XPO LOGISTICS EUROPE
A Limited Company (société anonyme) with an Executive Board and Supervisory Board
Share capital: €19,672,482
Registered Office: 192 avenue Thiers, 69006 Lyon, France

Trade and Companies Registry NO. 309 645 539

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2015

Person responsible for the annual financial report

Mr. Troy Cooper, Chairman of the Executive Board of XPO Logistics Europe S.A. (the "Company").

Statement by the person in charge of the annual financial report

I hereby certify that to my knowledge, the financial statements were drawn up in accordance with the applicable accounting standards and give a fair picture of the business assets, financial position and earnings of the Company and its consolidated companies. I also certify that the included management report presents a fair statement of developments in the Company's business, its financial position and its earnings, as well as its consolidated companies, and a description of the main risks and uncertainties.

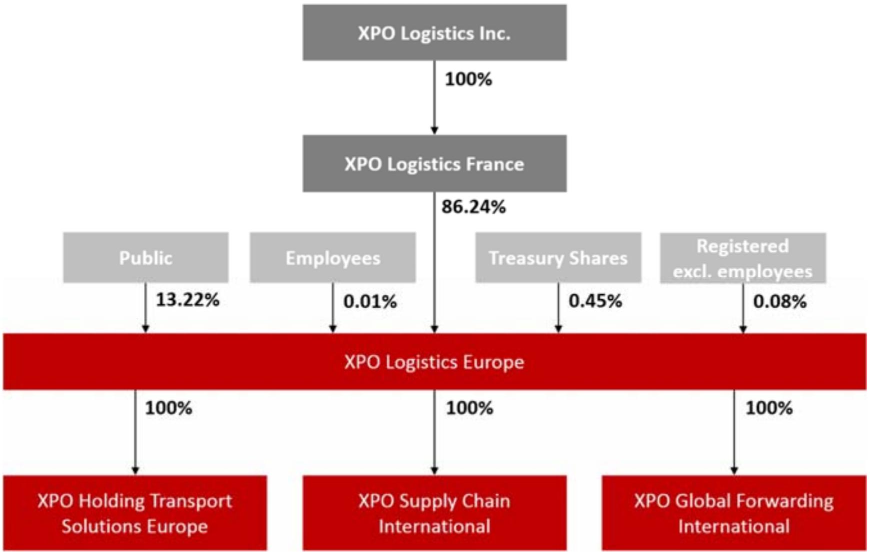
Troy Cooper
Chief Executive Officer
XPO Logistics Europe

MANAGEMENT REPORT
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

MANAGEMENT REPORT
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Chapter 1
PRESENTATION OF THE COMPANY

1.1. SIMPLIFIED ORGANIZATIONAL CHART AS OF DECEMBER 31, 2015, SHOWING PERCENT OF SHARE CAPITAL

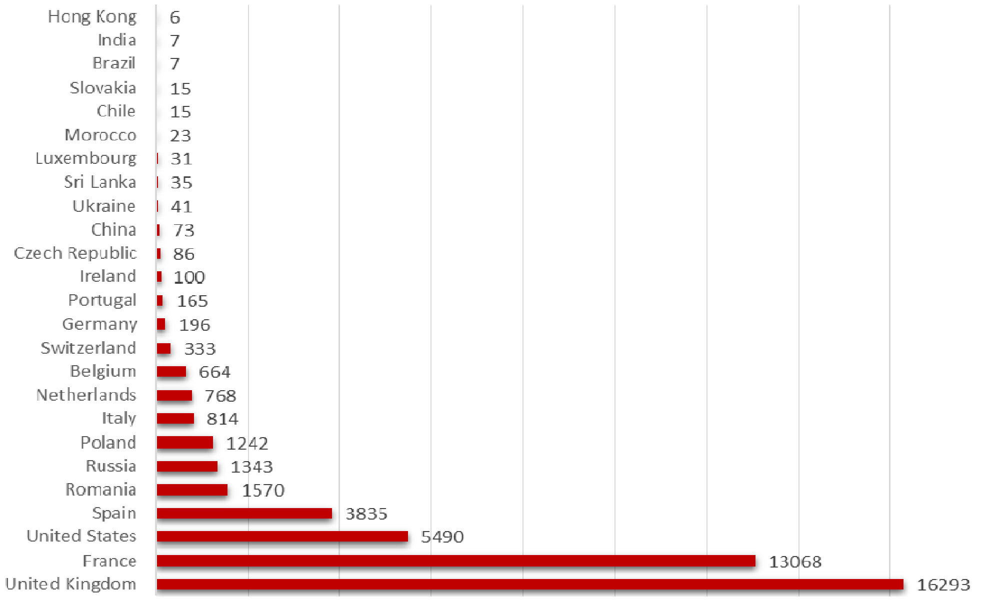


Details of the Company's scope of consolidation can be found in paragraph 1.5 of the Management Report. The table showing the Company's subsidiaries and equity investments can be found in the Company Financial Statements in section 8.2.3.v.

1.2. HUMAN RESOURCES

As of December 31, 2015, the Group had 46,220 employees, of whom 33,152 or approximately 72% are outside France.

The breakdown of the Group's employees by country is as follows:



1.3. ROLE OF THE DIFFERENT LEGAL ENTITIES WITHIN THE GROUP'S ORGANIZATION

Four types of companies exist within the Group:

"Supply Chain" operating companies, whose role is to provide warehousing and distribution services from dedicated or multi-customer warehouses. XPO SUPPLY CHAIN INTERNATIONAL (formerly NDL INTERNATIONAL) is the holding company for the entire Supply Chain business unit.

"Transport Solutions" operating companies, whose role is to provide domestic and international transport services. These companies run fleets of heavy goods vehicles. XPO HOLDING TRANSPORT SOLUTIONS EUROPE (formerly NDT) is the holding company for the Transport Solutions business unit.

"Global Forwarding" operating companies, whose role is to provide goods transport services worldwide by road, sea and air, and to handle the relevant customs formalities. XPO GLOBAL FORWARDING INTERNATIONAL (formerly NDO SAS) is the holding company of the Global Forwarding business unit.

Service companies, whose task is to provide services to operating companies, enabling them to focus on their core activities of customer service, operations and business relations.

Service companies include the Company as well as its country holding companies.
Service companies incur most of the capital expenditures and bear the corresponding debt.
Operating companies do not incur capital expenditures and therefore do not bear any related debt.

The relative proportions of the Group's business units – Supply Chain, Transport Solutions and Global Forwarding – are made clear in the segment information contained in the Notes to the Consolidated Financial Statements.

The Supply Chain, Transport Solutions and Global Forwarding operating companies may trade with each other in relation to transport (freight) or warehousing (outsourcing) services. These business dealings are conducted at arm's length and account for less than 10% of the companies' revenues.

- **Additional information about the Group's structure**

A number of the Group's entities hold minority interests in other companies. These investments may have been made in order to meet different requirements, such as gaining improved access to a given market or customer request, or to ensure greater control over the quality of sub-contracted services. Details about these investments are provided in the Notes to the Consolidated Financial Statements (section 7.2).

1.4. XPO LOGISTICS EUROPE OPERATIONS

XPO Logistics Europe operates three business units: Supply Chain, Transport Solutions and Global Forwarding.

Supply Chain manages inventories of goods for customers, and also uses its resources to distribute and market products. Depending on the customer's needs, the services provided can include finishing and packaging products, and all services related to returning unsold or non-compliant products to recycling centers. Within the business unit, Supply Chain services are provided by two subset operations: Supply Chain Europe and Supply Chain US (formerly Jacobson).

Transport Solutions delivers goods for customers between a loading point (a factory, warehouse, etc.) and a delivery point (a different factory or warehouse, a store, etc.). The volumes carried vary based on customer requirements, and the goods come in different kinds of packaging.

Global Forwarding organizes the transport of goods between continents using all modes of transport by road, sea and air. Global Forwarding services also include handling all customs formalities related to the movement of these goods.

The Notes to the Consolidated Financial Statements (section 7.2.5) provide a quantified assessment for each business unit, as well as a quantified assessment for each country, including France, the United Kingdom and other countries.

Section 4.1.1.b describes the terms of the licensing agreement covering the use of the trademarks and logos by the Group, where the dependency of the issuer is at stake.

1.4.1. Supply Chain Business Unit: Europe

2015 revenue for the Supply Chain business unit in Europe was €2,452 million, compared with €2,226 million in 2014 and €1,950 million in 2013. 2015 EBIT was €67.9 million, compared with €85.5 million in 2014 and €82.4 million in 2013.

The Company believes that the customer base exhibits little concentration. In total, the top five, top 10 and top 100 customers account for 21.0%, 30.7% and 77.9% of 2015 consolidated annual revenues, respectively.

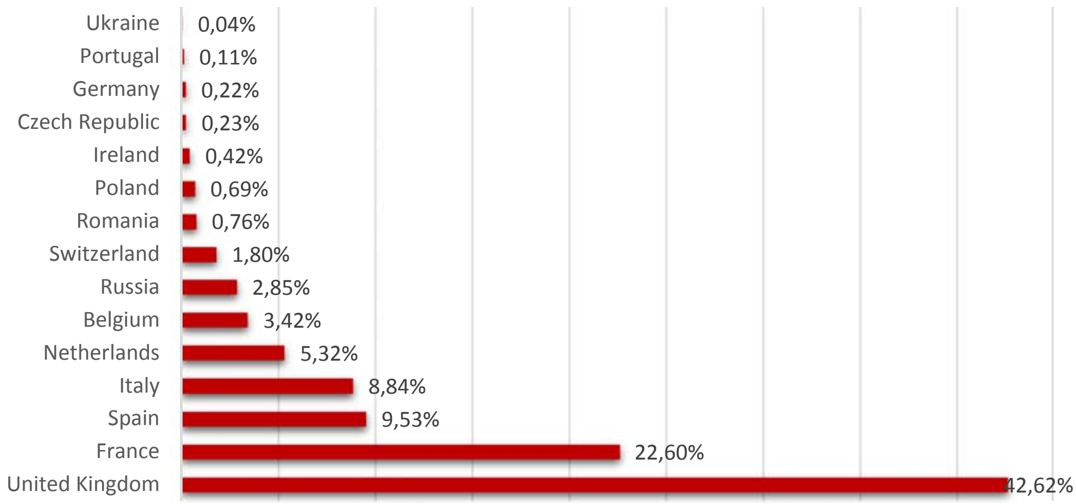
Supply Chain in Europe does business with virtually all its customers based on specific contracts. As of December 31, 2015, the duration of these contractual relationships is variable, with an average of 4.3 years. The negotiation of each logistics service contract is a long process, considering the operational and financial issues at stake.

Consequently, the Supply Chain business unit in Europe takes special care in negotiating clauses that limit risk relating to the operation of its contracts. In particular, the Supply Chain business unit aims to secure contractual assurance from customers that will be refunded for social costs arising from the termination and/or transfer of dedicated warehouses.

In order to limit risks arising from the non-renewal or termination of a contract, the Group:

- Invoices customers rapidly following services performed;
- Operates various types of warehouses (SEVESO warehouses, controlled temperature warehouses, unmarked warehouses, etc.) that can accommodate all types of products and therefore do not carry any risks relating to their specific nature;
- Endeavors to negotiate lease durations that mirror the durations of the contracts signed with customers. This policy allows the Group to minimize vacancies;
- Continues to implement its real estate strategy, which consists of leasing rather than owning logistics warehouses;
- Recognizes the items corresponding to these technical resources as assets, where these resources are dedicated to specific contracts, and amortizes them over a period that does not exceed the duration of the underlying contract. However, experience has shown that in the majority of cases, technical resources may subsequently be reused under new contracts;
- Records an accrual for the costs of dilapidation incurred prior to returning any discontinued logistics warehouses to their owners, taking into account the nature of the contractual tenant’s repair commitments;
- Records an accrual for ancillary severance payments that may be incurred on expiry of logistics contracts, in accordance with IAS 37 and IAS 19 criteria, and endeavors to procure contractual guarantees relating to these costs.

BREAKDOWN OF REVENUE PER COUNTRY



Section 6.2. describes the key risk factors related to the Supply Chain business unit.

a) Management structure

The Supply Chain business unit is organized by country. Each country, depending on its size, may be subdivided into management regions.

b) Regulatory environment

The regulatory environment applicable to logistics services essentially focuses on protecting people, warehoused goods and the environment. Regulatory provisions focus on the prevention of accidents and events that could affect human health, or jeopardize fauna, flora, air quality or other aspects of the environment. This focus is reflected in the setup of the logistics hubs, the installation and maintenance of safety equipment, and the use of specific operational and safety processes.

The regulatory environment is directly related to industrial risks stemming from logistics business activities. To assess and prevent these risks, the Group uses third party firms that specialize in risk surveys, and maintains significant oversights, including the rapid identification of emergency situations, preventive audit procedures, operational intervention plans, prevention plans with outside suppliers, safety and security protocols with carriers, and periodic testing of reflex forms. All buildings, equipment, materials and goods are covered by specific insurance (property, third-party liability, etc.).

Due to the scope of its operations, including the number of facilities operated, as well as its human and technical resources, the Group is able to relocate the operation of a site affected by a fire or other disaster within eight to 15 days, depending on the original location and the complexity of the logistics processes.

The Group has a substantial health and safety management program that is supported by preventive investments and curbs the consequences of incidents. Several sites are ISO 9001 or ISO 14001 certified, and implement a quality policy, an environmental policy, and a health and safety/security policy certified by audits carried out by the Customs Department.

A number of warehouses operated by the Company accommodate products classified as hazardous by administrative authorities (e.g., flammable liquids, aerosols, sanitary products, etc.). These warehouses are equipped with rigorous safety and security measures, including the partitioning of activities in small, fire-retardant cells, internal impoundment, remote impoundment, extinguisher systems, etc. In addition to these measures, a security management system, and internal and external audits, these sites are subject to in-depth reviews and reporting to Group management.

Safety is an agenda item of every regional management committee meeting and is also addressed at national management committee meetings. Lastly, the Company subscribes to, and regularly renews, environmental risk insurance policies, some aspects of which are adapted to the specific risks of sites storing hazardous materials (COMAH, SEVESO, etc.).

c) Logistics service offering

The Group provides a full range of logistics services for the ambient and temperature-controlled (chilled and frozen products) logistics markets, mainly:

Warehousing and inventory management: The Group has expertise in different warehousing techniques to suit various types of products, and uses information systems to constantly monitor the movement of goods and inventory levels with rigorous reliability.

Pre-sale product preparation: The Group provides quality control and co-packing services intended to finalize a product and adapt it to the local market, as well as sales promotion activities.

Order preparation: The Group's engineering services provide order preparation solutions, including cross-docking and successive sorting, and may utilize state-of-the-art technologies such as voice picking, which enables paper-free operations.

Downstream distribution from logistics warehouses: The Group arranges the transport of goods from its logistics facilities to stores and other destinations, either by using its own vehicles or by subcontracting the transport. The Group frequently provides a shared logistics solution to customers and their suppliers. This enables multiple customers and suppliers to share the same logistics and transport resources, so that goods can be co-delivered at the same time using the same trucks.

Reverse logistics: The Group provides logistics and transport operations that facilitate the recycling or destruction of goods, in line with applicable regulations.

E-commerce: In 2015, e-commerce-related business accounted for more than 11% of the Supply Chain revenues in Europe. The Group offers specialized logistics services that cover the entire scope of e-commerce needs, from receipt of the online order to the customization and preparation of the order, home delivery and management of returns.

The Company identifies its e-commerce services under the brand Red Online. Red Online services are technology-enabled through operational, warehouse management, transport management, co-packing management and digital data exchange software. These applications initiate with software producers chosen by the Company and are upgraded with specific developments by in-house IT staff. The Company is capable of providing customers various IT system configurations and customizations based on their logistics requirements. All IT systems operate within an infrastructure that ensures reliable data backup and continuity for customers.

The Company believes that the Supply Chain business unit in Europe is not dependent on its suppliers. Given that there is a large number of suppliers, and that their goods and services are very similar, the business unit would be able to change suppliers without difficulty.

1.4.2. Supply Chain Business Unit: United States

2015 revenue for the Supply Chain business unit in the United States was €681.7 million. 2015 EBIT was €24.5 million.

The Company acquired the Jacobson Companies (referred to hereinafter in this section as “Supply Chain US”” in September 2014 as its foundation for expansion in the United States in contract logistics and transportation services. Supply Chain US is a leading provider of warehousing, distribution and contract packaging services in the Unites States market.

Supply Chain US pro vides its services through two business segments: Contract Logistics Services (“CLS”) and Transportation Logistics Services (“TLS”).

a) CLS segment

CLS segment (72% of 2015 revenue) includes:

Warehousing and distribution: Supply Chain US is one of the nation’s largest warehousing providers with a network of approximately 155 dedicated and multi-client warehousing facilities, covering over 40 million square feet of space. Supply Chain US either leases its warehouses or they are owned or leased by the customer. The lease duration terms on dedicated facilities largely match the underlying customer contracts. Supply Chain US’ warehousing operations consist of a wide range of value-added services, including warehousing and order fulfillment, sub-assembly and product inspection, cross-docking and rail service, returns management process and bar coding, and reverse logistics.
Supply Chain US’ strong end-market expertise and long-standing relationships with many of its customers allow it to provide industry-leading service quality, quick system start-up and implementation, and value-added industry-targeted expertise. Combined, this has resulted in high customer retention levels.

Contract packaging and manufacturing services: Supply Chain US has a broad base of contract packaging services that can be customized to meet product-specific needs. These services are closely linked to warehousing and transportation, which enables accelerated customer turnaround time. Supply Chain US’ ability to serve as a single source for line layout and engineering solutions, along with materials sourcing, packaging, storage, distribution and other contract manufacturing services, differentiates Supply Chain US from competing providers.
Packaging services include customized project management, fulfillment and order processing, consignment services, print registered film bundling, light to medium industrial assembly, blister packaging, literature assembly, multi-packs, shrink-wrapping, shrink-banding, over-wrapping, labeling, high-speed bagging, bar-coding, pre-packs, custom filling, kitting and retail displays, as well as a full suite of contract manufacturing processes. Supply Chain US is EPA, USDA, Kosher, AIB, Passover and FDA compliant on federal, state and municipal levels.

b) TLS segment

TLS segment (28% of 2015 revenue) includes:

Contractual Business Services: Contractual Business Services addresses customers’ specific logistics and transportation needs and consists of two sub-segments, Freight Management (“FM”) and Dedicated Contract Carriage (“DCC”).

Freight Management: FM provides customers with a single point-of-contact to service all aspects of their transport logistics needs, including parcel, less-than-truckload, full-truckload, intermodal and expedited freight management. Services include third-party carrier management and capacity procurement, daily shipment management, creation and compliance measuring of routing guides, ongoing reporting and analytics for continuous network optimization, freight bill audit and payment, vendor management and cargo claims management.

Dedicated Contract Carriage: DCC includes customized services designed to meet unique, service sensitive, supply chain requirements. Services include dedicated truck capacity, customer specific routing and delivery network solutions, on-board vehicle and driver management systems, a state-of-the-art transportation management system, and driver recruiting, training and safety processes. Dedicated contracts utilize Company-owned or leased equipment to guarantee truck capacity and are typically coterminous with equipment leases to minimize lease exposure.

Transactional business services: The Group provides brokered and "for hire" truckload transportation services by utilizing state-of-the-art technology, experienced industry professionals, a network of committed carriers, and owner-operators. Brokerage services focuses on establishing relationships with third-party carriers, including private fleets, and developing stabilized rates in lanes where these carriers have unused capacity. "For hire" services are for customers with stringent delivery requirement and routine capacity needs and utilizes a small and stable "asset light" fleet of owner-operators.

1.4.3. Transport Solutions Business Unit

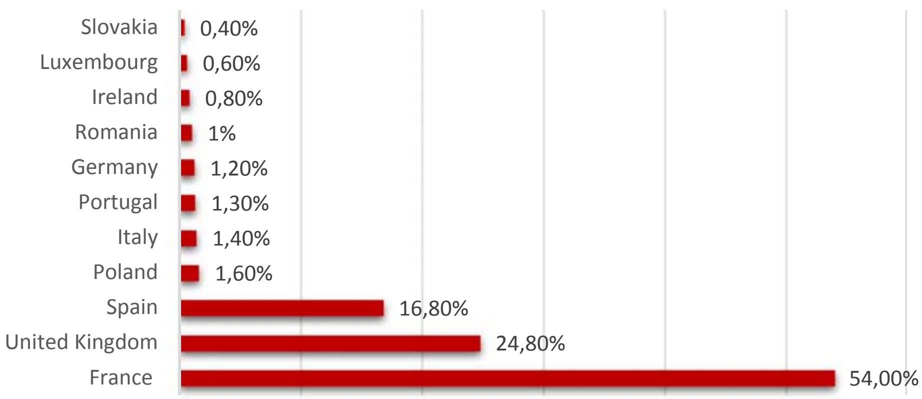
2015 revenue for the Transport Solutions business unit was €2,178 million compared with €2,122 million, in 2014 and €2,014 million in 2013. Operating income (EBIT) was €26.8 million in 2015, compared with €57.9 million in 2014 and €51.3 million in 2013.

The Company takes the view that the Transport Solutions business unit's customer base does not exhibit significant concentration. In total, the top five, top 10 and top 100 customers account for 14%, 19% and 50% of 2015 consolidated annual revenues, respectively.

The Group's customer transactions for Transport Solutions services are partly based on specific contracts and partly on the Group's contractual standard terms and conditions. Furthermore, these transactions are often governed by statutory or regulatory provisions that are in effect in countries where the services are provided. There is a common purpose to these regulations across various countries, in terms of protecting transport industry operators (e.g., terms, payment guarantee, limitation of liability, etc.).

The average duration of customer contracts entered into by the Transport Solutions business unit ranges from one to three years, depending on the types of transport services provided, as described below.

BREAKDOWN OF REVENUE PER COUNTRY



Section 6.2. describes the key risk factors related to the Transport Solutions business unit.

a) Management structure

As of December 31, 2015, the Transport Solutions business unit was organized into eight subsets that report directly to Transport Solutions' management based on the nature of the service, the type of vehicles operated, and/or the operating procedures.

The eight Transport Solutions subsets are:

Solutions Transport France, which focuses on full truckloads of packed goods in France;

Volume, which focuses on transporting high cube products such as goods with a weight/volume ratio below 1.0 (e.g., insulation, hygiene products or car body parts);

Bulk, which focuses on transporting bulk liquid or powder products in tankers, tippers and containers;

Distribution and Groupage, which focuses on pallet distribution services and groupage of partial loads in France via a network of interconnected platforms;

Central and Eastern Europe, which focuses on international transport of packed goods and domestic transport with Poland, Romania, Slovakia and Germany;

Transport and Distribution UK, which focuses on transport and pallet distribution services in the United Kingdom and in Ireland;

Transport and Distribution Iberia, which focuses on transport and pallet distribution services in Spain, Portugal and Morocco; and

KeyPL®, which focuses on transport organization (4PL).

b) Regulatory environment

The regulatory environment applicable to Transport Solutions is relatively complex given that the countries where the business unit operates have developed regulations aimed at protecting people, goods, the environment and, in some countries, transport operators. Strong regulations protecting transport operators are most commonly found in countries with economies that rely heavily on imports and exports. Taken in total, the regulatory environment within which Transport Solutions operates is subject to frequent changes.

c) Transport service offering

Contract distribution: The Company provides its customer with exclusive use of a fleet of vehicles and drivers under a minimum one-year contract. The Company defines its contract distribution offering by the Red Inside brand.

International groupage and pallet distribution: With a minimum quantity of one pallet, the Group will pick up and deliver a customer shipment anywhere in Europe using international transport. The Company defines its International groupage and pallet distribution offering by the Red Europe brand.

Domestic pallet distribution: With a minimum quantity of one pallet, the Group will pick up and deliver a customer shipment using domestic transport throughout France, Great Britain and Spain.

Domestic transport of full loads: The Group offers domestic transport services for any quantity of goods that requires the full capacity of a truck and does not exceed 28 tons in volume or weight.

International transport of full loads: The Group offers international transport services for any quantity of goods that requires the full capacity of a truck and does not exceed 28 tons in volume or weight.

Transport organization: The Company has the ability to create a customized transport solution for a customer and meet key performance indicators. Under this arrangement, the Company, by contract, becomes the customer's exclusive provider for managing all transport. The Company defines its transport organization offering by the KeyPL® brand.

The Transport Solutions business unit offers various service packages that are enabled by the Company's transport management systems technology. The technology utilizes rigorous backup controls and data protections to ensure continuity of customer business operations.

The Company believes that the Transport Solutions business unit is not dependent on its suppliers – in particular, with respect to truck and trailer manufacturers – for two reasons. First, the Transport Solutions business unit, and the Company in general, purchase supplies from a number of different manufacturers; and second, the technical features of the trucks are not specific, which makes it possible to source equivalent assets elsewhere if a relationship with one manufacturer is terminated. As of December 31, 2015, the Company purchases approximately 55% of its truck fleet from Renault Trucks®.

1.4.4. Global Forwarding Business Unit

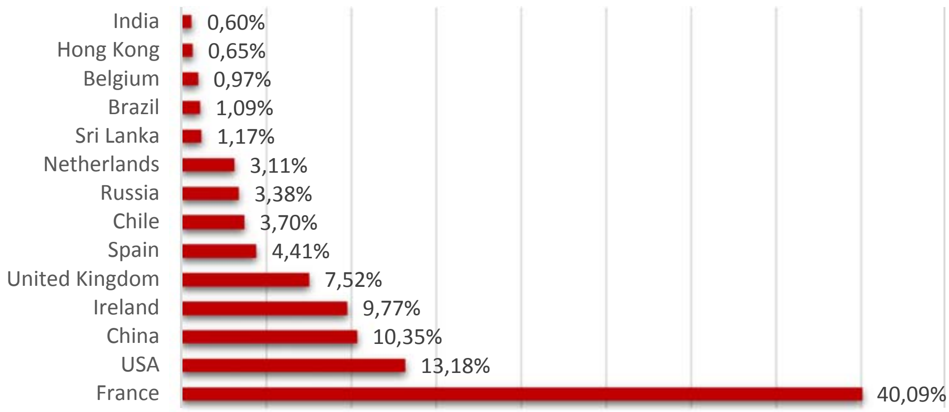
2015 revenue for the Global Forwarding business unit was €202 million, compared with €206 million in 2014 and €145 million in 2013. The operating loss (EBIT) in 2015 was €15.9 million, reflecting significant impairment of goodwill, compared with operating income of €3 million in 2014 and €1.4 million in 2013.

The Company believes that the Global Forwarding customer base exhibits little concentration given that, in total, the top five, top 10 and top 20 customers account for 12%, 21% and 30% of 2015 consolidated annual revenues, respectively.

The great majority of the Global Forwarding customer relationships are based on standard terms and conditions of sale. Furthermore, customer relationships are, in most cases, governed by statutory or regulatory provisions arising from domestic regulations specifically applicable to freight forwarding agents and/or customs brokers. The maximum contractual term is one year.

Global Forwarding operations are performed in collaboration with local service providers and agents. The Company is a member of the WACO network for general cargo operations. Whenever possible, the Company seeks to establish local offices in countries deemed to be of key importance to freight movements. The strategic location of these offices, and the careful selection of agents, continue to be a focus of the business unit going forward.

BREAKDOWN OF REVENUE PER COUNTRY



Section 6.2. describes the key risk factors related to the Global Forwarding business unit.

a) Management structure

The Global Forwarding business unit is structured by country. Each country has its own operating entity that reports to the business unit's parent company. France has two operating entities: one for chemical operations, and the other for general cargo operations.

b) Regulatory environment

The regulatory environment applicable to Global Forwarding services essentially focuses on regulated access (through licenses) as designated by national legislation. In addition, there are security and safety requirements related to the tracing of shipments and the responsibility to keep customers informed. In contrast with the Company's other business units, the regulatory environment does not include any specific provisions for the protection of persons, goods or the environment. Global forwarders are required to be licensed and/or approved based on criteria relating to professional qualifications, solvency and the implementation of operational processes that allow for statutory safety and security obligations.

c) Global Forwarding service offering

Import/export air freight: The Company organizes the carriage of goods by air worldwide through an integrated network of nearly 50 offices in Europe, the United States, South America and Asia, supported by approximately 100 local agents worldwide and by arrangements with major airlines. Customers can trace the flow of their goods by using the Company's technology.

Import/export sea freight: The Company organizes the carriage of goods by sea worldwide through a combination of owned offices and local agents, supported by arrangements with major maritime carriers. Customers can trace the flow of their goods by using the Company's technology.

In addition to air and sea freight operations, the Global Forwarding business unit also organizes road transportation.

Customs: The Global Forwarding business unit typically handles all necessary administrative and customs formalities on the customer's behalf. The Company has been granted the Approved Economic Operator License for France and Spain, which confirms its operational and regulatory knowledge.

The Global Forwarding business unit endeavors to ensure a seamless customs experience for its customers and mitigate risks. Currently, the business unit utilizes different information systems depending on the geographic location of the services provided. Recently, the Company has begun deployment of a single management system that will bring more cohesion to its global forwarding operations.

The Global Forwarding business unit is not dependent on its suppliers, which are essentially maritime companies and airlines. Given that there are a large number of suppliers, and that their services are very similar, the Company would be able to change suppliers without any difficulty.

1.5. SCOPE OF CONSOLIDATION

All XPO Logistics Europe's consolidated companies close their accounts on December 31, with the exception of NDO India and NDO Lanka, which close their accounts on March 31. Interim accounts as of December 31 were prepared for NDO India and NDO Lanka for the purpose of the Company's Financial Statements.

