition transaction expenses shown in our consolidated statements of operations, increased by \$164.3 million, or 50.9%, to \$487.2 million in 2014 from \$322.8 million in 2013.

Within our TL business, other operating expenses increased by \$118.8 million, or 88.1%, to \$253.7 million in 2014 from \$134.9 million in 2013, primarily due to the 2013 and 2014 TL acquisitions, which accounted for an aggregate of \$88.8 million of the total increase and adjustments to the contingent consideration reserve related to downward changes to the operating results forecasts for certain acquisitions with contingent consideration thresholds. The value of the expected contingent consideration decreased resulting in a reduction of expenses of \$1.7 million in 2014 and \$6.5 million in 2013. Additionally, we incurred additional insurance and claims expenses, leased equipment expenses, and commission costs associated with the increase in revenue. As a percentage of TL revenues, other operating expenses increased to 26.9% in 2014 from 23.0% in 2013.

Within our LTL business, other operating expenses increased by \$13.3 million, or 10.9%, to \$134.7 million in 2014 from \$121.4 million in 2013, primarily as a result of increased insurance and claims expenses, increased bad debt expense reserve against contractor receivables, and increased lease equipment expenses. Additionally, 2013 was impacted by adjustments to a contingent consideration reserve related to downward changes to the operating results forecasts for certain acquisitions with contingent consideration thresholds. The value of the expected contingent consideration decreased resulting in a benefit to expenses of \$3.2 million in 2013. As a percentage of LTL revenues, other operating expenses increased to 23.3% in 2014 from 21.7% in 2013.

Within our Global Solutions business, other operating expenses increased by \$25.4 million, or 46.7% to \$79.9 million in 2014 from \$54.5 million in 2013, primarily as a result of the 2013 acquisition of Marisol and the 2014 acquisition of Unitrans, increased bad debt expenses and increased temporary labor costs. As a percentage of Global Solutions revenues, other operating expenses decreased to 21.7% in 2014 from 24.2% in 2013.

Other operating expenses that were not allocated to our TL, LTL, or Global Solutions businesses increased to \$18.9 million in 2014 from \$12.1 million in 2013, primarily due to additions to our corporate wide integrated sales team, IT costs to further develop our IT platforms, and the addition of key management personnel to execute our overall integrated growth strategy. Additionally, acquisition transaction expenses increased to \$2.3 million in 2014 from \$0.9 million in 2013, primarily due to the Active Aero acquisition.

Depreciation and Amortization

Depreciation and amortization increased to \$24.3 million in 2014 from \$15.4 million in 2013, reflecting increases in property, plant, and equipment attributable to our acquisitions and continued revenue growth along with increased customer relationship intangibles of \$2.8 million in connection with our 2013 and 2014 acquisitions.

Operating Income

Operating income decreased by \$12.5 million, or 15.9%, to \$66.3 million in 2014 from \$78.9 million in 2013. As a percentage of revenues, operating income decreased to 3.5% in 2014 from 5.8% in 2013.

Within our TL business, operating income increased by \$10.7 million, or 34.0%, to \$42.2 million in 2014 from \$31.5 million in 2013. Operating income as a percentage of TL revenues decreased to 4.5% in 2014 from 5.4% in 2013.

Within our LTL business, operating income decreased by \$16.3 million, or 47.6%, to \$17.9 million in 2014 from \$34.2 million in 2013, and also decreased as a percentage of LTL revenues to 3.1% in 2014 from 6.1% in 2013.

Within our Global Solutions business, operating income increased by \$0.7 million, or 3.1%, to \$26.2 million in 2014 from \$25.5 million in 2013, and decreased as a percentage of Global Solutions revenues to 7.1% in 2014 from 11.3% in 2013.

Other operating loss that was not allocated to TL, LTL, or Global Solutions businesses increased \$7.7 million, or 62.9%, to \$20.0 million in 2014 from \$12.3 million in 2013, primarily as a result of higher other operating expenses described above.

Interest Expense

Interest expense increased to \$13.4 million in 2014 from \$7.9 million in 2013, primarily as a result of increased debt resulting from our 2013 and 2014 acquisitions.

Income Tax

Income tax provision was \$20.2 million in 2014 compared to \$25.0 million in 2013. The effective tax rate was 38.2% in 2014 compared to 35.3% in 2013. The effective tax rates were impacted by the contingent consideration adjustments in 2014 and 2013. The effective income tax rate varies from the federal statutory rate of 35.0% primarily due to state income taxes as well as the impact of items causing permanent differences.

Net Income

Net income was \$32.7 million in 2014 compared to \$45.9 million in 2013.

Liquidity and Capital Resources

Our primary sources of cash have been borrowings under our revolving credit facility, cash flows from operations, and proceeds from the sale of our common stock. Our primary cash needs are and have been to execute our acquisition strategy, fund normal working capital requirements, finance capital expenditures, and repay our indebtedness. As of December 31, 2015, we had \$7.9 million in cash and cash equivalents and \$234.3 million of availability under our revolving credit facility. As we continue to execute on our acquisition and growth strategy, additional financing may be necessary within the next 12 months.

Although we can provide no assurances, amounts available under our revolving credit facility, net cash provided by operating activities, and available cash and cash equivalents should be adequate to finance working capital and planned capital expenditures for at least the next 12 months. Thereafter, we may find it necessary to obtain additional equity or debt financing as we continue to execute our business strategy.

Our credit facility consists of a \$300.0 million term loan and a revolving credit facility up to a maximum aggregate amount of \$400.0 million, of which \$10.0 million may be used for swing line loans (as defined in the credit agreement) and up to \$40.0 million may be used for letters of credit. The credit facility matures on July 9, 2019.

Advances under our credit facility bear interest at either (a) the Eurocurrency Rate (as defined in the credit agreement), plus an applicable margin in the range of 2.0% to 3.3%, or (b) the Base Rate (as defined in the credit agreement), plus an applicable margin in the range of 1.0% to 2.3%. In 2015, the weighted average interest rate on our credit facility was 3.5%.

Our credit agreement contains certain financial covenants, including a minimum fixed charge coverage ratio and a maximum cash flow leverage ratio. In addition, our credit agreement contains negative covenants limiting, among other things, additional indebtedness, capital expenditures, transactions with affiliates, additional liens, sales of assets, dividends, investments and advances, prepayments of debt, mergers and acquisitions, and other matters customarily

restricted in such agreements. As of and during the year ended December 31, 2015, after considering the impact of restatement adjustments, we were not in compliance with the financial

covenants contained in the credit agreement. Our credit agreement also contains customary events of default, including payment defaults, breaches of representations and warranties, covenant defaults, events of bankruptcy and insolvency, failure of any guaranty or security document supporting the credit agreement to be in full force and effect, and a change of control of our business.

Cash Flows

A summary of operating, investing, and financing activities are shown in the following table (in thousands):

	Year Ended December 31,		
	2015	2014	2013
Net cash provided by (used in):			
Operating activities	\$68,214	\$37,228	\$33,644
Investing activities	(76,671)	(265,842)	(124,894)
Financing activities	5,578	233,985	84,780
Net change in cash and cash equivalents	\$(2,879)	\$5,371	\$(6,470)

Cash Flows from Operating Activities

Cash provided by operating activities was \$68.2 million. The difference between our \$25.6 million net income and the \$68.2 million cash provided by operating activities during 2015 was primarily attributable to \$33.9 million of depreciation and amortization expense with the remainder primarily attributable to a net decrease in working capital accounts.

Cash Flows from Investing Activities

Cash used in investing activities was \$76.7 million during 2015, which reflects \$50.0 million of capital expenditures used to support our operations and \$32.8 million primarily used for our acquisition of Stagecoach. These payments were partially offset by the proceeds from the sale of equipment of \$6.1 million. We expect capital expenditures in fiscal 2016 to be between \$15.0 million and \$20.0 million.

Cash Flows from Financing Activities

Cash provided by financing activities was \$5.6 million during 2015, which primarily reflects net borrowings of \$9.4 million under our credit facility, proceeds from the issuance of common stock upon the exercise of stock options of \$3.8 million, and excess tax benefits on share-based compensation of \$1.2 million, partially offset by the payment of contingent purchase obligations of \$3.3 million, debt issuance costs of \$2.8 million associated with the sixth amended and restated credit agreement, and the reduction of our capital lease obligation of \$1.7 million.

Quarterly Results of Operations

The following table presents unaudited consolidated statement of operations data for each of the four quarters ended December 31, 2015 and 2014, as revised for the effects of the restatement disclosed in Note 15 “Restatement of Previously Issued Financial Statements” in Part II. Item 8. “Financial Statements and Supplementary Data” of this Form 10-K/A. We believe that all necessary adjustments have been included to fairly present the quarterly information when read in conjunction with our annual consolidated financial statements and related notes. The operating results for any quarter are not necessarily indicative of the results for any subsequent quarter.

	Three Months Ended March 31,			2014		
	As Previously Reported	Adjustments	As Restated	As Previously Reported	Adjustments	As Restated
	(In thousands, except per share data)					
Total revenues	\$488,970	\$ (136)	\$488,834	\$382,031	\$ (40)	\$381,991
Net revenues (total revenues less purchased transportation costs)	160,479	978	161,457	118,012	(419)	117,593
Income before income taxes	22,193	(6,328)	15,865	16,989	(3,910)	13,079
Net income	13,604	(3,784)	9,820	10,414	(2,384)	8,030
Earnings per share:						
Basic	\$0.36		\$0.26	\$0.28		\$0.21
Diluted	\$0.35		\$0.25	\$0.27		\$0.20
	Three Months Ended June 30,			2014		
	As Previously Reported	Adjustments	As Restated	As Previously Reported	Adjustments	As Restated
	(In thousands, except per share data)					
Total revenues	\$517,930	\$ (307)	\$517,623	\$460,181	\$ (54)	\$460,127
Net revenues (total revenues less purchased transportation costs)	171,857	341	172,198	144,847	(1,728)	143,119
Income before income taxes	26,869	(9,591)	17,278	24,094	(4,588)	19,506
Net income	16,471	(5,900)	10,571	14,768	(3,105)	11,663
Earnings per share:						
Basic	\$0.43		\$0.28	\$0.39		\$0.31
Diluted	\$0.42		\$0.27	\$0.38		\$0.30

	Three Months Ended September 30,					
	2015			2014		
	As Previously Reported	Adjustments	As Restated	As Previously Reported	Adjustments	As Restated
(In thousands, except per share data)						
Total revenues	\$497,173	\$ (409)	\$496,764	\$498,086	\$ (102)	\$497,984
Net revenues (total revenues less purchased transportation costs)	170,922	1,030	171,952	150,839	124	150,963
Income before income taxes	9,446	(6,665)	2,781	21,453	(8,805)	12,648
Net income	5,791	(4,086)	1,705	14,413	(6,115)	8,298
Earnings per share:						
Basic	\$0.15		\$0.04	\$0.38		\$0.22
Diluted	\$0.15		\$0.04	\$0.37		\$0.21
	Three Months Ended December 31,					
	2015			2014		
	As Previously Reported	Adjustments	As Restated	As Previously Reported	Adjustments	As Restated
(In thousands, except per share data)						
Total revenues	\$490,946	\$ (2,001)	\$488,945	\$532,518	\$ (150)	\$532,368
Net revenues (total revenues less purchased transportation costs)	176,267	(104)	176,163	166,112	(41)	166,071
Income before income taxes	18,726	(11,718)	7,008	19,787	(12,067)	7,720
Net income	12,134	(8,610)	3,524	12,379	(7,660)	4,719
Earnings per share:						
Basic	\$0.32		\$0.09	\$0.33		\$0.12
Diluted	\$0.32		\$0.09	\$0.32		\$0.12

Contractual Obligations and Commercial Commitments

The following table sets forth a summary of our material contractual obligations and commercial commitments as of December 31, 2015 (in thousands):

	Payments Due by Period (1)				
	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
Debt	\$439,399	\$439,399	\$ —	\$ —	\$ —
Interest expense	15,379	15,379	—	—	—
Capital leases	13,936	5,881	5,961	2,073	21
Operating leases	168,830	48,117	71,295	29,215	20,203
Total	\$637,544	\$508,776	\$77,256	\$31,288	\$20,224

The contingent purchase obligation payments resulting from the acquisitions, which are included in other (1) long-term liabilities, are not included in the above schedule due to the uncertainty of final payouts as well as the timing of those payments.

Off-Balance Sheet Arrangements

We do not have any transactions, arrangements, or other relationships with unconsolidated entities that are reasonably likely to materially affect our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, or capital resources. We have no special purpose or limited purpose entities that provide off-balance sheet financing, liquidity, or market or credit risk support; engage in leasing, hedging, or research and development services; or have other relationships that expose us to liability that is not reflected in the financial statements. However, as of December 31, 2015, we had outstanding letters of credit

totaling \$22.5 million. Additionally, we provide a guarantee for a portion of the value of certain IC leased tractors. The potential maximum exposure under these lease guarantees was approximately \$17.4 million as of December 31, 2015.

Seasonality

Our operations are subject to seasonal trends that have been common in the North American over-the-road freight sector for many years. Our results of operations for the quarter ending in March are on average lower than the quarters ending in June, September, and December. Typically, this pattern has been the result of factors such as inclement weather, national holidays, customer demand, and economic conditions.

Effects of Inflation

Based on our analysis of the periods presented, we believe that inflation has not had a material effect on our operating results as inflationary increases in fuel and labor costs have generally been offset through fuel surcharges and price increases.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Commodity Risk

Our primary market risk centers on fluctuations in fuel prices, which can affect our profitability. Fuel prices fluctuate significantly due to economic, political, and other factors beyond our control. Our ICs and purchased power providers pass along the cost of fuel to us, and we in turn attempt to pass along some or all of these costs to our customers through fuel surcharge revenue programs. There can be no assurance that our fuel surcharge revenue programs will be effective in the future. Market pressures may limit our ability to pass along our fuel surcharges.

Interest Rate Risk

We have exposure to changes in interest rates on our revolving credit facility and term loan. The interest rates on our revolving credit facility and term loan fluctuate based on the prime rate or LIBOR plus an applicable margin. Assuming our \$400.0 million revolving credit facility was fully drawn and taking into consideration the outstanding term loan of \$296.3 million as of December 31, 2015, a 1.0% increase in the borrowing rate would increase our annual interest expense by \$7.0 million. We do not use derivative financial instruments for hedging or speculative trading purposes and are not engaged in any interest rate swap agreements.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Reference is made to the financial statements, the notes thereto, and the report of our independent registered public accounting firm commencing at page F-1 of this Form 10-K/A, which financial statements, notes, and report are incorporated herein by reference. For the Quarterly Results of Operations, see Item 7. "Management's Discussion and Analysis of Financial Condition and Results of Operations."

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

Background

In November 2016, we commenced an internal investigation into certain accounting discrepancies at our Morgan Southern and Bruenger operating companies. Subsequently, an independent internal investigation was undertaken by the Audit Committee of our Board of Directors (the "Audit Committee"), with assistance from outside counsel and outside consultants to provide forensic and investigative support (the "Audit Committee Investigation"). The expanded Audit Committee Investigation included detailed reviews of financial records at other operating companies and at our corporate headquarters. The Audit Committee Investigation identified material accounting errors that impacted substantially all financial statement line items and disclosures.

Based on the Audit Committee Investigation, current management determined that there were deficiencies in the design and/or execution of internal controls that constituted material weaknesses. Current management determined that structural and environmental factors, including the increased size and complexity arising from the acquisition of 25 non-public companies between February 2011 and September 2015, the inconsistency of our accounting systems, policies and procedures, and management override

of internal controls contributed to the material weaknesses and resulting material accounting errors. Our internal controls failed to prevent or were overridden by management in certain instances to allow recording accounting entries without appropriate support, recording accounting entries that were inconsistent with information known by management at the time, not communicating relevant information within our organization and, in some cases, withholding information from our independent directors, our Audit Committee, and our independent auditors, which resulted in material accounting errors.

Restatement of Previously Issued Financial Statements

On January 27, 2017, our Audit Committee, as a result of the information obtained in connection with the ongoing internal investigation and after considering the recommendation of management, determined that previously issued (1) consolidated financial statements as of December 31, 2015 and 2014 and for the three years in the period ended December 31, 2015; (2) unaudited condensed consolidated financial statements for the quarterly periods in the years ended December 31, 2015 and 2014; and (3) the unaudited condensed consolidated financial statements for the quarterly periods ended March 31, 2016, June 30, 2016, and September 30, 2016, should no longer be relied upon due to the identification of material accounting errors. The restated consolidated financial statements for 2015, 2014, and 2013 are included in this Form 10-K/A.

Evaluation of Disclosure Controls and Procedures

Management maintains a set of disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) designed to ensure that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer ("CEO"), to allow for timely decisions regarding required disclosure.

In connection with the Original Form 10-K, our prior CEO and Chief Financial Officer concluded that our disclosure controls and procedures (as defined in Rule 13a-15(e) and 15d-15(e) under the Exchange Act) were effective at a reasonable assurance level as of December 31, 2015 (the "Evaluation Date"). In connection with the Audit Committee Investigation and management's review of financial records, an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures was performed under the supervision and with the participation of our management, including our current CEO (who is also currently serving as our Principal Financial Officer and Principal Accounting Officer). As a result of this evaluation, our current CEO concluded that our disclosure controls and procedures were not effective as of the Evaluation Date because of the material weaknesses in internal control over financial reporting described below.

Notwithstanding the identified material weaknesses, management believes that the consolidated financial statements and unaudited interim financial information included in this Form 10-K/A fairly present in all material respects our financial condition, results of operations, and cash flows as of and for the periods presented based on a number of factors including, but not limited to, (a) the completion of the Audit Committee Investigation and substantial resources expended (including the use of internal audit personnel and external consultants) in response to the findings of material weaknesses, (b) internal reviews that identified material accounting errors, which in turn led to the restatement of previously issued financial statements, and (c) the commencement of certain remediation actions, as discussed further below.

Management's Report on Internal Control Over Financial Reporting (Revised)

Management, including our CEO, is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act and based upon the criteria established in Internal Control-Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission ("the COSO framework"). Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of our financial reporting and the preparation of our financial statements for external purposes in accordance with GAAP.

An effective internal control system, no matter how well designed, has inherent limitations, including the possibility of human error or overriding of controls, and therefore can provide only reasonable assurance with respect to reliable financial reporting. Because of its inherent limitations, our internal control over financial reporting may not prevent or detect all misstatements, including the possibility of human error, the circumvention or overriding of controls, or

fraud. Effective internal controls can provide only reasonable assurance with respect to the preparation and fair presentation of financial statements.

In the Original Form 10-K, our management included Management's Annual Report on Internal Control over Financial Reporting therein, which expressed a conclusion that our internal control over financial reporting was effective as of the Evaluation Date. Subsequent to the Original Form 10-K, in connection with the Audit Committee Investigation and management's review of financial records, management, with the assistance of internal audit personnel and outside consultants, conducted an evaluation of the effectiveness of our internal control over financial reporting based on the COSO framework. We excluded Stagecoach Cartage and Distribution LP from our assessment of our internal control over financial reporting, which was acquired on July 28, 2015 and

whose financial statements constituted 6.2% and 3.4% of net and total assets, respectively, and 0.9% and 5.3% of revenues and net income, respectively, of the consolidated financial statements as of and for the year ended December 31, 2015. Accordingly, our assessment did not include the internal control over financial reporting at Stagecoach Cartage and Distribution LP. Based on evaluation under these criteria, management determined, based upon the existence of the material weaknesses described below, that we did not maintain effective internal control over financial reporting as of the Evaluation Date.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that a reasonable possibility exists that a material misstatement of our annual or interim financial statements would not be prevented or detected on a timely basis.

Control Environment

We did not maintain an effective control environment based on the criteria established in the COSO framework. We have identified deficiencies in the principles associated with the control environment of the COSO framework. Specifically, these control deficiencies constitute material weaknesses, either individually or in the aggregate, relating to: (i) our commitment to integrity and ethical values, (ii) the ability of our board of directors to effectively exercise oversight of the development and performance of internal control, as a result of failure to communicate relevant information within our organization and, in some cases, withholding information, (iii) appropriate organizational structure, reporting lines, and authority and responsibilities in pursuit of objectives, (iv) our commitment to attract, develop, and retain competent individuals, and (v) holding individuals accountable for their internal control related responsibilities. As disclosed in the consolidated financial statements included in Item 8. "Financial Statements and Supplementary Data", these material weaknesses resulted in material accounting errors.

We did not maintain an effective control environment to enable the identification and mitigation of risks of material accounting errors based on the contributing factors to material weakness in the control environment, including:

The tone from former executive management was insufficient to create the proper environment for effective internal control over financial reporting and to ensure that (i) there were adequate processes for oversight, (ii) there was accountability for the performance of internal control over financial reporting responsibilities, (iii) identified issues and concerns were raised to appropriate levels within our organization, (iv) corrective activities were appropriately applied, prioritized, and implemented in a timely manner, and (v) relevant information was communicated within our organization and not withheld from our independent directors, our Audit Committee, and our independent auditors. In certain operating companies and at our corporate headquarters there were inconsistent accounting systems, policies and procedures. Additionally, in certain locations we did not attract, develop, and retain competent management, accounting, financial reporting, internal audit, and information systems personnel or resources to ensure that internal control responsibilities were performed and that information systems were aligned with internal control objectives. Our oversight processes and procedures that guide individuals in applying internal control over financial reporting were not adequate in preventing or detecting material accounting errors, or omissions due to inadequate information and, in certain instances, management override of internal controls, including recording improper accounting entries, recording accounting entries that were inconsistent with information known by management at the time, not communicating relevant information within our organization and, in some cases, withholding information from our independent directors, our Audit Committee, and our independent auditors.

Risk Assessment

We did not design and implement an effective risk assessment based on the criteria established in the COSO framework. We have identified deficiencies in the principles associated with the risk assessment component of the COSO framework. Specifically, these control deficiencies constitute material weaknesses, either individually or in the aggregate, relating to: (i) identifying, assessing, and communicating appropriate objectives, (ii) identifying and analyzing risks to achieve these objectives, (iii) contemplating fraud risks, and (iv) identifying and assessing changes in the business that could impact our system of internal controls.

Control Activities

We did not design and implement effective control activities based on the criteria established in the COSO framework. We have identified deficiencies in the principles associated with the control activities component of the COSO framework. Specifically, these control deficiencies constitute material weaknesses, either individually or in the

aggregate, relating to: (i) selecting and developing control activities and information technology that contribute to the mitigation of risks and support achievement of objectives and (ii) deploying control activities through policies that establish what is expected and procedures that put policies into action.

Deficiencies in control activities contributed to material accounting errors or the potential for there to have been material accounting errors in substantially all financial statements account balances and disclosures.

Information and Communication

We did not generate and provide quality information and communication based on the criteria established in the COSO framework. We have identified deficiencies in the principles associated with the information and communication component of the COSO framework. Specifically, these control deficiencies constitute material weaknesses, either individually or in the aggregate, relating to: (i) obtaining, generating, and using relevant quality information to support the function of internal control, and (ii) communicating accurate information internally and externally, including providing information pursuant to objectives, responsibilities, and functions of internal control.

Monitoring Activities

We did not design and implement effective monitoring activities based on the criteria established in the COSO framework. We have identified deficiencies in the principles associated with the monitoring component of the COSO framework. Specifically, these control deficiencies constitute material weaknesses, either individually or in the aggregate, relating to: (i) selecting, developing, and performing ongoing evaluation to ascertain whether the components of internal controls are present and functioning, and (ii) evaluating and communicating internal control deficiencies in a timely manner to those parties responsible for taking corrective action.

The following were contributing factors to the material weaknesses in monitoring activities:

- Internal audit staffing levels were insufficient to keep pace with the size and complexity of our business structure and organization, which limited our ability to effectively monitor internal controls.

- Failure to effectively communicate relevant information and internal control deficiencies to our Audit Committee for appropriate oversight, monitoring and enforcement of corrective action.

- Not communicating relevant information within our organization and, in some cases, withholding information from our independent directors, our Audit Committee, and our independent auditors.

Deloitte & Touche LLP, our independent registered public accounting firm, has audited the effectiveness of our internal control over financial reporting as of December 31, 2015. Deloitte & Touche LLP's opinion, as stated in their report which appears on page 47 of this Form 10-K/A, is consistent with management's report on internal control over financial reporting (revised) as set forth above.

Changes in Internal Control Over Financial Reporting

Except for the identification of the material weaknesses described above, there were no changes during the year ended December 31, 2015 in our internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Remediation Plan and Status

Our remediation efforts are ongoing and we will continue our initiatives to implement and document policies, procedures, and internal controls. Remediation of the identified material weaknesses and strengthening our internal control environment will require a substantial effort throughout 2018 and beyond, as necessary. We will test the ongoing operating effectiveness of the new and existing controls in future periods. The material weaknesses cannot be considered completely remediated until the applicable controls have operated for a sufficient period of time and management has concluded, through testing, that these controls are operating effectively.

While we believe the steps taken to date and those planned for implementation will improve the effectiveness of our internal control over financial reporting, we have not completed all remediation efforts identified herein. Accordingly, as we continue to monitor the effectiveness of our internal control over financial reporting in the areas affected by the material weaknesses described above, we have and will continue to perform additional procedures prescribed by management, including the use of manual mitigating control procedures and employing any additional tools and resources deemed necessary, to ensure that our consolidated financial statements are fairly stated in all material respects. The following remediation activities highlight our commitment to remediating our identified material weaknesses:

Control Environment

We have undertaken steps to address material weaknesses in the control environment. Executive management team changes including our CEO, President and Chief Operating Officer, General Counsel and Chief Compliance Officer,

Chief Financial Officer,

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Vice President and Corporate Controller, Vice President Finance and Treasurer, Chief Information Officer, and the Chief Audit Executive, are committed to implementing and maintaining an effective control environment that will drive a high level of ethical standards and integrity over internal control over financial reporting. Our Audit Committee, our recently formed Executive Committee of the Board of Directors, and management have emphasized and continue to emphasize the importance of internal control over financial reporting, as well as the integrity of our financial statements. Our new executive management team has enhanced compliance with ethical standards by, among other things, updating our code of conduct and whistleblower policies, and improving communication practices among employees with internal control over financial reporting responsibilities as follows:

Executive management has taken, and will continue to take, steps to ensure a proper, consistent tone is communicated throughout our organization, with distinct emphasis on the expectation that previously identified control deficiencies will be remediated through the implementation of uniform accounting and internal control policies and procedures with the proper oversight that promotes strict compliance with GAAP and regulatory requirements. We have established an Ethics Committee responsible for reviewing compliance matters. Clear and transparent communication with respect to compliance and ethical values continue to emphasize our commitment to ethics and compliance. Since August 2016, we have hired new finance team members with the appropriate experience, certifications, education, and training for key financial reporting and accounting positions. The addition of skilled personnel will allow us to select and develop appropriate policies, procedures, and controls to strengthen our control environment. Additionally, executive management has reassigned trusted, experienced financial reporting and accounting personnel to areas within our company that will benefit most from their expertise.

Executive management will continue to evaluate the resources required to right-size our accounting and financial reporting, internal audit, and information technology functions. They will also continue to evaluate the effectiveness of these personnel and appropriateness of reporting lines across the company.

We have enhanced our compliance practices, including recent update and distribution of our code of conduct, whistleblower, and ethics policies which required acknowledgment by all employees on a periodic basis. We enhanced our sub-certification process to include executives, finance and operations personnel from our corporate headquarters and operating companies and will undertake this process for each reporting period.

Risk Assessment

We have performed detailed reviews of financial records at our corporate headquarters and the operating company level for the purpose of identifying and correcting accounting errors. We will continue to enhance risk assessment procedures and conduct a comprehensive risk assessment to enhance overall compliance. The results of this effort are expected to enable us to effectively identify, develop, and implement controls and procedures to address risks.

Furthermore, our Chief Information Officer has begun to, and will continue to, assess our information technology control environment and adequacy of personnel, including responding to information technology risks appropriately.

Control Activities

We have begun the process of redesigning and implementing common internal control activities. We also plan to establish policies and procedures and enhance corporate oversight over process-level controls and structures to ensure that there is appropriate assignment of authority, responsibility, and accountability to enable remediating our material weaknesses.

Information and Communication

During 2017, we have taken various steps to enhance our practices as it relates to information and communication, including the hiring of a number of new senior finance and information technology executives, and reorganization and centralization of our information technology department, and purchase of a consolidation software solution.

Monitoring Activities

In addition to the items noted above, as we continue to evaluate, remediate, and improve our internal control over financial reporting, executive management may elect to implement additional measures to address control deficiencies or may determine that the remediation efforts described above require modification. Executive management, in consultation with and at the direction of our Audit Committee, will continue to assess the control environment and the above-mentioned efforts to remediate the underlying causes of the identified material weaknesses, including through the following:

We have increased and will continue to increase internal audit, finance, accounting, and information technology staffing levels to sufficiently address the size, scope, and complexity of our organization.

• We are also developing effective communication plans relating to, among other things, identification of deficiencies and recommendations for corrective actions. These plans will apply to all parties responsible for remediation.

Inherent Limitations on Effectiveness of Controls

Management, including our CEO, does not expect that our disclosure controls and procedures or our internal control over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, misstatements, errors, and instances of fraud, if any, within our organization have been or will be prevented or detected. These inherent limitations include the realities that judgments in decision-making can be faulty and that breakdowns can occur because of simple error or mistake. Controls also can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the controls. The design of any system of controls is based in part on certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions. Projections of any evaluation of controls effectiveness to future periods are subject to risks. Over time, internal controls may become inadequate as a result of changes in conditions, or through the deterioration of the degree of compliance with policies or procedures.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Roadrunner Transportation Systems, Inc. and subsidiaries
Downers Grove, Illinois

We have audited the internal control over financial reporting of Roadrunner Transportation Systems, Inc. and subsidiaries (the "Company") 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. As described in Management's Report on Internal Control Over Financial Reporting (Revised), management excluded from its assessment the internal control over financial reporting at Stagecoach Cartage and Distribution LP which was acquired on July 28, 2015 and whose financial statements constituted 6.2% and 3.4% of net and total assets, respectively, and 0.9% and 5.3% of revenues and net income, respectively, of the consolidated financial statements as of and for the year ended December 31, 2015. Accordingly, our audit did not include the internal control over financial reporting at Stagecoach Cartage and Distribution LP. The Company'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 Report on Internal Control Over Financial Reporting (Revised). Our responsibility is to express an opinion on the Company'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, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and 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 by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's 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. 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 the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our report dated February 29, 2016, we expressed an unqualified opinion on the effectiveness of the Company's internal control over financial reporting. As described in the following paragraph, material weaknesses were subsequently identified in connection with the restatement of the previously issued financial statements. Accordingly, management has revised its assessment about the effectiveness of the Company's internal control over financial reporting and our present opinion on the effectiveness of the Company's internal control over financial reporting as of December 31, 2015, as expressed herein, is different from that expressed in our previous report.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial

statements will not be prevented or detected on a timely basis. The following material weaknesses have been identified and included in management's assessment:

Control Environment - control deficiencies constituting material weaknesses, either individually or in the aggregate, relating to: (i) commitment to integrity and ethical values, (ii) the ability of the board of directors to effectively exercise oversight of the development and performance of internal control, as a result of failure to communicate relevant information within the organization and, in some cases, withholding information, (iii) appropriate organizational structure, reporting lines, and authority and responsibilities in pursuit of objectives, (iv) commitment to attract, develop, and retain competent individuals, and (v) holding individuals accountable for their internal control related responsibilities.

Risk Assessment - control deficiencies constituting material weaknesses, either individually or in the aggregate, relating to: (i) identifying, assessing, and communicating appropriate objectives, (ii) identifying and analyzing risks to achieve these objectives, (iii) contemplating fraud risks, and (iv) identifying and assessing changes in the business that could impact the system of internal controls.

Control Activities - control deficiencies constituting material weaknesses, either individually or in the aggregate, relating to: (i) selecting and developing control activities and information technology that contribute to the mitigation of risks and support achievement of objectives and (ii) deploying control activities through policies that establish what is expected and procedures that put policies into action.

Information and Communication - control deficiencies constituting material weaknesses, either individually or in the aggregate, relating to: (i) obtaining, generating, and using relevant quality information to support the function of internal control, and (ii) communicating accurate information internally and externally, including providing information pursuant to objectives, responsibilities, and functions of internal control.

Monitoring - control deficiencies constituting material weaknesses, either individually or in the aggregate, relating to: (i) selecting, developing, and performing ongoing evaluation to ascertain whether the components of internal controls are present and functioning, and (ii) evaluating and communicating internal control deficiencies in a timely manner to those parties responsible for taking corrective action.

These material weaknesses were considered in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements as of and for the year ended December 31, 2015, of the Company and this report does not affect our report on such consolidated financial statements.

In our opinion, because of the effect of the material weaknesses identified above on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of December 31, 2015, based on the criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of and for the year ended December 31, 2015, of the Company and our report dated February 29, 2016 (January 30, 2018, as to the effects of the restatement discussed in Note 15) expressed an unqualified opinion on those financial statements.

/s/ Deloitte & Touche LLP

Minneapolis, Minnesota

February 29, 2016 (January 30, 2018, as to the effects of the subsequently identified material weaknesses described in Management's Report on Internal Control Over Financial Reporting (Revised))

ITEM 9B. OTHER INFORMATION

Not applicable.