The main companies included in the consolidation are stated below:

		Percentage interest		Percentage control		Method	Note
		2015	2014	2015	2014		
TDG DEUTSCHLAND GmbH	Germany		100		100	FI	(2)
XPO SUPPLY CHAIN GERMANY GMBH	Germany	100	100	100	100	FI	
XPO TRANSPORT SOLUTIONS GERMANY GMBH	Germany	100	100	100	100	FI	
N D BELGIUM	Belgium		100		100	FI	(2)
XPO GLOBAL FORWARDING BELGIUM	Belgium	100	100	100	100	FI	
XPO SUPPLY CHAIN CHEMICALS BELGIUM	Belgium	100	100	100	100	FI	
ND BELGIË	Belgium	100	100	100	100	FI	
XPO SUPPLY CHAIN BELGIUM	Belgium	100	100	100	100	FI	
XPO SUPPLY CHAIN ANTWERP BELGIUM	Belgium	100	100	100	100	FI	
NDG LOGISTICS LTDA.	Brazil	50	50	50	50	EM	
NDO BRASIL AGENCIAMENTO DE CARGA LTDA	Brazil	100	100	100	100	FI	
NDO CHILE	Chile	100	100	100	100	FI	
NDO FREIGHT FORWARDING TIANJIN (NDO CHINA)	China	100	100	100	100	FI	
NDO BEIJING FREIGHT FORWARDING CO LTD	China	75	75	75	75	FI	
XPO GLOBAL FORWARDING SPAIN S.L.	Spain	100	100	100	100	FI	
XPO TRANSPORT SOLUTIONS HOLDING SPAIN S.L.	Spain	100	100	100	100	FI	
XPO VOLUME SPAIN S.L.	Spain	100	100	100	100	FI	
XPO SUPPLY CHAIN SPAIN S.L.	Spain	100	100	100	100	FI	
XPO TRANSPORT SOLUTIONS SPAIN S.L.	Spain	100	100	100	100	FI	
SALVESEN LOGISTICA S.A.	Spain	50	50	50	50	FI	
JHCI HOLDING USA Inc.	United States	100	100	100	100	FI	
JHCI HOLDINGS Inc.	United States	100	100	100	100	FI	
JHCI ACQUISITION Inc.	United States	100	100	100	100	FI	
JACOBSON WAREHOUSE COMPANY Inc	United States	100	100	100	100	FI	
JACOBSON PACKAGING COMPANY LC	United States	100	100	100	100	FI	
JACOBSON STAFFING COMPANY LC	United States	100	100	100	100	FI	
JACOBSON TRANSPORTATION COMPANY Inc.	United States	100	100	100	100	FI	
JACOBSON LOGISTICS COMPANY Inc	United States	100	100	100	100	FI	
XPO GF HOLDING USA Inc.	United States	100	100	100	100	FI	
XPO GF AMERICA Inc.	United States	100	100	100	100	FI	
XPO LOGISTICS EUROPE	France	100	100	100	100	FI	
XPO TRANSPORT SOLUTIONS RHONE-ALPES FRANCE	France	100	100	100	100	FI	
XPO TRANSPORT SERVICES FRANCE	France	100	100	100	100	FI	
XPO VOLUME SUD FRANCE	France	100	100	100	100	FI	
XPO TRANSPORT LOCATION FRANCE	France	100	100	100	100	FI	
XPO SUPPLY CHAIN NORD & EST FRANCE	France	100	100	100	100	FI	
XPO RED EUROPE HOLDING FRANCE	France	100	100	100	100	FI	
XPO VRAC SILO FRANCE	France	100	100	100	100	FI	
XPO TRANSPORT SOLUTIONS EST FRANCE	France	100	100	100	100	FI	
XPO VRAC CHIMIE FRANCE	France	100	100	100	100	FI	
XPO PHARMA FRANCE	France	100	100	100	100	FI	
XPO MAINTENANCE FRANCE	France	100	100	100	100	FI	
TRANSIMMO PICARDIE	France	100	100	100	100	FI	
XPO TRANSPORT SOLUTIONS LIMOUSIN FRANCE	France	100	100	100	100	FI	
XPO VRAC FRANCE	France	100		100			(1)
XPO SUPPLY CHAIN CARE FRANCE	France	100	100	100	100	FI	
XPO GRADUATES EUROPE	France	100	100	100	100	FI	
XPO SUPPLY CHAIN GENAS FRANCE	France	100	100	100	100	FI	
XPO SUPPLY CHAIN PARIS & OUEST FRANCE	France	100	100	100	100	FI	
IMMOTRANS	France	100	100	100	100	FI	
XPO TANK CLEANING SUD FRANCE	France	100	100	100	100	FI	
XPO TRANSPORT SOLUTIONS NORD FRANCE	France	100	100	100	100	FI	
XPO TRANSPORT SOLUTIONS SUD OUEST FRANCE	France	100	100	100	100	FI	
XPO TRANSPORT SOLUTIONS OUEST FRANCE	France	100	100	100	100	FI	
XPO TRANSPORT SOLUTIONS FORMATION FRANCE	France	100	100	100	100	FI	
PORT DE BOUC TRANSIT	France	100	100	100	100	FI	

XPO VRAC HYDRO FRANCE	France	100	100	100	100	FI	
AUTOLOG	France	100	100	100	100	FI	
XPO TRANSPORT SOLUTIONS IT EUROPE	France	100	100	100	100	FI	
LA TARNOSIENNE	France	100	100	100	100	FI	(2)
XPO TRANSPORT SOLUTIONS AUVERGNE FRANCE	France	100	100	100	100	FI	
XPO TRANSPORT SOLUTIONS CENTRE FRANCE	France	100	100	100	100	FI	
XPO SUPPLY CHAIN FRANCE	France	100	100	100	100	FI	
XPO TRANSPORT SOLUTIONS SUD FRANCE	France	100	100	100	100	FI	
N D INTER PULVE	France		100		100	FI	(3)
XPO HOLDING TRANSPORT SOLUTIONS EUROPE	France	100	100	100	100	FI	
CENTRALE DES FRANCHISES XPO FRANCE	France	32.45	32.45	32.45	32.45	EM	
BRIVE-TRANSIT	France	100	100	100	100	FI	
TEXLOG	France	100	100	100	100	FI	
XPO VOLUME NORD FRANCE	France	100	100	100	100	FI	
XPO VOLUME MGCA FRANCE	France	100	100	100	100	FI	
XPO TRANSPORT SOLUTIONS ILE DE FRANCE	France	100	100	100	100	FI	
XPO VOLUME OUEST FRANCE	France	100	100	100	100	FI	
XPO TRANSPORT SOLUTIONS SUPPORT SERVICES FRANCE	France	100	100	100	100	FI	
SALTO	France	34	34	34	34	EM	
DI CI VRAC SUD OUEST	France	100	100	100	100	FI	
XPO VOLUME FRANCHISE FRANCE	France	100	100	100	100	FI	
XPO SUPPLY CHAIN INTERNATIONAL	France	100	100	100	100	FI	
XPO SUPPLY CHAIN OUEST FRANCE	France	100	100	100	100	FI	
XPO GLOBAL FORWARDING INTERNATIONAL	France	100	100	100	100	FI	
XPO GLOBAL FORWARDING FRANCE	France	100	100	100	100	FI	
OMEGA VII	France	100	100	100	100	FI	
LOCAD 08	France	100	100	100	100	FI	
XPO DISTRIBUTION FRANCE	France	100	100	100	100	FI	
XPO SUPPLY CHAIN FROID FRANCE	France	100	100	100	100	FI	
XPO SUPPLY CHAIN GEL FRANCE	France	100	100	100	100	FI	
SALVESEN PROPERTY	France	100	100	100	100	FI	
LOCAD 10	France	100	100	100	100	FI	
XPO SUPPLY CHAIN H FRANCE	France	100	100	100	100	FI	
XPO TRANSPORT SOLUTIONS CHAMPAGNE FRANCE	France	100	100	100	100	FI	
XPO TRANSPORT SOLUTIONS CENTRAL EUROPE	France	100	100	100	100	FI	
OMEGA X	France	100	100	100	100	FI	
XPO SUPPLY CHAIN NORD FRANCE	France	100	100	100	100	FI	
XPO SUPPLY CHAIN FRAIS FRANCE	France	100	100	100	100	FI	
XPO TANK CLEANING NORD FRANCE	France	100	100	100	100	FI	
SCI DE L'AUBIFRESNE	France	100	100	100	100	FI	
T N D FRIGO LOCATION	France		100		100	FI	(3)
XPO TRANSPORT FRIGO FRANCE	France	100	100	100	100	FI	
LOCAD 11	France	100	100	100	100	FI	
XPO PARTICIPATIONS EUROPE	France	100	100	100	100	FI	
XPO LAST MILE FRANCE	France	100	100	100	100	FI	
XPO SUPPLY CHAIN SPORT FRANCE	France	100	100	100	100	FI	
XPO DISTRIBUTION EUROPE FRANCE	France	100	100	100	100	FI	
LOG'INS ARES XPO LOGISTICS	France	49	49	49	49	EM	
LOCAD 12	France	100	100	100	100	FI	
XPO KEY PL EUROPE	France	100	100	100	100	FI	
XPO SUPPLY CHAIN TOULOUSE FRANCE	France	100	100	100	100	FI	
XPO HONG KONG GLOBAL FORWARDING LIMITED	Hong-Kong	100	100	100	100	FI	
NORBERT DENTRESSANGLE OVERSEAS HUNGARY Kft	Hungary	100	100	100	100	FI	
TRANSPORTS NORBERT DENTRESSANGLE HUNGARY Kft	Hungary		100		100	FI	(2)
NDO INDIA PRIVATE LIMITED	India	100	100	100	100	FI	
XPO GLOBAL FORWARDING IRELAND LIMITED	Ireland	100	100	100	100	FI	
INVERALMOND INSURANCE LIMITED	Ireland	100	100	100	100	FI	
XPO SUPPLY CHAIN IRELAND LIMITED	Ireland	100	100	100	100	FI	
XPO TRANSPORT SOLUTIONS IRELAND LIMITED	Ireland	100	100	100	100	FI	
XPO SUPPLY CHAIN ITALY S.P.A.	Italy	100	100	100	100	FI	
XPO SUPPLY CHAIN CONSUMMER GOODS ITALY S.P.A.	Italy	100	100	100	100	FI	
FIEGE LOGSITICS ITALIA SPA	Italy	100	100	100	100	FI	

XPO TRANSPORT SOLUTIONS ITALY S.R.L.	Italy	100	100	100	100	FI	
XPO TRANSPORT SOLUTIONS LUXEMBOURG S.A.	Luxembourg	100	100	100	100	FI	
XPO TRANSPORT SOLUTIONS MOROCCO	Morocco	100	100	100	100	FI	
XPO SUPPLY CHAIN NETHERLANDS II B.V.	Netherlands	100	100	100	100	FI	
TCG EAST & SOUTH B.V.	Netherlands	76.5	76 .5	76.5	76.5	FI	
XPO GLOBAL FORWARDING NETHERLANDS BV	Netherlands	100	100	100	100	FI	
NDL HOLDING RUSSIA B.V.	Netherlands	50	50	50	50	FI	
XPO SUPPLY CHAIN NETHERLANDS B.V.	Netherlands	100	100	100	100	FI	
XPO SUPPLY CHAIN POLAND SP z.o.o.	Poland	100	100	100	100	FI	
XPO TRANSPORT SOLUTIONS POLAND SP z.o.o.	Poland	100	100	100	100	FI	
XPO SUPPLY CHAIN PORTUGAL LDA	Portugal	100	100	100	100	FI	
XPO TRANSPORT SOLUTIONS PORTUGAL LDA	Portugal	100	100	100	100	FI	
XPO SUPPLY CHAIN CZ s.r.o.	Czech Republic	100	100	100	100	FI	
XPO SUPPLY CHAIN BEVERAGE ROMANIA SRL	Romania	100	100	100	100	FI	
NDB LOGISTICA ROMANIA SRL	Romania	50	50	50	50	EM	
XPO SUPPLY CHAIN ROMANIA SRL	Romania	100	100	100	100	FI	
XPO TRANSPORT SOLUTIONS ROMANIA SRL	Romania	100	100	100	100	FI	
XPO SUPPLY CHAIN FRIGO ROMANIA	Romania	50	50	50	50	FI	
NORBERT DENTRESSANGLE OVERSEAS ROMANIA	Romania	100	100	100	100	FI	
TDG LIMITED	United Kingdom	100	100	100	100	FI	
TDG (UK) LIMITED	United Kingdom	100	100	100	100	FI	
TDG OVERSEAS LIMITED	United Kingdom	100	100	100	100	FI	
XPO HOLDINGS UK AND IRELAND LIMITED	United Kingdom	100	100	100	100	FI	
NCG UK LIMITED	United Kingdom	49.9	49.9	49.9	49.9	EM	
XPO GLOBAL FORWARDING UK LIMITED	United Kingdom	100	100	100	100	FI	
XPO BULK UK LIMITED	United Kingdom	100	100	100	100	FI	
HOPKINSON TRANSPORT (CHESTERFIELD) LIMITED	United Kingdom	100	100	100	100	FI	
LAMBDA 5 LIMITED	United Kingdom	100	100	100	100	FI	
LAMBDA 6 LIMITED	United Kingdom	100	100	100	100	FI	
AJG INTERNATIONAL TRANSPORT LIMITED	United Kingdom	100	100	100	100	FI	
INTERBULK GROUP PLC	United Kingdom	4.27	4.27	4.27	4.27	EM	
XPO INVESTMENT UK LIMITED	United Kingdom	100	100	100	100	FI	
SALVESEN LOGISTICS HOLDINGS LIMITED	United Kingdom	100	100	100	100	FI	
SALVESEN LOGISTICS LIMITED	United Kingdom	100	100	100	100	FI	
XPO SUPPLY CHAIN UK LIMITED	United Kingdom	100	100	100	100	FI	
XPO MAINTENANCE UK LIMITED	United Kingdom	100	100	100	100	FI	
XPO TRANSPORT SOLUTIONS UK LIMITED	United Kingdom	100	100	100	100	FI	
XPO LOGISTICS FRESH LLC	Russia	100	50	100	50	FI	
XPO LOGISTICS RUS LLC	Russia	100	100	100	100	FI	
XPO GLOBAL FORWARDING RUS	Russia	100	100	100	100	FI	
XPO TRANSPORT SOLUTIONS SLOVAKIA s.r.o.	Slovakia	100	100	100	100	FI	
NDO LANKA (PRIVATE) LIMITED	Sri Lanka	40	40	40	40	FI	
XPO SUPPLY CHAIN SWITZERLAND S.A.G.L.	Switzerland	100	100	100	100	FI	
LUXURY GOODS LOGISTICS	Switzerland	49	49	49	49	FI	
XPO SUPPLY CHAIN UKRAINE	Ukraine	100	100	100	100	FI	

(1) Company formed in 2015
(2) Company liquidated/taken over/sold in 2015
(3) Company liquidated/taken over/sold in 2014

MANAGEMENT REPORT
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Chapter 2

BUSINESS AND FINANCIAL INFORMATION OF XPO LOGISTICS EUROPE AND ITS SUBSIDIARIES

2.1. REVIEW OF XPO LOGISTICS EUROPE AS OF DECEMBER 31, 2015

2.1.1. Consolidated income statement

In €000	Actual Dec. 31, 2015	Actual Dec. 31, 2014	2015/2014 Change
Revenues	**5,415,278**	**4,668,846**	**746,432**
EBITDA	267,090	277,579	-10,489
As a % of revenue	4.9%	5.9%	
Adjusted EBITA	221,955	167,906	54,049
As a % of revenue	4.1%	3.6%	
EBITA	**130,092**	**167,906**	**-37,814**
As a % of revenue	2.4%	3.6%	
EBIT	**103,344**	**156,339**	**-52,995**
As a % of revenue	1.9%	3.3%	
Net financial items	**-58,569**	**-41,105**	**-17,464**
Income before tax and share of associates	44,774	115,234	-70,460
As a % of revenue	0.8%	2.5%	
Income tax	-13,265	-19,136	5,871
CVAE	-13,221	-13,055	-166
Investments in associates	353	-959	1,312
Non-controlling interests	-1,945	-6,188	4,243
Net Income, Company share	**16,695**	**75,895**	**-59,200**
As a % of revenue	0.3%	1.6%	

2015 Company revenues were €5,415 million, up 16.0% from €4,669 million in 2014 on a reported basis, and up 2.1% like-for-like (i.e. at constant perimeter and exchange rate).

Supply Chain Europe generated revenues of €2,452 million, up 10.1% on a reported basis, and up 5.6% on a like-for-like basis, versus 2014.

Supply Chain US (formerly Jacobson) generated revenues of €682 million, a 243% increase year-over-year on a reported basis, and a 4.3% increase like-for-like. The increase was due primarily to the fact that the Company owned the Jacobson companies for the full year of 2015, but only for a partial period in 2014.

Transport Solutions generated revenues of €2,178 million, up 2.6% on a reported basis, primarily due to demand for pallet distribution. Like-for-like revenues were essentially flat versus 2014.

Global Forwarding revenues were €202 million, a year-over-year decrease of 2.1% on a reported basis, and a decrease of 5.4% on a like-for-like basis. Results were impacted by the adverse economy in China, and by the shutdown of the Company's customs clearance activities in Russia.

Revenues for the financial year (in € million)	**2015**	**2014**	**Change**
Transport Solutions	2,178	2,122	+2.6 %
Supply Chain Europe	2,452	2,226	+10.1 %
Supply Chain US	682	199	+243 %
Global Forwarding	202	206	-2.1 %
Inter-Business Units	(98)	(84)	-
Consolidated total	**5,415**	**4,669**	**+16 %**

Revenues for the financial year by geographical region (in € million)	**2015**	**2014**	**Variation**
France	1,720	1,690	+1.8 %
United Kingdom	1,556	1,343	+15.9 %
United States	708	225	+215 %
Spain	580	556	+4.3 %
Other	851	855	-0.5 %
Consolidated total	5,415	4,669	+16 %

Organic revenue growth in the fourth quarter accelerated compared to the first nine months of 2015 for the Company's two largest countries: France and the UK. 2015 full year organic growth for France was 1.9%, and for the UK was 7.2%.

2015 EBITDA (earnings before interest, taxes, depreciation and amortization) was €267.1 million, or 4.9% of consolidated revenues, compared with €277.6 million, or 5.9%, in 2014.

EBITDA includes €88.4 million in non-recurring expenses, such as transaction and consolidation expenses resulting from the acquisition of a majority interest in the company by XPO Logistics, Inc. in June 2015, together with restructuring expenses and other non-recurring items. Adjusted EBITDA for 2015, excluding non-recurring items, amounted to €355.4 million.

2015 EBITA (earnings before interest, taxes and amortization) was €130.1 million, or 2.4% of consolidated revenues, a decrease of 22.5% compared with 2014. Adjusted EBITA for 2015, excluding the aforementioned items, was €222 million, an increase of 32%.

The amount of the amortization charge on customer relations, goodwill impairment charges and charges for recognition of negative goodwill was a total charge of €26.7 million. In addition to the straight-line amortization of customer relations from the acquisition of Christian Salvesen, TDG and Jacobson, the total charge includes a goodwill impairment of €13 million resulting from the shutdown of the Company's customs clearance business in Russia.

After the amortization charge, full-year 2015 **EBIT (earnings before interest and taxes)**, was €103.3 million, or 1.9% of consolidated revenues, compared with €156.3 million, or 3.3%, in 2014.

The 2015 **financial result** amounted to a €58.6 million net expense.

Following the acquisition of a majority interest in the Company by XPO Logistics in June 2015, €876.5 million of the corporate financial debt was redeemed in June and July, pursuant to the change of control clauses in the banking documentation. The issuance expenses for these loans were expensed in full in the total amount of €5.3 million, and the fair value of the hedging instruments relating to this debt was also expensed during the period. In addition, net income was affected by the full-year impact of the interest expense on the debt relating to the acquisition of Jacobson. This interest expense was €13.1 million higher in 2015 as compared to 2014.

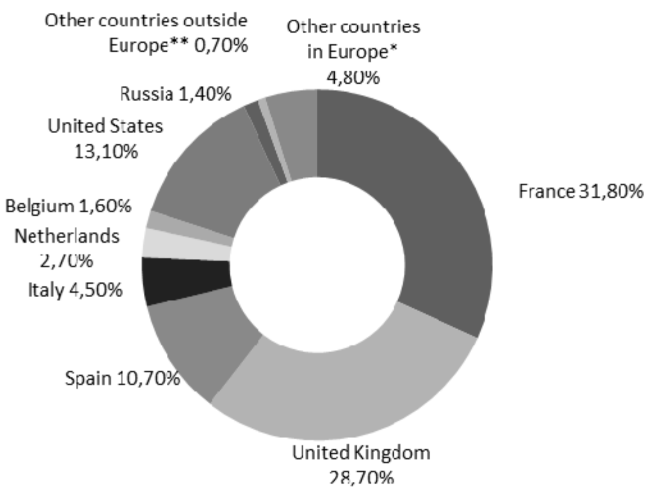
The 2015 **income tax expense** was €13.3 million, representing an effective tax rate of 29.6%. Despite the impact of material permanent differences, such as the €9.7 million fine issued by the French Competition Authority, and the non-activation of certain tax losses in Belgium, China and other countries, the Company benefited from a favorable tax differential between France and the other countries in which it operates.

Including €13.2 million of corporate value-added tax (CVAE) recorded under income tax, the share in the income of equity associates, which amounted to €0.4 million, and the elimination of minority interests amounting to €1.9 million, primarily relating to Danone's interest in the Russian, Romanian and Spanish subsidiaries, net income (Company share) amounted to €16.7 million in 2015, or 0.3% of consolidated revenues.

2015 operating results from the four business units, compared with 2014, were as follows:

EBITA* in € million	2015	2014	Change
Transport Solutions	64.7	59.4	+9 %
Supply Chain Europe	117.6	91.5	+29 %
Supply Chain US	38.1	13.5	+182 %
Global Forwarding	1.6	3.5	-55 %
Consolidation and transaction restructuring expenses, and non-recurring expenses (net)	(91.9)	(0.0)	-
Consolidated total	**130.1**	**167.9**	**-22.5 %**

The breakdown of consolidated revenues by country is as follows:



** Other countries in Europe: Czech Republic, Germany, Ireland, Luxembourg, Poland, Portugal, Romania, Slovakia, Switzerland and Ukraine*
*** Other countries outside of Europe: Brazil, Chile, China, Hong Kong, India, Morocco and Sri Lanka*

2.1.2. Consolidated balance sheet

As of December 31, 2015, shareholders' equity, including minority interests, was €710 million. Shareholders' equity rose by €19 million during 2015, as a result of:

- The generation of €17 million of net income in 2015;
- Conversion differences of €43 million, which were primarily linked to the revaluation of the US dollar and the pound sterling;
- The payment of dividends amounting to €20 million, including to minority shareholders of the subsidiaries jointly held with the Danone group;
- Actuarial losses on the two UK pension funds (formerly the CSPS and TDG funds), amounting to €29 million;
- Share-based payments of €5 million; and
- Gains and losses of €7 million relating to the revaluation of financial instruments.

Non-current assets increased by €117 million in 2015, €109 million of which was due to the fluctuation in exchange rates.

Working capital was €79.3 million as of December 31, 2015, an increase of €39.1 million compared with 2014. This increase was primarily due to higher revenues, as well as to changes in exchange rates, as customer payment terms remained unchanged at the Company level.

As of December 31, 2015, **net debt** amounted to €1,098 million, reflecting gross debt of €1,160 million (comprised of asset loans, bank payables and corporate bonds) less net cash of €62 million. The corporate financial debt, €877 million of which was redeemed in June and July, was refinanced by an inter-company loan that is amortizable over nine years.

The amount of the loans subject to compliance with financial ratios (covenants) was €12 million as of December 31, 2015.

Current and non-current provisions as of December 31, 2015 amounted to €238 million. Significant additions to the provisions were recognized during 2015, including €33 million relating to employee benefits, €18 million relating to restructuring, and €28 million for loss-making contracts.

2.1.3. Cash flow statement

Cash flows from operations amounted to €194 million for 2015, compared with €217 million in 2014, a decrease of €23 million. The €34.6 million increase in gross cash flow from operations after payment of taxes was more than offset by the €64 million negative variance in net working capital flows.

Cash flows from investing activities amounted to a shortfall of €143 million for the financial year ended December 31, 2015, including a €41.3 million increase in capital expenditure compared with 2014. The increase in capital expenditures was primarily related to the Supply Chain Europe and Transport Solutions business units, which had year-over-year increases of €16 million and €22 million, respectively.

Cash flows from financing activities amounted to a shortfall of €203 million in 2015. Indeed, given the new shareholding structure, some loans were not granted by the historical banking pool, as a result of which certain asset finance lines could not be set up.

2.1.4. Supply Chain Europe

Supply Chain Europe 2015 revenues were €2,452 million, an increase of over 10% compared with 2014 revenues of €2,226 million.

The increase primarily reflects the business unit's success in gaining market share in mature markets such as the UK, Spain, Netherlands, Italy and France. The business unit is also exporting its model, and is recording high growth rates in emerging countries, including Russia and Poland.

Supply Chain Europe 2015 adjusted EBITA was €117.6 million, or a 4.8% return on revenues, compared to €91.5 million, or a 4.1% return – an increase of €26.1 million. These numbers exclude the sales of buildings, and the costs of integrating into the global XPO Logistics organization.

All of Supply Chain Europe's major country markets are generating a level of profitability above that generated in 2014, excluding exceptional consolidation costs.

Belgium was still loss-making in 2015, although much less so than in 2014, due to the positive effect of the restructuring plans that the the Company put into effect.

Russia surged ahead both in revenues and operating earnings, despite its less buoyant 2015 results in euros due to a still weaker ruble.

2.1.5. Supply Chain US

Supply Chain US revenues were US$756.4 million in 2015 (€681.7 million), compared with US$250.6 million in 2014 (€198.9 million). This was an increase of more than US$500 million, or 200%.

Within Supply Chain US, Contract Logistics Services (CLS) revenues were US$546.6 million (€492.6 million), compared with US$166.9 million in 2014 (€132.4 million), an increase of US$379.7 million or 228%. Transportation Logistics Services (TLS) revenues were US$209.8 million (€188.8 million), compared with US$83.6 million in 2014 (€66.3 million), an increase of US$126.2 million or 151%.

Comparing full year results for 2015 and 2014 on a pro forma basis, revenues for the Supply Chain US business declined by 3% in 2015. Growth in the logistics business, coming primarily from new business activities and strong demand for core services, was offset by a nearly 30% decline in revenues within the transport business. The decline resulted from fewer customers in the managed transportation service line, as well as a strategic exit from the agent line initiated in 2014.

Comparing full year results for 2015 and 2014 on a pro forma basis, operating EBITDA declined by 23%. The decline was primarily due to a reduction in the existing customer base and in the onboarding of new customers.

2.1.6 Transport Solutions

Transport Solutions revenues were €2,178 million in 2015, an increase of €56 million, or 2.6%, compared with 2014. Revenue growth was driven by the strong performance of the distribution businesses in the UK, Spain and France, and, to a lesser degree, by the domestic and international full-load transport businesses.

Adjusted EBITA was €64.7 million, compared with €59.4 million in 2014, an increase of €5.3 million. These numbers exclude the sales of buildings, and the costs of integrating into the global XPO Logistics organization.

This increase in operating income is primarily related to the positive trend in business volumes, the improvement in profit margins, and productivity gains in the domestic and international full-load businesses. The improvement in profit margins was primarily due to the strong performance of the distribution businesses in the UK, France and Spain, resulting from the absorption of overheads.

Transport Solutions operates the largest portion of the Company's owned fleet in Europe. As of December 31, 2015, this fleet represented 7,770 motor vehicles and 13,224 trailers, compared with 7,709 motor vehicles and 12,826 trailers as of December 31, 2014.

The change in mix of the Company's transport services is driven by the strategy to increase the proportion of regularly chartered shipments as a percentage of all shipments. This resulted in a change in percentage from 29% in January 2013, to 35% in December 2014, to 37% in December 2015.

Transport Solutions employed 4,833 French-based drivers as of December 31, 2015, accounting for 59% of the business unit's total drivers in Europe.

2.1.7 Global Forwarding

Global Forwarding revenues were €202 million in 2015, a decrease of 2.1% compared with 2014. The like-for-like decrease in revenues was 5.4%, compared with 2014.

Adjusted EBITA over the year amounted to €1.6 million, compared with €3.5 million in 2014. These results reflect the dynamics of the international freight forwarding market, including a downturn in Asia, and the refocusing of our activities and trade lanes.

Global Forwarding employed 724 people across 47 offices and 14 countries, as of December 31, 2015.

2.2. FINANCIAL STATEMENTS OF XPO LOGISTICS EUROPE SA, THE PARENT COMPANY.

2.2.1. XPO Logistics Europe SA's balance sheet and income statement

The highlights of the financial statements of the Company's parent company for the year ended December 31, 2015 are as follows:

Net assets were €310.7 million, down from €365 million in 2014, reflecting a net loss for the year of €36.8 million and €17.6 million of dividends paid out in June 2015.

Net financial debt was €546 million, a decrease of €271 million, reflecting the receipt of intra-Company receivable redemptions.

Net available cash was **-**€40.9 million at year-end 2015 (bank overdrafts).

Fixed assets were €770.2 million as of December 31, 2015, consisting principally of financial assets – investments in XPO Holding Transport Solutions Europe (the holding company for the Transport Solutions business), XPO Supply Chain International (the holding company for the Supply Chain business), XPO Global Forwarding International (the holding company for the Global Forwarding business) – and of loans granted to subsidiaries.

Operating loss was €38.2 million. The Company incurred significant non-recurring expenses in 2015, related to the acquisition of a majority interest by XPO Logistics, Inc. These included acquisition expenses amounting to €13.1 million, and a €13.6 million accounting charge generated by the change in the terms and conditions of the performance share action plan. The residual operating loss means that XPO Logistics Europe S.A., as the holding company, is not re-invoicing all of its operating costs to its subsidiaries via management fees.

Net financial loss, which is the sum of the interest paid on borrowings and dividends received from the subsidiaries, was €19.2 million.

The year ended with a net loss of €36.8 million.

2.2.2. Results and other key data of the Company over the last five financial years

In euros	**Dec. 31, 2011**	**Dec. 31, 2012**	**Dec. 31, 2013**	**Dec. 31, 2014**	**Dec. 31, 2015**
CLOSING SHARE CAPITAL					
Share capital	19,672,482	19,672,482	19,672,482	19,672,482	19,672,482
Number of ordinary shares	9,836,241	9,836,241	9,836,241	9,836,241	9,836,241
Number of non-voting preference shares					
Maximum number of shares to be created:					
- By bond conversion	0	0	0	0	0
- By subscription rights	175,000	115,000	140,000	110,000	110,000
OPERATIONS AND INCOME/(LOSS)					
Gross revenues	16,344,066	14,811,570	15,667,561	16,826,424	18,237,314
Earnings before taxes, investments, depreciation, amortization and provisions	(301,161,412)	9,141,710	50,582,843	36,886,231	(54,143,883)
Income taxes	(32,216,560)	(25,211,966)	(19,920,877)	(23,825,691)	(20,320,267)
Employee profit-sharing	0	0	0	0	0
Net income	26,510,323	28,759,092	82,626,195	44,741,895	(36,837,918)
Income distributed	12,295,301	14,754,362	15,737,986	17,705,234	0
EARNINGS PER SHARE					
Income/(loss) after tax, investments before allowances for amortization, depreciation and provisions	27.34	3.49	7.17	6.17	3.44
Income/(loss) after tax, investments and allowances for amortization, depreciation and provisions	2.70	2.92	8.40	4.55	3.75
Dividend paid	1.25	1.50	1.60	1.80	-
EMPLOYEES					
Average number of employees	29	36	38	47	46
Wages and salaries	3,442,628	4,015,502	3,637,472	3,893,806	15,353,345
Social security charges	1,349,823	1,592,778	1,952,635	2,101,834	7,029,118

2.2.3. Non-tax deductible expenditure

In accordance with the provisions of Article 223 of the French General Tax Code, none of the items of expenditure listed in Article 39-4 of the French General Tax Code were included in taxable income.

2.2.4. Trade payables terms of payment

Pursuant to Article D.441-4 of the French Commercial Code, the breakdown of the Company's trade payables as of December 31, 2015, by due date of payment is as follows:

€000	Trade payables	Not due	Less than 90 days	Over 90 days
2014	3,570	2,951	449	170
2015	7,767	5,292,	2,124	351

2.2.5. Significant events and amendments to the Articles of Association during the year

- **Significant events**

XPO Logistics, Inc. purchased the 67% interest in XPO Logistics Europe (formerly Norbert Dentressangle) held by the Dentressangle Family on June 8, 2015, and launched a Simplified Public Offer with a goal of purchasing all of the remaining shares in the Company on June 29, 2015. At the conclusion of the Simplified Public Offer, which closed on July 17, 2015, XPO Logistics held an 86.24% interest in XPO Logistics Europe.

- **Amendments to the Articles of Association**

At the Shareholders Meeting on November 18, 2015, a change in the Company's name, from Norbert Dentressangle to XPO Logistics Europe, was approved by vote.

2.2.6. Significant events and amendments to the Articles of Association since the balance sheet date

- **Significant events**

None.