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PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

The information required by this Item is incorporated herein by reference to the definitive Proxy Statement to be filed pursuant to Regulation 14A of the Exchange Act for our 2016 Annual Meeting of Stockholders.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated herein by reference to the definitive Proxy Statement to be filed pursuant to Regulation 14A of the Exchange Act for our 2016 Annual Meeting of Stockholders.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by this Item is incorporated herein by reference to the definitive Proxy Statement to be filed pursuant to Regulation 14A of the Exchange Act for our 2016 Annual Meeting of Stockholders.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by this Item is incorporated herein by reference to the definitive Proxy Statement to be filed pursuant to Regulation 14A of the Exchange Act for our 2016 Annual Meeting of Stockholders.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this Item is incorporated herein by reference to the definitive Proxy Statement to be filed pursuant to Regulation 14A of the Exchange Act for our 2016 Annual Meeting of Stockholders.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(a) Financial Statements and Financial Statement Schedules

(1) Financial Statements are listed in the Index to Consolidated Financial Statements on page F-1 of this Form 10-K/A.

(2) Other schedules are omitted because they are not applicable, not required, or because required information is included in the consolidated financial statements or notes thereto.

(b) Exhibits

Exhibit Number	Exhibit
2.1	<u>Agreement and Plan of Merger, dated as of August 8, 2014, by and among the Registrant, Project Falcon Merger Corp., Active Aero Group Holdings, Inc. and Project Laser Holdings, LLC, as the Representative (1)</u>
3.1	<u>Amended and Restated Certificate of Incorporation (2)</u>
3.2	<u>Second Amended and Restated Bylaws (2)</u>
4.1	<u>Second Amended and Restated Stockholders' Agreement, dated as of March 14, 2007, by and among the Registrant and the stockholders named therein (3)</u>
10.10*	<u>Employment Letter Agreement, by and between the Registrant and Mark A. DiBlasi (4)</u>
10.11*	<u>Employment Letter Agreement, by and between the Registrant and Peter R. Armbruster (4)</u>
10.14*	<u>2010 Incentive Compensation Plan (2)</u>
10.15*	<u>Form of Indemnification Agreement (2)</u>
10.16	<u>Agreement and Plan of Merger, dated as of May 7, 2010, by and among the Registrant; GTS Transportation Logistics, Inc.; and Group Transportation Services Holdings, Inc. (2)</u>
10.17	<u>Amended and Restated Advisory Agreement, dated September 12, 2011, by and between the Registrant and HCI Equity Management, L.P. (5)</u>
10.20*	<u>Form of Restricted Stock Unit Agreement (6)</u>
10.21	<u>Agreement and Plan of Merger, dated as of August 23, 2011, by and among the Registrant; Prime Acquisition Corp., Prime Logistics Corp., and the other parties named therein (7)</u>
10.26*	<u>Form of Performance Restricted Stock Unit Agreement (7)</u>
10.27	<u>Separation Agreement and Release, dated June 10, 2015, by and between the Registrant and Brian J. van Helden (8)</u>
10.28	<u>Sixth Amended and Restated Credit Agreement, dated September 24, 2015, among the Registrant, U.S. Bank National Association, a national banking association, the Lenders (as defined therein) and the other parties thereto (9)</u>
21.1	<u>List of Subsidiaries (11)</u>
24.1	Power of Attorney (included on the signature page of this Form 10-K/A)
31.1	

Certification of Principal Executive Officer, Principal Financial Officer, and Principal Accounting Officer pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a)

32.1 Section 1350 Certification of Principal Executive Officer, Principal Financial Officer, and Principal Accounting Officer

101.INS XBRL Instance Document

101.SCH XBRL Taxonomy Extension Schema Document

101.CAL XBRL Taxonomy Extension Calculation Linkbase Document

101.DEF XBRL Taxonomy Extension Definition Linkbase Document

101.LAB XBRL Taxonomy Extension Label Linkbase Document

101.PRE XBRL Taxonomy Extension Presentation Linkbase Document

- (1) Incorporated by reference to the registrant's Current Report on Form 8-K filed with the SEC on August 11, 2014.
- (2) Incorporated by reference to the registrant's registration statement on Form S-1 (Registration No. 333-152504) as filed with the SEC on May 7, 2010.
- (3) Incorporated by reference to the registrant's registration statement on Form S-1 (Registration No. 333-152504) as filed with the SEC on September 11, 2008.
- (4) Incorporated by reference to the registrant's registration statement on Form S-1 (Registration No. 333-152504) as filed with the SEC on March 4, 2010.
- (5) Incorporated by reference to the registrant's Quarterly Report on Form 10-Q as filed with the SEC on November 14, 2011.

- (6) Incorporated by reference to the registrant's Current Report on Form 8-K as filed with the SEC on March 7, 2011.
- (7) Incorporated by reference to the registrant's Current Report on Form 8-K as filed with the SEC on August 26, 2011.
- (8) Incorporated by reference to the registrant's Current Report on Form 8-K as filed with the SEC on February 24, 2015.
- (9) Incorporated by reference to the registrant's Quarterly Report on Form 10-Q as filed with the SEC on August 3, 2015.
- (10) Incorporated by reference to the registrant's Current Report on Form 8-K as filed with the SEC on September 28, 2015.
- (11) Incorporated by reference to the registrant's Annual Report on Form 10-K as filed with the SEC on March 1, 2016.

*Indicates management contract or compensation plan or agreement.

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.

ROADRUNNER
TRANSPORTATION
SYSTEMS, INC.

By: /s/ Curtis W. Stoelting
Curtis W. Stoelting
Chief Executive Officer

Date: January 30, 2018

POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Curtis W. Stoelting, as his or her true and lawful attorney-in-fact and agent, with full power of substitution and resubstitution, for him or her and in his or her name, place, and stead, in any and all capacities, to sign any and all amendments to this Form 10-K/A, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent, full power and authority to do and perform each and every act and thing required and necessary to be done in connection therewith, as fully to all intents and purposes as he or she might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

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 and on the dates indicated.

Signature	Title	Date
/s/ Curtis W. Stoelting	Chief Executive Officer and Director	January 30, 2018
Curtis W. Stoelting	(Principal Executive Officer, Principal Financial Officer and Principal Accounting Officer)	
/s/ James D. Staley	Chairman of the Board	January 30, 2018
James D. Staley		
	Director	January 30, 2018
Mark A. DiBlasi		
/s/ Scott L. Dobak	Director	January 30, 2018
Scott L. Dobak		
/s/ Christopher L. Doerr	Director	January 30, 2018
Christopher L. Doerr		
/s/ John G. Kennedy, III	Director	January 30, 2018
John G. Kennedy, III		
/s/ Ralph W. Kittle III	Director	January 30, 2018
Ralph W. Kittle III		
/s/ Brian C. Murray	Director	January 30, 2018
Brian C. Murray		
	Director	January 30, 2018
Scott D. Rued		
/s/ William S. Urkiel	Director	January 30, 2018
William S. Urkiel		
	Director	January 30, 2018

Judith A. Vijums

/s/ Michael P. Ward Director

January 30,
2018

Michael P. Ward

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INDEX TO FINANCIAL STATEMENTS
ROADRUNNER TRANSPORTATION SYSTEMS, INC.
AND SUBSIDIARIES

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Roadrunner Transportation Systems, Inc. and subsidiaries
Downers Grove, Illinois

We have audited the accompanying consolidated balance sheets of Roadrunner Transportation Systems, Inc. and subsidiaries (the "Company") as of December 31, 2015 and 2014, and the related consolidated statements of operations, stockholders' investment, and cash flows for each of the three years in the period ended December 31, 2015. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our 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, such consolidated financial statements present fairly, in all material respects, the financial position of Roadrunner Transportation Systems, Inc. and subsidiaries as of December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 15 to the consolidated financial statements, the accompanying consolidated financial statements have been restated to correct misstatements.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Company's internal control over financial reporting as of December 31, 2015, based on the criteria established in Internal Control -Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 29, 2016 (January 30, 2018, as to the effects of the subsequently identified material weaknesses described in Management's Report on Internal Control Over Financial Reporting (Revised)) expressed an adverse opinion on the Company's internal control over financial reporting because of material weaknesses.

/s/ Deloitte & Touche LLP

Minneapolis, Minnesota

February 29, 2016 (January 30, 2018, as to the effects of the restatement discussed in Note 15)

ROADRUNNER TRANSPORTATION SYSTEMS, INC.
CONSOLIDATED BALANCE SHEETS

	December 31,	
	2015	2014
	As	As
	Restated ⁽¹⁾	Restated ⁽¹⁾
	(In thousands, except par value)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$7,930	\$10,809
Accounts receivable, net of allowances of \$14,026 and \$10,775, respectively	260,029	277,362
Deferred income taxes	20,891	17,503
Income tax receivable	20,663	13,643
Prepaid expenses and other current assets	37,051	29,822
Total current assets	346,564	349,139
Property and equipment, net of accumulated depreciation of \$64,780 and \$45,077, respectively	195,364	150,396
Other assets:		
Goodwill	682,810	664,677
Intangible assets, net	75,694	78,878
Other noncurrent assets	7,321	7,548
Total other assets	765,825	751,103
Total assets	\$1,307,753	\$1,250,638
LIABILITIES AND STOCKHOLDERS' INVESTMENT		
Current liabilities:		
Current maturities of debt	\$432,830	\$423,945
Accounts payable	116,166	126,822
Accrued expenses and other current liabilities	81,922	66,600
Total current liabilities	630,918	617,367
Long-term deferred tax liabilities	105,088	96,195
Other long-term liabilities	15,308	12,789
Total liabilities	751,314	726,351
Commitments and contingencies (Note 12)		
Stockholders' investment:		
Common stock \$.01 par value; 100,000 shares authorized; 38,266 and 37,925 shares issued and outstanding, respectively	383	379
Additional paid-in capital	397,253	390,725
Retained earnings	158,803	133,183
Total stockholders' investment	556,439	524,287
Total liabilities and stockholders' investment	\$1,307,753	\$1,250,638

⁽¹⁾ See Note 15 "Restatement of Previously Issued Financial Statements."
See accompanying notes to consolidated financial statements.

ROADRUNNER TRANSPORTATION SYSTEMS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended December 31,		
	2015	2014	2013
	As	As	As
	Restated ⁽¹⁾	Restated ⁽¹⁾	Restated ⁽¹⁾
	(In thousands, except per share amounts)		
Revenues	\$1,992,166	\$1,872,470	\$1,361,410
Operating expenses:			
Purchased transportation costs	1,310,396	1,294,724	944,275
Personnel and related benefits	263,254	213,661	151,935
Other operating expenses	323,955	271,210	170,053
Depreciation and amortization	31,626	24,254	15,444
Acquisition transaction expenses	564	2,305	851
Total operating expenses	1,929,795	1,806,154	1,282,558
Operating income	62,371	66,316	78,852
Interest expense	19,439	13,363	7,883
Income before provision for income taxes	42,932	52,953	70,969
Provision for income taxes	17,312	20,243	25,049
Net income	\$25,620	\$32,710	\$45,920
Earnings per share:			
Basic	\$0.67	\$0.86	\$1.27
Diluted	\$0.65	\$0.83	\$1.21
Weighted average common stock outstanding:			
Basic	38,179	37,852	36,133
Diluted	39,180	39,259	37,913

⁽¹⁾ See Note 15 "Restatement of Previously Issued Financial Statements."

See accompanying notes to consolidated financial statements.

ROADRUNNER TRANSPORTATION SYSTEMS, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' INVESTMENT

	Common Stock		Additional	Retained	Total
	Shares	Amount	Paid-In Capital	Earnings	Stockholders' Investment
	(In thousands, except shares)				
BALANCE, January 1, 2013 ⁽¹⁾	34,371,497	\$ 344	\$325,034	\$54,553	\$ 379,931
Issuance of common stock, net of issuance costs	3,163,684	31	53,780	—	53,811
Issuance of restricted stock units, net of taxes paid	29,265	1	(322)	—	(321)
Share-based compensation	—	—	1,503	—	1,503
Excess tax benefit on share-based compensation	—	—	4,297	—	4,297
Net income ⁽¹⁾	—	—	—	45,920	45,920
BALANCE, December 31, 2013 ⁽¹⁾	37,564,446	\$ 376	\$384,292	\$100,473	\$ 485,141
Issuance of common stock, net of issuance costs	300,716	3	3,411	—	3,414
Issuance of restricted stock units, net of taxes paid	60,002	—	(674)	—	(674)
Share-based compensation	—	—	2,255	—	2,255
Excess tax benefit on share-based compensation	—	—	1,441	—	1,441
Net income ⁽¹⁾	—	—	—	32,710	32,710
BALANCE, December 31, 2014 ⁽¹⁾	37,925,164	\$ 379	\$390,725	\$133,183	\$ 524,287
Issuance of common stock, net of issuance costs	265,734	3	4,008	—	4,011
Issuance of restricted stock units, net of taxes paid	74,971	1	(930)	—	(929)
Issuance costs from secondary stock offering	—	—	(225)	—	(225)
Share-based compensation	—	—	2,500	—	2,500
Excess tax benefit on share-based compensation	—	—	1,175	—	1,175
Net income ⁽¹⁾	—	—	—	25,620	25,620
BALANCE, December 31, 2015 ⁽¹⁾	38,265,869	\$ 383	\$397,253	\$158,803	\$ 556,439

⁽¹⁾ See Note 15 "Restatement of Previously Issued Financial Statements."

See accompanying notes to consolidated financial statements.

ROADRUNNER TRANSPORTATION SYSTEMS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended December 31,		
	2015	2014	2013
	As	As	As
	Restated ⁽¹⁾	Restated ⁽¹⁾	Restated ⁽¹⁾
	(In thousands)		
Cash flows from operating activities:			
Net income	\$25,620	\$32,710	\$45,920
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	33,911	26,321	17,624
Loss (gain) on disposal of property and equipment	1,300	209	(1,404)
Share-based compensation	2,500	2,255	1,503
Adjustments to contingent purchase obligations	(2,931)	(1,722)	(10,443)
Provision for bad debts	4,816	9,653	3,724
Excess tax benefit on share-based compensation	(1,175)	(1,441)	(4,297)
Deferred tax provision	2,754	2,467	5,877
Changes in (net of acquisitions):			
Accounts receivable	19,041	(43,628)	(28,803)
Income tax receivable	(7,020)	(5,899)	(5,079)
Prepaid expenses and other assets	(6,028)	(5,035)	(7,767)
Accounts payable	(11,929)	14,921	445
Accrued expenses and other liabilities	7,355	6,417	16,344
Net cash provided by operating activities	68,214	37,228	33,644
Cash flows from investing activities:			
Acquisition of business, net of cash acquired	(32,765)	(230,818)	(100,648)
Capital expenditures	(49,984)	(41,975)	(29,367)
Proceeds from sale of property and equipment	6,078	6,951	5,121
Net cash used in investing activities	(76,671)	(265,842)	(124,894)
Cash flows from financing activities:			
Borrowings under revolving credit facilities	183,852	383,074	130,441
Payments under revolving credit facilities	(275,703)	(170,089)	(108,426)
Debt borrowings	110,000	33,750	22,000
Debt payments	(8,750)	(9,375)	(12,875)
Debt issuance cost	(2,798)	(2,524)	(1,541)
Payments of contingent purchase obligations	(3,317)	(4,804)	(2,407)
Proceeds from issuance of common stock, net of issuance costs	3,786	3,414	53,811
Proceeds from issuance of restricted stock units, net of taxes paid	(929)	(674)	(321)
Excess tax benefit on share-based compensation	1,175	1,441	4,297
Reduction of capital lease obligation	(1,738)	(228)	(199)
Net cash provided by financing activities	5,578	233,985	84,780
Net (decrease) increase in cash and cash equivalents	(2,879)	5,371	(6,470)
Cash and cash equivalents:			
Beginning of period	10,809	5,438	11,908
End of period	\$7,930	\$10,809	\$5,438
Supplemental cash flow information:			
Cash paid for interest	\$16,725	\$11,351	\$6,475
Cash paid for income taxes (net of refunds)	\$20,812	\$21,802	\$19,119
Non-cash capital leases and other obligations to acquire assets	\$12,417	\$—	\$—

Non-cash contingent purchase obligation recorded on the opening balance sheet	\$4,114	\$ —	\$ 4,288
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⁽¹⁾ See Note 15 “Restatement of Previously Issued Financial Statements.”

See accompanying notes to consolidated financial statements.

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Roadrunner Transportation Systems, Inc. and Subsidiaries
Notes to Consolidated Financial Statements

1. Organization, Nature of Business and Significant Accounting Policies

Nature of Business

Roadrunner Transportation Systems, Inc. (the "Company") is headquartered in Cudahy, Wisconsin and has the following three segments: Truckload Logistics ("TL"); Less-than-Truckload ("LTL"); and Global Solutions. Within its TL business, the Company operates a network of 49 TL service centers, and 24 dispatch offices and is augmented by over 100 independent brokerage agents. Within its LTL business, the Company operates 47 LTL service centers throughout the United States, complemented by relationships with over 180 delivery agents. Within its Global Solutions business, the Company operates from seven service centers and 10 dispatch offices, and four freight consolidation and inventory management centers throughout the United States. From pickup to delivery, the Company leverages relationships with a diverse group of third-party carriers to provide scalable capacity and reliable, customized service, including domestic and international air and ocean transportation services, to its customers. The Company operates primarily in the United States.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its subsidiaries. As of December 31, 2015, all subsidiaries were 100% owned and all intercompany balances and transactions have been eliminated in consolidation. The financial statements include the adjustments associated with the restatement on previously issued financial statements disclosed in Note 15 and the changes in accounting principle and segments noted below.

The Company owned 37.5% of Central Minnesota Logistics, Inc. ("CML"), which operates as one of the Company's brokerage agents. CML is accounted for under the equity method and is insignificant to the consolidated financial statements. The Company records its investment in CML in other noncurrent assets and recognizes its share of the net income and loss of CML.

Change in Accounting Principle

On January 1, 2016, the Company adopted a new methodology for accounting for debt issuance costs in accordance with the Accounting Standards Update No. 2015-03 (ASU 2015-03), Interest - Imputation of Interest (Subtopic 835-30), which requires debt issuance costs related to a recognized debt liability in the balance sheet to be presented as a direct reduction from the carrying amount of that debt liability. The change in methodology has been applied retrospectively. Debt issuance costs of \$6.6 million and \$6.1 million have been reclassified from other noncurrent assets to a direct reduction of debt on the consolidated balance sheets as of December 31, 2015 and 2014, respectively.

Use of Estimates

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

Segment Reporting

The Company determines its 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 three segments: TL; LTL; and Global Solutions. In 2016, the Company realigned two of its operating companies to different existing segments based on consideration of services provided and consistent with how the business is viewed by the chief operating decision maker. The change in segments, which affected the TL and Global Solutions segments, did not have any impact on previously reported consolidated financial results, but prior year segment results have been retrospectively revised to align with the new segment structure.

Cash and Cash Equivalents

Cash equivalents are defined as short-term investments that have an original maturity of three months or less at the date of purchase and are readily convertible into cash. The Company maintains cash in several banks and, at times, the balances may exceed federally insured limits. Cash equivalents consist of overnight investments in an interest bearing

sweep account.

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Roadrunner Transportation Systems, Inc. and Subsidiaries
Notes to Consolidated Financial Statements — (Continued)

Accounts Receivable and Related Reserves

Accounts receivable represent trade receivables from customers and are stated net of an allowance for doubtful accounts of approximately \$14.0 million and \$10.8 million as of December 31, 2015 and 2014, respectively. Management estimates the portion of accounts receivable that will not be collected and accounts are written off when they are determined to be uncollectible. Accounts receivable are uncollateralized and are generally due 30 days from the invoice date.

The Company provides reserves for accounts receivable. The rollforward of the allowance for doubtful accounts is as follows (in thousands):

	Year Ended December 31,		
	2015	2014	2013
Beginning balance	\$10,775	\$4,571	\$2,300
Provision, charged to expense	4,816	9,653	3,724
Write-offs, less recoveries	(1,565)	(3,449)	(1,453)
Ending balance	\$14,026	\$10,775	\$4,571

Property and Equipment

Property and equipment are stated at cost. Maintenance and repair costs are charged to expense as incurred. For financial reporting purposes, depreciation is calculated using the straight-line method over the following estimated useful lives:

Buildings and leasehold improvements	5-30 years
Computer equipment and software	3-5 years
Office equipment, furniture, and fixtures	3-15 years
Dock, warehouse, and other equipment	5-7 years
Tractors and trailers	3-7 years
Aircraft fleet and spare parts	3-8 years

Accelerated depreciation methods are used for tax reporting purposes.

Property and equipment and other long-lived assets are reviewed periodically for possible impairment. The Company evaluates whether current facts or circumstances indicate that the carrying value of the assets to be held and used may not be recoverable. If such circumstances are determined to exist, an estimate of undiscounted future cash flows produced by the long-lived asset, or the appropriate grouping of assets, is compared to the carrying value to determine whether impairment exists. If an asset is determined to be impaired, the loss is measured and recorded based on quoted market prices in active markets, if available. If quoted market prices are not available, the estimate of fair value is based on various valuation techniques, including discounted value of estimated future cash flows. The Company reports an asset to be disposed of at the lower of its carrying value or its fair value less the cost to sell.

Spare Parts for Aircraft Fleet

Spare parts for aircraft fleet are categorized into several categories: rotables, repairables, expendables, and materials and supplies. Rotable and repairable spare parts for aircraft fleet are typically significant in value, can be repaired and re-used, and generally have an expected useful life consistent with the aircraft fleet these parts support. Spare parts for aircraft fleet are recorded at cost and depreciated over the lesser of the life of the aircraft fleet or spare part. The cost of repairing the aircraft fleet spare parts is expensed as incurred. Expendables and materials and supplies are expensed when purchased.

Goodwill and Other Intangibles

Goodwill and other intangible assets result from business acquisitions. The Company accounts for business acquisitions by assigning the purchase price to tangible and intangible assets and liabilities. Assets acquired and liabilities assumed are recorded at their fair values and the excess of the purchase price over amounts assigned is recorded as goodwill.

Goodwill is tested for impairment at least annually on July 1 using a two-step process that begins with an estimation of the fair value at the “reporting unit” level. The Company has four reporting units as this is the lowest level for which discrete financial information is prepared and regularly reviewed by segment management. The impairment test for goodwill involves comparing

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Roadrunner Transportation Systems, Inc. and Subsidiaries
Notes to Consolidated Financial Statements — (Continued)

the fair value of a reporting unit to its carrying amount, including goodwill. If the carrying amount of the reporting unit exceeds its fair value, a second step is required to measure the goodwill impairment loss. The second step includes valuing all the tangible and intangible assets of the reporting unit as if the reporting unit had been acquired in a business combination. Then, the implied fair value of the reporting unit's goodwill is compared to the carrying amount of that goodwill. If the carrying amount of the reporting unit's goodwill exceeds the implied fair value of the goodwill, the Company recognizes an impairment loss in an amount equal to the excess, not to exceed the carrying amount. For purposes of the Company's impairment test, the fair value of its reporting units is calculated based upon an average of an income fair value approach and market fair value approach. Based on these tests, the Company concluded that the fair value for each of the reporting units was in excess of the respective reporting unit's carrying value. Accordingly, no goodwill impairments were identified in 2015, 2014, or 2013.

Other intangible assets recorded consist primarily of definite lived customer relationships. The Company evaluates its other intangible assets for impairment when current facts or circumstances indicate that the carrying value of the assets to be held and used may not be recoverable. No indicators of impairment were identified in 2015, 2014, or 2013. See Note 4 for additional information on the Company's goodwill and intangible assets.

Debt Issuance Costs

Debt issuance costs represent costs incurred in connection with the financing agreement described in Note 6. The unamortized debt issuance costs aggregate to \$6.6 million and \$6.1 million as of December 31, 2015 and 2014, respectively, and as noted above, have been classified as a reduction to debt in the consolidated balance sheets. Such costs are being amortized over the expected maturity of the financing agreements using the effective interest rate method.

Share-Based Compensation

The Company's share-based payment awards are comprised of stock options, restricted stock units, and performance restricted stock units. The cost for the Company's stock options is measured at fair value using the Black-Scholes option pricing model. The cost for restricted stock units and performance restricted stock units is measured using the stock price at the grant date. The cost is recognized over the vesting period of the award, which is typically four years. The amount of costs recognized for performance restricted stock units over the vesting period is dependent on the Company meeting the pre-established financial performance goals.

Income Taxes

The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, the Company determines deferred tax assets and liabilities on the basis of the differences between the financial statement and tax bases of assets and liabilities by using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date.

The Company recognizes deferred tax assets to the extent that it believes that these assets are more likely than not to be realized. In making such a determination, the Company considers all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, and results of recent operations. If the Company determines that it would be able to realize its deferred tax assets in the future in excess of their net recorded amount, the Company would make an adjustment to the deferred tax asset valuation allowance, which would reduce the provision for income taxes.

The Company records uncertain tax positions in accordance with ASC 740 on the basis of a two-step process in which (1) the Company determines whether it is more likely than not that the tax positions will be sustained on the basis of the technical merits of the position and (2) for those tax positions that meet the more-likely-than-not recognition threshold, the Company recognizes the largest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement with the related tax authority.

Fair Value of Financial Instruments

The fair value of cash approximates cost. The estimated fair value of the Company's debt approximated its carrying value as of December 31, 2015 and 2014 as the debt agreement bears interest based on prevailing variable market rates currently available and as such would be categorized as a Level 2 in the fair value hierarchy as defined in Note 5.

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Roadrunner Transportation Systems, Inc. and Subsidiaries
Notes to Consolidated Financial Statements — (Continued)

Revenue Recognition

TL revenue is recorded when all of the following have occurred: an agreement of sale exists; pricing is fixed or determinable; delivery has occurred; the Company's obligation to fulfill a transaction is complete; and collection of revenue is reasonably assured. This occurs when the Company completes the delivery of a shipment or the service has been fulfilled.

LTL revenue is recorded when all of the following have occurred: an agreement of sale exists; pricing is fixed or determinable; and collection of revenue is reasonably assured. The Company recognizes revenue based on a percentage of services completed for freight in-transit as of the balance sheet date.

Global Solutions revenue is recorded when the shipment has been delivered by a third-party carrier. Fees for services revenue is recognized when the services have been rendered. At the time of delivery or rendering of services, as applicable, the Company's obligation to fulfill a transaction is complete and collection of revenue is reasonably assured. The Company offers volume discounts to certain customers. Revenue is reduced as discounts are earned. In some instances, the Company performs multiple services. Typically separate fees are quoted and recognized as revenue when services are rendered. Occasionally, customers request an all-inclusive "door-to-door" fee for a set of services and revenue is allocated to the elements and recognized as each service is completed.

The Company typically recognizes revenue on a gross basis, as opposed to a net basis, because it bears the risks and benefits associated with revenue-generated activities by, among other things, (1) acting as a principal in the transaction, (2) establishing prices, (3) managing all aspects of the shipping process, and (4) taking the risk of loss for collection, delivery, and returns. Certain Global Solutions transactions to provide specific services are recorded at the net amount charged to the client due to the following factors: (A) the Company does not have latitude in establishing pricing and (B) the Company does not bear the risk of loss for delivery and returns; these items are the risk of the carrier.

Insurance

The Company uses a combination of purchased insurance and self-insurance programs to provide for the cost of auto liability, general liability, cargo damage, workers' compensation claims, and benefits paid under employee health care programs. Insurance reserves are established for estimates of the loss that the Company will ultimately incur on reported claims, as well as estimates of claims that have been incurred but not yet reported.

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 liability associated with claims incurred as of the balance sheet date, including claims not reported. The Company believes these methods are appropriate for measuring these self-insurance accruals.

Lease Purchase Guarantee

In connection with leases of certain equipment used exclusively for the Company, the Company has a guarantee to perform in the event of default by the driver. The Company estimates the costs associated with the guarantee by estimating the default rate at the inception of the lease. The Company records the liability and a corresponding asset, which is subsequently amortized over the life of the lease.

New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2014-09 (ASU 2014-09) which was updated in August 2015 by Accounting Standards Update No. 2015-14, Revenue from Contracts with Customers (Topic 606), which is effective for the Company in 2018. The core principle of the guidance is that an entity should recognize revenue to depict 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 Company is in the process of evaluating the guidance in this Accounting Standards Update and has not yet determined if the adoption of this guidance will have a material impact on the Company's consolidated financial statements.

In April 2015, the FASB issued ASU 2015-03, Interest - Imputation of Interest (Subtopic 835-30), which is effective for the Company in 2016 and must be applied retrospectively for all periods presented. This guidance simplifies the presentation of debt issuance costs. Under the revised Accounting Standard, the Company would be required to present debt issuance costs related to a recognized debt liability in the balance sheet as a direct deduction from the carrying amount of that debt liability. Amortization of the debt issuance costs should be reported as interest expense. The Accounting Standards Update does not affect the recognition and measurement for debt issuance costs. As noted above, the Company adopted ASU 2015-03 in January 2016.

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Roadrunner Transportation Systems, Inc. and Subsidiaries
Notes to Consolidated Financial Statements — (Continued)

In April 2015, the FASB issued Accounting Standards Update No. 2015-05, Intangibles-Goodwill and Other - Internal-Use Software (Subtopic 350-40), which is effective for the Company in 2016 and can be applied prospectively to all arrangements entered into or materially modified after the effective date or retrospectively. This update provides guidance to help companies evaluate the accounting for fees paid by a customer in a cloud computing arrangement such as software as a service, infrastructure as a service, or other hosting arrangements. If a cloud computing arrangement includes a license to internal-use software, then the customer should account for the software license consistent with the acquisition of other software licenses. If a cloud computing arrangement does not include a software license, the customer should account for the arrangement as a service contract. The Company is in the process of evaluating the guidance and has not yet determined if the adoption of this guidance will have a material impact on the Company's consolidated financial statements.

In September 2015, the FASB issued Accounting Standards Update No. 2015-16, Simplifying the Accounting Measurement-Period Adjustments (Topic 805), which is effective for the Company in 2016. The amendments eliminate the requirement to retrospectively account for measurement period adjustments. The acquirer must record, in the period identified, the effect on earnings of changes in depreciation, amortization, or other income effects, if any, as a result of the changes to the provisional amounts, calculated as if the accounting had been completed as of the acquisition date. The acquirer must present separately on the face of the income statement, or disclose in the notes, the portion of the amount recorded in the current-period earnings by line item that would have been recorded in previous reporting periods if the adjustment had been recognized as of the acquisition date. Adoption of the revised Accounting Standard will require some additional disclosures in the footnotes to the consolidated financial statements.

In November 2015, the FASB issued Accounting Standards Update no. 2015-17, Balance Sheet Classification of Deferred Taxes (Topic 740), which is effective for the Company in 2017. The amendments in this update require that deferred tax liabilities and assets be classified as noncurrent in the statement of financial position. The current requirement that deferred tax liabilities and assets of a tax-paying component of an entity be offset and presented as a single amount is not affected by the amendment. The amendments may either be applied prospectively or retrospectively. The Company is in the process of evaluating the guidance and has not yet determined if the adoption of this guidance will have a material impact on the Company's consolidated financial statements.

2. Property and Equipment

Property and equipment consisted of the following as of December 31 (in thousands):

	2015	2014
Land	\$4,721	\$3,373
Buildings and leasehold improvements	17,553	12,567
Computer equipment and software	40,683	29,239
Office equipment, furniture, and fixtures	4,259	5,545
Dock, warehouse, and other equipment	9,815	8,279
Tractors and trailers	156,953	117,798
Aircraft fleet and spare parts	26,160	18,672
Property and equipment, gross	260,144	195,473
Less: Accumulated depreciation	64,780	45,077
Property and equipment, net	\$195,364	\$150,396

Depreciation expense was \$23.2 million, \$18.4 million, and \$12.5 million for the years ended December 31, 2015, 2014, and 2013, respectively.

3. Acquisitions

On April 30, 2013, the Company acquired all of the outstanding capital stock and the Charleston, South Carolina property of Wando Trucking, Inc. ("Wando Trucking") for the purpose of expanding its current market presence in the TL segment. Cash consideration paid was \$9.0 million. The acquisition was financed with borrowings under the Company's credit facility.

On April 30, 2013, the Company also acquired all of the outstanding capital stock of Adrian Carriers, Inc. and C.B.A. Container Sales, Ltd. (collectively, “Adrian Carriers”) for the purpose of expanding its current market presence in the Global Solutions segment. Cash consideration paid was \$14.3 million. The acquisition was financed with borrowings under the Company's

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Roadrunner Transportation Systems, Inc. and Subsidiaries
Notes to Consolidated Financial Statements — (Continued)

credit facility. The Adrian Carriers purchase agreement called for contingent consideration in the form of a contingent purchase obligation capped at \$6.5 million. The former owners of Adrian Carriers were entitled to receive a payment equal to the amount by which Adrian Carrier's operating income before amortization, as defined in the purchase agreement, exceeded \$2.3 million for the years ending April 30, 2014, 2015, 2016, and 2017. Approximately \$4.3 million was recorded as a contingent purchase obligation on the opening balance sheet.

On July 25, 2013, the Company acquired all of the outstanding membership interests of Marisol International, LLC ("Marisol") for the purpose of expanding its current market presence in the Global Solutions segment. Cash consideration paid was \$66.0 million. The acquisition was financed with borrowings under the Company's credit facility. The Marisol purchase agreement called for contingent consideration in the form of a contingent purchase obligation capped at \$2.5 million. The former owners of Marisol were entitled to receive a payment equal to the amount by which Marisol's operating income before depreciation and amortization, as defined in the purchase agreement, exceeded \$7.8 million for the years ending July 31, 2014 and 2015. No amount was recorded as a contingent purchase obligation on the opening balance sheet.

On August 15, 2013, the Company acquired certain assets of the Southeast drayage division of Transportation Corporation of America, Inc. ("TA Drayage") for the purpose of expanding its current market presence in the TL segment. Cash consideration paid was \$1.2 million. The acquisition was financed with cash on-hand.