- **Amendments to the Articles of Association**

The Articles have not been changed since December 31, 2015.

2.2.7. Foreseeable development of the company and future prospects

In 2016, the Company expects to to take advantage of growth opportunities in all of its business units and in all of the regions where the company operates, supported by high levels of customer satisfaction, a strong commercial momentum, and an emphasis on performance.

In 2016, the Company expects to have the same sources of revenue streams and expenses as it did in 2015.

2.2.8. Revenues and earnings of subsidiaries and controlled entities

The revenues and earnings of all subsidiaries, all of which are consolidated, appear in the Notes to the Financial Statements. Additionally, the activities by business unit, as specified in sections 2.1.4. and following, provide a summary of the operations conducted by these business units.

• Subsidiaries and equity investments

Subsidiaries	Share capital	Other share-holders' equity	% held	Gross value of investment	Net value of investment	Loans and share-holder loans	Revenue	Net income	Dividends received
XPO HOLDING TRANSPORT SOLUTIONS EUROPE	50,000	88,663	100	99,639	99,639	263,811	16,757	17,680	23,834
XPO SUPPLY CHAIN INTERNATIONAL	308,438	38,601	100	348,281	348,281	14,831	9,920	(17,841)	45,585
XPO GLOBAL FORWARDING INTERNATIONAL	32,659	(21,506)	100	41,183	16,482	64,818	3,679	(22,439)	0
OMEGA 7	500	(334)	100	4,298	166	1,055	600	(261)	0
INTERBULK	63,981	(12,039)	4.27	5,902	2,376	0	303,317	179	0
LAMBDA 5 LTD	272	221	100	450	450	(493)	0	0	0
XPO PARTICIPATIONS EUROPE	20	(17)	100	37	37	10	0	(5)	0
XPO GRADUATES EUROPE	100	(135)	100	100	100	(90)	681	(137)	0
Non-Company equity investment				66	0				
Acquisition expenses				82	82				
TOTAL	**455,969**	**93,455**		**500,038**	**467,613**	**343,941**	**334,954**	**(22,824)**	**69,419**

2.2.9. Acquisitions of equity investments and takeovers

The Company did not make any equity investments or engage in any takeovers during the 2015 financial year.

2.2.10. Appropriation of earnings

The Company recommends that, at the General Meeting of June 24, 2016, shareholders vote to pay no dividend for the 2015 financial year, and allocate the loss for the financial year, which amounts to €36,837,917.48 in total, to the Retained Earnings item, with the effect of reducing that item from €106,390,853.95 to €69,552,665.47.

Over the last three financial years, the appropriation of earnings was the following:

Market data	**2015**	**2014**	**2013**
Price as of Dec. 31 in €	206.80	119.85	93.50
Number of shares as of Dec. 31	9,836,241	9,836,241	9,836,241
Market capitalisation in € million	2,034.1	1,178.87	919.6
Net earnings per share in € (2)	1.70	7.75	7.20
Net dividend in €	0	1.80	1.60
Distribution ratio in% (1)	0	23.3	22.5

(1) Including treasury shares
(2) After deduction of treasury shares and calculated on the net income Company share

The distribution ratio consists of the net dividend divided by net earnings.

MANAGEMENT REPORT
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Chapter 3

INFORMATION REGARDING THE CORPORATE OFFICERS AND THE MANAGEMENT BODIES

As of December 31, 2015, XPO Logistics Europe is a "controlled company" in which 86.24% of the share capital and 86.56% of the voting rights are held by the company XPO Logistics France SAS. XPO Logistics France SAS is 100% controlled directly by XPO Logistics, Inc. (which has consolidated XPO Logistics Europe through the full consolidation method since June 5, 2015).

In March 1998, the Company adopted a two-level structure comprised of an Executive Board and a Supervisory Board, thus making a distinction between the management body and the monitoring body. This structure provides greater assurance that a balance exists between executive responsibilities and monitoring responsibilities.

The Company complies with the corporate governance rules for listed companies set forth in the AFEP-MEDEF Code of Corporate Governance for Listed Companies issued in June 2013, and ensures that the recommendations therein are applied to the operation of the Company entities. At present, the Company does not have a Remunerations and Appointments Committee. Furthermore, the Company does not apply the term-of-office criteria for Supervisory Board members in order to determine whether they are independent.

The Chairman's report on internal controls, Appendix 1 of the management report, contains information on the application by the Company of the recommendations set forth in the Code of Corporate Governance for Listed Companies.

3.1. OFFICES AND POSITIONS HELD BY THE CORPORATE OFFICERS DURING FY 2015

3.1.1. Offices and positions held by the members of the Executive Board

First name and surname	Main positions held within the Company	Other offices and positions held within the Company			Main positions held outside the Company	Offices held during the last five years
			Former legal name	*End of term*		
Troy COOPER	**Chairman of the Executive Board**	**Director**				
		XPO Cartage, Inc.				
		XPO Distribution Services, Inc.				
		XPO RED EUROPE HOLDING FRANCE	*ND RED EUROPE*			
		XPO HOLDING TRANSPORT SOLUTIONS EUROPE	*NDT*			
		XPO SUPPLY CHAIN INTERNATIONAL	*NDL INTERNATIONAL*			
		XPO GLOBAL FORWARDING INTERNATIONAL	*NORBERT DENTRESSANGLE OVERSEAS - NDO*			
Luis Angel GOMEZ IZAGUIRRE	**Member of the Executive Board**	**Director**				**Director**
		XPO TRANSPORT SOLUTIONS HOLDING SPAIN S.L.	*NORBERT DENTRESSANGLE IBERICA S.L.*			ND RED EUROPE

		XPO VOLUME SPAIN S.L.	*NORBERT DENTRESSANGLE VOLUMEN IBERIA SL*			ND SILO IBERICA
		XPO TRANSPORT SOLUTIONS ITALY S.R.L.	*NORBERT DENTRESSANGLE ITALIA S.R.L.*			**Manager**
		TDG (UK) LIMITED				TND CHAMPAGNE
		XPO HOLDINGS UK AND IRELAND LIMITED	*NORBERT DENTRESSANGLE HOLDINGS LIMITED*			NDFI LOGISTICA Y TRANSPORTE SL
		TCG EAST & SOUTH B.V.				DI CI VRAC SUD OUEST
		XPO TRANSPORT SOLUTIONS GERMANY GMBH	*ND THIER GMBH*			**Chairman**
		NDB LOGISTICA ROMANIA SRL				NORBERT DENTRESSANGLE SILO
		XPO TRANSPORT SOLUTIONS ROMANIA SRL	*TRANSCONDOR S.A.*			ND INTERPULVE
		SALVESEN LOGISTICS LIMITED				
		XPO TRANSPORT SOLUTIONS UK LIMITED	*NORBERT DENTRESSANGLE TRANSPORT UK LIMITED*			
		XPO TRANSPORT SOLUTIONS IRELAND LIMITED	*NORBERT DENTRESSANGLE TRANSPORT IRELAND LIMITED*			
		Manager				
		ND BELGIË				
		XPO VRAC FRANCE	*OMEGA XX*			
		IMMOTRANS	*IMMOTRANS*			
		XPO TRANSPORT SOLUTIONS IT EUROPE	*ND INFORMATIQUE*			
		XPO TRANSPORT SOLUTIONS PORTUGAL LDA	*ND (PORTUGAL) TRANSPORTES LDA*			
		XPO TRANSPORT SOLUTIONS SUPPORT SERVICES FRANCE	*ND GESTION*			
		XPO VOLUME FRANCHISE FRANCE	*ND FRANCHISE*			
		XPO TRANSPORT SOLUTIONS SLOVAKIA s.r.o.	*TRANSPORTS NORBERT DENTRESSANGLE SLOVAKIA s.r.o.*			
		SCI DE L'AUBIFRESNE				
		XPO TRANSPORT SOLUTIONS MOROCCO	*NORBERT DENTRESSANGLE MAROC*			
		Chairman				
		XPO TRANSPORT SOLUTIONS RHONE-ALPES FRANCE	*TRANSPORTS NORBERT DENTRESSANGLE*			
		XPO VOLUME SUD FRANCE	*TND VOLUME*			

		XPO VRAC SILO FRANCE	*NORBERT DENTRESSANGLE SILO*			
		XPO TRANSPORT SOLUTIONS EST FRANCE	*TND EST*			
		XPO VRAC CHIMIE FRANCE	*NORBERT DENTRESSANGLE CHIMIE*			
		XPO PHARMA France	*ND PHARMA*			
		XPO TRANSPORT SOLUTIONS LIMOUSIN FRANCE	*TND LIMOUSIN*			
		XPO TANK CLEANING SUD FRANCE	*SONECOVI SUD*			
		XPO TRANSPORT SOLUTIONS NORD FRANCE	*TND NORD*			
		XPO TRANSPORT SOLUTIONS SUD OUEST FRANCE	*TND SUD OUEST*			
		XPO TRANSPORT SOLUTIONS OUEST FRANCE	*TND NORMANDIE BRETAGNE*			
		XPO VRAC HYDRO FRANCE	*ND HYDROCARBURES*			
		XPO TRANSPORT SOLUTIONS AUVERGNE FRANCE	*TND AUVERGNE*			
		XPO TRANSPORT SOLUTIONS CENTRE FRANCE	*TND OUEST*			
		XPO TRANSPORT SOLUTIONS SUD FRANCE	*TND SUD*			
		XPO VOLUME NORD FRANCE	*UNITED SAVAM*			
		XPO VOLUME MGCA FRANCE	*MAGASINS GENERAUX DE CHAMPAGNE-ARDENNE*			
		XPO TRANSPORT SOLUTIONS ILE DE FRANCE	*TND ILE DE FRANCE*			
		XPO VOLUME OUEST FRANCE	*TRANSPORTS HARDY*			
		XPO DISTRIBUTION FRANCE	*NORBERT DENTRESSANGLE DISTRIBUTION*			
		XPO TRANSPORT SOLUTIONS CHAMPAGNE FRANCE	*TND CHAMPAGNE*			
		XPO TRANSPORT SOLUTIONS CENTRAL EUROPE	*ND CENTRAL EUROPE*			
		XPO TANK CLEANING NORD FRANCE	*SONECOVI NORD*			
		XPO LAST MILE FRANCE	*NORBERT DENTRESSANGLE DISTRIBUTION SERVICES*			
		XPO DISTRIBUTION EUROPE FRANCE	*NORBERT DENTRESSANGLE DISTRIBUTION EUROPE*			
		XPO KEY PL EUROPE	*ND KEY PL*			

		Member of the Executive Board				
		XPO TRANSPORT SOLUTIONS POLAND SP z.o.o.	*ND POLSKA*			
		CEO				
		TDG LOGISTICS				
Ludovic OSTER	**Member of the Executive Board**	**Manager**				
		XPO GRADUATES EUROPE	*ND GRADUATES*			
Malcolm WILSON	**Member of the Executive Board**	**Director**				**Director**
		XPO SUPPLY CHAIN SPAIN S.L.	*ND LOGISTICS ESPANA SERVICIOS INTEGRALES LOGISTICA S.L.*			NDG LOGISTICS LIMITIDA
		Deputy Director				TDG LIMITED
		XPO SUPPLY CHAIN CHEMICALS BELGIUM	*NORBERT DENTRESSANGLE LOGISTICS WELKENRAEDT*			HOLISTICA SOLUTIONS LIMITED
		XPO SUPPLY CHAIN BELGIUM	*NORBERT DENTRESSANGLE LOGISTICS BELGIUM N.V.*			
		XPO SUPPLY CHAIN ANTWERP BELGIUM	*NORBERT DENTRESSANGLE LOGISTICS ANTWERP*			
		Director				
		TDG (UK) LIMITED				
		XPO SUPPLY CHAIN NETHERLANDS II B.V.	*T.D. HOLDINGS B.V.*			
		NDL HOLDING RUSSIA B.V.	*NDL HOLDING RUSSIA B.V.*			
		XPO SUPPLY CHAIN GERMANY GMBH	*ND LOGISTICS (DEUTSCHLAND) GmbH*			
		JHCI HOLDING USA Inc.	*NDL HOLDNG USA Inc.*			
		JHCI HOLDINGS Inc.				
		JHCI ACQUISITION Inc.				
		JACOBSON WAREHOUSE COMPANY Inc.				
		JACOBSON PACKAGING COMPANY L.C.				
		JACOBSON STAFFING COMPANY L.C.				
		JACOBSON TRANSPORTATION COMPANY Inc.				
		JACOBSON LOGISTICS COMPANY L.C.				
		XPO SUPPLY CHAIN BEVERAGE ROMANIA SRL	*NDL BEVERAGE ROMANIA*			
		XPO SUPPLY CHAIN POLAND SP z.o.o.	*ND LOGISTICS POLAND SP. ZOO*			
		XPO SUPPLY CHAIN CZ s.r.o.	*ND LOGISTICS CZ s.r.o.*			

		XPO SUPPLY CHAIN NETHERLANDS B.V.	*ND LOGISTICS NEDERLAND B.V.*			
		LUXURY GOODS LOGISTICS (L.G.L.) SA				
		XPO SUPPLY CHAIN ROMANIA SRL	*ND LOGISTICS ROMANIA SRL*			
		SALVESEN LOGISTICS LIMITED				
		XPO SUPPLY CHAIN IRELAND LIMITED	*NORBERT DENTRESSANGLE LOGISTICS IRELAND LIMITED*			
		XPO SUPPLY CHAIN UK LIMITED	*NORBERT DENTRESSANGLE LOGISTICS LIMITED*			
		Manager				
		XPO SUPPLY CHAIN PORTUGAL LDA	*NORBERT DENTRESSANGLE LOGISTICA PORTUGAL LDA*			
		XPO SUPPLY CHAIN CARE FRANCE	*ND CARE*			
		TEXLOG				
		XPO SUPPLY CHAIN SWITZERLAND S.A.G.L.	*ND LOGISTICS SWITZERLAND S.A.G.L.*			
		XPO SUPPLY CHAIN OUEST FRANCE	*THT LOGISTICS*			
		SALVESEN PROPERTY				
		XPO SUPPLY CHAIN NORD FRANCE	*ND FS*			
		XPO SUPPLY CHAIN FRAIS FRANCE	*NDU*			
		XPO SUPPLY CHAIN SPORT FRANCE	*ND SPORT*			
		XPO SUPPLY CHAIN TOULOUSE FRANCE	*ND CTL*			
		Chairman				
		XPO SUPPLY CHAIN NORD & EST FRANCE	*CEMGA LOGISTICS*			
		XPO SUPPLY CHAIN GENAS FRANCE	*ND GENAS*			
		XPO SUPPLY CHAIN PARIS & OUEST FRANCE	*ND G3*			
		XPO SUPPLY CHAIN FRANCE	*ND LOGISTICS*			
		XPO SUPPLY CHAIN FROID FRANCE	*CHRISTIAN SALVESEN*			
		XPO SUPPLY CHAIN GEL FRANCE	*GEL SERVICE*			
		XPO SUPPLY CHAIN H FRANCE	*NDH*			
		OMEGA X				
		Chairman of the Board of Directors and Counsel				
		XPO SUPPLY CHAIN ITALY S.P.A.	*ND LOGISTICS ITALIA S.P.A.*			
		XPO SUPPLY CHAIN CONSUMMER GOODS ITALY S.P.A.	*FIEGE BORRUSO S.P.A.*			
		FIEGE LOGISTICS ITALIA S.P.A.	*FIEGE LOGISTICS ITALIA S.P.A.*			

Patrick BATAILLARD	**Member of the Executive Board**	**Director**				**Director**
	Until Nov. 18, 2015	CHRISTIAN SALVESEN		June 22, 2015		ND BELGIUM
		FIEGE BORRUSO S.P.A.		Nov. 20, 2015		**Director**
		FIEGE LOGISTICS ITALIA S.P.A.		Nov. 20, 2015		KINGSGATE LEASING LIMITED
		NDO FREIGHT FORWARDING TIANJIN (NDO CHINA)				LAXEY LOGISTICS LIMITED
		NDT		July 17, 2015		SCIO SOLUTIONS LIMITED
		ND RED EUROPE		July 17, 2015		TDG DIRECTOR N°2 LIMITED
		NORBERT DENTRESSANGLE LOGISTICS ANTWERP		Dec. 01, 2015		TDG SECRETARIES LIMITED
		NORBERT DENTRESSANGLE LOGISTICS BELGIUM N.V.		Dec. 01, 2015		SEABRIDGE UK LIMITED
		NORBERT DENTRESSANGLE LOGISTICS WELKENRAEDT		Dec. 01, 2015		TDG PROPERTY HOLDINGS LIMITED
		AJG INTERNATIONAL TRANSPORT LIMITED		Nov. 11, 2015		**Manager**
		CHRISTIAN SALVESEN INVESTMENTS LIMITED		Nov. 11, 2015		TDG Deutschland GmbH
		GREEN LOGISTICS LIMITED		Nov. 11, 2015		TDG DIRECTORS NO.1 LIMITED
		HARRIS DISTRIBUTION LIMITED		Nov. 11, 2015		TDG BV
		IWT WORLDWIDE LOGISTICS LIMITED		Nov. 11, 2015		OMEGA XIX
		JACOBSON LOGISTICS COMPANY Inc		Dec. 01, 2015		OMEGA XVIII
		JACOBSON PACKAGING COMPANY LC		Dec. 01, 2015		
		JACOBSON STAFFING COMPANY LC		Dec. 01, 2015		
		JACOBSON TRANSPORTATION COMPANY Inc		Dec. 01, 2015		
		JACOBSON WAREHOUSE COMPANY INC		Dec. 01, 2015		
		JHCI ACQUISITION INC		Dec. 01, 2015		
		JHCI HOLDINGS INC		Dec. 01, 2015		
		LAMBDA 2 LIMITED		Nov. 11, 2015		
		NDL HOLDING USA INC		Dec. 01, 2015		
		NORBERT DENTRESSANGLE LOGISTICS UK LIMITED		Nov. 11, 2015		
		NORBERT DENTRESSANGLE HOLDINGS LIMITED		Nov. 11, 2015		

		NORBERT DENTRESSANGLE LOGISTICS IRELAND LIMITED		Nov. 11, 2015		
		NORBERT DENTRESSANGLE LOGISTICS LIMITED		Nov. 11, 2015		
		NORBERT DENTRESSANGLE MAINTENANCE UK LIMITED		Nov. 11, 2015		
		NORBERT DENTRESSANGLE OVERSEAS HK LIMITED		Nov. 11, 2015		
		NORBERT DENTRESSANGLE OVERSEAS IRELAND LIMITED		Nov. 11, 2015		
		NORBERT DENTRESSANGLE OVERSEAS UK LIMITED		Nov. 11, 2015		
		NORBERT DENTRESSANGLE TANKERS LIMITED		Nov. 11, 2015		
		NORBERT DENTRESSANGLE TRANSPORT IRELAND LIMITED		Nov. 11, 2015		
		NORBERT DENTRESSANGLE TRANSPORT SERVICES LIMITED		Nov. 11, 2015		
		SALVESEN LOGISTICS HOLDINGS LIMITED		Nov. 11, 2015		
		SALVESEN LOGISTICS LIMITED		Nov. 11, 2015		
		SHEDDICK TRANSPORT LIMITED		Nov. 11, 2015		
		T.D. HOLDINGS B.V.		Dec. 01, 2015		
		TCG EAST & SOUTH B.V.		Nov. 25, 2015		
		TDG (UK) LIMITED		Nov. 11, 2015		
		TDG AVONMOUTH LIMITED		Nov. 11, 2015		
		TDG LIMITED		Nov. 11, 2015		
		THE NATURAL VEGETABLE COMPANY LIMITED		Nov. 11, 2015		
		NORBERT DENTRESSANGLE TRANSPORT UK LIMITED		Nov. 11, 2015		
		Managing Director				
		ND RED EUROPE		July 17, 2015		
		NDL INTERNATIONAL		Nov. 30, 2015		
		NDO Holding USA Inc.		Dec. 01, 2015		
		NORBERT DENTRESSANGLE OVERSEAS - NDO		Nov. 30, 2015		

		TDG LOGISTICS		June 26, 2015		
		Manager				
		IMMOTRANS		Nov. 30, 2015		
		NORBERT DENTRESSANGLE OVERSEAS SPAIN SL		March 23, 2016		
		OMEGA XX		Dec. 19, 2015		
		OMEGA XXI		Nov. 25, 2015		
		OMEGA XXII		Nov. 25, 2015		
		TEXLOG		Nov. 25, 2015		
		TRANSIMMO PICARDIE		Nov. 30, 2015		
		Chairman				
		ND RED EUROPE		Dec. 01, 2015		
		NDT		Nov. 30, 2015		
		OMEGA XXIII		July 31, 2015		
		OMEGA XXIV		Dec. 14, 2015		
		OMEGA XXV		Nov. 25, 2015		
		TDG LOGISTICS		June 26, 2015		
Hervé MONTJOTIN	**Chairman of the Executive Board**	**Director**				**Director**
	Until Sept. 3, 2015	CHRISTIAN SALVESEN		June 22, 2015		ND RED EUROPE TDG LOGISTICS
	Member of the Executive Board	FIEGE BORRUSO S.P.A.		Sept. 11, 2015		NDG LOGISTICA LIMITADA
	Until Sept. 3, 2015	FIEGE LOGISTICS ITALIA S.P.A.		Oct. 28, 2015		TRANSCONDOR
		ND LOGISTICS CZ		Nov. 02, 2015		**Directeur**
		ND LOGISTICS SWITZERLAND S.A.G.L.		Sept. 10, 2015		NORBERT DENTRESSANGLE TRANSPORT UK Ltd
		NORBERT DENTRESSANGLE IBERICA S.L.		Dec. 01, 2015		NORBERT DENTRESSANGLE TRANSPORT IRELAND Ltd
		NDO AMERICA		Dec. 01, 2015		CHRISTIAN SALVESEN Ltd
		Deputy Director				**Managing Director**
		NORBERT DENTRESSANGLE LOGISTICS ANTWERP		Sept. 24, 2015		TND NORMANDIE BRETAGNE

		NORBERT DENTRESSANGLE LOGISTICS BELGIUM N.V.		Sept. 23, 2015		**Manager**
		NORBERT DENTRESSANGLE LOGISTICS WELKENRAEDT		Sept. 24, 2015		TDG BV
		NDO BELGIUM		Dec. 01, 2015		ND FRANCHISE
		Director				DICI VRAC SUD OUEST
		NORBERT DENTRESSANGLE OVERSEAS UK LIMITED		Sept. 04, 2015		ND CENTRAL EUROPE
		SALVESEN LOGISTICS LIMITED		Sept. 04, 2015		TND CHAMPAGNE
		TDG (UK) LIMITED		Sept. 04, 2015		ND INFORMATIQUE TDG DEUTSCHLAND Gmbh
		TDG LIMITED		Sept. 04, 2015		**Chairman**
		NDO INDIA PRIVATE LIMITED		Sept. 11, 2015		ND INTERPULVE
		ND LOGISTICS NEDERLAND B.V.		Nov. 25, 2015		ND PHARMA
		NORBERT DENTRESSANGLE LOGISTICS IRELAND LIMITED		Sept. 04, 2015		TND SUD OUEST SNN CLERMONT
		NORBERT DENTRESSANGLE OVERSEAS IRELAND LIMITED		Sept. 04, 2015		TFND OUEST TND OUEST
		JACOBSON LOGISTICS COMPANY INC		Dec. 01, 2015		NORBERT DENTRESSANGLE DISTRIBUTION
		NDO NETHERLANDS B.V.		Nov. 25, 2015		NORBERT DENTRESSANGLE DISTRIBUTION SERVICES
		JACOBSON PACKAGING COMPANY LC		Dec. 01, 2015		NORBERT DENTRESSANGLE SILO
		JACOBSON STAFFING COMPANY LC		Dec. 01, 2015		UNITED SAVAM
		JACOBSON TRANSPORTATION COMPANY INC		Dec. 01, 2015		TRANSPORT NORBERT DENTRESSANGLE
		JACOBSON WAREHOUSE COMPANY INC		Dec. 01, 2015		NORBERT DENTRESSANGLE OVERSEAS HUNGARY
		JHCI ACQUISITION INC		Dec. 01, 2015		ND SILO IBERICA

		JHCI HOLDINGS INC		Dec. 01, 2015		
		NDL HOLDING USA INC		Dec. 01, 2015		
		T.D. HOLDINGS B.V.		Nov. 25, 2015		
		TCG EAST & SOUTH B.V.		Nov. 25, 2015		
		NORBERT DENTRESSANGLE LOGISTICS LIMITED		Sept. 04, 2015		
		Managing Director				
		CHRISTIAN SALVESEN		June 22, 2015		
		IWT WORLDWIDE LOGISTICS LIMITED		Sept. 04, 2015		
		NDT		July 17, 2015		
		Manager				
		ND CARE		Sept. 23, 2015		
		ND CTL		28/09/2015		
		ND FS		Sept. 23, 2015		
		ND LOGISTICS (DEUTSCHLAND) GmbH		Sept. 23, 2015		
		ND LOGISTICS ESPANA SERVICIOS INTEGRALES LOGISTICA SL		Sept. 23, 2015		
		ND LOGISTICS ROMANIA SRL		Dec. 21, 2015		
		ND PORTUGAL TRANSPORTES L.D.A		Jan. 26, 2016		
		ND SPORT		Sept. 23, 2015		
		NORBERT DENTRESSANGLE MAROC		Dec. 08, 2015		
		NDU		Sept. 23, 2015		
		NORBERT DENTRESSANGLE LOGISTICA PORTUGAL LDA		Jan. 26, 2016		
		NORBERT DENTRESSANGLE OVERSEAS SPAIN SL		Sept. 11, 2015		
		SALVESEN PROPERTY		Sept. 24, 2015		
		THT LOGISTICS		Sept. 24, 2015		
		Member of the Executive Board				
		ND POLSKA		Nov. 11, 2015		
		NORBERT DENTRESSANGLE		Sept. 03, 2015		
		Chairman				
		ND GENAS		Sept. 23, 2015		

		NORBERT DENTRESSANGLE GERPOSA, S.L.		Dec. 01, 2015		
		CEMGA LOGISTICS		Sept. 24, 2015		
		CHRISTIAN SALVESEN		June 22, 2015		
		FIEGE BORRUSO S.P.A.		Sept. 11, 2015		
		FIEGE LOGISTICS ITALIA S.P.A.		Oct. 28, 2015		
		GEL SERVICE		Sept. 23, 2015		
		NDO BEIJING				
		ND G3		Sept. 23, 2015		
		ND LOGISTICS		Sept. 23, 2015		
		ND LOGISTICS ITALIA S.P.A.		Sept. 07, 2015		
		NDL INTERNATIONAL		Sept. 23, 2015		
		LUXURY GOODS LOGISTICS		Sept. 10, 2015		
		NDT		July 17, 2015		
		NDW		Sept. 23, 2015		
		NORBERT DENTRESSANGLE OVERSEAS - NDO		Sept. 11, 2015		
		NORBERT DENTRESSANGLE OVERSEAS FRANCE		Sept. 11, 2015		
		OMEGA X		Sept. 24, 2015		
		NDH		Sept. 24, 2015		
		Chairman of the Executive Board				
		ND LOGISTICS POLAND Sp. zoo		Nov. 11, 2015		

3.1.2. Offices and positions held by the members of the Supervisory Board

The list of offices and positions held by the members of the Supervisory Board is contained in Exhibit 1 to the Report of the Chairman of the Supervisory Board on the Organization of the Working Sessions of the Supervisory Board and on Internal Control, which is attached as Appendix 1 to the present report.

3.2. SUMMARY OF (GROSS) REMUNERATION AND BENEFITS PAID TO THE CORPORATE OFFICERS

The information provided in this report takes into account the recommendations set out in the AFEP-MEDEF Corporate Governance Code issued in June 2013, the AMF Recommendation dated December 22, 2008, regarding corporate officer remuneration disclosures in registration documents, and AMF Recommendation No. 2012-02.

Remuneration and benefits of Troy Cooper mentioned in the following paragraphs correspond to the ones paid by XPO Logistics, Inc. and are only partially recharged to XPO Logistics Europe (€53,030 in 2015 corresponding to the compensation of the Chairman of the Executive Board since September 3, 2015).

All amount in Dollars have been converted using an exchange rate of 1€ = 1.1US$.

TABLE 1 - SUMMARY OF THE REMUNERATION OF EACH MEMBER OF THE EXECUTIVE BOARD

In €	2015		2014	
	Amounts owed	**Amounts paid**	**Amounts owed**	**Amounts paid**
Troy Cooper - Chairman of the Executive Board since September 3, 2015				
Fixed remuneration	318,181 (5)	318,181 (5)		
Variable remuneration	1,681,818 (4) (5)	431,818 (5)		
Exceptional remuneration	0	0		
Benefits in kind	0	0		
TOTAL	**2,000,000 (4) (5)**	**750,000 (5)**		
Hervé Montjotin - Chairman of the Executive Board until September 3, 2015 Managing Director of the Global Forwarding Business Unit				
Fixed remuneration	361,249	361,249(1)	425,000	425,000(1)
Variable remuneration	0	290,987	250,000	221,000
Exceptional remuneration (6)	0	100,000	0	0
Benefits in kind	9,722	9,722	14,583	14,583
Non-compete compensation	1,251,974 (7)	199,966	0	0
Severance pay	497,936 (7)	497,936	0	0
TOTAL	**2,120,881**	**1,459,860**	**689,583**	**660,583**
Patrick Bataillard - Member of the Executive Board until November 18, 2015 Company Chief Financial Officer				
Fixed remuneration	311,100	311,100(1)	305,000	305,000(1)
Variable remuneration	155,000	319,303(3)	145,000	140,000
Exceptional remuneration (6)	0	50,000	0	0
Benefits in kind	8,640	8,640	8,640	8,640
Severance pay	205,920	205,920	0	0
TOTAL	**680,660**	**894,963**	**458,640**	**453,640**
Malcolm Wilson(2) - Member of the Executive Board Managing Director of the Supply Chain Business Unit				
Fixed remuneration	350,543	350,543(1)	325,000	325,000(1)
Variable remuneration	895,220(8)	192,928	162,500	130,000
Exceptional remuneration (6)	0	40,790	0	0
Benefits in kind	18,514	18,514	14,432	14,432
TOTAL	**1,264,277**	**602,775**	**501,932**	**469,932**
Luis Angel Gómez - Member of the Executive Board Managing Director of the Transport Solutions Business Unit				
Fixed remuneration	300,000	300,000(1)	275,000	275,000(1)
Variable remuneration	746,162(9)	142,186	135,000	55,000
Exceptional remuneration (6)	0	30,000	0	0
Benefits in kind	44,640	44,640,	44,640	44,640
TOTAL	**1,090,802**	**516,826**	**454,640**	**374,640**
Ludovic Oster - Member of the Executive Board Human Resources Director				
Fixed remuneration	260,000	260,000(1)	245,000	245,000(1)
Variable remuneration	296,004(10)	75,000	75,000	70,000
Exceptional remuneration (6)	0	50,000	0	0
Benefits in kind	8,640	8,640,	8,640	8,640
TOTAL	**564,644**	**394,640**	**328,640**	**323,640**

1) Comprises all compensation amounts related to the employment contract and the status of Executive Board member. The compensation payable to members of the Executive Board in respect of FY 2015 amounted to €3,658.80 for Mr. Patrick Bataillard and €110,000 for Mr. Hervé Montjotin.
(2) The amounts shown for Mr. Malcolm Wilson are expressed in euros based on a GBP/EUR exchange rate of 0.80 for 2014 and 0.7845 for 2015.
(3) This amount corresponds to the variable compensation paid to Mr. Patrick Bataillard in March 2015 in respect of 2014, as well as to the variable compensation paid in advance in December 2015 in respect of 2015.
(4) Out of which €1,000,000 are subject to repayment, in the event Mr. Troy Cooper should leave XPO Logistics, Inc. for any reason within two years immediately following the payment date.
(5) Compensation and benefits for Mr. Troy Cooper are those paid by XPO Logistics, Inc. and are only partially recharged to XPO Logistics Europe (€53,030 for 2015, i.e. his compensation for his duties as Chairman of the Executive Board since September 3, 2015).
(6) The amounts represent a one-time discretionary cash incentive award paid in recognition of the contributions in connection with the company's acquisition of the Jacobson Company.
(7) Out of which €350,000 is borne by XPO Logistics, Inc.
(8) Out of which €636,364 are subject to repayment, in the event Mr. Malcolm Wilson should leave XPO Logistics for any reason within two years immediately following the payment date.
(9) Out of which €545,455 are subject to repayment, in the event Mr. Luis Angel Gómez should leave XPO Logistics for any reason within two years immediately following the payment date.
(10) Out of which €136,364 are subject to repayment, in the event Mr. Ludovic Oster should leave XPO Logistics for any reason within two years immediately following the payment date.

The "benefits in kind" correspond to the fixed car allowance and the GSC cover (unemployment insurance for company executives) granted to Mr. Hervé Montjotin. As part of the benefits in kind set out in the table, Mr. Luis Angel Gómez received €36,000 in housing subsidy, as part of the Company's international job mobility policy.

The Executive Board members' compensation (basic salary and variable remuneration) is fixed during an annual review conducted by the Supervisory Board.

This review of all aspects of the compensation, carried out at the start of each year, is based on the reviews of how the Board members have performed with respect to their targets, which are set at the start of the year. Furthermore, the criteria used for setting the level of compensation are based on the Company's size and operations. This process and the factoring in of detailed market benchmarks ensure that the levels of remuneration are consistent and in line with the Company's interests.

For FY 2015, the variable portion of Executive Board members' compensation is proportional to the Company's EBITA, the net earnings, the EBITA results of the Transport Solutions and Supply Chain business units and of the EBITA results of some other business units.

Whether and to what extent the set criteria are met is determined in a detailed manner, but this is not published for confidentiality reasons.

TABLE 2 - ATTENDANCE FEES AND OTHER REMUNERATIONS PAID TO THE SUPERVISORY BOARD MEMBERS

The amounts involved are gross amounts, before the deduction of fixed-rate and payroll charges payable at source on the income distributed.

Members of the Supervisory Board	In Euros Amounts paid in 2015	Amounts paid in 2014
Norbert Dentressangle (3) Attendance fees		
Other remunerations	79,000	180,000(1)
Evelyne Dentressangle (3) Attendance fees	0	29,000
Other remunerations		
Clare Chatfield Attendance fees	36,250	29,000
Other remunerations		
Pierre-Henri Dentressangle (3) Attendance fees	0	29,000
Other remunerations		
Henri Lachmann Attendance fees	29,000	29,000
Other remunerations		
Jean-Bernard Lafonta (3) Attendance fees	14,500	29,000
Other remunerations		
Vincent Ménez (3) Attendance fees	0	39,000
Other remunerations		
Jean-Luc Poumarède Attendance fees	50,000	49,000
Other remunerations		
Bruno Rousset (3) Attendance fees	13,000	33,000
Other remunerations		
François-Marie Valentin Attendance fees	34,000	29,000
Other remunerations		
Bradley Jacobs (4) Attendance fees	0	
Other remunerations	5,247,020 (2)	
John Hardig (4) Attendance fees	0	
Other remunerations	2,517,585 (2)	
Gordon Devens (4) Attendance fees	0	
Other remunerations	2,222,979 (2)	
Tavio Headley (4) Attendance fees	0	
Other remunerations	204,025 (2)	
Angela Kirkby (4) (representing the Company XPO Logistics, Inc.) Attendance fees	0	
Other remunerations	254,018 (2)	

(1) Corresponds to the compensation paid by the Company during the year to Mr. Norbert Dentressangle for his duties as Chairman of the Supervisory Board.
(2) Compensation paid by XPO Logistics, Inc. including salary, bonus and equity compensation for their respective position at XPO Logistics, Inc.
(3) Members of the Supervisory Board until June 8, 2015
(4) Members of the Supervisory Board since June 8, 2015

The Shareholders' General Meeting of May 21, 2015 resolved that the aggregate amount of attendance fees for 2015 and the following years would be €320,000. These fees were allocated by the Supervisory Board in accordance with criteria that provide for a fixed portion for all independent members of the Board, as well as a variable portion based on effective attendance at meetings of the Supervisory Board.

This includes remuneration of members and Chairman of the Audit Committee, part of which is based on the number of sessions attended by members of the Committee. The aggregate amount allocated to the Audit Committee in 2015 amounted to €26,250.

TABLE 3 - STOCK OPTIONS ALLOCATED TO EXECUTIVE BOARD MEMBERS IN 2015

No stock options were allocated during the financial year. For other financial instruments giving access to equity, see table 8 below.

TABLE 4 - STOCK OPTIONS EXERCISED BY EXECUTIVE BOARD MEMBERS IN 2015

No stock options were exercised during the financial year.

TABLE 5 - PERFORMANCE-BASED SHARES ALLOCATED TO EXECUTIVE BOARD MEMBERS

Fully vested shares of XPO Logistics, Inc. were allocated to Mr. Hervé Montjotin for an amount of 264,980€ within his termination agreement with a lock-up undertaking until the end of his non-compete period.

17,073 Performance-based Restricted Stock Units (PRSUs) of XPO Logistics, Inc. were allocated by XPO Logistics, Inc. to Mr. Troy Cooper for an amount of 446,692 €.

Performance shares were granted in 2013 under the 2013 Plan, Tranche 1 - 1,000 shares, and in 2014 under the 2013 Plan, Tranche 2 - 1,000 shares, to Mr. Ludovic Oster, who on November 19, 2014, after receiving said shares, became an Executive Board member.

On 2 October 2015, Mr. Ludovic Oster accepted XPO Logistics' proposal to waive these performance shares in exchange for a gross fixed-rate compensation amount of €217.50 per share, i.e. a total of €435,000. This remuneration will be paid in two installments:

- 50% in December 2016;
- 50% in June 2018.

TABLE 6 - PERFORMANCE-BASED SHARES AVAILABLE DURING THE YEAR TO EXECUTIVE BOARD MEMBERS

21,875 Restricted Stock Units of XPO Logistics, Inc. (allocated by XPO Logistics, Inc.) have vested in 2015 for Mr. Troy Cooper for an amount of 681,307 €.

TABLE 7 - INFORMATION ON EXECUTIVE BOARD MEMBER STOCK OPTIONS

As a reminder, the warrants still outstanding at the beginning of the 2015 financial year were as follows.

Date of Shareholders' General Meeting	May 23, 2013
Date of Executive Board Meeting	July 29, 2013
Total number of warrants that may be subscribed by	110,000
The corporate officers	
Hervé Montjotin	30,000 A-class warrants 20,000 B-class warrants
Patrick Bataillard	20,000 A-class warrants 10,000 B-class warrants
Malcolm Wilson	15,000 A-class warrants
Luis Angel Gómez	15,000 A-class warrants
Commencement date of exercise period of warrants	June 1, 2016 for A-class warrants June 1, 2019 for B-class warrants
Expiry date	May 31, 2019 for A-class warrants May 31, 2021 for B-class warrants
Subscription price	€1.14 € for A-class warrants €1.49 € for B-class warrants
Exercise price	A-class and B-class warrants: €59.55
Exercise procedure	Conditions for exercise: being a member of the Executive Board of the Company on the day of exercise and not being a party to arbitration or legal proceedings involving any of the Company entities
Number of warrants subscribed at Dec.31, 2014	110,000
Total number of warrants cancelled or void	0
Number of warrants exercised at Dec. 31, 2014	0

All these stock warrants were bought back from the various beneficiaries at a unit price of €157.95 per warrant in May 2015. This means that no member of the Executive Board now holds any warrants of XPO Logistics Europe.

Troy Cooper helds 20,000 stock options of XPO Logistics, Inc. exercisable and et 5 000 stock options of XPO Logistics, Inc. which will vest on September 2, 2016 for a price of US$11,46. Those stock options will expire on January 16, 2022.

TABLE 8 - INFORMATION ON THE STOCK OPTIONS ALLOCATED TO THE FIRST TEN EMPLOYEES WHO ARE NOT OFFICERS AND DIRECTORS AND THE STOCK OPTIONS EXERCISED BY THESE PERSONS

No options to subscribe to or purchase shares were granted to the top 10 employees who are not corporate officers during the financial year.

TABLE 9 – INFORMATION ON THE STOCKS AWARDED TO EXECUTIVE BOARD

Troy Cooper holds 25,000 Performance based Restricted Stock Units of XPO Logistics, Inc., out of which 15,000 will vest on September 2, 2016, 5,000 on February 15, 2017 and 5,000 on February 15, 2018 for a total amount of €619,318 using an assumed stock price of US$27.25 corresponding to the closing price of the common stock of XPO Logistics, Inc. as of December 31, 2015.
Troy Cooper also holds 82,124 Performance based Restricted Stock Units of XPO Logistics, Inc. subject to achievment of certain performance criteria. Those Performance based Restricted Stock Units of XPO Logistics, Inc. will vest on April 2, 2018 and represent a total amount of €2,034,435 using an assumed stock price of US$27.25 corresponding to the closing price of the common stock of XPO Logistics, Inc. as of December 31, 2015.

TABLE 10 – INFORMATIONS AND PENSION UNDERTAKINGS TOWARDS THE EXECUTIVE BOARD MEMBERS

Corporate Officers and Directors	Employment contract		Additional retirement plan		Compensation or benefits payable or which may become payable due to resignation or change of position		Compensation relating to the non-competition clause	
	Yes	No	Yes	No	Yes	No	Yes	No
Troy Cooper Chairman of the Executive Board since September 3, 2015 Member of the Executive Board	Yes (1)			No	Yes (1)		Yes (1)	
Hervé Montjotin Chairman of the Executive Board until September 3, 2015 Member of the Executive Board	Yes			No		No	Yes (subject to conditions)	
Patrick Bataillard Member of the Executive Board until November 18, 2015 Company Chief Financial Officer	Yes			No		No	Yes (subject to conditions)	
Malcolm Wilson Member of the Executive Board Managing Director of the Supply Chain Business Unit	Yes			No		No	Yes (subject to conditions)	
Luis Angel Gómez Member of the Executive Board Managing Director of the Transport Solutions Business Unit	Yes			No		No	Yes (subject to conditions)	
Ludovic Oster Member of the Executive Board Human Resources Director	Yes			No		No	Yes (subject to conditions)	

(1) Compensation to be paid by XPO Logistics, Inc.

Amounts of the compensation to be paid to Troy Cooper depends on the reasons of the termination and range from nothing in case of a termination for cause or voluntary termination without good reason to a total amount of 5,205,575€ in case of a change of control at XPO Logistics, Inc.'s level and termination without cause or for good reason

TABLE 11 - SUMMARY OF THE REMUNERATION, STOCK OPTIONS AND SHARES ALLOCATED TO MEMBERS OF THE EXECUTIVE BOARD

In €	2015	2014
Troy Cooper **Chairman of the Executive Board since September 3, 2015** Remuneration paid for the year (set forth in table 1)	750,000	
Remuneration owed for the year (set forth in table 1)	*2,000,000* (2)(4)	
Valuation of stock options allocated during the year (set forth in table 3)	*0*	
Valuation of performance-based shares allocated (set forth in table 5)	*446,692* (2)	
TOTAL OWED	**2,446,692** (2)	
Hervé Montjotin **Chairman of the Executive Board until September 3, 2015** **Managing Director of the Global Forwarding Business Unit** Remuneration paid for the year (set forth in table 1)	1,459,860	660,583
Remuneration owed for the year (set forth in table 1)	*2,120,881*	*689,583*
Valuation of stock options allocated during the year (set forth in table 3)	*0*	*0*
Valuation of performance-based shares allocated (set forth in table 5)	*264,980* (3)	*0*
TOTAL OWED	**2,385,861**	**689,583**
Patrick Bataillard **Member of the Executive Board - Company Chief Financial Officer until November 18, 2015** Remuneration paid for the year (set forth in table 1)	894,963	453,640
Remuneration owed for the year (set forth in table 1)	*680,660*	*458,640*
Valuation of stock options allocated during the year (set forth in table 3)	*0*	*0*
Valuation of performance-based shares allocated (set forth in table 5)	*0*	*0*
TOTAL OWED	**680,660**	**458,640**
Malcolm Wilson **Member of the Executive Board - Managing Director of the Supply Chain Business Unit** Remuneration paid for the year (set forth in table 1)	602,775	469,932
Remuneration owed for the year (set forth in table 1)	*1,264,277*(4)	*501,932*
Valuation of stock options allocated during the year (set forth in table 3)	*0*	*0*
Valuation of performance-based shares allocated (set forth in table 5)	*0*	*0*
TOTAL OWED	**1,264,277**	**501,932**
Luis Angel Gómez **Member of the Executive Board - Managing Director of the Transport Solutions Business Unit** Remuneration paid for the year (set forth in table 1)	516,826	374,640
Remuneration owed for the year (set forth in table 1)	*1,090,802*(4)	*454,640*
Valuation of stock options allocated during the year (set forth in table 3)	*0*	*0*
Valuation of performance-based shares allocated (set forth in table 5)	*0*	*0*
TOTAL OWED	**1,090,802**	**454,640**
Ludovic Oster **Member of the Executive Board – Human Resources Director** Remuneration paid for the year (set forth in table 1)	394,640	323,640
Remuneration owed for the year (set forth in table 1)	*564,644*(4)	*328,640*
Valuation of stock options allocated during the year (set forth in table 3)	0	0
Valuation of performance-based shares allocated (set forth in table 5)	0	89,680(1)
TOTAL OWED	**564,644**	**418,320**

(1) Performance shares granted prior to Mr. Ludovic Oster's appointment as Executive Board member. 1,000 performance shares granted in 2014. Fair value: 2014 - €89.68.
(2) Remuneration and benefits of Mr. Troy Cooper correspond to the ones paid by XPO Logistics, Inc. and are only partially recharged to XPO Logistics Europe (€53,030 in 2015 corresponding to the compensation of the Chairman of the Executive Board since September 3, 2015).
(3) Shares of XPO Logistics, Inc. received within the termination agreement with a lock-up undertaking until the end of his non-compete period.
(4) Remuneration subject to repayment in the event the Executive Board member should leave XPO Logistics, (set forth in table 1)

3.3. THE STATUTORY AUDITORS: APPOINTMENTS AND FEES

3.3.1. Outstanding appointments

Regular Statutory Auditors:

Ernst & Young et Autres
Member of the Versailles Institute of Statutory Auditors
Tour Oxygène, 10-12 boulevard Vivier Merle, 69393 Lyon Cedex 03 – France
Represented by Daniel Mary-Dauphin
Date of first appointment: May 19, 2011
Expiry date of appointment: December 31, 2016

KPMG SA
Member of the Versailles Institute of Statutory Auditors
Tour Eqho, 2 avenue Gambetta, 92066 Paris la Défense Cedex – France
Date of first appointment: November 18, 2015
Expiry date of appointment: December 31, 2017

Alternate Statutory Auditors:

Auditex
1-2, place des Saisons, Paris la Défense, 92400 Courbevoie – France
Date of first appointment: May 19, 2011
Expiry date of appointment: December 31, 2016

Salustro Reydel
Tour Eqho, 2 avenue Gambetta, 92066 Paris la Défense Cedex – France
Date of first appointment: November 18, 2015
Expiry date of appointment: December 31, 2017

3.3.2. Fees paid to the statutory auditors

€000	2014				2015			
	Amount		%		Amount		%	
	Ernst & Young	Grant Thornton	Ernst & Young	Grant Thornton	Ernst & Young	KPMG	Ernst & Young	KPMG
AUDIT								
• Statutory Auditor, certification and examination of the separate and consolidated financial statements								
Issuer	197	117	15%	14%	154	275	14%	14%
Fully consolidated subsidiaries	1,087	679	85%	82%	411	1,504	36%	74%
• Other audits and services directly related to the Statutory Auditor's assignment								
Issuer	-	30	0%	4%	572	240	50%	12%
Fully consolidated subsidiaries	-	-	0%	0%			0%	0%
Subtotal	**1,284**	**826**	**100%**	**100%**	**1,137**	**2,019**	**100%**	**100%**
Other services rendered by the networks to the fully consolidated subsidiaries								
• Legal, tax-related or relevant to industrial matters						4	0%	0%
• Others (specify where >10% of the audit fees)								
Subtotal	**-**	**-**			**-**	**4**	**0%**	**0%**
TOTAL	**1,284**	**826**	**100%**	**100%**	**1,137**	**2,023**	**100%**	**100%**

MANAGEMENT REPORT
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

Chapter 4

AGREEMENTS ENTERED INTO BETWEEN A MANAGING DIRECTOR OR A SIGNIFICANT SHAREHOLDER AND A SUBSIDIARY

4.1. KEY TERMS AND CONDITIONS OF THE AGREEMENTS AND COMMITMENTS BETWEEN THE COMPANY AND ITS MAJORITY SHAREHOLDER OR ITS OFFICERS

4.1.1. Agreements and commitments submitted for approval by the Shareholders' General Meeting, approved during 2015

a) Loan from the majority shareholder

- **Overview**

On June 8, 2015, the Supervisory Board authorized the Company to conclude an unsecured loan agreement with XPO Logistics, Inc. (or one of its subsidiaries), intended to allow the Company to have, should it prove necessary, the financial capacity to refinance all or part of the existing financial debt that would be accelerated as a result of the change of control on June 8, 2015. Additionally, this loan is intended to cover needs for working capital, cash, and any financing needs of the Company and its subsidiaries ("general purpose"). The loan is repayable over a period of nine years from the first draw, with an interest rate of 5.625% per year. Morgan Stanley confirmed that the proposed terms represented arm's-length, ordinary course terms for a loan of such type, which was confirmed as well by Didier Kling & Associés. The loan can be repaid at any time without penalty to the Company.

- **Key aspects**

On December 31, 2015, the two tranches of the loan were €286,008,265.48 and £150,384,468.65 (€204,897,429.86), before incurred interest, which amounted to €1,340,664 and £704,928 (€960,457.80), respectively, and generated an interest charge of €24,638,111.90 over the course of 2015.

- **Advantages to the Company**

- A loan amortizable over nine years, repayable at any time without penalty – significantly more favorable than the prior financing;
- An interest rate of 5.625%;
- No financial covenants or pricing grids – significantly more favorable than the prior financing; and
- No guarantees.

The interest rate of this loan reflects the new borrower profile of the Company since it became part of XPO Logistics. This rate is lower than the interest rate applicable to XPO Logistics, Inc.'s own financings. It is higher than the interest rates previously paid by Norbert Dentressangle SA, which reflects the extended maturity of the loan, the fact that it is repayable at any time without penalty and does not involve any covenants or securities, among other factors. The Company does not believe that a refinancing with outside lenders at similar conditions, if available, would have allowed the Company to obtain significantly lower financing costs.

b) Temporary Royalty-Free Licence to Use the XPO brand

- **Overview and Key Aspects**

On June 8, 2015, the Supervisory Board authorized the Company to enter into a temporary royalty-free license with XPO Logistics, Inc., whereby the latter authorized the Company and its affiliates to use the XPO brand free-of-charge for an initial duration of three months from signature, pending the negotiation of a remunerated brand license agreement to be made between XPO Logistics, Inc. and the Company at market conditions. The Supervisory Board renewed this authorization on November 18, 2015, to extend it until June 8, 2016.

- **Advantages to the Company**

In order to ensure the commercial development of European activities, it is essential to be able to benefit as soon as possible from the power of the global XPO Logistics brand. The Company and its subsidiaries now operate under the single trademark XPO Logistics, which enhances the international visibility of its operations. It is intended that, at some point in the future, and in line with normal market practice, XPO Logistics Europe SA and its subsidiaries will participate in the costs of the global XPO brand, from which they will benefit long-term. Valuation work on the license will be undertaken by external experts who will be appointed for this purpose. Until an arm's length valuation is determined, XPO will make its brand available free of charge. In fact, the original three-month, royalty-free license has already been extended until June 8, 2016, again on a royalty-free basis, and will be further extended as necessary.

c) Restructuring of the USD labelled debt and Guarantee given

- **Overview**

Under the loan mentioned above, the Company has borrowed US$ 407,486,870.67 from XPO Logistics, Inc., the balance of which amounted to US$ 390,936,191.51, after payment of the December 1, 2015 installment. In order to rationalize the inter-company debts, the following agreements were entered into:

- On December 1, 2015, XPO Logistics, Inc. assigned to NDL Holding USA (renamed JHCI Holding USA), a subsidiary of XPO Supply Chain International, a receivable in the amount of US$ 390,936,191.51, held on the Company (the "Receivable").
  - On the same day, XPO Logistics, Inc. granted JHCI Holding USA two loans in the amounts of US$ 6,000,000 and US$ 9,063,808.49, bearing no interest,

- In consideration of the sale of the Receivable, XPO Logistics, Inc. (as seller of the Receivable and lender) and JHCI Holding USA (as acquirer of the Receivable and borrower) entered into a loan agreement of the same amount as the Receivable, not depreciable, with June 12, 2024 as the repayment date and bearing interest at 5.625%. In the context of this loan, the Company acted as guarantor for the benefit of creditor XPO Logistics, Inc. In consideration for this guarantee, the secured debtor, JHCI Holding USA, pays a commission to the Company.
  - In consideration for the guarantee noted above, the Company receives from JHCI Holding USA a fee, paid quarterly, with a total annual amount of 0.25% of the guaranteed amount, i.e. US$ 977,340.48. As of December 31, 2015, the accrued interest amounted to US$ 1,833,000.
    As a result, the dollar debt that used to exist between the Company and XPO Logistics, Inc. is now between JHCI Holding USA, Inc. and XPO Logistics, Inc., two US-based companies.

- **Advantages to the Company**

Rationalize all the Company's debts towards XPO Logistics, Inc. by shielding the Company from the risk of currency fluctuations on US dollar denominated debt in France.

d) Services agreement between the Company and XPO Logistics, Inc. its majority shareholder

- **Overview**

On December 15, 2015, the Supervisory Board authorized an agreement between XPO Logistics, Inc., the majority shareholder, (the "Service Provider") and the Company for an indefinite period. The objective of this agreement is to cover the services provided to the Company by the Service Provider, specifically: (i) to the Jacobson companies (Jacobson is a subsidiary of the Company), and (ii) to XPO Logistics Europe SA (the "Beneficiaries"). In the case of the services provided to the Jacobson companies, the Service Provider's annual remuneration has been determined depending on the Beneficiaries' actual usage rate for each area of assistance. In the case of the services provided to XPO Logistics Europe, the remuneration covers US$ 175,000, i.e. 50% of the gross compensation paid to Troy Cooper for his duties as Chairman of the Executive Board.

- **Terms and conditions**

The amount invoiced to the Jacobson companies by XPO Logistics, Inc. for the 2015 financial year was US$ 3,903,868. The amount incurred on Troy Cooper's compensation during 2015 was US$ 58,333, in proportion to the term of his office in 2015 (from September through December).

- **Advantages to the Company**

This agreement enables XPO Logistics Europe SA to benefit from the following on favorable terms: (i) the pooling of a number of services, and therefore a reduction in their costs, due to the geographical proximity between the Company's US subsidiaries and its new shareholder, and (ii) Troy Cooper's extensive experience with the Company's business sectors, and from his comprehensive knowledge of XPO Logistics.

Furthermore, the agreement includes XPO Logistics, Inc.'s coverage of 50% of the annual gross compensation awarded to Troy Cooper by the Company for his duties as Chairman of the Executive Board. This agreement optimizes the operating and administrative management of XPO Logistics Europe and of its US subsidiaries, supports productivity gains, and strengthens the potential to identify and promote cross-selling opportunities and the sharing of best practices between Europe and the United States for the benefit of the European operations. It is understood that Troy Cooper will manage the Company in a collegiate manner, working closely with the management team, including within the Executive Board.

e) Settlement Agreement with Mr. Hervé Montjotin

- **Object**

In the context of the termination of Mr. Hervé Montjotin's office of Chairman and member of the Executive Board, the Supervisory Board of the Company, at its meeting held on 3 September 2015, authorized the finalization and signing of a settlement agreement with Mr. Hervé Montjotin with a view to set the compensation and indemnity owed to him as a consequence of the subsequent termination of his employment agreement.

- **Key Aspects**

The settlement agreement was signed on 5 September 2015 and provides in particular for:

- The absence of any payment to Mr. Hervé Montjotin as a result of the termination of his mandate as Chairman and member of the Executive Board;
- The payment by the Company of a gross mandatory dismissal indemnity (indemnité conventionnelle de licenciement) of € 417,234;
- The payment of a supplementary indemnity with respect to his employment agreement for a gross amount of € 80,702 Euros;
- The entry into force of Mr. Hervé Montjotin's non-compete undertaking provided in his employment agreement, for a period of 2 years in exchange for the payment of a gross compensation of € 52,165.58 per month.

Furthermore, in relation to the termination of his pre-existing employment agreement with XPO Logistics, Inc. ("***XPO***"), Mr. Hervé Montjotin will receive fully vested XPO shares representing an amount of approximately € 250,000, with a lockup undertaking until the end of his non-compete period under his employment agreement with XPO. In this respect, Mr. Hervé Montjotin undertakes vis-à-vis XPO not to compete for a period of 33 months and commits to various non-solicitation, confidentially and cooperation undertakings. XPO agreed with the Company to bear a portion of the termination payments due by the latter to Mr. Hervé Montjotin, for an amount of € 350,000.

- **Advantages to the Company**

Taking into account the portion of the termination payments borne by XPO Logistics, Inc., the cost of Mr. Montjotin's termination payment actually borne by the Company represents two years of his salary, which is considered reasonable for the Company, given the fact that Mr. Montjotin was bound with the Company by an employment agreement that pre-dated its change of control; that Mr. Montjotin had significant seniority; and that his non-compete undertaking is of 33 months, which is very protective for the Company.

f) Settlement Agreement with Mr. Patrick Bataillard

- **Object**

The Supervisory Board of the Company, at its meeting held on 15 December 2015, authorized that certain amounts be paid to Mr. Patrick Bataillard in the context of the termination of his office as member of the Executive Board and termination of his employment agreement.

- **Key Aspects**

The settlement agreement signed on 29 October 2015, provides the payment of the following amounts:

- a gross amount of 180,000 Euros for his variable bonus for fiscal year 2015; and
- a gross amount of 282,000 Euros corresponding to the standard termination indemnification (*indemnité spécifique de rupture conventiennelle du contrat de travail*). This amount is in consideration for Mr. Bataillard's commitment on discretion, non-disparagement and confidentiality in application of the termination agreement relating to his employment agreement.

Furthermore, the Supervisory Board approved that the Company will not enforce the non-compete clause set out in the employment agreement of Mr. Bataillard. Mr. Bataillard therefore received no payment in this respect. No further sum has been paid to Mr. Bataillard as part of the termination of his mandate as a member of the Executive Board.

- **Advantages to the Company**

Taking into account Mr. Bataillard's long term of service, his termination package is considered advantageous for the Company.

4.1.2. Agreements and undertakings approved in prior years by the General Meeting where the implementation continued during 2015

The following agreements and undertakings, which had already been approved by the General Meeting in prior years, continued during 2015. Pursuant to Article L. 225-88 of the French Commercial Code, these agreements and undertakings were the subject of prior authorization by the Supervisory Board:

a) Agreement with XPO Logistics Europe S.A. with regard to its subsidiaries and sub-subsidiaries, for the benefit of Bank Mendes Gans N.V (BMG)

- **Granting of guarantee**

On February 24, 2014, the Supervisory Board authorized the Company to act as a guarantor for its obligation to fund the bank account opened in its name with BMG Bank, in order to ensure that the aggregate bank balances of the other participating subsidiaries be equal to zero. This first-demand guarantee is governed by Dutch law, as is the cash pooling agreement.

The amount of the guarantee covers all the amounts payable by the participating subsidiaries under the cash pooling agreement, up to a cap of €90 million.

b) Agreement with Dentressangle Initiatives, a shareholder in the Company until June 8, 2015

- **Provision of services**

Dentressangle Initiatives continued to provide a range of services to the Company after June 2015, including:

- Advisory services regarding development opportunities, both in France and elsewhere;
- Assistance with the Company's external growth, in France and elsewhere; and
- Relational, administrative and financial assistance.

The Supervisory Board meeting of February 25, 2015 increased the monthly amount of the services invoiced by Dentressangle Initiatives from €116,666 to €123,000, excluding tax.

- ***Key Aspects***

The amount covered by the Company in this respect during the financial year ended December 31, 2015, was €647,800, excluding tax, for the period between January 1 and June 8, 2015.

- **Trademark and logo**

In July 2005, Mr. Norbert Dentressangle granted to Financière Norbert Dentressangle the right to use the "Norbert Dentressangle" trademark and the "ND" logo, registered in his name and previously licensed to it free of charge. Financière Norbert Dentressangle transferred its entire assets and liabilities to Dentressangle Initiatives effective January 1, 2012.

On July 13, 2005, the two companies entered into a three-year, renewable, royalty-free trademark licensing agreement. On July 13, 2008, this agreement was converted into an indefinite-term contract entitling each party to terminate on 12 months' prior notice. On November 20, 2008, the Company's Supervisory Board decided to authorize the extension of the trademark licensing agreement to include class 35 (administrative services concerning the issue of transport and warehousing certificates or the issue of bills of lading, import-export agencies, stock management) and class 36 (customs agencies including clearance of merchandise).

In April 2015, upon execution of the agreement by which control of then Norbert Dentressangle SA was transferred to XPO Logistics, Inc., it was agreed that the Company would have a period of six months (until December 8, 2015) to surrender the trademark, with extensions relating to changing of the logo on vehicles (up to 36 months, until April 2018) and to changing the logo on buildings (up to 12 months, until April 2016).

- ***Key Aspects***

The Company reimburses the expenses relating to the maintenance and safeguarding of the trademarks. The amount reimbursed by the Company in this regard during the financial year ended December 31, 2015 was €5,111, excluding tax.

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Chapter 5

INFORMATION ON THE SHAREHOLDER STRUCTURE

5.1. SHAREHOLDING STRUCTURE AND DISTRIBUTION OF VOTING RIGHTS

5.1.1. Share capital

As of December 31, 2015, the share capital of XPO Logistics Europe amounted to €19,672,482, divided into 9,836,241 shares having a par value of €2.

- **Authorized share capital**

As of December 31, 2015, the maximum potential share capital consisted of 110,000 new shares from the future exercise of share warrants (BSA 2013 tranches A and B), representing potential dilution of 1.12% of outstanding share capital.

5.1.2. Shareholding structure and distribution of voting rights

As of December 31, 2015, XPO Logistics Europe was a "controlled company" in which 86.24% of the share capital and 86.56% of the voting rights were held by the company XPO Logistics France, a direct wholly-owned subsidiary of XPO Logistics, Inc. (which consolidates XPO Logistics Europe through the full consolidation method since June 5, 2015).