On September 11, 2013, the Company acquired all of the outstanding membership interests of G.W. Palmer Logistics, LLC ("G.W. Palmer") for the purpose of expanding its current market presence in the TL segment. Cash consideration paid was \$2.5 million. The acquisition was financed with borrowings under the Company's credit facility. The G.W. Palmer purchase agreement called for contingent consideration in the form of a contingent purchase obligation capped at \$2.8 million. The former owners of G.W. Palmer were entitled to receive an initial payment, not to exceed \$0.7 million, for achieving operating income before amortization in excess of \$0.9 million for the period from the closing date through December 31, 2013, as defined in the purchase agreement, and a payment equal to the amount by which G.W. Palmer's operating income before amortization, as defined in the purchase agreement, exceeded \$1.0 million for the years ending December 31, 2014, 2015, 2016, and 2017. No amount was recorded as a contingent purchase obligation on the opening balance sheet.

On September 18, 2013, the Company acquired substantially all of the assets of YES Trans, Inc. ("YES Trans") for the purpose of expanding its current market presence in the TL segment. Cash consideration paid was \$1.2 million. The acquisition was financed with cash on-hand. The YES Trans purchase agreement called for contingent consideration in the form of a contingent purchase obligation capped at \$1.1 million. The former owners of YES Trans were entitled to receive a payment equal to the amount by which YES Trans' operating income, as defined in the purchase agreement, exceeded \$0.2 million for the years ending December 31, 2014, 2015, 2016, and 2017. No amount was recorded as a contingent purchase obligation on the opening balance sheet.

On February 24, 2014, the Company acquired all of the outstanding capital stock of Rich Logistics and Everett Transportation Inc. and certain assets of Keith Everett (collectively, "Rich Logistics") for the purpose of expanding its current market presence in the TL segment. Cash consideration paid was \$46.5 million. The acquisition was financed with borrowings under the Company's credit facility.

On March 14, 2014, the Company acquired all of the outstanding capital stock of Unitrans, Inc. ("Unitrans") for the purpose of expanding its current market presence in the Global Solutions segment. Cash consideration paid was \$53.3 million. The acquisition was financed with borrowings under the Company's credit facility.

On July 18, 2014, the Company acquired all of the outstanding capital stock of ISI Acquisition Corp. (which wholly owns Integrated Services, Inc. and ISI Logistics Inc.) and ISI Logistics South, Inc. (collectively, "ISI") for the purpose of expanding its current market presence in the TL segment. Cash consideration paid was \$13.0 million. The acquisition was financed with borrowings under the Company's credit facility.

On August 27, 2014, the Company acquired all of the outstanding capital stock of Active Aero Group Holdings, Inc. ("Active Aero") for the purpose of expanding its presence within the TL segment. Cash consideration paid was \$118.1 million. The acquisition was financed with borrowings under the Company's credit facility.

On July 28, 2015, the Company acquired all of the outstanding partnership interests of Stagecoach Cartage and Distribution LP ("Stagecoach") for the purpose of expanding its presence within the TL segment. Cash consideration paid was \$32.3 million. The acquisition was financed with borrowings under the Company's credit facility. The Stagecoach purchase agreement calls for contingent consideration in the form of a contingent purchase obligation capped at \$5.0 million. The former owners of Stagecoach

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Notes to Consolidated Financial Statements — (Continued)

are entitled to receive a payment equal to the amount by which Stagecoach's operating income before depreciation and amortization, as defined in the purchase agreement, exceeds \$7.0 million for the twelve month periods ending July 31, 2016, 2017, 2018, and 2019. Approximately \$4.1 million was recorded as a contingent purchase obligation on the opening balance sheet.

The results of operations and financial condition of these acquisitions have been included in the Company's consolidated financial statements since their acquisition dates. The acquisition of Stagecoach is considered immaterial. The acquisitions of Rich Logistics, Unitrans, ISI, and Active Aero (collectively, "2014 acquisitions") are considered individually immaterial, but material in the aggregate. The acquisitions of Wando Trucking, Adrian Carriers, Marisol, TA Drayage, G.W Palmer, and YES Trans (collectively, "2013 acquisitions") are considered individually immaterial, but material in the aggregate.

The following table summarizes the allocation of the purchase price paid to the fair value of the net assets for the 2014 and 2013 acquisitions, in the aggregate (in thousands):

	2014 Acquisitions	2013 Acquisitions
Accounts receivable	\$ 69,857	\$ 27,892
Other current assets	9,335	921
Property and equipment	39,604	14,392
Goodwill	146,279	77,980
Customer relationship intangible assets	54,347	19,727
Other noncurrent assets	—	12
Accounts payable and other liabilities	(88,517)	(40,276)
Total	\$ 230,905	\$ 100,648

The goodwill for the acquisitions, in the aggregate, is a result of acquiring and retaining the existing workforces and expected synergies from integrating the operations into the Company. Goodwill of \$1.5 million associated with the asset purchases in 2013 will be deductible for tax purposes while the remaining goodwill will not be deductible for tax purposes. Purchase accounting is considered final for the 2013 and 2014 acquisitions. Purchase accounting is considered final for the Stagecoach acquisition except for deferred taxes, goodwill, and intangible assets, as final information was not available as of December 31, 2015. Measurement period adjustments related to certain 2013 acquisitions were recorded prospectively as they were not considered material to the Company's consolidated financial statements as of December 31, 2013. These measurement period adjustments from previously recorded opening balance sheets related primarily to fair value measurement changes in acquired deferred tax assets and liabilities. From the dates of acquisition through December 31, 2013, the 2013 acquisitions contributed revenues of \$84.3 million and net income of \$3.5 million. The following supplemental unaudited pro forma financial information of the Company for the year ended December 31, 2013 includes the results of operations for the 2013 acquisitions, in the aggregate, as if the acquisitions had been completed on January 1, 2012 (in thousands):

Year Ended	
December 31,	
2013	
Revenues	\$ 1,466,405
Net income	\$ 46,061

Roadrunner Transportation Systems, Inc. and Subsidiaries
Notes to Consolidated Financial Statements — (Continued)

From the dates of acquisition through December 31, 2014, the 2014 acquisitions contributed revenues of \$331.7 million and net income of \$16.4 million. The following supplemental unaudited pro forma financial information of the Company for the years ended December 31, 2014 and 2013 includes the results of operations for the 2014 acquisitions, in the aggregate, as if the acquisitions had been completed on January 1, 2013 (in thousands):

	Year Ended	
	December 31,	
	2014	2013
Revenues	\$2,103,346	\$1,781,305
Net income	\$40,514	\$54,367

The supplemental unaudited pro forma financial information above is presented for information purposes only. It is not necessarily indicative of what the Company's financial position or results of operations actually would have been had the Company completed the acquisitions at the dates indicated, nor is it intended to project the future financial position or operating results of the combined company.

4. Goodwill and Intangible Assets

Goodwill represents the excess of the purchase price of acquisitions over the estimated fair value of the net assets acquired. The Company evaluates goodwill and intangible assets for impairment at least annually or more frequently whenever events or changes in circumstances indicate that the asset may be impaired, or in the case of goodwill, the fair value of the reporting unit is below its carrying amount. The analysis of potential impairment of goodwill requires a two-step approach that begins with the estimation of the fair value at the reporting unit level. The Company has four reporting units for its three segments. The Company has one reporting unit for its LTL segment, one reporting unit for its TL segment, and two reporting units for its Global Solutions segment.

For purposes of the Company's impairment analysis, the fair value of the Company's reporting units is estimated based upon an average of an income fair value approach and a market fair value approach, both of which incorporate numerous assumptions and estimates such as company forecasts, discount rates, and growth rates, among others. The determination of fair value requires considerable judgment and is highly sensitive to changes in the underlying assumptions. The Company completed the annual impairment analysis as of July 1, 2015, and determined no impairment had occurred, as each reporting unit's calculated fair value exceeded the carrying value.

Subsequent to the Company's annual impairment analysis as of July 1, 2015, a decline in revenues during the quarter ended September 30, 2015 resulted in a triggering event that required the Company to perform an interim goodwill impairment analysis of all reporting units as of September 30, 2015. The Company completed its interim impairment analysis and determined no impairment had occurred, as each reporting unit's calculated fair value exceeded the carrying value. As a result, there is no goodwill impairment for any of the periods presented in the Company's consolidated financial statements.

As indicated in Note 1, in connection with the change in segments, the Company reallocated goodwill of \$77.5 million between the TL and Global Solutions segments as of December 31, 2013. Additionally, the goodwill balances have been adjusted for the effects of the restatement discussed in Note 15. The following is a rollforward of goodwill from December 31, 2013 to December 31, 2015 by segment (in thousands):

	TL	LTL	Global Solutions	Total
Goodwill balance as of December 31, 2013	\$134,755	\$197,312	\$187,383	\$519,450
Adjustments to goodwill for purchase accounting	(1,416)	—	364	(1,052)
Goodwill related to acquisitions	103,246	—	43,033	146,279
Goodwill balance as of December 31, 2014	\$236,585	\$197,312	230,780	664,677
Adjustments to goodwill for purchase accounting	984	—	(222)	762
Goodwill related to acquisitions	17,371	—	—	17,371
Goodwill balance as of December 31, 2015	\$254,940	\$197,312	\$230,558	\$682,810

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Notes to Consolidated Financial Statements — (Continued)

Intangible assets consist primarily of customer relationships acquired from business acquisitions. As indicated in Note 1, in connection with the change in segments, the Company reallocated net intangibles of \$2.7 million and \$3.6 million between the TL and Global Solutions segments as of December 31, 2015 and 2014, respectively. Additionally, the intangible asset balances have been adjusted for the effects of the restatement discussed in Note 15. Intangible assets were as follows as of December 31 (in thousands):

	2015			2014		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value	Gross Carrying Amount	Accumulated Amortization	Net Carrying Value
TL	\$57,468	\$ (9,714)	\$ 47,754	\$52,268	\$ (5,093)	\$ 47,175
LTL	1,358	(1,017)	341	1,358	(950)	408
Global Solutions	38,427	(10,828)	27,599	38,427	(7,132)	31,295
Total intangible assets	\$97,253	\$ (21,559)	\$ 75,694	\$92,053	\$ (13,175)	\$ 78,878

The customer relationships intangible assets are amortized over their estimated five to 12 year useful lives.

Amortization expense was \$8.4 million, \$5.9 million, and \$2.9 million for the years ended December 31, 2015, 2014, and 2013, respectively. Estimated amortization expense for each of the next five years based on intangible assets as of December 31, 2015 is as follows (in thousands):

	Amount
Year Ending:	
2016	\$8,614
2017	8,494
2018	8,230
2019	7,926
2020	7,554
Thereafter	34,876
Total	\$75,694

5. Fair Value Measurement

Accounting guidance on fair value measurements for certain financial assets and liabilities requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

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

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

Level 3 — Unobservable inputs reflecting the reporting entity's own assumptions or external inputs from inactive markets.

A financial asset or liability's classification within the hierarchy is determined based on the lowest level of input that is significant to the fair value measurement.

Certain of the Company's acquisitions contain contingent purchase obligations as described in Note 3. The contingent purchase obligation related to acquisitions is measured at fair value on a recurring basis, according to the valuation techniques the Company uses to determine fair value. Changes to the fair value are recognized as income or expense within other operating expenses in the consolidated statements of operations. In measuring the fair value of the contingent purchase obligation, the Company used an income approach that considers the expected future earnings of the acquired businesses, for the varying performance periods, based on historical performance and the resulting contingent payments, discounted at a risk-adjusted rate.

Roadrunner Transportation Systems, Inc. and Subsidiaries
Notes to Consolidated Financial Statements — (Continued)

The following table presents information, as of December 31, 2015 and 2014, about the Company's financial liabilities (in thousands):

	December 31, 2015		
	Level 1	Level 2	Fair Value
Contingent purchase obligation related to acquisitions	\$—	—\$4,913	\$4,913
Total liabilities at fair value	\$—	—\$4,913	\$4,913

	December 31, 2014		
	Level 1	Level 2	Fair Value
Contingent purchase obligation related to acquisitions	\$—	—\$6,842	\$6,842
Total liabilities at fair value	\$—	—\$6,842	\$6,842

The table below sets forth a reconciliation of the Company's beginning and ending Level 3 financial liability balance for the three years ended December 31 (in thousands):

	2015	2014	2013
Balance, beginning of period	\$6,842	\$13,005	\$20,907
Contingent purchase obligation recorded on the opening balance sheet	4,114	—	4,288
Payment of contingent purchase obligations	(3,317)	(4,804)	(2,407)
Interest expense	205	363	660
Adjustments to contingent purchase obligations ⁽¹⁾	(2,931)	(1,722)	(10,443)
Balance, end of period	\$4,913	\$6,842	\$13,005

⁽¹⁾ Adjustments to contingent purchase obligations are reported in other operating expenses in the consolidated statements of operations.

6. Debt

Debt

As discussed in Note 1, the Company retrospectively adopted a new methodology for accounting for debt issuance costs, whereby debt issuance costs are presented as a direct reduction from the carrying amount of that debt liability.

Debt consisted of the following at December 31 (in thousands):

	2015	2014
Senior debt:		
Revolving credit facility	\$143,149	\$235,000
Term loans	296,250	195,000
Total debt	439,399	430,000
Less: Debt issuance costs	(6,569)	(6,055)
Total debt, net of debt issuance costs	432,830	423,945
Less: Current maturities	(432,830)	(423,945)
Total debt, net of current maturities	\$—	\$—

Maturities for each of the next five years based on debt as of December 31, 2015 are as follows (in thousands):

	Amount
Year Ending:	
2016	\$439,399
Total	\$439,399

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Notes to Consolidated Financial Statements — (Continued)

On July 9, 2014, the Company entered into a fifth amended and restated credit agreement with U.S. Bank National Association (“U.S. Bank”) and other lenders, which increased the revolving credit facility from \$200.0 million to \$350.0 million and the term loan from \$175.0 million to \$200.0 million. On September 24, 2015, the Company entered into a sixth amended and restated credit agreement (the “credit agreement”) with U.S. Bank and other lenders, which increased the revolving credit facility to \$400.0 million and the term loan to \$300.0 million. The credit facility matures on July 9, 2019. Principal on the term loan is due in quarterly installments of \$3.8 million. The Company categorizes the borrowings under the credit agreement as Level 2 in the fair value hierarchy as defined in Note 5. The carrying value of the Company's debt approximates fair value as the debt agreement bears interest based on prevailing variable market rates currently available. The credit agreement is collateralized by all assets of the Company and contains certain financial covenants, including a minimum fixed charge coverage ratio and a maximum cash flow leverage ratio. Additionally, the credit agreement contains negative covenants limiting, among other things, additional indebtedness, capital expenditures, transactions with affiliates, additional liens, sales of assets, dividends, investments, advances, prepayments of debt, mergers and acquisitions, and other matters customarily restricted in such agreements. The current debt agreement prohibits the Company from paying dividends without the consent of the lenders. Borrowings under the credit agreement bear interest at either (a) the Eurocurrency Rate (as defined in the credit agreement), plus an applicable margin in the range of 2.0% to 3.3%, or (b) the Base Rate (as defined in the credit agreement), plus an applicable margin in the range of 1.0% to 2.3%. The revolving credit facility also provides for the issuance of up to \$40.0 million in letters of credit. As of December 31, 2015, the Company had outstanding letters of credit totaling \$22.5 million. As of December 31, 2015, total availability under the revolving credit facility was \$234.3 million and the average interest rate on the credit agreement was 3.5%. After considering the effects of the restatement, the Company was not in compliance with its financial covenants as of December 31, 2015 or December 31, 2014. Accordingly, the senior debt has been classified as current on its consolidated balance sheets.

Capital Lease Obligations

The Company has a building and certain equipment classified as capital leases. As of December 31, 2015, the gross property and equipment value of capital lease assets was \$16.5 million. The following is a schedule of future minimum lease payments under the capital leases with the present value of the net minimum lease payments as of December 31, 2015 (in thousands):

	Amount
Year Ending:	
2016	\$5,881
2017	3,448
2018	2,513
2019	1,869
2020	204
Thereafter	21
Total minimum lease payments	13,936
Less: amount representing interest	(1,472)
Present value of net minimum lease payments ⁽¹⁾	\$12,464

⁽¹⁾ Reflected in the consolidated balance sheets as \$5.2 million of accrued expenses and other current liabilities and \$7.3 million of other long-term liabilities.

7. Stockholders' Investment

Common Stock

The Company's common stock has voting rights — one vote for each share of common stock. In March 2007, the Company entered into a second amended and restated stockholders' agreement. The agreement provides that, any time after the Company is eligible to register its common stock on a Form S-3 registration statement under the Securities Act, certain of the Company's stockholders may request registration under the Securities Act of all or any portion of their shares of common stock. These stockholders are limited to a total of two of such registrations. In addition, if the

Company proposes to file a registration statement under the Securities Act for any underwritten sale of shares of any of its securities, certain of the Company's stockholders may request that the Company include in such registration the shares of common stock held by them on the same terms and conditions as the securities otherwise being sold in such registration.

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Roadrunner Transportation Systems, Inc. and Subsidiaries
Notes to Consolidated Financial Statements — (Continued)

In December 2012, the Company issued and sold shares of its common stock. Additionally, the Company granted the underwriters an option to purchase up to 525,000 additional shares at the public offering price less the underwriting discount to cover any over-allotments. In January 2013, the underwriters exercised in full their over-allotment option to purchase an additional 525,000 shares of common stock at a price of \$17.25 per share to the public. The sale of the additional shares resulted in net proceeds to the Company of approximately \$8.5 million after deducting the underwriting discount and estimated expenses.