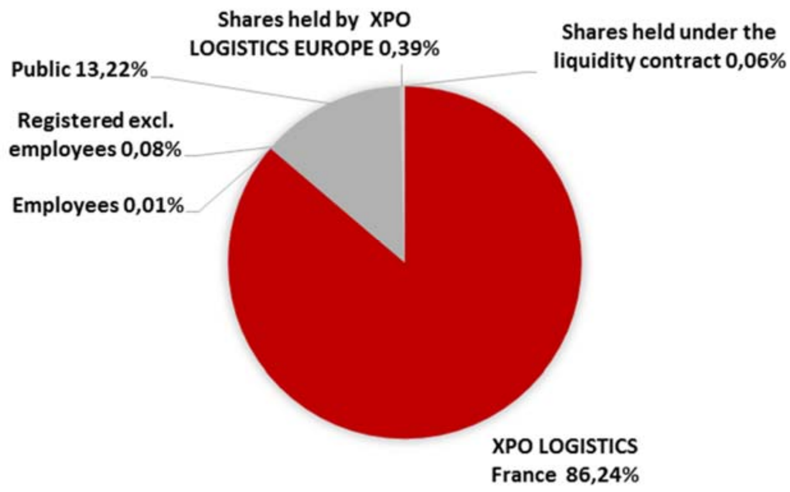
Subject to the statutory presumption of concerted action between XPO Logistics France and XPO Logistics, Inc., which presumption solely arises from their parent-subsidiary relationship, there is no agreement in place with a view to the implementation a specific policy vis-à-vis the Company.

As of the date of this document, the Company is not aware of any shareholders' agreement or concerted action within the meaning of Articles L.233-10 and L.233-11 of the French Commercial Code.

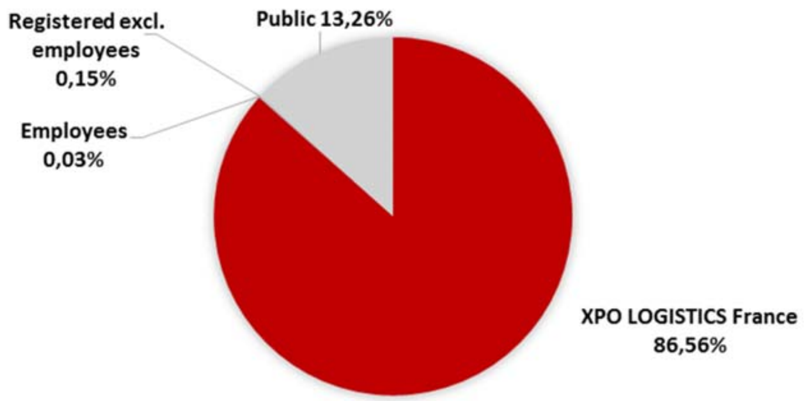
Furthermore, no subsidiary of XPO Logistics Europe is party to any shareholders' agreement.

Position as of December 31, 2015	Shares Quantity	Voting rights Quantity
XPO Logistics France	8,482,829	8,482,829
XPO Logistics, Inc.	100	100
Employees	1,233	2,466
Registered excl. employees	7,761	14,949
Public	1,299,871	1,299,871
Shares held by XPO Logistics Europe	38,578	0
Shares held under the liquidity contract	5,869	0
TOTAL	**9,836,241**	**9,800,215**

SHAREHOLDING STRUCTURE



DISTRIBUTION OF VOTING RIGHTS



On May 18, 2015, Elliott Capital Advisers L.P. (the investment manager for The Liverpool Limited Partnership, Elliott International L.P. and Elliott Associates L.P.), notified the Company that on May 14, 2015, the aforementioned companies jointly held 234,735 shares, representing 2.38% of the Company's share capital and as a result had jointly exceeded the statutory threshold of 2% of the share capital.

On June 9, 2015, Dentressangle Initiatives notified the Company that:

- it no longer held any shares or voting rights in the Company and that, as a result, on June 8, 2015, its shareholdings had crossed downward all the multiples of 2% of statutory thresholds (between 50% and 0%) in the Company's share capital;
- it had notified the AMF that, on June 8, 2015, its Company shareholdings had decreased below the AMF thresholds of 2/3rds, 50%, 1/3rd, 25%, 20%, 15%, 10%, and 5%, both in terms of Company's share capital and Company’s voting rights.

On June 12, 2015, XPO Logistics France notified the Company that it held 6,561,776 shares in the Company, representing 66.71% of the Company's share capital, and 66.38% of the voting rights and that, as a result on June 8, 2015, it had:

- increased its holdings in the Company to above all the multiples of 2% of statutory thresholds (between 2% and 50%) in the Company's share capital;
- notified the AMF that it had increased its holdings in the Company to above the AMF thresholds of:
  - 5%, 10%, 15%, 20%, 25%, 1/3rd , 50% and 2/3rds of the Company's share capital; and
  - 5%, 10%, 15%, 20%, 25%, 1/3rd and 50% of the Company's voting rights.

On the same date, XPO Logistics France notified the Company that it had notified the AMF that on June 8, 2015, it had acquired 80,000 stock warrants A and 30,000 stock warrants B.

On June 16, 2015, XPO Logistics France notified the Company that it held 6,750,691 shares in the Company, representing 68.63% of the Company's share capital, and 68.29% of the voting rights and that, as a result it had notified the AMF that on June 11, 2015, it had crossed the threshold of two-thirds of the Company's voting rights.

On June 17, 2015, Financière de l'Echiquier notified the Company that it held 296,305 shares representing 3.01% of the Company's share capital and 2.99% of the voting rights, and that, as a result, it had on June 11, 2015, crossed downward its holdings below the statutory threshold of 4% of the Company's share capital.

On June 19, 2015, Elliott Capital Advisers L.P. (the investment manager for the Liverpool Limited Partnership, the Elliott International L.P. and Elliott Associates L.P. companies) notified the Company that on June 17, 2015, the aforementioned companies jointly held 490,538 shares, representing 4.99% of the Company's share capital and that, as a result, on June 17, 2015, these companies had jointly exceeded the statutory threshold of 4% of the share capital.

On June 24, 2015, Elliott Capital Advisors L.P. (the investment manager for the Liverpool Limited Partnership, the Elliott International L.P. and Elliott Associates L.P. companies) notified the AMF that on June 18, 2015, the aforementioned companies held 530,538 shares representing 5.39% of the Company's share capital, and 5.37% of the Company's voting rights and that, as a result, on June 18, 2015, Elliott Capital Advisors, L.P. (holding by assimilation) and Elliott Capital Advisors, L.P. (physical holding) had jointly crossed upward the AMF threshold of 5% of the Company's share capital and voting rights.

On June 26, 2015, Elliott Capital Advisors L.P. (the investment manager for the Liverpool Limited Partnership, the Elliott International L.P. and Elliott Associates L.P. companies) notified the Company that on June 24, 2015, the aforementioned companies jointly held 613,609 shares representing 6.24% of the Company's share capital and that, as a result, on June 24, 2015, they had jointly exceeded the statutory threshold of 6% of the Company's share capital.

On June 30, 2015, Financière de l'Echiquier notified the Company that on June 28, 2015, it no longer held any shares or voting rights in the Company and that, as a result, it had crossed downward its Company holdings below the statutory threshold of 2% of the share capital.

On July 3, 2015, Elliott Capital Advisors L.P. (the investment manager for Elliott International L.P. and Elliott Associates L.P) notified the Company that on July 2, 2015, the aforementioned companies jointly held 743,186 shares, representing 7.56% of the Company's share capital and 7.52% of voting rights and that, as a result, on July 2, 2015 Elliott International L.P. and Elliott Associates L.P had:

- jointly exceeded the statutory thresholds of 2%, 4% and 6% of the Company's share capital; and
- jointly notified the AMF that they had jointly exceeded the threshold of 5% of the Company's share capital and voting rights.

On July 10, 2015, Elliott Capital Advisers L.P. (the investment manager for the Liverpool Limited Partnership, the Elliott International L.P. and Elliott Associates L.P. companies), notified the Company that on July 6, 2015, Elliott International L.P held 492,594 shares representing 5.01% of the Company's share capital, and 4.98% of the voting rights and that, as a result, it had notified the AMF that on July 6, 2015, Elliott International L.P had crossed upwards the AMF threshold of 5% in the Company’s share capital.

On July 16, 2015, Elliott Capital Advisers L.P. (the investment manager for Elliott International L.P. and Elliott Associates L.P.), notified the Company that:

- on July 15, 2015, Elliott International L.P. and Elliott Associates L.P. held 896,192 shares, representing 9.11% of the Company's share capital and as a result had jointly exceeded the statutory threshold of 8% of the share capital;
- on July 15, 2015, Elliott International L.P. held 591,486 shares, representing 6.01% of the Company's share capital and as a result had exceeded the statutory threshold of 6% of the share capital and;
- that they had notified the AMF that on July 14, 2015, Elliott International L.P. held 512,334 shares, representing 5.21% of the Company's share capital and 5.18% of the voting rights and as a result, it had exceeded the threshold of 5% of the voting rights.

As far as the Company is aware, no other shareholder holds more than 5% of the share capital or voting rights.
As far as the Company is aware, as of December 31, 2015, there are no pledges encumbering the shares of the Company in purely registered form.
There are no other outstanding authorized capital shares.

Regarding share issue authorizations, Appendix 3 of the Management Report on the financial statements for the year ended December 31, 2015 sets forth a summary of valid delegations of power pertaining to capital increases.

5.1.3. Summary of Company shareholdings by corporate officers as of December 31, 2015

As far as the Company is aware, the shares directly or indirectly held by its corporate officers are distributed as follows:

Name	Number of securities owned directly	Number of securities owned indirectly	Warrants owned indirectly
Bradley Jacobs	100	0	
Gordon Devens	100	0	
John Hardig	100	0	
Tavio Headley	100	0	
XPO Logistics, Inc.	100	8,482,829	110,000
Henri Lachmann	1,000	0	
François-Marie Valentin	100	0	
Jean-Luc Poumarède	100	0	
Clare Chatfield	100	0	
Troy Cooper	0	0	
Malcolm Wilson	0	0	
Luis Angel Gómez	0	0	
Ludovic Oster	0	0	

5.1.4. Main shareholders holding different voting rights

There are no different voting rights as between shareholders within the Company, except for the double voting right as described below.

Article 9 of the Articles of Association provides that each share carries one vote. However, a double vote – carrying twice the weight of that of other shares in proportion to the fraction of share capital represented – is allocated to all fully paid-up shares in registered form and recorded in the name of the same shareholder for at least four years, and to registered bonus shares allocated to a shareholder in the event of a capital increase by way of capitalization of reserves, income or share premiums, through existing shares held that carry such entitlement.

This double voting right shall ipso jure be forfeited in the case of any share converted into bearer form - if the shares were listed on an official stock market – or transfer of ownership. However, the above period (4-year) shall not be interrupted and the double voting right shall be preserved in the case of transfer by inheritance, liquidation of joint matrimonial estate or inter vivos donations in favor of a spouse or relative being a statutory heir.

These provisions were adopted by the Shareholders' Combined Ordinary and Extraordinary General Meeting on 23 December 1998 and amended by the Shareholders' Combined Ordinary and Extraordinary General Meetings on May 29, 2002; May 25, 2004; May 24, 2005; and May 23, 2006.

As of December 31, 2015, no main shareholder holds a double voting right.

5.2. SPECIAL REPORT OF THE EXECUTIVE BOARD ON STOCK OPTIONS AND PERFORMANCE-BASED SHARES ALLOTTED OR EXERCISED DURING THE YEAR

No options or purchase shares were granted during the 2015 fiscal year.

5.2.1. Stock options exercised during the year by employees other than officers and directors

No options were exercised during the 2015 fiscal year.

5.2.2. Options exercised by company officers during the year

None.

5.2.3. Performance based shares acquired by Executive Board members during the year

None.

5.3. SECURITIES TRANSACTIONS - BUYBACK PROGRAM

Pursuant to Articles L.225-209 and L.225-211 of the French Commercial Code, it is hereby stated that in 2015 the Company carried out the following transactions:

- 22,785 shares were purchased under the liquidity contract;
- 24,128 shares were sold under the liquidity contract;

As of December 31, 2015, the Company held 44,447 of its shares, accounting for 0.45% of the Company share capital, including 5,869 shares under its liquidity contract, while the balance, 38,578 shares, will be assigned to the targets set out in the initial buy-back plan (coverage of stock options or bonus shares). Each share has a nominal value of 2 euros. As of December 31, 2015, the market value for treasury shares was 9,191,639.60 euros.

5.4 DESCRIPTION OF THE SHARE BUYBACK PROGRAM FOR 2016 FY

Below please find the description of the share buyback program which the Shareholders' General Meeting of 24 June 2016 is called to authorize.

Pursuant to Articles 241-1 et seq. of the General Regulations of the AMF (Autorité des Marchés Financiers -French Financial Markets Authority) and European Regulation no. 2273/2003 of 22 December 2003, this report is intended to describe the purposes and terms of the Company's plan to buy back its own stock. This report is available to shareholders on the Company's website.

5.4.1. Number of securities and equity ownership share held by XPO Logistics

As of February 29, 2016, the Company held 44,447 treasury shares, or 0.45% of the share capital.

5.4.2. Allocation by objective of the Company's treasury stock

As of February 29, 2016, 38,578 of the Company's treasury shares were allocated in full to granting stock purchase options and bonus shares to employees and corporate officers. 5,869 of the Company's treasury shares were from the liquidity contract that closed on December 31, 2015.

5.4.3. New share buyback program objectives

The purchased shares may be used for the following purposes in order of descending priority:

- Granting stock options or bonus shares to Company employees, Company officers and/or those of its affiliates in accordance with applicable statutory provisions,
- Allocation or sale of shares to employees under a profit-sharing scheme or any group or Company savings plan or equivalent, in accordance with statutory provisions,
- Cancellation of shares,
- Holding and using shares for the purposes of exchange or consideration as part of merger, demerger or capital contribution transactions,
- Meeting Company obligations with regard to the issue of securities carrying entitlement to equity, and
- Applying any market practice approved by the AMF and generally carrying out any transactions complying with current regulations.

5.4.4. Maximum equity holding, maximum number and characteristics of the shares that the Company proposes to acquire – Maximum share of the Company's equity which may be repurchased - Characteristics of the equity securities

Since the Company held directly or indirectly 44,447 of its treasury shares as of February 29, 2016, equal to 0.45% of its share capital, the maximum number of shares that can be repurchased by the Company on this basis is 939,177 shares, i.e. 9.55% of the share capital, it being specified that this potential buyback may be increased to 10% of the share capital should the Company sell or use its treasury stock before the General Meeting date.

5.4.5. Maximum price and maximum amount authorized for funds which may be committed

The maximum unit price of purchase is €230 per share and the theoretical aggregate maximum amount is €226,233,543 (corresponding to 983,624 shares, or 10% of share capital as of December 31, 2015). In the event of a capital increase by incorporation of reserves and allotment of bonus shares or any other transaction concerning shareholders' equity, as well as in the case of either a stock split or reverse stock split, the €230 price will be mathematically adjusted by the required proportion to take into account the variation in the share value caused by the transaction.

5.4.6. Term of the buyback program

The share buyback program will have an 18-month term starting from the date of the aforesaid Shareholders' General Meeting, i.e. until 24 December 2017.

• Financial position as of February 29, 2016

Percentage of capital held directly or indirectly as treasury stock	0.45 %
Number of shares cancelled over the past 24 months	30,000
Gross book value of the portfolio in euros at February 29, 2016	€ 4,402,022.56
Market value of the portfolio at February 29, 2016	9,171,638.45

• Results of the program between 28 February 2015 and 29 February 2016

	Cumulative gross flows			Open positions at February 29, 2016	
	Purchases	Sales	Transfers	Sales	Purchases
Number of shares	12,281	12,274			
Maximum average due date					
Average transaction price (€)	154.11	154.11			
Average exercise price (€)					
Total (€)	**1,892,606**	**1,960,912**			

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Chapter 6

OTHER INFORMATION

6.1. DECISION OF THE FRENCH COMPETITION AUTHORITY

Decision of the French Competition Authority ("FCA"): In December 2015, the FCA issued a decision imposing fines on a number of companies for anticompetitive price-fixing practices in the express parcel delivery sector during the period from 2004-2010. The FCA imposed a fine of €9,718 million on ND Distribution (formerly "Darfeuille Services", a subsidiary of Christian Salvesen acquired by public tender offer in December 2007), €2.876 million of which is jointly imposed against XPO Logistics Europe SA. The fine relates to alleged practices dating back to end of December 2007, i.e. a period pre-dating the Company's effective takeover of ND Distribution. The FCA found no illicit conduct attributable to ND Distribution or the Company post takeover of ND Distribution by then Norbert Dentressangle. XPO Distribution France and XPO Logistics Europe SA (in its jointly liable capacity for part of the fine) have appealed against the decision. The appeal relies, *inter alia*, on the fact that the Company does not operate in the express parcel delivery sector. According to the court timeline, the hearings are scheduled to take place on March 2 and 3, 2017.

6.2. RISK FACTORS

The Company has reviewed the risks that could have a material adverse effect on its revenues, results, financial position and outlook, and believes there are no material risks other than those set out below.

However, we direct the reader to the fact that there may be other risks than those described below which were not identified as of the date of this Annual report or whose occurrence was not deemed to have a material adverse effect at the same date.

Investors are encouraged to consider all the information provided in this Annual report, including the risk factors described in this chapter, before deciding to subscribe to or purchase shares in the Company.

6.2.1. Legal risks

a) Risks relating to the security context

- **Situation relating to illegal immigration in Calais**

The Company is the market leader for cross-Channel traffic, with around 110,000 ferry passages undertaken via the port of Calais every year. A key facility for our European transport operations is also located in the Calais Urban District. As a result, the conditions for our business activities are heavily affected by the situation relating to migrants seeking to enter the United Kingdom from Calais.

The very tense environment created by clandestine immigration in Calais is likely to jeopardize the security of our staff, facilities, and vehicles and of the goods that we transport, despite the magnitude of the resources deployed (and regularly reinforced) by XPO Logistics to protect them. The cost of the daily damage to which our facilities and vehicles are subject, and of them being immobilized, as well as of rejected goods, where applicable, is significant. As a result, our commercial relationships with customers for whom we ensure cross-Channel transportation flows are sometimes disrupted (due to the impact on the service delivered), which could amount to a long-term impact on the volume of business provided by all the Company subsidiaries that offer cross-Channel transport services.

- **Situation relating to the risk of terrorism**

Against the backdrop of an increased terrorist threat in Europe, classified facilities may represent potential targets. XPO Logistics manages several warehouses that are classified as Seveso in France and COMAH in the United Kingdom (classification systems for the stored substances aimed at preventing serious accidents). These facilities meet the rules in effect in every country where they are located, including in terms of the implementation of risk prevention plans, and XPO maintains an ongoing dialogue with the local security forces everywhere where the Company operates.

b) Economic risks

The Company is a major European player in transport and logistics. Its sales revenue is closely tied to changes in the economy. Transport demand declined against a backdrop of slowing economic activity and weaker consumption. An economic slowdown in one or more markets thus could have negative effects on the Company's earnings. Any deterioration in the economic environment may expose the Company to various risks that are likely to have material adverse consequences on its revenues, earnings, financial position, and outlook, including:

- Risk of lower volumes transported, which reduces growth opportunities for the Company accordingly;
- Risk of longer customer credit terms (which increases working capital requirements), bad debts, or bankruptcy of some customers; and
- Risk of the Company being unable to adjust expenditure quickly in line with changes in market conditions.

The Company is exposed to the European market, and the uncertain climate reigning in a certain number of countries may have an adverse effect on the Company's volume of operations and profitability in Europe. Even though economic conditions have improved in some European regions, further slowdowns could hold back economic activity in the euro zone, and have an adverse impact on the Company's revenues, earnings, financial position and outlook.

Specifically, the Company's business activities are sensitive to events that have a material impact on the French or United Kingdom economies, or to any other event that affects its operations in France or the United Kingdom, given that the Company's activities in these two countries account for a significant portion of its consolidated revenues (around 60% in 2015). Even though the correlation to a slowdown in gross domestic production growth is limited by the fact that the Company usually provides services that are essential for its customers' businesses, and adverse change in the situation in France or the United Kingdom, including a change in the general business climate, could affect the Company's customers' activities. If these risks materialize, they could have an adverse effect on the Company's level of activities, and its ability to win new customers or contracts, which could result in an increase in the cost of acquiring new customers, or have a negative impact on the prices charged by the Company, and have a material adverse effect on the Company's revenues, earnings, financial position, and outlook.

Since the 2014 Jacobson acquisition, the Company is also exposed to fluctuations in the US economy, which means that any deterioration in the US economic environment would be likely to have an adverse impact on the Company's revenues, earnings, financial position, and outlook.

c) Competitive risks

Transport, logistics and global forwarding are highly competitive businesses.

The transport market is highly fragmented, and is currently undergoing concentration, due to the competitive advantage stemming from size and access to a network and increases in the cost of transport. The main European operators in this sector are Geodis, Dachser, Deutsche Bahn Schenker, DSV, Transalliance and Waberer. In this environment, some of the Company's competitors could decide to merge thereby increasing their size, which would give them a competitive advantage over the Company. If such a risk materializes it would be likely to have a material adverse effect on the Company's revenues, earnings, financial position, and outlook.

The logistics market is dominated by a few major operators, such as Ceva, DHL and Kuehne & Nagel. The competitive advantage in this market depends on the ability to invest in engineering and computer technology and the ability to finance significant capital expenditure (e.g. operating facilities). This means that any deterioration in the Company's capital expenditure and financing capacity would weaken its competitive profile in this market, and would be likely to significantly hurt the Company's revenues, earnings, financial position, and outlook.

The global forwarding market is still a new market for the Company, where the main operators are Ceva, Deutsche Bahn Schenker, DHL Global Forwarding, Kuehne & Nagel and Panalpina. Due to its recent entry into this sector, the Company is particularly exposed to competitive pressure from the existing operators.

Generally an increase in competition in the aforementioned markets may result in a decrease in Company revenues, lower operating margins, as well as a loss of market share. Various factors may alter the Company's profitability in this regard, including:

- Competition from other transport and logistics companies that have a more extensive network, more effective information systems, or more substantial funding; and
- Competitors cutting prices, particularly in periods when business levels decrease, thereby preventing the Company from maintaining prices and operating margins.

Globally the Company competes with many other large groups or local operators of various sizes, some of whom may have more substantial financial, marketing, or other resources than the Company. The Company's sales revenue and earnings from operations could be affected if it is unable to distinguish itself through the quality and competitivity of its business.

d) Acquisition risks

Since it was founded, the Company's growth has been significantly driven by acquisitions, and it plans to pursue its acquisition strategy. While acquisitions boost the Company's market share, they could have a negative effect on the Company's earnings or financial position if it is not in a position to implement its integration process, which consists of three stages: operational control, operational improvements including application of Company standards, and achieving performance level targets. The Company cannot guarantee the success of the integration process for the companies that it acquires. The Company's ability to integrate its new acquisitions may be affected by factors such as the resignation of the management teams and sales force within its acquisition targets, as well as the size of the acquired companies, in view of the limited management resources assigned to their integration. These shortfalls may specifically curb synergies and savings expected by the Company.

Furthermore, the Company cannot guarantee that an acquired business will retain the expected customer base, generate the planned margins or cash flows, or enable it to benefit from the anticipated synergies or other advantages expected following acquisition. While the Company assesses each acquisition target, these assessments factor in a number of assumptions and estimates for markets, margins, growth, interest rates, and valuation of the target concerned. The Company cannot guarantee that the assessments of acquisition targets and the assumptions relating to them will turn out to be accurate, as the actual outcome may differ significantly from results initially expected. Furthermore, the Company's future acquisitions may lead it to incur unforeseen liabilities that are not necessarily covered by a guarantee granted by the vendor or vendors, or to find itself required to comply with unforeseen legal obligations, or obligations that are more restrictive than planned relating to the entity or to the business acquired, such as obligations to customers, employees, or suppliers.

If these risks materialize, they could have a material adverse effect on the Company's revenues, earnings, financial position, and outlook.

e) Risks relating to industrial relations

The Company's business activities require significant labor, which represents one of the Company's main costs, and means that it is essential to maintain good relations with employees, trade unions and other staff representative institutions. Specifically, a deteriorating economic environment may result in tensions in industrial relations, which may lead to industrial action within Company entities that could have a direct impact on customer services. Specifically, the Company is exposed to the risk of its facilities being blocked, risks of a general strike, and risk of the roads being blocked, due to mass social protests. In 2013, for instance, the Company was affected by a strike of its drivers in Poland, which did not, however, block the Company's business activities in Poland, due to the use of other Company operating resources. Generally, any deterioration in industrial relations could have an adverse effect on the Company's revenues, earnings, financial position, and outlook.

f) Risks relating to logistics contracts

Operating logistics sites for which the contract term is not equal to the term of the customer's investment could pose a risk. Although the Company's real estate policy consists of renting its warehouses, with exceptions, for periods and according to lease termination conditions that are identical to those of the customer contracts, the Company is exposed to the risk of having unused warehouses.

Specifically, in the event of the early termination of a service contract, the Company runs the risk of finding itself exposed to various costs, such as redundancy costs, or costs relating to the payment of rent and maintenance expenses for warehouses specifically assigned to said contract. If this risk materializes, it may have material adverse consequences on the Company's revenues, earnings, financial position, and outlook.

g) Risks relating to retirement plans

The Company has carried out various acquisitions in the past and plans to pursue its acquisition strategy. Following acquisitions, the Company may find itself obliged to manage the acquisition targets' existing pension plans, which may represent a substantial financial expense for the Company. Specifically, an unfavorable change in interest rates, inflation, asset values and actuarial assumptions represent a risk of an increase in pension expenses and deterioration in their solvency. If this risk materializes, it is likely to have material adverse consequences on the Company's revenues, earnings, financial position, and outlook.

In particular, following the acquisitions of Christian Salvesen and TDG, the Company manages two defined benefit retirement plans in the United Kingdom which cover some of the Company's UK employees. These two retirement plans are closed to future rights and to new entrants.

Financing the plans is negotiated between the trustees of the plans and the Company, in evaluations every three years. Valuation of the Christian Salvesen retirement plan as of December 31, 2013 was concluded in December 2014. The plan had a £81 million deficit. A program designed to eliminate the deficit has been introduced. Annual contributions to the plan (before ongoing administrative costs) amount to £7.5 million per year until 2022.

The latest valuation of the TDG retirement plan, as of 31 December 2012, showed a deficit of £55 million. A program has been implemented to eliminate this deficit over a period of nine years from January 2, 2013. The annual contributions (excluding recurring management costs) amounted to £6 million in 2014. From 2015 to 2022, the Company is estimated to pay an annual amount equivalent to interest on £80 million at LIBOR for 12 months plus a 1% margin based on LIBOR as of October 1 of the previous year. Under this formula, the Company will pay over £1.6 million in 2016.

The implementation of a mandatory three-year deficit financing plan for British pension funds is performed as follows:

i) an agreement is sought within a period of 15 months from the actuarial valuation date (i.e. 15 months from December 31, 2015 for the TDG pension fund);
ii) negotiations and discussions are held with the trustees and their advisers; and
iii) the arrangements are checked by the British “Pension Regulator”.

The Company has accrued a £42 million deficit for the Christian Salvesen Pension Scheme (CSPS) fund and a £14 million deficit on the TDG fund in the consolidated financial statements.

The solvency of defined-benefit plans is sensitive to the trend in the value of their assets, and to changes in interest rates and inflation, as well as to changes in actuarial assumptions (e.g. life expectancy).

While the Company has negotiated investment policies with the trustees resulting in 85% of actuarial liabilities being hedged via interest rate derivatives, an adverse change in these items could lead to a significant increase in the Company’s pension contributions at the time of future three-year valuations.

h) Risks relating to the cost of fuel

In conjunction with its Transport Solutions, Supply Chain and Global Forwarding business, the Company is exposed to fluctuations in oil prices.

The price of fuel in Europe depends on movements in oil prices, fuel taxes and the euro/dollar exchange rate.

The 2015 fuel expense amounted to some €260 million for the Company, which breaks down into €212 million for Transport Solutions and €48 million for Supply Chain.

The main countries where gasoline is consumed are France (145,000 m^3, or 60% of the total), the United Kingdom (59,200 m^3, or 24%) and Spain (32,300 m^3, or 13%).

Bulk volumes in France (122,600 m^3, or 84% of the total) are bought on a spot basis, while the remaining balance (16%), which is purchased via credit cards, was invoiced at a scale price minus the negotiated discount. In the UK, fuel is exclusively purchased based on Platt’s, both the 35,000 m3 (59% of total volumes) consumed from our own fuel stations and the 24,300 m^3 (41%) bought from petrol stations with charge cards. In Spain, the 12,700 m^3 used by our Bulk stations was bought on the basis of Platt’s contracts, while the remainder (19,600 m^3) was purchased via charge cards at discounted rates. In the rest of Europe, fuel supplies (5,600 m^3) are purchased mainly via credit cards in the following countries: Germany, Belgium, Italy, Luxembourg, Netherlands, Poland, Portugal and Romania.

The price of gasoline in France varied by almost 16% between the most expensive month (May 2015), and December, the least expensive month. The downward movement in the United Kingdom was 10%.

However, due to the high volatility in the price of oil, the Company cannot guarantee that the price of fuel will not increase in the future, which would have a material adverse impact on the Company’s revenues, earnings, financial position and outlook.

The Company includes price adjustment clauses in the event of a change in the fuel purchase price in its Transport customer contracts. These clauses are specific to each customer. Aside from short-term fluctuations due to the economic environment, these mechanisms enable almost all the fluctuations in the cost of fuel to be passed on in the prices charged to customers. However, these adjustments are unlikely to offset any increase in the price of oil in full, and often involve a delay between payment for the oil and passing on some of the additional cost. Market pressures could limit the Company’s ability to recharge additional costs in the future. Furthermore, a significant increase in the oil price would be likely to increase the Company's working capital. Significant changes in the price or availability of oil, or in the Company's ability to limit the impact of fluctuations in the oil price could therefore have a material adverse effect on the Company's revenues, earnings, financial position and outlook (see Section 7.2.6 – "Operating data", Paragraph d) – "Risks relating to commodities").

i) Risks relating to goodwill

With regard to purchase price allocation in respect of companies acquired, material amounts were allocated to goodwill. Goodwill is not amortized but is subject to impairment tests once a year, or when a loss of value is identified. The final value of positive goodwill from the Jacobson acquisition came to €426.2 million.

In addition, as part of the allocation of the Jacobson goodwill, €253.3 million was allocated to Customer Relations.

An impairment charge of €12.0 million on the Global Forwarding CGU (Cash Generating Unit) was recorded during the 2015 financial year, primarily due to the shutdown of the customs clearance business in Russia.

The Company cannot guarantee it will not write down other goodwill in the future. Given the material value of goodwill on the Company's balance sheet, any goodwill impairment charge is likely to have a material adverse effect on the Company's earnings and financial position in the year when such charges may be recorded.

j) Risks relating to dependency on certain suppliers

The Company relies on a limited number of suppliers in some cases. Specifically, the Company concentrates around 55% of its truck purchases on a single supplier, Renault Trucks. The remainder of the Company's truck purchases are evenly split between DAF and Mercedes. Although the Company does not consider itself to be dependent on Renault Trucks, to the extent that it would be able to use other current truck suppliers, any deterioration in the relationship between the Company and Renault Trucks, any breach, or any significant increase in the prices charged by Renault Trucks could have a material adverse impact on the Company's revenues, earnings, financial position and outlook, primarily given that the Company may have to negotiate and enter into one or more new supply contracts, where the terms and conditions may be less favorable than those of the existing contract.

k) Risks relating to IT systems

The Company is increasingly dependent on its IT system, particularly applications shared by the whole Company or at the Business Unit level.

The Company is also exposed to the management of several IT systems since it achieved a part of its growth through acquisitions. The inability to extend or roll out these information systems properly for newly acquired entities or for operational facilities acquired by the Company would be likely to compromise the successful integration of these acquisitions, and to have an adverse effect on the Company's revenues, earnings, financial position, and outlook.

The failure or interruption of these applications or of the networks as a result of computer viruses, security breaches, or the breakdown of hardware or software due to a lack of maintenance or any other reason would be likely to interrupt or slow the provision of services, or else delay or distort certain Company decisions. If these risks materialize, they would be likely to have material adverse consequences on the Company's revenues, earnings, financial position, and outlook.

l) Risks relating to climate

The Company's business activities could be materially hit by extreme weather in countries where it operates. Indeed, such conditions could result in transport interruptions and in lower volumes of goods transported. Such interruptions would have a direct impact on the ability of the Company's customers to pursue their business activities.

For instance, the harsh weather in the United States in the first quarter of 2014 paralyzed the Company's transport activities in this region. Such events may lead to a delay or interruption in the execution of certain contracts, which results in a reduction in revenues, and therefore has a material adverse effect on the Company's revenues, earnings, financial position and outlook.

m) Risks of failure in the internal control system

The Company has set up a system of internal control aimed at improving the mastery of its activities and operational efficiency, both in the Company and in all of its consolidated affiliates.

Despite this system, the Company's decentralized management exposes it to the risk of a failure in internal controls at one or more Company entities, primarily in terms of compliance with accounting policies specific to each Business Unit and with rules applicable to Company commitment limits.

Any failure in internal controls would be liable to have material adverse consequences on the Company's revenues, earnings, financial position, and outlook.

n) Risks relating to use of sub-contractors and temporary staff

Sub-contracting is inherent to the Company's operations, especially at the Transport Solutions Business Unit. The Company remains responsible for the services performed by its sub-contractors, and is therefore exposed to risks arising from managing its sub-contractors, and to the risk that they do not fulfil their assignment in a satisfactory manner, or within the specified deadlines. Such a situation could compromise the Company's ability to honor its commitments to its customers, comply with applicable regulations, or meet its customers' expectations. In some extreme situations, poor execution of services by sub-contractors could result in the customer terminating the contract with the Company. Such a situation could harm the Company's reputation and its ability to win new business and could lead to the Company being liable for damages. Furthermore, in the event of a failure by its sub-contractors, the Company could be required to perform unplanned work or additional services in line with the contracted service, without receiving any additional compensation.

Lastly, some sub-contractors may not be insured, or may not have sufficient resources to handle any claims from customers resulting from the potential damage and losses relating to their services.

As a result, non-compliance with their contractual or legal obligations by the Company's sub-contractors is likely to have a material adverse effect on its revenues, earnings, financial position, and outlook.

Furthermore, the Company makes significant use of temporary staff, mainly for its Supply Chain activity and can hardly fully guarantee that temporary employees are as well trained as the Company's other employees. Specifically, the Company is exposed to the risk that its temporary employees do not perform their assignments in a satisfactory manner or do not comply with the Company's safety rules in an appropriate manner, primarily due to their lack of experience, which may cause harm to goods and people. If such risks materialize, they could have a material adverse effect on the Company's revenues, earnings, financial position, and outlook.

o) Risks relating to hiring and retaining key staff

The success of the Company’s operations is largely dependent on the skills of the existing management team. The Company cannot fully guarantee that it will be in a position to retain all its senior executives and key staff. If one or more of the Company’s senior executives or other key staff cannot or do not wish to continue to perform their current duties, the Company may not be in a position to replace them easily, and its operations may be disrupted as a result, which may have a material adverse impact on the Company’s earnings, financial position, and outlook.

6.2.2. Legal, regulatory, tax, and insurance risks

a) Risks relating to regulations applicable to some of the Company’s business sectors

Global Forwarding, logistics and transport are highly regulated businesses, whether at domestic or global level.

These regulations impose increasingly strict restrictions, both in terms of location operating licenses issued by national public authorities (such the Control of Major Accident Hazards in the United Kingdom (“COMAH”), and by the French Regional Environmental, Development, and Housing Department (“DREAL”), customs regulations, transport licenses or specific environmental regulations.

Some operating authorizations or transport licenses may not be renewed, primarily due to a change in legislation or the nature or volumes of the products stored, which would be likely to affect the Company’s revenues, earnings, financial position, and outlook.

Furthermore, other regulations may apply in connection with the Company’s acquisitions.

The operational teams are currently engaged in a regulatory watch, one of whose aims is to anticipate regulatory changes in accordance with the specifications and recommendations of ISO standards. Furthermore, the operational teams regularly update the matrix of risks to which the XPO Logistics entities are exposed. Notwithstanding, there is no specific tool for managing and monitoring this risk.

Moreover, owing to its growing international activities, the Company is subject to various regulations, notably fiscal in nature. The large number of companies that make up the Company means that controls are being carried out an almost permanent basis on one or more subsidiaries, in France and abroad. Given the fluctuating nature of some regulations and their lack of clarity at times, the Company cannot guarantee that the interpretations made of the various regulations will not be challenged, with the ensuing adverse consequences.

Any change in regulations is unforeseeable and is likely to have a significant impact on the Company’s operations, increase its costs, and affect the level of demand from its customers or suppliers. If such risks materialize, they are likely to have a material impact on the Company’s revenues, earnings, financial position, and outlook.

In addition, the Company may face corruption risks in some countries where it operates. While the Company has introduced and is rolling out policies, procedures, and training courses on ethics and anticorruption regulations for its employees, it cannot guarantee that its employees, suppliers, sub-contractors or other commercial partners will comply with them, as well as with applicable regulations and legislation.

If it could not ensure that its anti-corruption policies and procedures are complied with, the Company could be the subject of civil and criminal sanctions, including large fines, or could be excluded from some markets.

The occurrence of such events could have a material adverse effect on the Company’s revenues, earnings, financial position, and outlook.

b) Litigation risks

The Company is exposed to the legal risks related to its role as an employer, supplier of transport and logistical services and as a buyer of goods and services.

The Company is involved in a number of administrative, legal, and arbitration proceedings as part of its normal course of business.

Claims for a significant amount are likely to be made in the case of some of these proceedings, and sanctions may be ordered against the Company.

In the event that some of these sanctions are ordered against the Company, their application could have a material adverse impact on the Company's revenues, earnings and outlook, especially if no provisions had been recorded for the sanctions. In addition, the provisions recorded by the Company in its financial statements for administrative, legal or arbitration proceedings, where applicable, could turn out to be inadequate, which could have material adverse consequences on the Company's revenues, earnings, financial position, liquidity, and outlook, regardless of the validity of the underlying claim.

Each Business Unit's legal affairs and/or finance departments are responsible for anticipating and managing disputes. Accordingly, they monitor ongoing disputes on an ad hoc basis. In addition, the internal Company document entitled "Rules and Key Procedures" sets out a monitoring and information-gathering process for disputes that are likely to have a material impact.

The following are the most significant among the ongoing disputes and proceedings:

- Proceedings in the Valence Criminal Court: The Company has developed transport subsidiaries historically under the "Norbert Dentressangle" brand which are subject to quality standards everywhere in Europe including Poland and Romania. Currently, our Polish and Romanian transport subsidiaries earn half their revenues from their own domestic and international customers and another half from acting as sub-contractors on international transport jobs for Transport agencies located in Western Europe, including France. The authorities conducted a two-year preliminary enquiry into the way the Company organizes international transport sub-contracting operations. This enquiry resulted in a first hearing in the Valence Criminal Court in March 2015, following which the court set aside a significant portion of the enquiry file. The substance of the amended file was the subject of a hearing in the Valence Criminal Court in March 2016. The core issue is whether the way in which some of the Company's French agencies entrust transport services to other international agencies within the Company as part of a sub-contracting framework, in Central Europe and Portugal in this particular case, can be validly construed (as per the prosecution's allegations) as illegal lending of manpower, as opposed to provision of a service as part of a sub-contracting agreement. The Company believes that these allegations are unfounded, and believes that it complies with all transport regulations and employment laws. In the context of this dispute, three of the Company's French entities that made use of such sub-contracting arrangements were served notice of contribution adjustments amounting to a total of €33 million by URSSAF (a French Social Security organization). Pending the judgment, and given the strength of its position and arguments, the Company has decided not to record an accrual in connection with these legal disputes.

Any decision that is unfavorable for the Company in any of these disputes could have material adverse consequences for the Company's revenues, earnings, financial position, and outlook.

c) Industrial and environmental risks

- **Supply Chain**

XPO Logistics is specialized in the transport and logistics of packed goods. Hence, there is no manufacturing process such as the fabrication or processing of raw materials.

The Supply Chain Business Unit stores finished and semi-finished products and where necessary creates specific packaging for products (e.g. overpacks, shipping packaging, sale or manufacturing packaging) as well as handles reverse logistics (e.g. return of consignment or recoverable packaging and sorting products unfit for sale).

Depending on their activities, the logistics sites are required to transport, store, and prepare these packaged goods on behalf of the Company's customers.

Risks arising from logistics operations mainly relate to fire and pollution (air and natural environment) and to a lesser extent, accidental pollution due to discharging stored products in the soil (mainly products hazardous to the environment) or to leaks of refrigerant gases used in our cold storage facilities.

The presence of any contamination or pollution in the soil or water on or near land that the Company owns, leases, or uses, or has owned, leased, or used in the past, or that it may own, lease or use in the future, may give rise to claims (including criminal claims), as well as requests for compensation for material damage or bodily harm suffered by the Company's employees and/or customers, or by third parties, which may have a material adverse effect on the Company's revenues, earnings, financial position and outlook.

Furthermore, the Company could be exposed to significant expense as a result of decontaminating the land that it owns or leases.

- **Transport Solutions**

With regard to the Transport Solutions Business Unit, the main business risk arises in connection with traffic accidents, notably the risk of traffic accidents involving the Company's drivers. Company drivers are covered by a specific plan called the Safe Driving Plan which was set up in 1990. The plan lays out procedures for driver recruitment, induction, training and follow-up.

Since 1990, this plan reduced the number of at-fault accident per vehicle a year by 80%. Each XPO Logistics driver covers an average of 700,000 km without causing an accident. The plan has been adopted in every country in which the Company has a vehicle fleet.

Lastly, the Safe Driving Plan has been certified by an external body since January 2015, which therefore grants it full legitimacy in the eyes of the various parties concerned (customers, government authorities, etc.).

A new "Safety" project, the ESP "*Ensemble pour la Sécurité*" (All Together for Safety) Project, has been implemented at the Transport Solutions business unit since November 2015. The aim of this new project, which is closely linked to our corporate values, is to improve the handling and follow-up of workplace accidents. To achieve this goal, the project relies on the strong commitment of the Business Unit's Senior Management, as well as on safety managers, who are dedicated resources within the various Group entities. The project has been implemented within the business unit's French scope for the time being.

- **Global Forwarding**

Three major risks affect the Global Forwarding business:

- Selection and reliability of our transportation sub-contractors;
- Quality and skills of agents used in countries where XPO Logistics has no operations;
- Control of customs procedures.

Although the Company has introduced various measures to limit these risks (see 1.4.4. – “Global Forwarding Business Unit”), it cannot guarantee that they will not materialize.

d) Risks relating to transportation of hazardous materials

Transportation of hazardous materials may generate risks, both as a result of the hazardous nature of these materials, and of the transport methods used, the amounts transported, and the sensitivity of the regions crossed. Any accident during the transportation of hazardous materials may result in the risk of explosion, emission of a toxic cloud, soil or water pollution, or damage to property and harm to persons. If such risks materialize, they could result in major health and environmental consequences, as well as damage to the Company’s reputation, which is likely to have a material adverse impact on the Company’s revenues, earnings, financial position, and outlook.

The hazardous materials road transportation activities are therefore subject to very stringent European regulations, including the provisions of the Accord for the Transportation of Dangerous Goods by Road, or “ADR”.

These provisions are supplemented by Directive 2008/68/EC dated September 24, 2008 regarding the domestic transportation of hazardous goods. The Company focuses on complying with these rules, especially regulations applying to when transportation of hazardous materials is authorized and product packaging.

Each company within the Company has appointed a safety manager for the transportation of hazardous materials, who ensures compliance with safety procedures, drafts reports on accidents identified, determines the resulting corrective action, and prepares a report on their findings and recommendations every year.

e) Cleaning station risks

Located mainly in France, cleaning stations, which are classified as installations for the protection of the environment (ICPE), are the subject of specific governmental declarations and permits under the French Environmental Code. All stations are run in accordance with an authorization from the Prefecture, the application of which is controlled by the DREAL. This means that the Company is exposed to the risk of these authorizations not being renewed, or being withdrawn in the event of an unfavorable change in local legislation.

A new ICPE system (Heading 2795) was created in 2010, in order to recognize the specific nature of vehicle washing, which was previously included among waste treatment activities. There are two levels of water use addressed in this heading: if less than 20 m^3 of water is used on a daily basis, the activity is subject to Company declaration with controls; if the amount is over 20 m^3, the Company must obtain authorization for such activities, which is the case for the Company's activities in France.
The Company’s waste water treatment system is in compliance with the law and with the French Environmental Code.

A waste water agreement is systematically concluded with the local authorities responsible for the drainage system into which the cleaning water is drained, under the control of the French Water Board.

All cleaning stations are certified ISO 9001 and some are certified ISO 14001. The plants are subject to periodic SQAS evaluations.

The cleaning stations are also members of the APLICA association, which oversees all recognized French cleaning stations and is associated with the European EFTCO association, which membership requires that the sites be regularly audited by independent auditors to verify their performance in terms of quality, safety, security, health and the environment.

Risk audits are carried out for each station, in accordance with the French Labor Code, and they are summarized in a single risk assessment document. Training is given to cleaning station employees so that they are aware of the potential risks of handling dangerous products.

In accordance with the ATEX Directive, management assessed the risks relating to explosive atmospheres working together with an outside expert. The Document Regarding the Prevention of Explosions shows that management of explosion-related risks is ensured by technical and organizational measures including staff training, the implementation of procedures, the reduction of ATEX areas and the performance of specific risk assessments.

f) Tax risks

The Company is exposed to risks relating to mandatory charges in the various countries where it operates.

The Company structures its commercial and financial activities in accordance with the varied and complex legal and regulatory requirements in effect in the various countries where it operates, especially in terms of mandatory charges. Changes in regulations or their interpretation in the various countries where the Company operates could affect the calculation of the Company's tax charge (taxes, levies and social security contributions – see also Section 6.2.2 "Legal, regulatory, tax, and insurance risks, Paragraph b) "Litigation Risks", Sub-Paragraph "Proceedings in the Valence Criminal Court") financial position, earnings and outlook.

In addition, the Company is required to interpret French and local regulations, international tax treaties, and case law and administrative practices in every jurisdiction where it operates. The Company cannot guarantee that such applications and interpretations will not be disputed by the authorities concerned, or that the Company's tax and social security treatment for reorganizations and transactions involving Company entities, their shareholders, and their corporate officers or employees will not be opposed by the relevant administrative authorities in the jurisdictions concerned.

Generally, any breach in tax laws or regulations applicable in the countries where the Company operates may result in supplementary assessments or in late-payment interest, fines, and penalties.

Accordingly, if any risks described above materializes, they may materially affect the Company's revenues, earnings, financial position and outlook.

g) Insurance risk

The Company has contracted various insurance policies, which cover the entire Company and its subsidiaries, including for damage to goods, general third-party liability, third-party motor liability, and third-party liability of its corporate officers. The pooled management of insurance enables the Company's operations and locations and vehicles to be insured prior to launching new services.

Although the Company strives to maintain appropriate coverage, its insurance policies may only partially cover some risks to which it may be exposed. Insurance companies may also seek to limit or dispute the Company's compensation claims, which may limit the Company's ability to receive full compensation or any compensation at all under its insurance policies. Such limits, queries, or delays may affect the Company's revenues, earnings, financial position, and outlook.

In addition, the occurrence of several events that give rise to significant compensation claims during a given calendar year could have a material adverse impact on the amount of the Company's insurance premiums.

The Company's insurance costs could increase in the future as a result of a negative change in the Company's claim history, or due to significant price increases on the insurance market in general.

XPO Logistics Europe did not experience any major incidents, limiting full compensation for claims under its insurance coverage in 2015.

h) Risks relating to risk management policies

The Company performs a risk-mapping exercise regularly on the risks to which it could be exposed, assesses those risks, and determines the measures to take in order to reduce or manage them.

There is no guarantee that the Company properly identifies all risks to which it may be exposed, or accurately assesses its exposure to the risks of which it is aware. There is also no guarantee that the measures taken or that will be taken by the Company have reduced or will reduce the loss that the Company may suffer as a result of these risks materializing. The occurrence of any of the risks identified by the Company, or the occurrence of an incident may have a material impact on the Company's revenues, earnings, financial position, and outlook.

i) Risks relating to the presence of a controlling shareholder

The Company is controlled by XPO Logistics France, which held 86.24% of the Company's share capital and 86.56% of its voting rights as of December 31, 2015. XPO Logistics France is fully controlled in turn by XPO Logistics, Inc. on a direct basis. As a result, XPO Logistics France has a significant influence on whether Shareholders General Meeting resolutions are adopted, and is in a position to have all General Meeting resolutions adopted, regardless of whether they require a simple majority or a two-thirds majority.

Furthermore, the Company does not own either its brand or its logo, which are licensed to it by XPO Logistics, Inc. under a royalty-free license agreement until June 8th, 2016 (see Section 4.1.1. b) in "Significant Agreements").
This means that the Company is specifically exposed to the risk of cancellation of this license agreement. In the event of termination of the license agreement, the Company and its subsidiaries would be required to amend their corporate name and to no longer use the XPO Logistics brand or the XPO Logistics logo within the timeframe specified by the license agreement.

If these risks materialize, they are likely to have material adverse consequences on the Company's revenues, earnings, financial position, and outlook.

6.2.3. Market risks

a) Credit and counterparty risks

Credit or counterparty risk corresponds to the risk that a party to a contract with the Company fails to fulfil their contractual obligations, which results in a financial loss to the Company. The financial assets that could expose the Company to credit or counterparty risk due to their nature are mainly trade receivables and financial investments.

• Supply Chain

- The importance of credit and counterparty risk

The Supply Chain Business Unit has a total of €401.5 million in client receivables. The Business Unit's 35 biggest clients account for 56% of these receivables. The following 35 next biggest clients represent 13% of the receivables. 90% of the receivables concerns long-term clients which the Supply Chain Business Unit bills monthly.

- *Risk management*

The Supply Chain Business Unit's exposure to client credit risk is very low.

Large European retailing and manufacturing groups make up 80% of the Supply Chain Business Unit's receivables. These big accounts together with the large majority of its other clients have a long-term relationship with the Business Unit cemented by medium or long-term contracts.

The Supply Chain Business Unit manages the client's inventories in its own warehouses. It performs these services regularly throughout the year and bills for them on a monthly basis. The Company's legal status as a storage company gives it a right to put a lien on the merchandise for non-payment for services.

The financial management makes sure that the contractual payment terms comply with the current rules in force in each country. The Business Unit's financial management tracks and analyses these deadlines and contacts the local financial teams as soon as an unexpected delay in payment arises.

• Transport Solutions

- The importance of credit and counterparty risk

The Transport Solutions Business Unit's trade receivables balance amounted to around €380 million as of December 31, 2015, split between roughly 15,000 active customers. This can be broken down as follows:

- 38% of the customer balances were equal to or higher than €500,000 (slightly less than 1% of the number of customers);
- 32% of the customer balances were higher than €100,000 and lower than €500,000 (roughly 4% of the number of customers);
- 30% of the customer balances were lower than €100,000 (95% of the number of customers).

The customer with the highest exposure only accounted for 4% of the total exposure.
The top 100 customers accounted for just over one third of our exposure.
This concentration typology enables the Transport Solutions Business Unit to minimize its risks.

- Risk management

So as to limit the risks relating to client receivables, the Transport Solutions Business Unit has a "client credit" team to manage client receivables and risk in general.

This customer risk management policy is guaranteed by the implementation of measures aimed at limiting a potential risk.
Therefore, any new business relationship or extension of credit to a customer must be submitted to the "customer credit" department, in order to determine a credit limit, and to determine whether guarantees will be required.

Decision-making rules have been established within the operational management teams and the Finance Department for sensitive and strategic amounts outstanding.

The credit limits are periodically reviewed in order to take account of changes in customers' situations and the business volume handled. Warnings and statements on missed payment deadlines and credit limit overruns are drawn up, assessed, and distributed to staff involved.

Since January 1, 2013, all Transport Solutions subsidiaries use the same accounting system. This facilitates data consolidation due to the direct access to all subsidiaries' client information.

• **Global Forwarding**

To minimize bad debt risks, the Global Forwarding Business Unit has set up a bad debt recovery team in each country in which it operates. In addition, the Business Unit set up a process for mitigating its risks by setting credit limits and payment terms and determining whether to accept a guarantee before entering into any new business relationships with customers. These credit limits are periodically reviewed to account for changes in the relevant clients' position.

It is important to note that the customer portfolio for the operations acquired from Daher in 2013 mostly consists of large international customers that have a very low credit risk.

During 2015, the Global Forwarding Business Unit did not have any material losses on bad trade debts.

The audits performed for the 2015 financial year did not reveal any internal control failure that could have incurred substantial risks.

b) Currency risk

The total amount of assets denominated in currencies other than the Company's currency (i.e. GBP, PLN, RON, USD, RMB, HKD, RUB, CHF, HUF, CZK, INR, LKR, CLP, BRL, MAD and UAH) pertaining to companies located outside the euro zone is summarized in the following table. These amounts are not hedged.

Currency – €000	USD (United States)	GBP (United Kingdom)	PLN (Poland)	RON (Romania)	RUB (Russia)	OTHERS	Total
Net asset (liability) before hedging	324,901	148,462	26,515	29,840	6,444	15,337	551,499
Hedging							
Net balance after hedging	**324,901**	**148,462**	**26,515**	**29,840**	**6,444**	**15,337**	**551,499**

During the 2015 financial year, the change in translation adjustments recognized in consolidated shareholders' equity for the net assets exposed to currency risk amounted to a €43.0 million (gain), which includes the impact of a €6.1 million loss derived from natural hedges recognized as an increase in shareholders' equity at the financial year end (net foreign investment and cash flow hedges), in accordance with IAS 21 and IAS 39.

The amount reversed to income in 2015 for the cash flow hedges subject to foreign exchange risk was a €0.8 million expense in 2015 vs. a €0.4 million expense in 2014.

In 2015, 2014 and 2013, no amounts were transferred to income in respect of net investment hedges.

The Company is principally exposed to USD and GBP.

A 10% appreciation in USD would lead approximately to an €36.1 million increase in net assets converted into euros. A 10% depreciation in USD would lead approximately to a €29.5 million decrease in net assets converted into euros. A 10% appreciation in USD would lead approximately to a €0.2 million increase in net income. A 10% depreciation in USD would lead approximately to a €0.1 million decrease in net income.

A 10% appreciation in GBP would lead approximately to an €16.5 million increase in net assets converted into euros. A 10% depreciation in GBP would lead approximately to a €13.5 million decrease in net assets converted into euros. A 10% appreciation in GBP would lead approximately to a €2.3 million increase in net income. A 10% depreciation in GBP would lead approximately to a €1.9 million decrease in net income.

c) Interest rate risk

Interest rate risk is centrally managed for all Company positions.

Borrowings are concentrated within certain Company branches: XPO Logistics Europe, XPO Transport Location France, XPO Supply Chain France, XPO Supply Chain International, XPO Holding Transport Solutions Europe, XPO Supply Chain UK Limited, XPO Transport Solutions Spain S.L., LOCAD entities and XPO Holdings UK and Ireland Limited.

All borrowing contracts are negotiated and approved by the Company Finance Department.

Given that Company debt financing tangible assets was contracted at the floating three-month Euribor rate, the Company has implemented hedging instruments to limit its exposure to interest-rate fluctuations.

The rate hedging portfolio exclusively consists of interest rate swaps (exchanging a variable three-month Euribor rate for a fixed rate) pertaining to a total nominal value of € 210,000,000 (€190,000,000 as of December 31, 2014). These contracts mature over periods of 1 to 2 years.

Income or expenses due to the difference between interest rates paid and received are posted to earnings for the year. The net amount recorded for 2015 was an expense of €9,627,000 (2014: loss of €7,539,000).

In accordance with IAS 39, the fair value of the interest rate hedge was recognized in the balance sheet together with a €6,901,000 increase in shareholders' equity as of December 31, 2015 (a €607,000 reduction was recorded as of December 31, 2014).

€000	Nominal value	Fair value on balance sheet				Posted to	
		Opening balance		Closing		Earnings	Shareholders' Capital equity
		Asset	Liability	Asset	Liability		
Int. Rate swaps Year ended December 31, 2014	829,885	0	12,961	0	13,568	0	(607)
Year ended December 31, 2015	210,000	0	13,568	0	7,265	(598)	6,901

The Company does not contract derivatives for speculative purposes.

Sensitivity of earnings and shareholders' equity to changes in fair value of interest rate derivatives:

€000	Change in base points	Impact on pre-tax earnings
2014	+ 100 / - 100	3,858 / (817)
2015	+ 100 / - 100	1,512 / (1,695)

€000	Change in base points	Impact on shareholders' equity
Dec. 31, 2014	+ 100 / - 100	7,379 / (7,620)
Dec. 31, 2015	+ 100 / - 100	1,811 / (1,856)

The amount reversed to income for the cash flow hedges subject to interest rate risk was a €5.9 million expense in 2015 compared to a €1.8 million expense in 2014.

d) Liquidity risk

As of December 31, 2015, the Company had confirmed and unconfirmed overdraft facilities of €47 million and €51 million respectively, and available cash and cash equivalents of €63 million. Some of the Company's sources of finance are subject to compliance with financial performance conditions, as described under Note 7.2.10.a.2) ''Borrowing ratios''.

Cash flows from borrowings based on non-discounted contractual payments are as follows:

€000	Book value	Less than 1 year			1 to 5 years			More than 5 years		
		Fixed rate interest expense	Variable rate interest expense	Repay-ment of principal	Fixed rate interest expense	Variable rate interest expense	Repay-ment of principal	Fixed rate interest expense	Variable rate interest expense	Repay-ment of principal
Borrowings										
Borrowings	253,146	762	2,089	88,245	638	2,369	150,946	0	120	13,955
Finance lease liabilities	44,021	9	469	14,879	12	689	25,863	0	64	3,279
Loan contracted with XPO Inc	863,827	45,978	0	80,354	134 923	0	370,308	42,600	0	413,165
Bank overdrafts	27,082			27,082						

The assumptions applied for valuation of the above maturity breakdown are as follows:

- exchange rate applied: closing rate
- interest rate applied: rate as of December 31, 2015

€000	Dec. 31, 2015	Of which confirmed		Of which not confirmed	
		Drawn	Undrawn	Drawn	Undrawn
Lines of credit available					
Finance lease liabilities	44,021	44,021	0	0	0
Borrowings	253,146	253,146	0	0	0
Loan contracted with XPO Inc.	863,827	863,827	0	0	0
Bank overdrafts	98,587	15,718	31,969	11,364	39,536

The Company has carried out a specific review of its liquidity risk and believes that it can meet its liabilities due in less than one year.

e) Risk on equities and other financial investments

The Company does not have any financial investments likely to be exposed to a price fluctuation risk.

6.3. CORPORATE SOCIAL RESPONSIBILITY REPORT (CSR REPORT)

6.3.1. Societal responsibility at XPO Logistics Europe: tangible commitments and a performance driver

a) A proactive approach rooted in the reality of our operations

Corporate Societal Responsibility (CSR) which has been a focal point of XPO Logistics Europe's strategy via three priority action areas since 2003, is fully incorporated into the day-to-day running of our operations. In our operations, our business development objectives are closely intertwined with the need to control our environmental footprint and our impact on society. As such, CSR has become a performance booster within the Company and a solid commitment for all our staff.

- **Safety, both on the road and in warehouses**

XPO Logistics trains staff and makes use of the most advanced equipment and facilities, so as to ensure maximum safety, both on the road and in warehouses when storing and handling goods. The Company is a pioneer in road safety, having drawn up the Safe Driving Plan in 1991, which has now been extended to all European subsidiaries. The plan aims to establish world class procedures preventing risks arising from goods transportation.

Risk management exceeds the mere driving context, and covers all of XPO Logistics' activities. In the warehouses, the "Safe Handling Plan" intended for the warehouse staff and order preparation staff has been launched, and is currently being rolled out.

The "ESP – *Ensemble pour la Sécurité* (All Together for Safety)" Program has also been implemented within our Transport Solutions Businesses since September 2015, with the same goal of reducing the number and gravity of workplace accidents.

- **Managing our environmental footprint via reducing CO_2 emissions and the particles emitted by vehicles, and managing the facilities in an environmentally-friendly way**

As the operator of the largest heavy goods vehicle fleet in Europe, XPO Logistics is at the forefront of efforts to cut the environmental impact of trucks, particularly their carbon footprint. Our two key objectives are to continuously improve our CO_2 transport measurements and to innovate so as to produce the best emission reduction solutions.

XPO has been a partner of the French Environment and Energy Management Agency (ADEME) for 10 years, and works with its teams as a "trial laboratory" for technological and organizational solutions. XPO has been a signatory of the *Objectif CO_2* Charter voluntary commitment program since it was launched in 2008, and has worked closely on designing the new *Objectif CO_2* Certificate since 2014; the Company obtained this certification in early 2016.

In 2009, this commitment resulted in the creation of the first ever Bureau Veritas certified CO_2 calculator and, by teaming up with manufacturers, in the early introduction of new engines such as the diesel-electric hybrid and the Natural Gas (LPG and CNG) engine. XPO Logistics is also a long-standing designer and operator of bespoke multi-modal solutions, with the goal to always use the most economical and environmentally-friendly means of transport – by road, rail, river or shortsea.

XPO Logistics Europe has also implemented a demanding site environmental management policy applying to all of its logistics facilities.

The policy includes:

- Regulatory compliance;
- Monitoring and measuring energy consumption, waste water and noise pollution;
- Waste recycling and reclamation;
- Promoting awareness among staff.

- **Integration and in-house promotion, two principles underlying our HR policy, "You grow, we grow".**

Believing that growth benefits everyone, XPO Logistics Europe has made integration and in-house promotion (resulting in promotion of 60% of Company managers) the two main principles underlying its HR policy.

b) Shared goals and regular performance measurement

Our CSR policies closely reflect the characteristics of our business. XPO Logistics Europe has also decided to expand its CSR commitments by joining the United Nations Global Compact and its10 fundamental principles protecting human rights, employment rights, environmental protection and combatting corruption. Membership of the Global Compact involves annual reporting of progress in addition to CSR reporting, for which the Company has established indicators in line with the three principles stated above and to reflect the requirements of the French Grenelle II Act.