In August 2013, the Company issued 1.5 million shares of its common stock at a public offering price of \$27.00 per share for aggregate offering proceeds of \$38.4 million, net of \$2.3 million of underwriting discounts and commissions and expenses. In connection with the public offering, the Company incurred additional expenses of \$0.3 million.

In August 2015, in a secondary offering, affiliates of HCI Equity Partners, L.L.C. sold 2.0 million shares of common stock. The Company did not issue any shares in the offering and did not receive any proceeds from the sale of the shares; however, the Company incurred costs of \$0.2 million.

Warrants to Acquire Common Stock

In connection with a business combination entered in 2007, the Company issued to existing Sargent Transportation Group, Inc. stockholders warrants that, upon the closing of the Company's initial public offering, became the right to acquire 2,269,263 shares of common stock at an exercise price of \$13.39 per share. The warrants are exercisable at the option of the holder any time prior to March 13, 2017. No warrants were exercised during the years ended December 31, 2015 or 2014.

On December 11, 2009, in connection with financing the acquisition of Bullet Freight Systems, Inc. ("Bullet"), the Company issued warrants that, upon the closing of the Company's initial public offering, became the right to acquire 1,746,971 shares of common stock at an exercise price of \$8.37 per share. The warrants are exercisable at the option of the holder any time prior to December 11, 2017. No warrants were exercised during the years ended December 31, 2015 or 2014.

The \$3.0 million fair value of the warrants at the date of issuance has been reflected as a component of additional paid-in capital in stockholders' investment in the accompanying consolidated balance sheets.

8. Share-Based Compensation

The Company's 2010 Incentive Compensation Plan (the "2010 Plan") allows for the issuance of 2,500,000 shares of common stock. The 2010 Plan provides for the grant of stock options, restricted stock units, and other awards to the Company's employees and directors.

In 2015, the Company added performance restricted stock units to its share-based compensation plan. Under the new program, performance restricted stock units were awarded to eligible employees based on pre-established financial performance goals. No performance restricted stock unit awards were earned as of December 31, 2015.

The Company awards restricted stock units to certain key employees and independent directors. The restricted stock units vest ratably over a four year service period from the grant date. Restricted stock units are valued based on the market price on the date of the grant and are amortized on a straight-line basis over the vesting period. Compensation expense for restricted stock units is based on fair market value at the grant date.

Roadrunner Transportation Systems, Inc. and Subsidiaries
Notes to Consolidated Financial Statements — (Continued)

The following table summarizes the nonvested restricted stock units as of December 31, 2015 and 2014:

	Number of Restricted Stock Units	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Term (Years)
Nonvested as of December 31, 2013	279,471	\$ 21.76	2.8
Granted	169,300	22.89	
Vested	(87,061)	20.30	
Forfeitures	(29,574)	22.25	
Nonvested as of December 31, 2014	332,136	\$ 22.76	2.5
Granted	19,051	23.60	
Vested	(111,180)	21.34	
Forfeitures	(31,232)	23.17	
Nonvested as of December 31, 2015	208,775	\$ 23.75	1.7

Unrecognized share-based compensation expense was \$3.1 million and \$5.7 million for the years ended December 31, 2015 and 2014, respectively.

The Company previously maintained a Key Employee Equity Plan (“Equity Plan”), a stock-based compensation plan that permitted the grant of stock options to Company employees and directors. Stock options under the Equity Plan were granted with an exercise price equal to or in excess of the fair value of the Company’s stock on the date of grant. Such options vest ratably over a two or four year service period and are exercisable ten years from the date of grant, but only to the extent vested as specified in each option agreement. The Company no longer issues awards under this plan.

Group Transportation Services (“GTS”) previously maintained a Key Employee Equity Plan (“GTS Plan”), which permitted the grant of stock options to employees and directors. Stock options under the GTS Plan were granted with an exercise price equal to or in excess of the fair value of GTS’ stock on the date of grant. Such options vest ratably over a two or four year service period and are exercisable ten years from the date of grant, but only to the extent vested as specified in each option agreement. In connection with the Company’s merger with GTS effective upon the IPO, all options granted pursuant to the GTS Plan outstanding at the effective time of the merger became options to purchase shares of the Company’s common stock. The Company no longer issues awards under this plan.

No options were granted by the Company in 2015, 2014, or 2013. Stock-based compensation expense was \$2.5 million, \$2.3 million, and \$1.5 million for the years ended December 31, 2015, 2014, and 2013, respectively. The related estimated income tax benefit recognized in the accompanying consolidated statements of operations, net of estimated forfeitures, was \$0.9 million, \$0.9 million, and \$0.6 million, respectively, for the years ended December 31, 2015, 2014, and 2013.

Roadrunner Transportation Systems, Inc. and Subsidiaries
Notes to Consolidated Financial Statements — (Continued)

A summary of the option activity under the equity plans for the years ended December 31, 2015 and 2014 is as follows:

	Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
				(In thousands)
Outstanding as of December 31, 2013	855,817	\$ 13.67	3.0	\$ 11,365
Granted	—	—		
Exercised	(300,716)	11.35		
Forfeited	—	—		
Outstanding as of December 31, 2014	555,101	\$ 14.92	1.7	\$ 4,680
Granted	—	—		
Exercised	(265,734)	15.09		
Forfeited	—	—		
Outstanding as of December 31, 2015	289,367	\$ 14.77	0.7	\$ —

All outstanding options are non-qualified options. There were 289,367, 555,101, and 855,817 options exercisable as of December 31, 2015, 2014, and 2013, respectively. As of December 31, 2015, for exercisable options, the weighted-average exercise price was \$14.77, the weighted average remaining contractual term was 0.7 years, and there was no estimated aggregate intrinsic value per share. As of December 31, 2015, all options were vested.

9. Earnings Per Share

Basic earnings per common share is calculated by dividing net income by the weighted average number of common stock outstanding during the period. Diluted earnings per share is calculated by dividing net income by the weighted average common stock outstanding plus stock equivalents that would arise from the assumed exercise of stock options and conversion of warrants using the treasury stock method.

The Company had stock options and warrants outstanding of 2,499,606 as of December 31, 2015 that were not included in the computation of diluted earnings per share because they were not assumed to be exercised under the treasury stock method or because they were anti-dilutive. As of December 31, 2014 and 2013, all stock options and warrants were included in the computation of diluted earnings per share. The following table reconciles basic weighted average common stock outstanding to diluted weighted average common stock outstanding (in thousands):

	Year Ended December 31,		
	2015	2014	2013
Basic weighted average common stock outstanding	38,179	37,852	36,133
Effect of dilutive securities:			
Employee stock options	72	169	424
Warrants	885	1,183	1,285
Restricted Stock Units	44	55	71
Diluted weighted average common stock outstanding	39,180	39,259	37,913

Roadrunner Transportation Systems, Inc. and Subsidiaries
Notes to Consolidated Financial Statements — (Continued)

10. Income Taxes

The components of the Company's provision for income taxes were as follows (in thousands):

	Year Ended December 31,		
	2015	2014	2013
Current:			
Federal	\$10,931	\$14,922	\$16,490
Foreign, state and local	3,627	2,854	2,682
Deferred:			
Federal	1,874	2,388	5,160
Foreign, state and local	880	79	717
Provision for income taxes	\$17,312	\$20,243	\$25,049

The Company's income tax provision varied from the amounts calculated by applying the U.S. statutory income tax rate to the pretax income as shown in the following reconciliations (in thousands):

	Year Ended December 31,		
	2015	2014	2013
Statutory federal rate	\$15,026	\$18,534	\$24,839
Meals and entertainment	287	247	227
State income taxes — net of federal benefit	1,294	1,348	2,037
Contingent purchase obligation adjustments	(955)	(408)	(2,736)
Change in valuation allowance	99	126	(3)
Other	1,561	396	685
Total	\$17,312	\$20,243	\$25,049

The Company recorded assets for refundable current federal and state income taxes of \$20.7 million and \$13.6 million at December 31, 2015 and 2014, respectively. These are classified in the consolidated balance sheets as income tax receivable.

The tax rate effects of temporary differences that give rise to significant elements of deferred tax assets and deferred tax liabilities as of December 31 were as follows (in thousands):

	2015	2014
Current deferred income tax assets:		
Accounts receivable	\$5,701	\$6,765
Accrued expenses and other current liabilities	15,190	10,738
Total	\$20,891	\$17,503
Noncurrent deferred income tax assets (liabilities):		
Net operating losses	\$726	\$726
Goodwill and intangible assets	(64,747)	(63,777)
Property and equipment	(41,187)	(33,508)
Deferred compensation	449	593
Total	\$(104,759)	\$(95,966)
Valuation allowance	(329)	(229)
Total, net of valuation allowance	\$(105,088)	\$(96,195)

The Company had \$21.5 million and \$19.0 million of current deferred tax assets and \$0.6 million and \$1.5 million of current deferred tax liabilities as of December 31, 2015 and 2014, respectively. The net current deferred income tax assets of \$20.9 million as of December 31, 2015 and \$17.5 million as of December 31, 2014 are classified as deferred income taxes in the consolidated

Roadrunner Transportation Systems, Inc. and Subsidiaries
Notes to Consolidated Financial Statements — (Continued)

balance sheet. The Company had \$0.8 million and \$1.1 million of noncurrent deferred tax assets (net of valuation allowance) and \$105.9 million and \$97.3 million of noncurrent deferred tax liabilities as of December 31, 2015 and 2014, respectively. The net noncurrent deferred income tax liability of \$105.1 million as of December 31, 2015 and \$96.2 million as of December 31, 2014 (net of valuation allowance) are classified in the consolidated balance sheets as long-term deferred tax liabilities.

Management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the existing deferred tax assets, including through reversals of existing cumulative temporary differences. On the basis of the Company's evaluation, the Company has recorded a valuation allowance of \$0.3 million and \$0.2 million as of December 31, 2015 and 2014, respectively, primarily related to net operating loss carryforwards and other deferred tax assets that will not "more likely than not" be realized in the future on separately filed state and local tax returns. Federal net operating loss carryforwards are subject to annual Section 382 limitations and expire between 2030 and 2033. State net operating loss carryforwards expire between 2019 and 2035.

There were no unrecognized tax benefits recorded as of December 31, 2015 and 2014. It is the Company's policy to recognize interest and penalties related to unrecognized tax benefits within the income tax expense line in the accompanying consolidated statements of operations. Income tax related interest and penalties were immaterial as of December 31, 2015 and 2014. The Company is subject to federal tax examinations for all tax years subsequent to December 31, 2011, and state tax examinations for tax years subsequent to December 31, 2010. Although the pre-2012 and pre-2011 years are no longer subject to examinations by the Internal Revenue Service ("IRS") and various state taxing authorities, respectively, certain state net operating loss carryforwards generated in those years were used by the Company during 2014 and 2015 and may still be adjusted upon examination by state taxing authorities if they were used after 2010 or will be used in a future period.

11. Guarantees

The Company provides a guarantee for a portion of the value of certain independent contractors' ("IC") leased tractors. The guarantees expire at various dates through 2020. The potential maximum exposure under these lease guarantees was approximately \$17.4 million as of December 31, 2015. Upon an IC default, the Company has the option to purchase the tractor or return the tractor to the leasing company if the residual value is greater than the Company's guarantee. Alternatively, the Company can contract another IC to assume the lease. The Company estimated the fair value of its liability under this on-going guarantee to be \$4.7 million and \$2.0 million, which is recorded in accrued expenses and other current liabilities, as of December 31, 2015 and December 31, 2014, respectively.

During the third quarter of 2015 the Company experienced an acceleration of its IC recruiting costs, guarantee payments, and reseating and reconditioning costs associated with these lease purchase programs. Accordingly, the Company decided to terminate certain lease purchase guarantee programs in favor of new lease purchase programs that do not involve a guarantee from the Company and utilize newer equipment under warranty. As of December 31, 2015, the Company recorded a loss reserve of \$1.3 million for the guarantee and reconditioning costs associated with the termination of certain lease purchase guarantee programs. The Company made payments for its guarantee of \$5.9 million for the year ended December 31, 2015. Payments made for the year ended December 31, 2014 were de minimis.

12. Commitments and Contingencies

Employee Benefit Plans

The Company sponsors defined contribution profit sharing plans for substantially all employees of the Company and its subsidiaries. The Company provides matching contributions on some of these plans. Total expense under these plans was \$2.8 million, \$2.3 million, and \$1.4 million for the years ended December 31, 2015, 2014, and 2013, respectively.

Operating Leases

The Company leases terminals, office space, trucks, trailers, and other equipment under noncancelable operating leases expiring on various dates through 2027. The Company incurred rent expense from operating leases of \$66.6

million, \$56.1 million, and \$29.0 million for the years ended December 31, 2015, 2014, and 2013, respectively. Aggregate future minimum lease payments under noncancelable operating leases with an initial term in excess of one year were as follows as of December 31, 2015 (in thousands):

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Year Ending: Amount

2016	\$48,117
2017	39,236
2018	32,059
2019	17,813
2020	11,402
Thereafter	20,203

Contingencies

In the ordinary course of business, the Company is a defendant in several legal proceedings arising out of the conduct of its business. These proceedings include claims for property damage or personal injury incurred in connection with the Company's services. Although there can be no assurance as to the ultimate disposition of these proceedings, the Company does not believe, based upon the information available at this time, that these property damage or personal injury claims, in the aggregate, will have a material impact on its consolidated financial statements. The Company is self-insured up to \$1,000,000 for workers compensation claims. The Company maintains liability insurance coverage for claims in excess of \$500,000 per occurrence and cargo coverage for claims in excess of \$100,000 per occurrence. The Company believes it has adequate insurance to cover losses in excess of the deductible amount. As of December 31, 2015 and December 31, 2014, the Company had reserves for estimated uninsured losses of \$25.9 million and \$18.9 million, respectively, included in accrued expenses and other current liabilities.

In addition to the legal proceedings described above, like many others in the transportation services industry, the Company is a defendant in five purported class-action lawsuits in California alleging violations of various California labor laws and one purported class-action lawsuit in Illinois alleging violations of the Illinois Wage Payment and Collection Act. The plaintiffs in each of these lawsuits seek to recover unspecified monetary damages and other items. In addition, the California Division of Labor Standards and Enforcement has brought administrative actions against the Company on behalf of seven individuals alleging that the Company violated California labor laws. Given the early stage of all of the proceedings described in this paragraph, the Company is not able to assess with certainty the outcome of these proceedings or the amount or range of potential damages or future payments associated with these proceedings at this time. The Company believes it has meritorious defenses to these actions and intends to defend these proceedings vigorously. However, any legal proceeding is subject to inherent uncertainties, and the Company cannot assure that the expenses associated with defending these actions or their resolution will not have a material adverse effect on its business, operating results, or financial condition.

13. Related Party Transactions

The Company has an advisory agreement with HCI Equity Management L.P. ("HCI") to pay transaction fees and an annual advisory fee of \$0.1 million. The Company paid an aggregate of \$0.9 million to HCI for services performed in connection with the sixth amended and restated credit agreement, advisory fees, and travel expenses during the year ended December 31, 2015. The Company paid an aggregate of \$0.8 million to HCI for services performed in connection with the fifth amended and restated credit agreement, advisory fees, and travel expenses during the year ended December 31, 2014.

As part of the acquisition of Bullet, certain existing stockholders and their affiliates received eight-year warrants that, upon the closing of the Company's initial public offering, became the right to acquire 1,388,620 shares of the Company's common stock. No warrants were exercised by affiliated parties during 2015 or 2014. There were 274,362 warrants outstanding as of December 31, 2015 and 2014.

The Company has a number of dedicated carriers that haul freight for the operating companies that are owned by employees of the operating companies. The Company paid an aggregate of \$5.6 million and \$5.0 million to these carriers during the years ended December 31, 2015 and 2014, respectively.

The Company has a number of facility leases with related parties and paid an aggregate of \$1.5 million and \$0.5 million under these leases during the years ended December 31, 2015 and 2014, respectively.

The Company leases certain equipment through leasing companies owned by related parties and paid an aggregate of \$0.2 million during the year ended December 31, 2015.

Roadrunner Transportation Systems, Inc. and Subsidiaries
Notes to Consolidated Financial Statements — (Continued)

14. Segment Reporting

The Company determines its 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 three segments: TL; LTL; and Global Solutions. As indicated in Note 1, the Company realigned two of its operating companies into different segments based on consideration of services provided and consistent with how the business is viewed by the chief operating decision maker. Segment disclosures as of and for the years ended December 31, 2015, 2014 and 2013 have been retrospectively revised to reflect this change in the segments.

These 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 revenues and operating income. Accordingly, interest expense and other non-operating items are not reported in segment results. In addition, the Company has disclosed corporate, which is not a segment and includes lease purchase guarantee reserve expenses, acquisition transaction expenses, corporate salaries, and share-based compensation expense.