In partnership with customers, XPO has also introduced a CSR independent audit procedure carried out by several organizations including:

- Ecovadis (reviewing our Company Transport business in terms of environmental impact, business ethics, suppliers management and social impact: 2015 Silver rank).
- Sedex (reviewing ethical and HR practices of various branches: 98.4% compliance in 2015).
- Carbon Disclosure Project (a procedure applying to the Transport activities that measures how the business impacts climate change: transparency index of 86 and B-performance index in 2015)

6.3.2. Reporting methods – Methodology note

The Company has a detailed CSR reporting protocol, which takes the requirements of the Grenelle II Act into account. In order to improve this approach on an ongoing basis, this protocol is updated every year and circulated to all parties involved in drawing up the CSR reports.

The indicators set out in the Social and Environmental Report were selected by XPO Logistics Europe management bodies, based on the relevance and significance of the information in view of our business activities, namely Transport (Transport Solutions), Logistics (Supply Chain) and Global Forwarding. Every indicator is defined in detail and is distributed to all Company entities.

The target calculation scope for the indicators includes all Company entities that are consolidated in the consolidated financial statements of XPO Logistics Europe, i.e. XPO Logistics Europe and its subsidiaries within the meaning of Article L.233-1 of the French Commercial Code and all the companies that it controls within the meaning of Article L.233-3 of the Code.

Pursuant to an agreement, all companies acquired or disposed of during a given financial year, together with franchisees (who are not consolidated from a financial standpoint), are not included in the target scope. Supply Chain US entities (formerly Jacobson) acquired in 2014, are not included in the 2015 reporting scope.

Generally speaking, the collected data covers the period from January 1 to December 31, 2015.

Depending on the indicators, the data corresponds to an annual consolidation of the data from January 1 to December 31, 2015, or to data measured as of December 31, 2015.

With regard to social and environmental aspects, data covering all operating subsidiaries was collected using a specific reporting application and distributed to the different business units' QHSE departments or the HR department, having previously been consolidated by country.

Where environmental policy is concerned, our assessments and conclusions cover Transport Solutions and Supply Chain activities, which have the highest direct exposure to these issues as a result of their size. The Global Forwarding activity, which has been at the development stage since its launch in 2010, does not yet have organizational structures specifically assigned to environmental issues, which are mainly indirect in this business area. In the future, these issues will be covered by the departments responsible for quality assurance.

Where possible and relevant, comparisons have been made between the 2014 and 2015 indicators. However, a significant part of the changes observed can be explained by changes in the measurement scope. In fact, facilities were closed and opened during the year, and their consumption is not always offset, due to differences between the various business activities. In Supply Chain activity in particular, temperature-controlled facilities consume more energy than warehouses at ambient temperature.

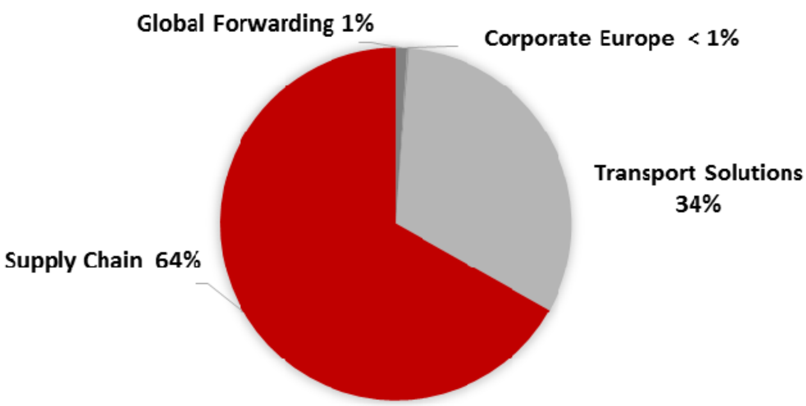
6.3.3. XPO Logistics Europe's social responsibility

a) Employees

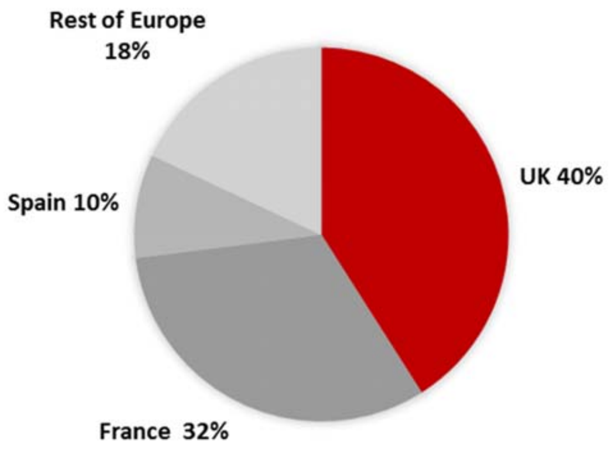
Total Company headcount as of December 31, 2015 was 40,730 employees (including all types of employment contract and interns, but excluding temporary employees), most of whom are located in Europe. The Supply Chain activity employs most Company staff (64%). In terms of a regional breakdown, the UK (with the largest number of employees) and France together account for 72% of Company headcount.

Headcount increased compared to 2014 in the Transport Solutions and Supply Chain activities.

HEADCOUNT BREAKDOWN PER ACTIVITY AS OF DECEMBER 31, 2015

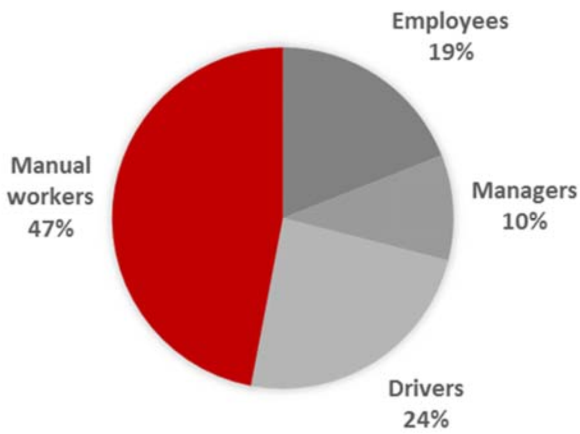


HEADCOUNT BREAKDOWN BY GEOGRAPHICAL REGION AS OF DECEMBER 31, 2015



Over two-thirds of the Company's employees are employed as warehousing staff (47%) or as drivers (24%). The percentage of managerial staff is 10%, reflecting the flat managerial structure in operations.

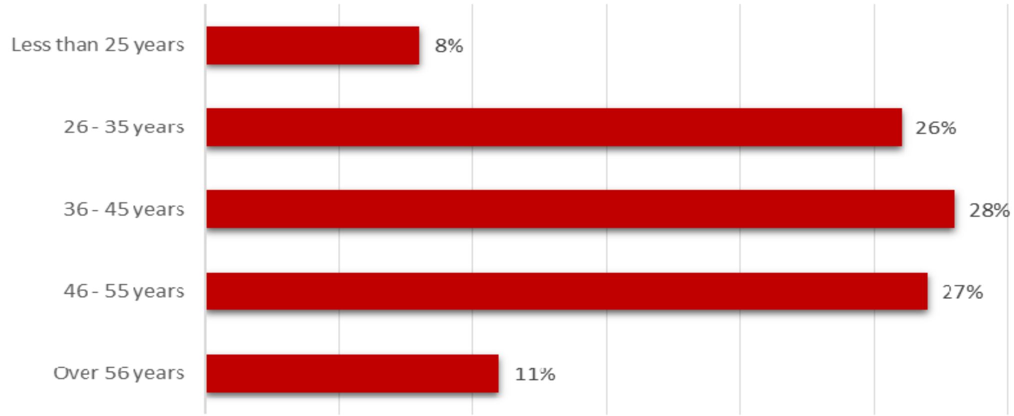
BREAKDOWN OF HEADCOUNT BY PROFESSIONAL CATEGORY IN 2015



93% of Company employees work under permanent full-time employment contracts. Supply Chain activity has a higher proportion of part-time employees (9.7% compared to 1.7% in Transport Solutions), given that part-time working is more suited to the requirements of the Supply Chain business. Note that temporary staff accounted for 21.2% of 2015 total staff costs and primarily worked in Supply Chain activity (27.7% in Supply Chain and 3.7% in Transport) due to large fluctuations in customer orders.

The average age of the employees is 40 years and 9 months.
The average age is older in Transport Solutions - 43 years and 3 months – than in the Company's other operating business units primarily due to a low turnover rate among drivers.

BREAKDOWN OF HEADCOUNT BY AGE BRACKET



The average seniority within the Company amounted to 7 years and 4 months. Seniority is slightly higher in Transport (8 years and 6 months), and significantly higher in France (10 years and 3 months), which is primarily due to the Company's longer existence in France.

AVERAGE HEADCOUNT SENIORITY BY BUSINESS UNIT (IN YEARS)

b) Mobility

The overall staff turnover rate measures the proportion of employees who left the Company, voluntarily or otherwise, between January 1 and December 31, compared to the total headcount.

The Company's overall staff turnover rate is 22.17%. The Company voluntary staff turnover rate is 6%. This rate is significantly lower than the usual standard for the service sector in general and the Transport activity in particular.

The Group is currently unable to report dismissals on an isolated basis.

The attention paid to developing talent, embedding entrepreneurial values among all staff and the Company's growth policy are all positive measures that help to retain staff. Note that Global Forwarding staff turnover is due to market practices in the Company's operational regions.

TOTAL STAFF TURNOVER

23.56% **Transport Solutions**
20.82% **Supply Chain**
56.12% **Global Forwarding**
40.28% **Corporate Europe**

XPO has made internal job mobility a recruitment priority. Positions to be filled within the company are systematically opened to internal applications, which means that around 60% of manager positions are filled via internal job mobility. For example, in Supply Chain, more than 3 out of 5 team leaders and 4 out of 5 operating managers have been promoted in house. In both Transport Solutions and Supply Chain, 2 out of 3 agency or site managers have also been promoted in house.

Nevertheless, in 2015, 6,060 new employees were hired as permanent employees throughout all our business units in all the countries in which we conduct business.

c) Absenteeism

The overall Company absenteeism rate (excluding the UK Transport scope, which does not publish this figure) is 5% (stable compared to 2014). This rate is lower than the rate for the service sector overall, and for the transport sector in particular. The breakdown of absenteeism rates per country is more diverse, although it nonetheless corresponds to the differences that may be observed between these countries across all sectors.

d) Employee relations

52% of XPO Logistics Europe's employees are covered by a collective bargaining agreement or similar agreement. The Company is not yet able to publish a report on collective agreements signed in 2015.
The difference in the coverage rate between the Global Forwarding Business Unit and the Transport Solutions and Supply Chain Business Units is due to the recent establishment of the Global Forwarding business (2010) and to its geographical coverage, which is mainly outside Europe and includes different employee relations practices.

In 2015, 238 negotiating meetings were held with staff representatives throughout the company. Just over 250 employee representative bodies have been set up within the company's French entities; this means that over 1,500 meetings are held every year.

PERCENTAGE OF THE STAFF COVERED BY A COLLECTIVE BARGAINING OR SIMILAR AGREEMENT, BY BUSINESS UNIT

93.3% **Transport Solutions**
64.7% **Supply Chain**
40.4% **Global Forwarding**
75.8% **Corporate Europe**

e) Pay policy

XPO pay policy reflects different pay practices in the various markets and industries where the company operates. In 2015, average yearly salaries rose by 1.9%, varying within business units depending on individual features of their specific markets.

2014 employee incentives and profit share amounting to over €10 million were paid out in 2015 but are not included in the figures below.

AVERAGE ANNUAL BASE SALARY BY JOB CATEGORY AND BUSINESS UNIT

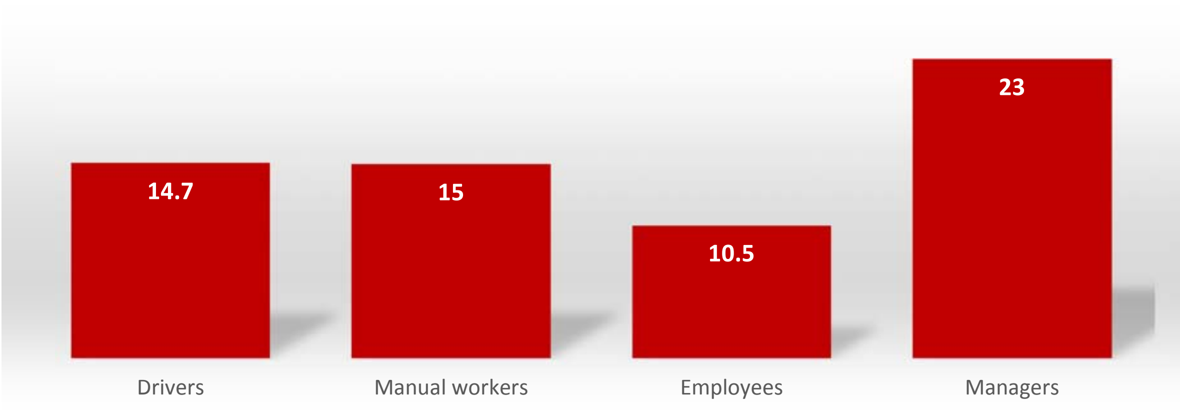
	TRANSPORT SOLUTIONS	SUPPLY CHAIN	GLOBAL FORWARDING	CORPORATE EUROPE
Drivers	23,103	28,738		
Manual workers	24,051	22,324		
Employees	26,336	30,904	27,413	27,813
Managers	47,761	44,055	30,530	83,183

f) Development of talents

In 2015, 691,976 hours of training were provided.

In 2015, XPO Logistics Europe spent €13 million, or 1% of total staff costs, on staff training. Employees spent an average of 17 hours on training during the year.

NUMBER OF TRAINING HOURS PER EMPLOYEE BY PROFESSIONAL CATEGORY



XPO Logistics Europe's training policy comprises the following:

- Operational training covering all Company businesses at all levels of seniority;
- safety training (over and above statutory requirements), for instance through:
  - the Safe Driving Plan, which punctuates the career of any driver who joins XPO, and in which all employees who have a direct or indirect impact on our drivers' assignments are involved;
  - a program entitled Safe Handling Plan (« Plan de Bonne Manutention ») aiming at limiting the rate of accidents in the course of operations;
- management training, primarily through the Red Management program, from which over 2,800 managers in the Company's various entities have benefited by the end of 2015.

Furthermore, 52% of our managers had an annual review in 2015. Because these reviews provide a special forum for our employees to express their career and professional development aspirations, they form part of building their career paths. The reviews also enable individual development plans to be drawn up.

g) Health and Safety

To date, the Company has identified no risk factor related to a recognized occupational illness.
The Company is not yet able to list all locally signed health and safety agreements.

Where health and safety are concerned, XPO invests in two priorities:

- prevention and training over and above the applicable statutory requirements;
- renewing employees' work tools (tractors, fork-lifts, etc.), with a view to providing them with the most up-to-date equipment, particularly in terms of safety.

The severity rate is calculated based on the number of days lost due to industrial accidents multiplied by 1,000 and divided by the theoretical number of hours worked.
The frequency rate is calculated based on the number of lost-time industrial accidents multiplied by 1 million and divided by the theoretical number of hours worked.

The Company's overall industrial accident severity rate stands at 1.2 per mille of worked hours and the frequency rate at 28 per million of worked hours. These vary considerably between businesses but are lower than industry averages.

Across the Transport Solutions Business Unit, "number of kilometers travelled without an accident" is the most widely used frequency indicator. It is also the indicator in which insurance company statistics enable us to have a professional benchmark. With an average of almost 700,000 km travelled with no accident at-fault, our performance is significantly higher than the market average.

h) Combating discrimination

- **Our Human Resources commitment**

The company's anti-discrimination policy follows from its commitment to the Global Compact (especially Principle 6), whereby it undertakes to promote diversity, respect for freedom of association and the right to collective bargaining, the elimination of discrimination in respect of employment and occupation, the elimination of forced and compulsory labor, and the effective abolition of child labor.

XPO Logistics Europe Human Resources policy sets out the detailed criteria that should underpin all decisions regarding recruitment, pay raises, promotions, disciplinary measures and access to training. Such criteria consist of the employee's or applicant's track record, skills, past career and experience.

- **Steps taken to employ and support disabled people**

To maximize impact, the matter of employing and supporting disabled people is covered by specific policies according to each country and business. The policies aim to increase employment of disabled people.

In the French Supply Chain Business Unit, this issue is covered in a signed agreement with the staff representatives, which includes the following commitments:

- Increase recruitment and training of disabled people so as to improve retention and access to jobs;
- Develop training courses and internships, increase use of companies operating in the French 'protected sector' as well as temporary disabled staff by working with relevant agencies;
- Support disabled staff to be "RQTH" certified (French abbreviation for the Recognition of the Quality of a Disabled Worker) and at their place of work within the company;
- Strive to retain disabled people in employment.

In France, XPO Logistics, together with the charity Ares, has also set up a unique organization in the form of a joint venture for charitable purposes: Log'ins. New disabled applicants are welcomed at the company Coudray-Montceaux (Essonne, France) logistics site facilities. The Company aims to train disabled or unqualified Logistics workers so as to allow them to subsequently work for the Company, supported by individual social aid (for housing, access to healthcare, mobility etc.) and professional support.
A second organization on the same model, which is subject to final approval, is expected to open in 2016 in the Lyon region.

- **Gender equality**

Women account for 23% of total company headcount, which is higher than the industry average. There is a higher percentage of women in managerial positions, at 28%.

The figures reported hereafter reflect the proportion of women applying for jobs under our recruitment procedures.

PERCENTAGE OF WOMEN BY JOB CATEGORY AND BUSINESS UNIT

	TRANSPORT SOLUTIONS	SUPPLY CHAIN	GLOBAL FORWARDING	CORPORATE EUROPE
Drivers	1.6	0.8		
Manual workers	3.6	23.8		
Employees	52.4	47.9	63	56.2
Managers	28.2	26.8	40.5	40.9

The average pay for women, including all Company job categories, is still 25% lower than that of men. This difference is partly down to the varying proportions of women in the managerial category.

AVERAGE MEN-WOMEN PAY RATIO BY JOB CATEGORY

1.16% **Drivers**
0.88% **Manual workers**
0.7% **Employees**
0.8% **Managers**

6.3.4. XPO Logistics Europe's environmental responsibility

a) An organization tailored to the specific requirements of each business

The Company's three operating Business Units – Supply Chain, Transport Solutions and Global Forwarding - have introduced their own specific organization so as to meet the specific environmental requirements of their business.

So as to ensure agreed policies are properly carried out and targets set are monitored on a standardized basis, every Business Unit follows an assessment procedure including dedicated reporting and frequent audits carried out by the Company's Internal Audit department.

Within Supply Chain business unit, each country has a department responsible for all quality, health, safety and environment issues that includes operating staff on sites and in the country head office. The department comprises 170 FTE in 281 locations (Europe); the proportion of staff working on the environment is higher due to the large number of EU environmental regulations.

ISO 14001 certification (the leading environmental management standard) for the sites is a priority and helps to structure our efforts to comply with regulations and avoid risks. In 2015, half of Company sites were ISO 14001 certified. Uncertified sites represent those where XPO works directly at customer sites, or those where it would be too expensive to gain certification. Even without certification, these sites meet the same Company requirements to comply with regulations and to forecast risks.

At Transport Solutions' head office, four people are charged with ensuring that a standard policy is applied throughout the 8 business units. These people work exclusively on environmental issues. Local application and management of this policy is carried out by regional or branch managers amounting to 54 FTE.

Given the size of the Company's fleet of 7,700 vehicles and the limited space of the Transport sites, most work conducted is spent on vehicles and controlling greenhouse gas emissions. However, 24 Transport locations are now ISO 14001 certified and the Business Unit head office is now ISO 50001 certified (energy management system certification).

b) Promoting awareness and training employees concerning environmental protection

Considerable investment is made in training related to recycling waste, saving energy, new technologies and preventing environmental accidents. The training and awareness courses are given to all staff including managers, support function employees and operating staff. The course content is based both on any changes in regulations and issues specific to each site (e.g. monitoring regulations for facilities classified for environmental protection, waste transportation, fire prevention and compliance with ISO 14001).

c) Risk prevention investment

- **Environmental and pollution risk prevention**

Each country within our Supply Chain activity has drafted on environmental policy, which has enabled us to rally our staff around a shared risk prevention and environmental protection strategy. This means that the safety of people, goods and buildings is guaranteed. Our Transport Solutions business adopts a similar strategy, although that strategy is determined and steered at the European level, and not on a country-by-country basis.

We strive to prevent emergencies by monitoring our sites' compliance with regulations in place. We prepare incident case studies that we frequently test under real conditions. We prepare these case studies taking into account the specific features of the buildings, stored goods and any third parties who could be affected by our operations.

- **Provisions and guarantees for environmental risk**

XPO regularly assesses environmental risk by applying provision methods strictly identical to those set out in the accounting rules and policies appended to the statutory and consolidated financial statements. The deposits required to manage classified sites (SEVESO in France, COMAH in Great Britain) have been duly paid. The amounts are not material, and cannot be disclosed for confidentiality reasons.

d) Pollution and waste management

- **Measures to prevent, reduce or remedy atmospheric, aqueous and soil pollution having a serious impact on the environment**

Environmental assessments have not revealed any major impact of possible soil or water pollution. Meanwhile, atmospheric emissions are primarily due to greenhouse gas emissions, which are detailed in the paragraph entitled "Greenhouse Gas Emissions" in subparagraph f, below and to the emissions of pollutants relating to the provision of our transport services, mostly by road.

Some controlled temperature logistics sites use gas cooling systems liable to impact the ozone layer due to a risk of minor leaks. Thus XPO Logistics is investing heavily in its transition to a low-carbon economy, in order to meet the 2030 standards. The Company is specifically choosing solutions based on the use of CO_2 and ammonia for its refrigerated facilities.

The main pollutant emissions relating to road transport of goods are regulated by the Euro standards. These are European Union regulations that determine the maximum level of pollutant discharges for new rolling vehicles, in order to reduce the atmospheric pollution attributable to road transport. Since January 2014, all new vehicles placed on the market must meet the Euro VI standard.

EMISSION THRESHOLDS IMPOSED BY THE EURO STANDARDS

	Euro III	Euro IV	Euro V	Euro VI
Application date	October 2001	October 2006	October 2009	January 2014
Nitrogen oxides	5.00 g/kW.h	3.50 g/kW.h	2.00 g/kW.h	0.40 g/kW.h
Carbon monoxide	2.10 g/kW.h	1.50 g/kW.h	1.50 g/kW.h	1.50 g/kW.h
Hydrocarbons	0.66 g/kW.h	0.46 g/kW.h	0.46 g/kW.h	0.13 g/kW.h
Particles	0.10 g/kW.h	0.02 g/kW.h	0.02 g/kW.h	0.01 g/kW.h
Fumes	0.80 g/kW.h	0.50 g/kW.h	0.50 g/kW.h	0.15 g/kW.h

The EEV standard is a pollution prevention standard for exhaust fumes that is stricter than the Euro V standard, as it only allows a very low amount of particles and fumes to be emitted. This standard is not mandatory, but may be required in some town centers. It provides a 30% further reduction of particle emissions compared to Euro V.

7,563 of the 7,770 vehicles in the fleet are affected by the Euro standards; the other vehicles are owned in regions outside Europe.

XPO LOGISTICS EUROPE VEHICLE FLEET BREAKDOWN

	December 31, 2015		December 31, 2014	
	Number of motor vehicles	As a percentage of the fleet	Number of motor vehicles	As a percentage of the fleet
Euro III and IV	249	3	370	5.1
Euro V	4,341	56	5,022	68.6
Euro V EEV	1,468	19	1,699	23.2
Euro VI	1,712	22	233	3.2
Total	**7,770**	**100**	**7,324**	**100**

In accordance with XPO Logistics' strict policy regarding vehicle replacement, the average vehicle age as of December 31, 2015 was 2.5 years, as was the case at December 31, 2014. Therefore we operate the most modern fleet in Europe.

- **Measures to prevent, recycle and eliminate waste**

A program to collect and sort waste and identify waste recycling outlets was launched at the Company a few years ago. A significant portion of the waste eliminated is clean, and includes plastic, paper and cardboard, for which XPO Logistics is continually seeking new recycling or recovery outlets.

XPO is developing new markets in the product end-of-life (EOL) segment in different ways depending on the country, and is therefore becoming an operator in the waste sector.

Around 70,290 tons of waste were generated by the Supply Chain business unit in 2015, including over 58,444 tons of non-hazardous waste.

89% of the waste was treated in 2015, including 78% recycled (compared to 94% and 88% respectively, in 2014).

The transportation of hazardous and non-hazardous goods by road does not generate much waste. The Transport Solutions Business Unit has nonetheless introduced waste recovery programs at its ISO 14001 facilities.

- **Measures to reduce noise and other forms of activity-specific pollution**

Our business activities do not have much impact in terms of noise pollution. However, we monitor them on an ongoing basis, and implement preventive measures in order to comply with locally applicable noise thresholds.

e) Sustainable use of resources

- **Water consumption and supply depending on local constraints**

We measure water consumption at each of our facilities and monitor differences in order to implement the required corrective measures. Furthermore, around 4% of the facilities in the Supply Chain Business Unit are equipped with rainwater collection systems.

CHANGES IN WATER CONSUMPTION:

m^3	2014	2015	Difference
Supply Chain	1,032,254	825,533	-20%
Transport Solutions	268,637	293,966	+9.4%
Total	**1,300,891**	**1,119,499**	**-13.9%**

- **Consumption of raw materials, measures taken to improve efficiency of use**

We use few raw materials (primarily cardboard and plastic) and have reduced our consumption by choosing thinner plastic materials or re-using cardboard boxes.

The measurement of the main raw materials consumed in the Supply Chain Business Unit in 2015 yielded the following results:

	Amounts consumed in tons
Film	12,425
Paper	2,359
Cardboard	9,916
Plastic	557
Metal	926

- **Energy consumption and measures taken to improve energy efficiency**

Electricity is a major energy source, particularly for Supply Chain activity.

CHANGES IN ELECTRICITY CONSUMPTION

In kWh	**2014**	**2015**	**Difference**
Supply Chain	358,555,415	347,953,372	- 2.96 %
Transport Solutions	28,100,387	30,203,124	+ 9.6 %
Total	**358,836,786**	**378,156,497**	**+ 5.4 %**

The Supply Chain Business Unit is modernizing its buildings and equipment by providing energy-saving and secure solutions in order to reduce electricity consumption. New technologies (LED lighting, motion sensors and light sensors) and the use of less energy-intensive materials are systematically used for any new buildings and renovations.

We also use solar power in some countries, including France, Switzerland and Belgium.
Natural gas is also used.

To comply with the various provisions of the Law regarding the Various Provisions for Adjusting to European Union Law in France, energy audits were performed on a sample of our warehouses. A new GHG Report was drawn up in 2015, and an action plan is being prepared.

On our Supply Chain sites, we also use oil, diesel and petrol, consumption for which is provided below (excluding fuel consumption of the vehicle fleet detailed under the paragraph “Greenhouse gas emissions” in subparagraph f, below):

Heating oil	619,275 litres
Diesel	636,542 litres
Petrol	76,251 litres

Within the Transport Solution Business Unit, efforts to save energy primarily focus on the vehicle fleet, which accounts for 95% of total consumption (see 2011 results prepared in accordance with Article 75 of French Act no. 2010 788 covering 50% of our French transport branches).

Since 2011, the Company’s Transport Solutions teams have been working on measuring and reducing their energy costs as part of efforts to gain French Energy Savings (“CEE”) certification. This certificate (governed by French Act no. 2005-781 dated July 13, 2005 establishing the energy policy strategies and amended by French Act no. 2010-788 dated July 12, 2010 related to the national environmental commitment) provides financial incentives arising from introducing measures to save energy in the Company’s daily operations.

XPO Logistics has signed an agreement to this effect with one of its fuel suppliers. This agreement has played a pivotal role in bringing about energy savings, and from 2011 to 2014, 265,054 Mwh of energy was saved. In 2015, we saved additional 81,171 Mwh of energy.

Steps taken include providing training on environment-friendly driving for all drivers, equipping 1,908 vehicles with onboard computers and replacing over 708 vehicles by more environmentally-friendly vehicles, i.e. tractors equipped with automated gearboxes, roof and lateral reflectors and low rolling resistance tires.

It is worth noting that the Head Office for the Transport Solutions' operations (Department of Drôme, France) has been ISO 50001 certified since November 2015. This certification allows us to improve the overall energy-efficiency of our organization.

f) Climate change

- **Greenhouse gas emissions**

For our Supply Chain operations, emissions, though low, largely arise from electricity and gas consumption. In the case of the Transport Solutions Business Unit, our vehicle fleet's fuel consumption is the most significant factor, given the size of our heavy vehicle fleet.

Consequently, fuel consumption is the Company’s primary source of greenhouse gas emissions and represents the main focus for reducing our emissions. Fuel consumption is also a key performance indicator for our road transport business, given that it has a major impact on the transport services’ margins.

- **Direct emissions (scope 1)**

GREENHOUSE GAS EMISSIONS CALCULATED FOR OUR GAS CONSUMPTION IN 2015

In tons of CO_2 equivalent	GGEs attributable to gas consumption
Transport Solutions	3,493
Supply Chain	15,025
Total	**18,518**

EMISSIONS FROM MOBILE COMBUSTION ENGINE SOURCES

	2014			2015		
	Transport Solutions	Supply Chain	XPO Logistics Europe	Transport Solutions	Supply Chain	XPO Logistics Europe
Total (tons equivalent CO_2)	**579,952**	**112,526**	**692,478**	**586,835**	**153,395**	**740,230**

- **Indirect energy-related emissions (scope 2)**

GREENHOUSE GAS EMISSIONS CALCULATED FOR OUR ELECTRICITY CONSUMPTION IN 2015

In tons of CO_2 equivalent	GGEs attributable to electricity consumption
Transport Solutions	8,639
Supply Chain	122,998
Total	**131,636**

- **Other indirect emissions (scope 3)**

We perform around 35% of our transport services via the use of sub-contracted resources.

We have been able to estimate the GHG emissions resulting from these activities by adding up the theoretical distance of all the freight journeys over one year (taking the weight of the goods into account), and by using the default emission factors in grams per tonne.km in the Methodology Handbook relating to French Decree 13-36.

In 2015, we estimate that the sub-contracting of transport (across the Transport Solutions scope, which is the most relevant – see previous comments) resulted in 1,363,286 tons of CO_2eq.

TOTAL GHG EMISSIONS IN TONS OF CO_2EQ IN 2015

	Transport Solutions	Supply Chain	TOTAL
Direct emissions	581,095	172,372	753,467
Indirect energy-related emissions	8,639	122,998	131,636
Other indirect emissions	1,363,286	0	1,363,286
TOTAL	**1,953,020**	**295,370**	**2,248,389**

The vehicles taken into account for the Transport Solutions Business Unit are trucks, rigids and tractors with an authorized loaded weight of between 19 and 40 tons. Their energy consumption accounts for 99.05% of the energy consumed by XPO Logistics' wholly owned vehicle fleet, while fork-lifts, utility vehicles and company cars account for less than 1% of the energy consumed.

The Global Forwarding operations principally consist of a transport commission and third party chartering business. A pilot study was conducted in France in 2014-2015 in order to measure the CO_2 emissions of the transportation arranged for our customers. These steps are intended to be rolled out in the future so as to quantify emissions of the entire business.

In accordance with the commitments under the "CO_2 Charter" (voluntary carbon emission reductions program set up by ADEME and the French Ministry of Ecology, Energy, Sustainable Development and Landscaping together with XPO Logistics in 2007, signed by the company for the first time in 2008 and since renewed three times), under a three-year program (2012-2015) XPO Logistics has undertaken to reduce total vehicle emissions by over 6%.