The following table reflects certain financial data of the Company's segments, which has been adjusted for the effects of the restatement described in Note 15 (in thousands):

	Year Ended December 31,		
	2015	2014	2013
Revenues:			
TL	\$1,128,390	\$943,055	\$587,371
LTL	515,328	577,175	558,971
Global Solutions	377,137	367,423	224,831
Eliminations	(28,689)	(15,183)	(9,763)
Total	\$1,992,166	\$1,872,470	\$1,361,410
Operating income:			
TL	\$48,717	\$42,187	\$31,486
LTL	15,438	17,929	34,222
Global Solutions	28,268	26,242	25,450
Corporate	(30,052)	(20,042)	(12,306)
Total operating income	62,371	66,316	78,852
Interest expense	19,439	13,363	7,883
Income before provision for income taxes	\$42,932	\$52,953	\$70,969
Depreciation and amortization:			
TL	\$22,587	\$15,285	\$9,074
LTL	2,801	2,964	3,009
Global Solutions	4,903	4,868	3,115
Corporate	1,335	1,137	246
Total	\$31,626	\$24,254	\$15,444
Capital expenditures ⁽¹⁾ :			
TL	\$48,527	\$32,525	\$21,575
LTL	11,367	5,147	4,254
Global Solutions	429	1,715	545
Corporate	2,078	2,588	2,993
Total	\$62,401	\$41,975	\$29,367

(1) The total capital expenditures for the year ended December 31, 2015 includes both the cash and non-cash portions as reflected in the Consolidated Statement of Cash Flows.

Roadrunner Transportation Systems, Inc. and Subsidiaries
Notes to Consolidated Financial Statements — (Continued)

	December 31,		
	2015	2014	2013
Total assets:			
TL	\$656,491	\$594,296	\$299,156
LTL	330,203	326,489	304,027
Global Solutions	317,453	330,559	254,449
Corporate	8,057	6,050	3,869
Eliminations ⁽¹⁾	(4,451)	(6,756)	(2,009)
Total	\$1,307,753	\$1,250,638	\$859,492

(1) Eliminations represents intercompany trade receivable balances between the three segments.

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Roadrunner Transportation Systems, Inc. and Subsidiaries
Notes to Consolidated Financial Statements — (Continued)

15. Restatement of Previously Issued Financial Statements

In November 2016, the Company commenced an internal investigation into certain accounting discrepancies at its Morgan Southern and Bruenger operating companies. Subsequently, an independent internal investigation was undertaken by the Audit Committee of the Board of Directors (the “Audit Committee”), with assistance from outside counsel and outside consultants to provide forensic and investigative support (the “Audit Committee Investigation”). The expanded Audit Committee Investigation included detailed reviews of financial records at other operating companies and at the Company's corporate headquarters. The Audit Committee Investigation identified material accounting errors that impacted substantially all financial statement line items and disclosures.

On January 27, 2017, the Audit Committee, as a result of the information obtained in connection with the ongoing internal investigation and after considering the recommendation of management, determined that previously issued (1) consolidated financial statements as of December 31, 2015 and 2014, and for the three years in the period ended December 31, 2015; (2) unaudited condensed consolidated financial statements for the quarterly periods in the years ended December 31, 2015 and 2014; and (3) the unaudited condensed consolidated financial statements for the quarterly periods ended March 31, 2016, June 30, 2016, and September 30, 2016, should no longer be relied upon due to the identification of material accounting errors. The restatement also affects periods prior to the year ended December 31, 2013, with the cumulative effect of the errors reflected in the adjustment to the January 1, 2013 opening stockholders' investment balance.

Based on the Audit Committee Investigation, current management determined that there were deficiencies in the design and/or execution of internal controls that constituted material weaknesses. Current management determined that structural and environmental factors, including the increased size and complexity arising from the acquisition of 25 non-public companies between February 2011 and September 2015, the inconsistency of the Company's accounting systems, policies and procedures, and management override of internal controls contributed to the material weaknesses and resulting material accounting errors. The Company's internal controls failed to prevent or were overridden by management in certain instances to allow recording accounting entries without appropriate support, recording accounting entries that were inconsistent with information known by management at the time, not communicating relevant information within the organization and, in some cases, withholding information from the Company's independent directors, Audit Committee, and independent auditors, which resulted in material accounting errors.

Accounting Adjustments

The following is a discussion of the significant accounting adjustments that were made to the Company's previously issued financial statements.

Receivables and Related Reserves

Trade Receivables and Allowance for Doubtful Accounts

The Company identified and corrected certain errors related to its accounting for trade receivables and related allowance for doubtful accounts that were misstated. In its original analysis, the Company did not consider all of the relevant information available with respect to the deteriorated aging and collection information available at the time its consolidated financial statements were previously issued, which resulted in an understatement of the allowance for doubtful accounts and other operating expenses. There were also instances in which a customer's receivables and the corresponding revenue were overstated for shipments that did not occur. Accounts receivable and allowance for doubtful accounts and the corresponding revenue and other operating expenses have been corrected in the restated consolidated financial statements.

The Company also corrected goodwill in the restated consolidated financial statements related to an allowance for doubtful accounts at the acquisition date.

Contractor Receivables and Related Reserves

The Company identified and corrected certain errors related to its accounting for contractor receivables and related reserves recorded as either contra liabilities or other assets. The Company determined gross contractor receivables were understated because amounts were reported as contra liabilities with no right of offset. The Company also noted

that contractor receivables were overstated and other operating expenses understated because the Company, in its original analysis, did not consider all of the relevant information available with respect to historical IC turnover or the collectibility of contractor receivables when a driver was no longer contracted by the Company. Contractor receivables and related reserves and the corresponding other operating expenses have been corrected in the restated consolidated financial statements.

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Roadrunner Transportation Systems, Inc. and Subsidiaries
Notes to Consolidated Financial Statements — (Continued)

Unrecorded Charges and Contingent Liabilities

Unrecorded Charges

The Company identified and corrected certain errors related to the overstatement of cash and prepaid expenses (including other receivables) and understatement of accounts payable and accrued expenses, which resulted in an understatement of the related other operating expenses. Errors in the cash accounts resulted from certain operating companies failing to complete their bank reconciliations on-time. Errors in the prepaid expense and other current assets, accounts payable, and accrued expense accounts resulted from not amortizing prepaid balances across relevant service periods, not considering collectibility of other receivables (excluding contractor receivables), and not recording expenses in the period incurred. Cash, prepaid expenses and other current assets, accounts payable, and accrued expenses and other current liabilities and the related other operating expenses have been corrected in the restated consolidated financial statements.

The Company determined that it did not properly establish an accrual for contractor or driver payables incurred but not paid at the acquisition date for one of its operating companies. It was also determined that subsequent accruals were also not established, thereby understating purchase transportation costs. Using actual payment data, the Company determined the accrual for its driver and contractor payables at the date of acquisition and at the end of each subsequent period. Additionally, the Company identified discrepancies between how certain operating companies were recording settlement deductions for ICs resulting in an overstatement of purchased transportation costs and an understatement of other operating expenses. The Company corrected the purchased transportation costs and other operating expenses in the restated consolidated financial statements.

The Company also corrected goodwill and intangible assets in the restated consolidated financial statements related to an incorrect allocation recorded at the acquisition date.

Lease Purchase Guarantee

The Company identified and corrected errors related to its accounting for the lease purchase guarantees it makes for its IC's that lease tractors from certain leasing companies. The Company previously underestimated the default rate under these leases, which resulted in an understatement of accrued expenses, the corresponding prepaid expense, and other operating expenses in subsequent periods. The Company corrected other operating expenses resulting from subsequent amortization of the prepaid expense and increased accrued expense and other liabilities in the restated consolidated financial statements.

Contingent Purchase Obligations

The Company identified and corrected errors related to its subsequent accounting for contingent purchase obligations related to certain acquisitions. The subsequent adjustments of the contingent purchase obligations were not based on management's best estimate or information available at the time the Company completed its analysis for each period resulting in the misstatement of other operating expenses in particular periods. The Company recorded adjustments to other operating expenses, accrued expenses and other current liabilities, and other long-term liabilities in the restated consolidated financial statements.

Insurance Reserves and Related Receivables

The Company identified and corrected certain errors related to its accounting for insurance reserves. The Company did not consider certain information available at the time its consolidated financial statements were previously issued, resulting in an understatement of accrued expenses and other current liabilities and related other operating expenses. The Company reviewed claims submitted and paid, as well as claims incurred but not reported for auto liability, workers compensation, and short or damaged cargo to estimate the required reserves. The Company corrected accrued expenses and other current liabilities and other operating expenses for the increased insurance reserves in the restated consolidated financial statements.

The Company also recorded receivables from insurers related to some of these claims but over-estimated the amount of the reimbursement, which resulted in an overstatement of prepaid expenses and other current assets and an understatement of other operating expenses. The Company corrected the prepaid expenses and other current assets and other operating expenses in the restated consolidated financial statements.

Capital Improvements and Aircraft Spare Parts

Capital Improvements

The Company identified and corrected errors related to its accounting for capitalized improvements. Specifically, the Company capitalized certain repair and maintenance expenses and other operating expenses that did not extend the useful life of the primary asset. This resulted in an understatement of operating expenses in the period which this occurred and an overstatement

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Roadrunner Transportation Systems, Inc. and Subsidiaries
Notes to Consolidated Financial Statements — (Continued)

of depreciation expense in subsequent periods. Property and equipment and accumulated depreciation and related other operating expenses and depreciation expenses have been corrected in the restated consolidated financial statements.

Aircraft Spare Parts

The Company identified and corrected certain errors related to its accounting for its spare parts associated with its aircraft fleet, which were previously expensed when purchased as opposed to capitalizing. In connection with the restatement, the Company determined that the cost of the spare parts for its aircraft was material at the acquisition date and should have been capitalized. The Company corrected its accounting policy accordingly. The Company recorded the capitalization of spare parts for aircraft, which increased property and equipment and decreased other operating expenses as the spare parts were purchased. The Company recorded increases to depreciation and amortization in subsequent periods. The Company also increased property and equipment and reduced goodwill to capitalize the spare parts on-hand at acquisition.

Income Taxes and Debt Reclassification

Income Taxes

The Company reviewed the tax impact of the above mentioned restatement adjustments and has recorded the tax effects of these adjustments to taxes receivable, deferred tax assets and liabilities, and provision for income taxes as appropriate. Tax adjustments reflect the nature and timing of the specific accounting adjustments and the ability to amend federal and state income tax returns for tax periods beginning after December 31, 2012. Changes to the Company's effective tax rate are primarily the result of changes to contingent purchase obligations on non-taxable transactions.

Debt Reclassification

As discussed in Note 6, after considering the effects of the restatement adjustments, the Company was not in compliance with its debt covenants and as such, reclassified all of its long-term debt to current. Additionally, as discussed in Note 1, the Company retrospectively adopted a new methodology for accounting for debt issuance costs in accordance with ASU 2015-03. The Company reclassified debt issuance costs from other noncurrent assets to debt.

Roadrunner Transportation Systems, Inc. and Subsidiaries
Notes to Consolidated Financial Statements — (Continued)

Impact on Consolidated Statements of Operations

The net effect of the restatement described above on the Company's previously issued consolidated statements of operations for the years ended December 31, 2015, 2014 and 2013 is as follows (in thousands except per share amounts):

	For the Year Ended December 31, 2015						
	As Previously Reported	Receivables & Related Reserves	Unrecorded Charges & Contingent Liabilities	Insurance Reserves & Related Receivables	Capital Improvement & Aircraft Spare Parts	Income Taxes & Debt Reclassification	As Restated
Revenues	\$1,995,019	\$ (2,853)	\$ —	\$ —	\$ —	\$ —	\$1,992,166
Operating expenses:							
Purchased transportation costs	1,315,494	—	(5,098)	—	—	—	1,310,396
Personnel and related benefits	263,522	—	(268)	—	—	—	263,254
Other operating expenses	286,443	7,978	16,130	5,672	7,732	—	323,955
Depreciation and amortization	32,323	—	—	—	(697)	—	31,626
Acquisition transaction expenses	564	—	—	—	—	—	564
Total operating expenses	1,898,346	7,978	10,764	5,672	7,035	—	1,929,795
Operating income	96,673	(10,831)	(10,764)	(5,672)	(7,035)	—	62,371
Interest expense	19,439	—	—	—	—	—	19,439
Income before provision for income taxes	77,234	(10,831)	(10,764)	(5,672)	(7,035)	—	42,932
Provision for income taxes	29,234	—	—	—	—	(11,922)	17,312
Net income	\$48,000	\$ (10,831)	\$ (10,764)	\$ (5,672)	\$ (7,035)	\$ 11,922	\$25,620
Earnings per share:							
Basic	\$1.26						\$0.67
Diluted	\$1.23						\$0.65
Weighted average common stock outstanding:							
Basic ⁽¹⁾	37,969						38,179
Diluted ⁽¹⁾	38,974						39,180

⁽¹⁾ As restated amounts for basic and diluted weighted average common stock outstanding have been corrected for a computational error identified.

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Roadrunner Transportation Systems, Inc. and Subsidiaries
Notes to Consolidated Financial Statements — (Continued)

	For the Year Ended December 31, 2014						
	As Previously Reported	Receivables & Related Reserves	Unrecorded Charges & Contingent Liabilities	Insurance Reserves & Related Receivables	Capital Improvement & Aircraft Spare Parts	Income Taxes & Debt Reclassification	As Restated
Revenues	\$ 1,872,816	\$ (346)	\$ —	\$ —	\$ —	\$ —	\$ 1,872,470
Operating expenses:							
Purchased transportation costs	1,293,006	—	1,718	—	—	—	1,294,724
Personnel and related benefits	213,079	—	582	—	—	—	213,661
Other operating expenses	243,662	8,576	10,204	5,450	3,318	—	271,210
Depreciation and amortization	25,078	—	—	—	(824)	—	24,254
Acquisition transaction expenses	2,305	—	—	—	—	—	2,305
Total operating expenses	1,777,130	8,576	12,504	5,450	2,494	—	1,806,154
Operating income	95,686	(8,922)	(12,504)	(5,450)	(2,494)	—	66,316
Interest expense	13,363	—	—	—	—	—	13,363
Income before provision for income taxes	82,323	(8,922)	(12,504)	(5,450)	(2,494)	—	52,953
Provision for income taxes	30,349	—	—	—	—	(10,106)	20,243
Net income	\$ 51,974	\$ (8,922)	\$ (12,504)	\$ (5,450)	\$ (2,494)	\$ 10,106	\$ 32,710
Earnings per share:							
Basic	\$ 1.37						\$ 0.86
Diluted	\$ 1.32						\$ 0.83
Weighted average common stock outstanding:							
Basic	37,852						37,852
Diluted	39,259						39,259

	For the Year Ended December 31, 2013						
	As Previously Reported	Receivables & Related Reserves	Unrecorded Charges & Contingent Liabilities	Insurance Reserves & Related Receivables	Capital Improvement & Aircraft Spare Parts	Income Taxes & Debt Reclassification	As Restated
Revenues	\$ 1,361,410	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,361,410
Operating expenses:							
Purchased transportation costs	944,275	—	—	—	—	—	944,275
Personnel and related benefits	151,158	—	777	—	—	—	151,935
Other operating expenses	163,452	3,270	(3,013)	4,118	2,226	—	170,053
Depreciation and amortization	16,311	—	—	—	(867)	—	15,444
Acquisition transaction expenses	851	—	—	—	—	—	851
Total operating expenses	1,276,047	3,270	(2,236)	4,118	1,359	—	1,282,558
Operating income	85,363	(3,270)	2,236	(4,118)	(1,359)	—	78,852
Interest expense	7,883	—	—	—	—	—	7,883
Income before provision for income taxes	77,480	(3,270)	2,236	(4,118)	(1,359)	—	70,969
Provision for income taxes	28,484	—	—	—	—	(3,435)	25,049

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Net income	\$48,996	\$ (3,270)	\$ 2,236	\$ (4,118)	\$ (1,359)	\$ 3,435	\$45,920
Earnings per share:							
Basic	\$1.36						\$1.27
Diluted	\$1.29						\$1.21
Weighted average common stock outstanding:							
Basic	36,133						36,133
Diluted	37,913						37,913

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Roadrunner Transportation Systems, Inc. and Subsidiaries
Notes to Consolidated Financial Statements — (Continued)

Impact on Consolidated Balance Sheets

The net effect of the restatement described above on the Company's previously issued consolidated balance sheets as of December 31, 2015 and 2014 is as follows (in thousands):

	December 31, 2015							
	As Previously Reported (1)	Receivables & Related Reserves	Unrecorded Charges & Contingent Liabilities	Insurance Reserves & Related Receivables	Capital Improvements & Aircraft Spare Parts	Income Taxes & Debt Reclassification	As Restated	
ASSETS								
Current assets:								
Cash and cash equivalents	\$8,664	\$ —	\$(734)	\$ —	\$ —	\$ —	\$7,930	
Accounts receivable	272,176	(12,147)	—	—	—	—	260,029	
Deferred income taxes	4,876	—	—	—	—	16,015	20,891	
Income tax receivable	11,262	—	—	—	—	9,401	20,663	
Prepaid expenses and other current assets	50,839	(112)	(10,464)	(2,405)	(807)	—	37,051	
Total current assets	347,817	(12,259)	(11,198)	(2,405)	(807)	25,416	346,564	
Property and equipment, net	197,744	—	302	—	(2,682)	—	195,364	
Other assets:								
Goodwill	691,118	(2,136)	(530)	—	(9,626)	3,984	682,810	
Intangible assets, net	76,694	—	(1,000)	—	—	—	75,694	
Other noncurrent assets	12,752	(230)	1,368	—	—	(6,569)	7,321	
Total other assets	780,564	(2,366)	(162)	—	(9,626)	(2,585)	765,825	
Total assets	\$1,326,125	\$(14,625)	\$(11,058)	\$(2,405)	\$(13,115)	\$22,831	\$1,307,753	
LIABILITIES AND STOCKHOLDERS' INVESTMENT								
Current liabilities:								
Current maturities of debt	\$15,000	\$ —	\$ —	\$ —	\$ —	\$417,830	\$432,830	
Accounts payable	104,357	11,125	684	—	—	—	116,166	
Accrued expenses and other current liabilities	48,657	288	15,225	17,644	—	108	81,922	
Total current liabilities	168,014	11,413	15,909	17,644	—	417,938	630,918	
Long-term debt, net of current maturities	424,399	—	—	—	—	(424,399)	—	
Long-term deferred tax liabilities	104,400	—	—	—	—	688	105,088	
Other long-term liabilities	16,005	—	(697)	—	—	—	15,308	
Total liabilities	712,818	11,413	15,212	17,644	—	(5,773)	751,314	
Commitments and contingencies (Note 12)								
Stockholders' investment:								
Common stock	383	—	—	—	—	—	383	
Additional paid-in capital	397,253	—	—	—	—	—	397,253	
Retained earnings	215,671	(26,038)	(26,270)	(20,049)	(13,115)	28,604	158,803	
Total stockholders' investment	613,307	(26,038)	(26,270)	(20,049)	(13,115)	28,604	556,439	
Total liabilities and stockholders' investment	\$1,326,125	\$(14,625)	\$(11,058)	\$(2,405)	\$(13,115)	\$22,831	\$1,307,753	

⁽¹⁾ As previously reported balances have been revised to separate taxes receivable from prepaid expenses and other current assets and long-term deferred tax liabilities from other long-term liabilities.

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Roadrunner Transportation Systems, Inc. and Subsidiaries
Notes to Consolidated Financial Statements — (Continued)

	December 31, 2014						
	As Previously Reported ⁽¹⁾	Receivables & Related Reserves	Unrecorded Charges & Contingent Liabilities	Insurance Reserves & Related Receivables	Capital Improvement & Aircraft Spare Parts	Income Taxes & Debt Reclassification	As Restated
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 11,345	\$ —	\$ (536)	\$ —	\$ —	\$ —	\$ 10,809
Accounts receivable	284,379	(7,017)	—	—	—	—	277,362
Deferred income taxes	8,607	—	—	—	—	8,896	17,503
Income tax receivable	7,540	—	—	—	—	6,103	13,643
Prepaid expenses and other current assets	39,118	(457)	(6,772)	(2,067)	—	—	29,822
Total current assets	350,989	(7,474)	(7,308)	(2,067)	—	14,999	349,139
Property and equipment, net	146,850	—	—	—	3,546	—	150,396
Other assets:							
Goodwill	669,652	(783)	1,894	—	(9,626)	3,540	664,677
Intangible assets, net	79,878	—	(1,000)	—	—	—	78,878
Other noncurrent assets	10,451	(140)	3,292	—	—	(6,055)	7,548
Total other assets	759,981	(923)	4,186	—	(9,626)	(2,515)	751,103
Total assets	1,257,820	(8,397)	(3,122)	(2,067)	(6,080)	12,484	1,250,638
LIABILITIES AND STOCKHOLDERS' INVESTMENT							
Current liabilities:							
Current maturities of debt	10,000	—	—	—	—	413,945	423,945
Accounts payable	118,743	6,810	1,269	—	—	—	126,822
Accrued expenses and other current liabilities	42,352	—	11,938	12,310	—	—	66,600
Total current liabilities	171,095	6,810	13,207	12,310	—	413,945	617,367
Long-term debt, net of current maturities	420,000	—	—	—	—	(420,000)	—
Long-term deferred tax liabilities	94,338	—	—	—	—	1,857	96,195
Other long-term liabilities	13,612	—	(823)	—	—	—	12,789
Total liabilities	699,045	6,810	12,384	12,310	—	(4,198)	726,351
Commitments and contingencies (Note 12)							
Stockholders' investment:							
Common stock	379	—	—	—	—	—	379
Additional paid-in capital	390,725	—	—	—	—	—	390,725
Retained earnings	167,671	(15,207)	(15,506)	(14,377)	(6,080)	16,682	133,183
Total stockholders' investment	558,775	(15,207)	(15,506)	(14,377)	(6,080)	16,682	524,287
Total liabilities and stockholders' investment	\$ 1,257,820	\$ (8,397)	\$ (3,122)	\$ (2,067)	\$ (6,080)	\$ 12,484	\$ 1,250,638

⁽¹⁾ As previously reported balances have been revised to separate taxes receivable from prepaid expenses and other current assets and long-term deferred tax liabilities from other long-term liabilities.

Roadrunner Transportation Systems, Inc. and Subsidiaries
Notes to Consolidated Financial Statements — (Continued)

Cumulative Effect of Prior Period Adjustments

The following table presents the impact of the restatement on the Company's beginning retained earnings and other stockholders' investment balances, cumulatively to reflect adjustments recorded to all periods prior to January 1, 2013 (in thousands, except shares):

	Common Stock		Additional Paid-In Capital	Retained Earnings	Total Stockholders' Investment
	Shares	Amount			
BALANCE, January 1, 2013 (as previously reported)	34,371,497	\$ 344	\$ 325,034	\$ 66,701	\$ 392,079
Receivables & related reserves	—	—	—	(3,015)	(3,015)
Unrecorded charges & contingent liabilities	—	—	—	(5,238)	(5,238)
Insurance reserves & related receivables	—	—	—	(4,809)	(4,809)
Capital improvements & aircraft spare parts	—	—	—	(2,227)	(2,227)
Income taxes & debt reclassification	—	—	—	3,141	3,141
BALANCE, January 1, 2013 (as restated)	34,371,497	\$ 344	\$ 325,034	\$ 54,553	\$ 379,931

Impact on Consolidated Statements of Cash Flows

The net effect of the restatement described above on the Company's previously issued consolidated statements of cash flows for the years ended December 31, 2015, 2014, and 2013 is as follows (in thousands):

	For the Year Ended December 31, 2015		
	As Previously Reported	Adjustments	As Restated
Cash flows from operating activities:			
Net income	\$48,000	\$ (22,380)	\$ 25,620
Depreciation and amortization	34,608	(697)	33,911
(Gain) loss on disposal of buildings and equipment	(424)	1,724	1,300
Share-based compensation	2,500	—	2,500
Adjustments to contingent purchase obligation	—	(2,931)	(2,931)
Provision for bad debts	3,010	1,806	4,816
Excess tax benefit on share-based compensation	(1,175)	—	(1,175)
Deferred tax provision	10,534	(7,780)	2,754
Changes in (net of acquisitions):			
Accounts receivable	13,984	5,057	19,041
Income tax receivable	—	(7,020)	(7,020)
Prepaid expenses and other assets	(17,603)	11,575	(6,028)
Accounts payable	(15,658)	3,729	(11,929)
Accrued expenses and other liabilities	(4,414)	11,769	7,355
Net cash provided by operating activities	73,362	(5,148)	68,214
Cash flows from investing activities:			
Acquisition of business, net of cash acquired	(32,765)	—	(32,765)
Capital expenditures	(54,859)	4,875	(49,984)
Proceeds from sale of buildings and equipment	6,080	(2)	6,078
Net cash used in investing activities	(81,544)	4,873	(76,671)

Cash flows from financing activities:

Net cash provided by financing activities	5,501	77	5,578
Net decrease in cash and cash equivalents	(2,681) (198) (2,879)
Cash and cash equivalents:			
Beginning of period	11,345	(536) 10,809
End of period	\$8,664	\$ (734) \$7,930

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Roadrunner Transportation Systems, Inc. and Subsidiaries
Notes to Consolidated Financial Statements — (Continued)

	For the Year Ended December 31, 2014		
	As Previously Reported	Adjustments	As Restated
Cash flows from operating activities:			
Net income	\$51,974	\$ (19,264)	\$32,710
Depreciation and amortization	27,145	(824)	26,321
(Gain) loss on disposal of buildings and equipment	(106)	315	209
Share-based compensation	2,255	—	2,255
Adjustments to contingent purchase obligation	—	(1,722)	(1,722)
Provision for bad debts	4,499	5,154	9,653
Excess tax benefit on share-based compensation	(1,441)	—	(1,441)
Deferred tax provision	7,512	(5,045)	2,467
Changes in (net of acquisitions):			
Accounts receivable	(44,520)	892	(43,628)
Income tax receivable	—	(5,899)	(5,899)
Prepaid expenses and other assets	(5,180)	145	(5,035)
Accounts payable	10,877	4,044	14,921
Accrued expenses and other liabilities	(12,385)	18,802	6,417
Net cash provided by operating activities	40,630	(3,402)	37,228
Cash flows from investing activities:			
Acquisition of business, net of cash acquired	(230,818)	—	(230,818)
Capital expenditures	(44,977)	3,002	(41,975)
Proceeds from sale of buildings and equipment	6,951	—	6,951
Net cash used in investing activities	(268,844)	3,002	(265,842)
Cash flows from financing activities:			
Net cash provided by financing activities	234,121	(136)	233,985
Net (decrease) increase in cash and cash equivalents	5,907	(536)	5,371
Cash and cash equivalents:			
Beginning of period	5,438	—	5,438
End of period	\$11,345	\$ (536)	\$10,809

Roadrunner Transportation Systems, Inc. and Subsidiaries
Notes to Consolidated Financial Statements — (Continued)

	For the Year Ended December 31, 2013		
	As Previously Reported	Adjustments	As Restated
Cash flows from operating activities:			
Net income	\$48,996	\$ (3,076)	\$45,920
Depreciation and amortization	18,490	(866)	17,624
(Gain) loss on disposal of buildings and equipment	(1,343)	(61)	(1,404)
Share-based compensation	1,503	—	1,503
Adjustments to contingent purchase obligation	—	(10,443)	(10,443)
Provision for bad debts	2,934	790	3,724
Excess tax benefit on share-based compensation	(4,297)	—	(4,297)
Deferred tax provision	8,280	(2,403)	5,877
Changes in (net of acquisitions):			
Accounts receivable	(28,891)	88	(28,803)
Income tax receivable	—	(5,079)	(5,079)
Prepaid expenses and other assets	(6,205)	(1,562)	(7,767)
Accounts payable	(380)	825	445
Accrued expenses and other liabilities	(2,964)	19,308	16,344
Net cash provided by operating activities	36,123	(2,479)	33,644
Cash flows from investing activities:			
Acquisition of business, net of cash acquired	(100,648)	—	(100,648)
Capital expenditures	(31,546)	2,179	(29,367)
Proceeds from sale of buildings and equipment	5,121	—	5,121
Net cash used in investing activities	(127,073)	2,179	(124,894)
Cash flows from financing activities:			
Net cash provided by financing activities	84,480	300	84,780
Net decrease in cash and cash equivalents	(6,470)	—	(6,470)
Cash and cash equivalents:			
Beginning of period	11,908	—	11,908
End of period	\$5,438	\$ —	\$5,438

16. Subsequent Events

Following the Company's press release on January 30, 2017, three putative class actions were filed in the United States District Court for the Eastern District of Wisconsin on behalf of a class of persons who acquired common stock of the Company between May 8, 2014 and January 30, 2017, inclusive. The Complaints allege that the Company, Mark A. DiBlasi, and Peter R. Armbruster violated Section 10(b) of the Exchange Act, and Messrs. DiBlasi and Armbruster violated Section 20(a) of the Exchange Act, by making materially false or misleading statements, or failing to disclose material facts, regarding the Company's internal control over financial reporting and financial statements. The Complaints seek certification as a class action, compensatory damages, and attorney's fees and costs. On May 19, 2017, the Court consolidated the actions under the caption In re Roadrunner Transportation Systems, Inc. Securities Litigation, and appointed Public Employees' Retirement System as lead plaintiff. Counsel for lead plaintiff has advised the Company of their intent to file a consolidated Amended Complaint after the Company issues its restated financial statements.

On May 25, 2017, Richard Flanagan filed a complaint alleging derivative claims on the Company's behalf in the Circuit Court of Milwaukee County, State of Wisconsin (Case No. 17-cv-004401) against Scott Rued, Mark DiBlasi, Christopher Doerr, John Kennedy, III, Brian Murray, James Staley, Curtis Stoelting, William Urkiel, Judith Vijums,

Michael Ward, Chad Utrup, Ivor Evans, Peter Armbruster, and Brian van Helden. Count I of the Complaint alleges the Director Defendants breached their fiduciary duties by “knowingly failing to ensure that the Company implemented and maintained adequate internal controls over its accounting and financial reporting functions,” and seeks unspecified damages. Count II of the Complaint alleges the Officer Defendants DiBlasi, Armbruster, and van Helden received substantial performance-based compensation and bonuses for fiscal year 2014 that should be disgorged. The action has been stayed by agreement pending a decision on an anticipated motion to dismiss the Amended Complaint to be filed in the securities class action described above.

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Roadrunner Transportation Systems, Inc. and Subsidiaries
Notes to Consolidated Financial Statements — (Continued)

On June 28, 2017, Jesse Kent filed a complaint alleging derivative claims on the Company's behalf and class action claims in the United States District Court for the Eastern District of Wisconsin (Case No. 17-cv-00893-PP) against Scott Rued, Mark DiBlasi, Christopher Doerr, John Kennedy, III, Brian Murray, James Staley, Curtis Stoelting, William Urkiel, Judith Vijums, Michael Ward, Chad Utrup, Ivor Evans, Peter Armbruster, Brian van Helden, Scott Dobak, and Ralph Kittle. Count I of the complaint alleges the Individual Defendants other than Armbruster, Dobak, Evans, Kittle, and van Helden, violated Section 14(a) of the Exchange Act by making false and misleading statements in proxies concerning the Company's financial statements and internal controls. Count II of the Complaint alleges: (i) all the Individual Defendants breached their fiduciary duties of good faith, candor, and loyalty by creating a culture of lawlessness; (ii) the Officer Defendants knew, were reckless, or were grossly negligent in not knowing that the Company lacked effective internal controls and the financial statements were inaccurate; (iii) the Director Defendants other than Dobak and Kittle breached their duty of loyalty by recklessly permitting the improper statements concerning the Company's internal controls and its financial statements; (iv) the Director Defendants other than Dobak and Kittle breached their fiduciary duty and committed the ultra vires act of appointing the interlocking director defendant Dobak to the Company's Board of Directors in violation of Section 8 of the Clayton Act; and (v) the Audit Committee Defendants breached their fiduciary duty of loyalty by approving the statements concerning the Company's internal controls and financial statements. Count III of the Complaint alleges all the Individual Defendants wasted corporate assets by: (i) spending hundreds of millions of dollars to purchase various companies in connection with its alleged reckless growth-through-acquisition strategy; (ii) forcing the Company to have to defend itself in the securities fraud lawsuits; and (iii) paying improper compensation and bonuses to certain of the executive officers and directors who breached their fiduciary duty. Count IV of the Complaint alleges all the Individual Defendants were unjustly enriched as a result of the compensation and director remuneration they received while breaching their fiduciary duties. Count V of the Complaint alleges a direct claim against the current directors based on the Company's failure to hold an annual meeting of stockholders by June 18, 2017 (13 months after its previous annual meeting of stockholders). The complaint seeks judgment awarding unspecified damages, directing the Company to make certain corporate governance changes, awarding restitution, ordering disgorgement, directing the Company to hold its annual meeting of stockholders, and directing the Board of Directors to remove Dobak from the Board. On September 29, 2017, all the Defendants filed a motion to dismiss the complaint. The motion is being held in abeyance pending the Company filing its restated consolidated financial statements.

On December 22, 2017, Chester County Employees Retirement Fund filed a Complaint alleging derivative claims on the Company's behalf in the United States District Court for the Eastern District of Wisconsin (Case No. 2:17-cv-01788-NJ) against the same defendants as those named in the Kent action. The allegations are substantially the same as those in the Kent Complaint.

In addition, subsequent to the Company's announcement that certain previously filed financial statements should not be relied upon, the Company was contacted by the SEC, FINRA, and the Department of Justice. The Department of Justice and Division of Enforcement of the SEC have commenced investigations into the events giving rise to the restatement. The Company has received formal requests for documents and other information. The Company is cooperating fully with all of these agencies.

The Company is unable to estimate the costs associated with the above matters at this time.