To meet the targets for reducing company emissions (see table below), Transport Solutions staff are working on the action plan described below. In France (in 2015 representing nearly 51% of the Transport Solutions Business Unit revenues) we are conducting a pilot study for these measures, which best practices are intended to be adopted by all Transport Solutions countries. XPO Logistics is currently working on 14 measures that fall within the four areas of improvement defined under the "CO_2 Charter": vehicles, drivers, fuel, and transport flows organization.

Axe 1: vehicles

Objective: reduce vehicle fuel consumption

Method: Since 2008, the Company has taken on numerous initiatives with its partner manufacturers and parts makers to improve aerodynamics and the powertrain, reduce rolling resistance and include engine consumption saving devices such as the Start & Stop system. In 2015, we specifically fitted 100% of our vehicles (excluding pallet distribution businesses), with low rolling resistance tires, i.e. 1,388 vehicles to date. We also fitted 1,300 vehicles with an automatic geolocation-based navigation system. Based on the technical tests that have been performed, we estimate that this kind of system will enable a vehicle's CO_2 emissions to be reduced by 5% while driven on the roads.

Axe 2: Drivers

Objective: train and make drivers more responsible for environmentally-friendly driving

Method: The way people drive has a major impact on a vehicle's fuel consumption. Driving in a forward-looking manner based on anticipation and minimizing wear of the engine can cut fuel consumption by 10%. XPO Logistics therefore provides training in environmentally-friendly driving for all drivers. The training is supplemented by a monthly individual test of their performance which draws on the fuel consumption reports by driver in branches and analyzes driving behaviors via on-board computer tools.

Axe 3: Fuel

Objective: test alternative 100% diesel driving technologies

Method: Having started testing in 2011 several pre-series diesel-electric hybrid tractors, in 2013 we tested the Melodys, a prototype electric truck with range extender. In 2014, we conducted several feasibility studies on gas-powered engines, which resulted in the commissioning of seven LNG-powered tractors in 2015. Major programs implementing these technologies are underway in 2016.

Axe 4: transport flows organization

Objective: cut fuel consumption per item transported

Method: XPO Logistics experts work closely with suppliers to develop technical solutions to optimize the carrying capacity of vehicles, such as double-deck trailers, composite tankers and aluminum trailers. XPO staff also work every day with customers to adopt the most efficient transportation route and reduce unnecessary miles, and we have in-house engineering skills to design smart driving solutions.

Furthermore, since 2010, XPO Logistics has been developing multi-modal transport solutions to offer customers an alternative to just road. In 2015, XPO staff carried out more than 31,550 multi-modal transport operations (in twenty-foot equivalent units - TEU) including 34% by river-road, 40% by road-rail and 26% by shortsea; i.e. a 100% increase in volumes compared with the number of operations performed in 2010.

2011 – 2015 "CO_2 CHARTER" ACTION PLAN

Axes	Actions	Statement of pledges 2012	Objective 2015	Realized 2015
Vehicles	% vehicles limited to 88 and 85 km/h	47 %	55 %	42 %
	% vehicles limited to 80 km/h	6 %	13 %	34 %
Drivers	% of drivers who receive a fuel bonus	44 %	50 %	78 %
Fuel	% vehicles equipped with on-board computers	41 %	91 %	56 %
	% vehicles with engine cut-off when standing	0 %	12%	44 %
Organization	% tons.km completed with road/sea combination	0.8%	1.8%	1.9 %
	% tons.km completed with road/river combination	0.011 %	0.016 %	0.018 %
	% tons.km completed with road/rail combination	0.8%	2.8%	3 %
	% subcontractors trained in best practices (perimeter: pallet distribution and high cube activities)	4%	76%	26 %
	% km empty on "short haul" operations	14%	12%	12 %
	% km empty on "long haul" operations	12%	10%	10 %

It is worth noting that the training of sub-contractors, for which XPO had set itself an ambitious target, has been included in the 2016-2018 three-year plan due to the delays experienced in the previous period. These delays are primarily due to the priority assigned to programs relating to the wholly-owned fleet, including the introduction of gas-powered engines.

XPO Logistics' "strong performance" in terms of managing and reducing its CO_2 emissions has been recognized via the company being awarded the *Objectif CO_2* Certificate jointly by the French Ministry for the Environment, and the French Environment and Energy Management Agency (ADEME) following an independent audit. This audit certifies the CO_2 performance of the French fleet (excluding contract distribution activity) i.e. 2,176 vehicles.

In keeping with the partnership-based approach to the ongoing assessment of technological and organizational solutions initiated with ADEME in 2005, XPO Logistics worked closely on designing the new *Objectif CO_2* Certificate benchmark in 2014 and 2015. In this context, the Company contributed to several working meetings on the methodology, and was the subject of an audit aimed at testing the certificate's initial assumptions, which enabled ADEME to highlight the main challenges relating to its introduction, e.g. the relevance of the quantitative and qualitative criteria used, the clarity of the measurement process, and the fairness of the benchmarks selected.

ASSESSMENT OF THE PERFORMANCE OF XPO LOGISTICS' FLEET (FRANCE – EXCLUDING CONTRACT DISTRIBUTION) AS PART OF THE OBJECTIF CO_2 CERTIFICATE GUIDELINES:

	Unit	Initial status (2012)	Period 1 (2013)	Period 2 (2014)
Performance of the company in the report	gCO_2/km	949.64	910.43	898.21
Benchmark performance (HBEFA calculation)	gCO_2/km	1347.06	1316.74	1357.8
Performance of the company in the report	$gCO_2/t.km$	66.74	63.59	60.62
Benchmark performance (HBEFA calculation)	$gCO_2/t.km$	94.57	91.51	91.49
CO_2 performance assessment		Very good	Very good	Very good

In addition to the French-based CO_2emission reduction action plan described above, since 2005 we also monitor CO_2emissions of the entire Transport Solutions activity in Europe, and of the Supply Chain activity as of 2011. The calculation method was aligned with the *Objectif CO_2* Certificate calculation guidelines for the Transport Solutions Business Unit in 2015.

The results show continuous improvement, which reflects our ability to work long term on reducing empty miles travelled and increasing loads for our vehicles and our ability to invest in driver training and modernizing our vehicles.

CHANGES IN CO_2 PERFORMANCE IN GRAMS PER TONNE.KM: DIRECT EMISSIONS FROM MOBILE COMBUSTION ENGINE SOURCES

	2014	2015	2014/2015 change
XPO Logistics Europe (Transport Solutions perimeter)	62.16	61.17	- 1.6 %

In addition to monitoring the overall performance of the fleet, the XPO Transport Solutions teams have had a tool that enables them to calculate CO_2 emissions for each customer, and interfaces with the Company's various Transport Management Systems, since 2011. This tool enables them to fulfill their information obligations in terms of the amount of carbon dioxide emitted during the provision of a transport service.

- **Combating particulate pollution**

XPO Logistics is actively helping to combat air pollution by regularly replacing its owned vehicles, as detailed in the section "Greenhouse Gas Emissions", above.

- **Adaptation to the consequences of climate**

The features of the Company's facilities do not require a specific response.

g) Protecting biodiversity

While our operations have little direct impact on biodiversity apart from greenhouse gas emissions, the Company has introduced measures to conserve the environment in the immediate vicinity of its sites.

For instance:

- The external fences at the Niederbipp (Switzerland) facility have been raised, in order to provide corridors for the local wildlife. A reptile corridor has been created, and only local plant species have been selected.
- At the Coudray-Montceaux, Beaulieu-sur-Layon and Boigny-sur-Bionne (France) sites, sheep maintain the green areas.

6.3.5. XPO Logistics Europe's societal responsibility

a) Regional, economic and social impact of the Company's operations in terms of employment and regional development

- **Major European employer creating jobs for all qualification levels**

With 40,607 employees as of December 31, 2015 in Europe and a constantly growing headcount, XPO Logistics is a major employer across Europe and in its main countries of operation. This arises from the nature of its business, which is strongly labor intensive requiring workers of all qualification levels, as well as from ongoing growth in its European and international activities.

XPO Logistics is the largest employer of drivers in Europe with 11,401 truck drivers including 4,833 in France as of 31 December 215.

- **Operating throughout Europe**

A specific feature of the Company is that it is firmly rooted in France and in the UK. In the UK, the Company has major operations in the Midlands, the Manchester region, Yorkshire and Scotland. The Company is a major employer in high unemployment areas. In France, the Company operates throughout the country. The major employment areas in Logistics are Paris, Lyon, South-East France and Centre-Orléans, as well as Eastern and Northern France to a lesser extent. There are also 100 Transport branches across the country.

In addition to its roots in the UK and France, the Company employs people in 14 of the EU's 28 countries.

Despite its large size, everywhere where the company operates including its transport branches and logistics facilities, XPO Logistics remains above all a local business partner employing local managers and staff and is a main contact for local small businesses to support their growth. It acts as an ambassador for major international customers close to their sales outlets.

b) Regional, economic and social impact of the Company's operations on the neighboring and local population

- **Choosing where to locate sites based on the local environmental impact**

The logistics warehouses are mainly located in industrial areas, and have been developed at a distance from town centers, in order to limit the nuisance relating to inbound or outbound truck traffic. Apart from road transport of goods received and shipped from our warehouses, the daily operations of the sites have little impact on the environment; specifically they do not emit waste into the air or local water.

XPO Logistics prioritizes locations that are as close as possible to major trunk road and motorway junctions for its transport platforms, in order to limit its heavy vehicle fleet traffic in residential areas.

- **A pioneer in urban logistics**

XPO Logistics is also a long-standing designer and operator of transport solutions to use the most economical and environmentally friendly means of transport (road, rail, river or short sea).

The Company has been a pioneer in designing a unique multi-modal transport solution in Europe to supply central Paris via a combination of river transport by barge and road transport.

As the integrator of the solution and the provider of the road transport, XPO Logistics has also been working on designing and rolling out an innovation in the urban logistics field since 2015; this innovation enables goods to be transported to the center of Paris via the combination of a rail shuttle and road transport using vehicles with engines powered by alternatives to diesel such as gas.

We fully support the goal of local authorities to reduce environmental harm through traffic related congestion, noise pollution, particulate emissions and greenhouse gases, etc. caused by urban logistics.

- **Tried and tested know-how in handling regulated goods**

XPO Logistics operates warehouses storing hazardous materials, which are classified as "SEVESO warehouses" in France and "COMAH warehouses" in the UK. They are subject to special regulations designed to prevent major accidents resulting from toxic risks to water or flammable environments. The company has longstanding experience in logistics for regulated products and its sites comply with the regulations in effect in both countries, including with regard to the implementation of risk prevention plans.

c) Relations established with persons or organizations concerned by the Company's operations – Conditions for dialogue with these persons or organizations

- **Commitment in the public debate**

XPO Logistics is engaged in dialogue regarding how its daily operations and decisions impact local, national and European society.

In order to bolster its contribution to society, in 2014 XPO Logistics hired a specialist dealing exclusively with institutional affairs. Members of the Executive Board are also personally involved in dialogue with all of the Company's stakeholders including institutions and social partners. Site general managers are also encouraged to establish and maintain regular dialogue with local figures, including environmental officers, local councilors and residents.

- **Active participation in industry dialogue**

XPO Logistics is an active member of representative national professional associations in its industry (e.g. the Fédération Nationale du Transport Routier in France, the Road Haulage Association and the Freight Transport Association in UK and the Asociación del Transporte Internacional in Spain) and belongs to the International Road Transport Union.

d) Relations established with persons or organizations concerned by the Company's operations – Partnership or sponsorship initiatives

Priority is given to the following commitments:

a) Social inclusion. Promote or participate directly or indirectly in any initiatives that support the social inclusion of population groups with no or low qualifications.
b) Skills sponsorship. The goal is to offer XPO Logistics' supply chain expertise on a not-for-profit basis to population groups, organizations, and countries that lack this know-how.

- **Ongoing teamwork between XPO Logistics and the charity Ares in conjunction with "Log'ins", the first ever charitable joint venture for Logistics**

Log'ins, a joint venture between XPO Logistics and Ares, was founded in 2011 to train disabled or unskilled logistics workers with the eventual aim of placing them in companies, with the support of individualized social and professional support. This is an innovative social integration platform, never before seen in the logistics industry.

Log'ins, which operates strictly in accordance with the financial and operational requirements of a so-called "traditional" company, specializes in advertising and promotional logistics, e-commerce and co-packing, and boasts some prestigious customers including SFR, L'Oréal and Beiersdorf.

Log'ins has a team of 32 people with 4 supervisors as of December 31, 2015.
We are reviewing whether this initiative can be implemented in the Rhône-Alpes region.

- **Long-term partnership with Transaid**

Transaid is a charity founded in 1980 and based in the UK. The charity identifies, supports, implements and shares local transport solutions to improve access to basic services and economic opportunity for disadvantaged communities in developing countries. Transaid is supported by Save the Children and The Chartered Institute of Logistics and Transport and its patron is HRH The Princess Royal.

XPO Logistics has been a member of Transaid for six years, and makes a financial contribution to its operations every year.

XPO Logistics is an active member of the "Professional Driver Training Project Consortium", which comprises members and supporters of Transaid and is designed to improve training of professional drivers and promote road safety in sub-Saharan Africa. The Company is involved in both strategy and operations via secondment of employee volunteers. Finally, XPO Logistics contributes to the organization's fund-raising efforts.

e) Sub-contractors and suppliers – inclusion of social and environmental issues in procurement policy

- **Significant investment in the transport business through responsible vehicle purchasing**

As the owner of the largest fleet in Europe with 7,770 vehicles, which is also the most environmentally efficient with 97% complying with the latest standards - Euro V and VI, XPO Logistics is a major player in the freight industry.

f) Sub-contracting and suppliers – importance of sub-contracting, incorporation of social and environmental responsibility into supplier and subcontractor relations

- **Sub-contracting underpinning the Transport business**

XPO Logistics sub-contracts about 50% of its transport operations while always keeping its customers informed. This high level arises from needs that cannot be satisfied by the Company's own fleet (e.g. during business peaks or when there is a need for specific equipment) and is increasingly the result of growth in its transport coordination and chartering activities.

- **Framework for outsourcing**

Even when transportation is sub-contracted, XPO Logistics commits to its brand and reputation. This is why selection and retention of its sub-contractors is a major focus for the Company. Selecting an XPO sub-contractor means choosing the best expert, a carrier backed by all necessary professional certifications (e.g. regulatory compliance, vehicle maintenance, driver training etc.) and a sub-contractor who will meet the requirements arising from the Road Safety Company commitments in terms of preserving the environment.

For this purpose, a dedicated policy coordinated by the Transport Solutions Business Unit has been introduced. Any new XPO Transport sub-contractor must sign the Sub-Contracting Charter, and fulfill the requirements set out in XPO Logistics' general purchasing terms and conditions, which set out the Quality and Safety commitments with which any carrier engaged by the Company must comply. In exchange, XPO Logistics offers subcontractors benefits of a high quality credit rating.

Moreover, the Transport Solutions Business Unit has developed an approved "Transport Sub-Contractor" database, which involves staff priority use of previously approved, classified, and monitored suppliers. This enables ongoing compliance controls to be performed on its approved sub-contractors.

A proper implementation audit and an initiative to raise the awareness of these best practices among the various Transport Solutions teams were launched in late 2014.
The Company Internal Audit Department regularly conducts audits of XPO's procedures for managing sub-contractors.

g) Fair practices – measures taken to prevent corruption

- **Policy on regulatory compliance and business ethics**

Every year, every XPO manager is given a document entitled *Key Rules and Procedures*, which specifically reminds them of the fundamental rules with which they are required to comply in the daily conduct of their business, including the aspects relating to corporate ethics, the code of conduct and compliance with the legal and organizational framework. Every manager must confirm that they have received the document, and comply with the principles that it contains.

- **An internal audit program**

XPO Logistics has a team of internal auditors, one of which reports to the Executive Board, and is responsible for checking the proper application of XPO's fundamental principles by the various facilities on an annual basis.

h) Fair practices – measures taken to promote consumer health and safety

- **A strong commitment to Road safety**

XPO Logistics has been committed to a plan aimed at reducing road accidents among XPO drivers (the Safe Driving Plan) since 1991. This plan primarily focuses on initial and ongoing training according to the principles of "defensive driving", i.e. adopting behavior that enables accidents to be avoided, provided to the company's drivers. Due to this investment, an average XPO driver travels over 700,000 km without causing an accident, which is a much better record than the average for the profession.

- **Guarantee of traceability for food logistics**

Information enabling the traceability of the products handled, stored and delivered to sales outlets is available to XPO Logistics, within the framework of its Supply Chain operations, through the inventory management tools that it has developed. This means that problem batches may be rapidly and reliably identified where necessary.

Furthermore, XPO Logistics is working on obtaining ISO 22000 (food safety) and HACCP certification for the storage of food products.

- **Expertise in hazardous materials logistics**

The Company has long-standing expertise in handling regulated products and its sites comply with current rules in all countries in which it operates, including SEVESO in France and COMAH in UK.

6.4. RESEARCH AND DEVELOPMENT

XPO Logistics develops pioneering technologies, processes and information technology for its Transport, Supply Chain and Global Forwarding services on customers' behalf.

As such, the engineering departments within the Transport Solutions, Supply Chain and Global Forwarding Business Units devote part of their operations to R&D with respect to new processes and equipment. The goal is to provide customers with the most innovative solutions and constantly enhance the service offering.

- **In Supply Chain**

XPO Logistics' approach is one of continued improvement or upgrade of its systems, in order to meet new market expectations, particularly regarding reverse and eCommerce logistics. In this way, priority is given to investment in human resources (hiring of specialists) and in-house tools, in order to ensure that appropriate solutions are delivered rapidly to the Company's customers.

In 2015, XPO Logistics Europe rolled out major projects in the following areas:

- Tracking and tracing solutions, integrated into XPO Logistics' WMS and TMS;
- Fully automated systems particularly aimed at serving key customers in the retail and fashion sectors in the UK, Netherlands and France.

- **In Transport Solutions**

We are primarily investing in digital solutions, in accordance with three value and progress priorities:

- Productivity and competitiveness, focusing on driver and vehicle performance, including monitoring GPS, social (driving time, etc.), technical, and CSR (safety and environmental performance) data;
- Traceability of goods. Priority is given to mobile applications, particularly those rolled out in our pallet distribution business, in order to confirm delivery (such as the sign-on-glass solution rolled out in the United Kingdom, for instance) and those rolled out in our Full Truck Load business in order to monitor our subcontracted operations;
- Availability and sharing of information with customers in real-time (mainly on our extranet platforms to improve user experience), especially in the case of our Red Inside dedicated vehicle offer described in section 1.4.3.

Our transport management software (Transport Management System) developed for our specialized transport solution, Key PL®, is also an example of the Company's ability to innovate and develop new systems on customers' behalf.

XPO's commitment to increasingly environmentally-friendly transport is leading the company to perform the first tests on operating vehicles fitted with engines powered by alternatives to diesel such as Liquefied Natural Gas under real conditions.

- **In Global Forwarding**

For this business, the Company has introduced the SAP track and trace transport operations management modules to automate real time operational data exchange between XPO and its customers.

6.5. FACTORS LIKELY TO HAVE AN IMPACT IN THE EVENT OF A PUBLIC OFFERING

Pursuant to Article L.225-100-3 of the French Commercial Code, the following factors are likely to have an impact in the event of a public offering:

6.5.1. The Company's share capital structure

The Company's Articles of Association do not provide for capping voting rights.

Article 9 of the Company's Articles of Association states that each share carries one vote, however, a double vote – carrying twice the weight of that of other shares in proportion to the fraction of share capital represented – is allocated to:

- all fully paid-up shares in registered form and recorded in the name of the same shareholder for at least four (4) years; and
- registered bonus shares allotted to a shareholder in the event of a capital increase by way of capitalization of reserves, income or share premiums, through existing shares held that carry such entitlement.

Furthermore, notwithstanding any statutory disclosure requirements, any shareholder acting alone or jointly with others and holding at least 2% of the Company's share capital or a multiple of this percentage up to 50%, must notify the Company by registered letter with notice of receipt whenever any of these thresholds are exceeded within four (4) trading days of the occurrence thereof.

The penalty incurred for non-compliance with this obligation may be the deprivation of voting rights for the shares exceeding the undeclared fraction at any Shareholders' General Meeting held within two years from the date on which the requisite notice is duly served.

This penalty may only be enforced on request from one or more shareholders holding at least 5% of the Company share capital or voting rights, as recorded in the minutes of the Shareholders' General Meeting.

All shareholders are also required to notify the Company in accordance with the above provisions in the event that their shareholding in the Company falls below any of these thresholds, within four days of the occurrence thereof.

6.5.2. Direct or indirect shareholdings in the Company's share capital

A description of the Company's shareholders is detailed in Chapter 5.1. herein.

6.5.3. Holders of securities comprising special controlling rights and details of said rights

N/A

6.5.4. Control mechanisms provided for by an employee share option scheme when controlling rights are not exercised by the workforce

N/A

6.5.5. Agreements between the shareholders which the Company is aware of and which may impose restrictions on the transfer of shares and exercise of voting rights

To the Company's knowledge, no agreements exist between the shareholders which may impose restrictions on the transfer of shares or the exercise of voting rights in the Company.

6.5.6. Rules applicable to appointing and replacing members of the Executive Board and to amending the Company's Articles of Association

Pursuant to the provisions of Article 11.3 of the Company's Articles of Association, members of the Executive Board are appointed by the Supervisory Board; said members may only be removed from office by the Supervisory Board or by shareholders at the Shareholders' General Meeting.

Pursuant to the terms of Article L.225-96, paragraph 1 of the French Commercial Code, only the Shareholders' Extraordinary General Meeting shall have authority to amend the Articles of Association. Said Meeting may also in certain cases delegate powers to the Executive Board, in particular for the financial authorizations requested each year.

6.5.7. Powers of the Executive Board with respect to public offerings

Under the 8th resolution of the Shareholders' General Meeting of May 21, 2015, the Executive Board is authorized to buy back the Company's shares. The acquisition, disposal or transfer of these shares may take place by any means, on the market, off the market or over the counter, in particular by block trading, public offerings, by using or exercising any financial instruments or derivatives, including by way of implementation of options, at such times as the Executive Board shall deem appropriate, including during a public offering period pertaining to securities in the Company or during the term of a public offering launched by the Company, in compliance with applicable regulations.

In addition, under the 10th and 11th resolutions of the Shareholders' General Meeting of May 21, 2015, the Executive Board is authorized to increase the share capital through the issue of ordinary shares, various securities carrying entitlement to equity or debt securities, with retention of the shareholders' pre-emptive subscription rights or waiver of said rights but the option to grant a preferential right.

6.5.8. Agreements concluded by the Company which are likely to be amended or terminated in the event of a change in the control of the Company

The Company and/or its subsidiaries have entered into a number of commercial contracts and partnership agreements containing clauses which entitle customers or business partners to terminate a contract in the event of a change in control.

In addition, the Company could be impacted in its temporary royalty-free license to use the XPO Logistics brand, which was granted to it by XPO Logistics, Inc. (see Chapter 4.1.1.b herein).

6.5.9. Agreements requiring compensation for Executive Board members or employees who resign or are made redundant where there is no just cause or serious grounds, or if their contract is terminated due to a public offering

Currently, there is no agreement between the Company and the members of the Executive Board that provides compensation (excluding non-compete and non-solicitation clauses), or benefits payable or likely to be payable due to the termination of, or a change in their offices or subsequent to those offices, and that could have an impact in the event of a public offering.

MANAGEMENT REPORT
ON THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

APPENDICES

APPENDIX 1 REPORT OF THE CHAIRMAN OF THE SUPERVISORY BOARD ON THE ORGANIZATION OF THE WORKING SESSIONS OF THE SUPERVISORY BOARD AND ON INTERNAL CONTROL (ARTICLE L. 225-68 OF THE FRENCH COMMERCIAL CODE)

Ladies and Gentlemen,

In accordance with the provisions of Article L. 225-68 of the French Commercial Code, this report sets forth our account of:

- the procedures governing the attendance of shareholders at the Shareholders' General Meeting;
- the membership and terms of preparation and organisation of the working sessions of the Supervisory Board;
- the internal control and risk management procedures implemented by the Company;
- the principles and rules applied by the Supervisory Board to fix all remuneration and benefits whatsoever awarded to the corporate officers.

The information referred to in Article L. 225-100-3 of the French Commercial Code (regarding factors that are likely to have an impact in the event of a public offer) is included in the management report for the financial year ended 31 December 2015.

Under the provisions of Article L.225-68 of the French Commercial Code, the Company declares that it complies with the corporate governance Code for listed companies established by the AFEP and the MEDEF and revised in November 2015 (the **"AFEP-MEDEF Code"**), that can be viewed on www.medef.com, and, in accordance with Article 25.2 of the said code, adheres to the High Committee of Corporate Governance.

The Company declares that it has taken note of and has applied the recommendations of the AFEP-MEDEF Code, save for exceptions expressly mentioned in section VI below.

For the purposes of preparing and producing this report, the Company has relied on the following documents:

i) the AMF's (*Autorité des marchés financiers* - French financial markets authority) reference framework on the risk management and internal control systems issued on 22 July 2010;
ii) the Report issued by AMF in February 2016 on the report of the Chairman on risk management and internal control procedures;
iii) the Guide to preparing the AMF Registration Document of 10 December 2009, as updated on 13 December 2015;
iv) the AFEP-MEDEF Code revised in November 2015;
v) the AFEP-MEDEF Code Application Guide published by the High Committee of Corporate Governance in December 2015;
vi) AMF annual reports on corporate governance and directors' remuneration, specifically the most recent report published on 9 November 2015, and the AMF recommendation n° 2012-02 of 9 February 2012 as updated on 22 December 2015;
vii) activity reports published by the High Committee of Corporate Governance in October 2014 and October 2015; and
viii) the AMF final report on the Audit Committee dated 22 July 2010.

The scope for internal controls comprises XPO LOGISTICS EUROPE (the parent Company) and the subsidiaries forming part of the IFRS consolidated group (together the "**Group**").

This report has been prepared through the use of contributions from several departments, in particular the Group's Financial, Legal and Internal Audit Departments. An overview of these reports was presented to the Company's Audit Committee on 16 February 2016. The report was then approved by the Supervisory Board at its meeting on 18 February 2016.

AP.1.1. Description of the special conditions governing the attendance of shareholders at the Shareholders' Meeting

Company's Shareholders' Meetings are convened, held and deliberated pursuant to statutory conditions. Meetings take place either at the registered office, or in another place indicated in the notification.

Articles 9 and 29 of the Company's Memorandum and Articles of Association cover the provisions relating to Shareholders' Meetings and the exercise of voting rights.

Article 9 of the Company's Memorandum and Articles of Association provides that double voting rights are attached to all fully paid-up shares that have been registered in the name of the same holder for at least four years.

AP 1.2. Conditions of preparation and organisation of the working sessions of the Supervisory Board and its committees

a) Supervisory Board

- **Internal bylaws**

The internal operations of the Supervisory Board, in particular the organisation of information for Supervisory Board members and relations with the Executive Board, are governed by internal bylaws.

This report sets forth the main features of these internal bylaws.

- **Membership of the Supervisory Board**

Members of the Supervisory Board are appointed for four years, expiring at the end of the ordinary Shareholders' Meeting called to approve the financial statements of the last financial year and held in the year during which the term of office expires. The Supervisory Board is composed, to date, of nine members, appointed for four years.

The Supervisory Board is renewable by half every two years, the first outgoing members being determined by random drawing.

You will find attached in Exhibit 1 of this report a table indicating the names, age and nationality of the members in office as at 31 December 2015, their quality of independent member and/or as member of the Audit Committee, the expiry date of their terms of office held within the Company and the list of offices and positions held within other listed or unlisted companies.

Pursuant to the provisions set forth in Article 6 III of the Company's Memorandum and Articles of Association, it is recalled that each member of the Supervisory Board shall own at least 100 shares. The number of shares held by each member of the Supervisory Board is indicated in Exhibit 1 to this report.

In the 2015 financial year, there were no members of the Supervisory Board representing the employee shareholders or the employees on the Supervisory Board. Pursuant to the law dated 17 August 2015 relating to social dialogue and employment, the Company shall set up such representation in the Company at the latest on 31 December 2017**.**

All efforts are made to ensure that the Supervisory Board comprises independent members who are able to guarantee the shareholders and the market that the Board's duties are fulfilled with the requisite independence and objectivity, thus avoiding the risk of conflict of interest between the Company and its management. As a company controlled within the meaning of Article L. 233-3-I of the French Commercial Code, the AFEP-MEDEF Code's recommendation is that at least 33% of the members of the Supervisory Board be independent. The Company complies with this recommendation insofar as the proportion of independent members was 60% respectively from 1 January 2015 to 8 June 2015; 40% from 8 June 2015 to 3 September 2015 and 44% from 3 September to 31 December 2015.

As a general rule, a member of the Supervisory Board is deemed to be independent provided that none of his dealings with the Company, its Group or its management are likely to adversely affect his freedom of judgment.

A member of the Supervisory Board shall meet the criteria set forth herein below to be classed as an independent member pursuant to Article 4 of the Supervisory Board's Internal Bylaws and should not:

- be an employee of the Company or its subsidiaries, an employee or corporate officer of the parent company or a company it consolidates and has not held any of these positions over the last five years;
- be a corporate officer of a company in which the Company directly or indirectly holds the position of corporate officer or in which an employee is appointed as such or one of the Company's corporate officers (current or having held such position within the last five years) already holding a position as a corporate officer;
- be a key customer, supplier, merchant banker or investment banker of the Company or its group, or inversely, for whom the Company or its group provides a significant share of the relevant party's business;
- have close family ties with one of the Company's or its group's corporate officers; and
- have acted as an auditor of the company within the last five years.

The Supervisory Board attaches great value to the experience and knowledge the Board members can acquire from years of working in the Company's industry. It is evident that such experience enables the Supervisory Board members to perform their monitoring duties with greater acumen.

At the meeting held on 18 February 2016, the Supervisory Board reviewed its membership based on the independence rules set forth above.

The said review shows that:

- Five members of the Supervisory Board are not considered as independent members as:
  - o four of them are XPO Logistics, Inc. employees;
  - o XPO Logistics, Inc. is the majority shareholder of the Company.

- Mrs Clare CHATFIELD, Mr. Jean-Luc POUMAREDE, Mr. Henri LACHMANN and Mr. Marie-François VALENTIN are independent members pursuant to the AFEP-MEDEF Code of Corporate Governance, with the exception of the criteria to the effect that successive offices must not exceed a total of twelve years.

- None of the Executive Board and Supervisory members are each other's relatives.

Other than the employment relationship of the non-independent members, it is specified that no members of the Supervisory Board have significant business relationship with the Company or the Group. Therefore, the Supervisory Board did not need to assess the significance of business relationships in light of criteria established based on the characteristics of the Company and the business relationship in question.

The Company carefully monitors the male-female parity within the Supervisory Board. On December 31, 2015, the legal provisions and rules from the AFEP MEDEF Code are satisfied, as the proportion of women within the Board exceeds 20 % (2 out of 9 members)

Modifications and renewals occurred in the composition of the Supervisory Board over the financial year 2015 are as follows:

Members	Modifications and renewals occurred in the composition of the Supervisory Board
Mr. Norbert Dentressangle	• Resignation of Mr. Norbert Dentressangle from his position of President and member of the Supervisory Board.
Mrs. Evelyne Dentressangle	• Resignation of Mrs. Evelyne Dentressangle from her position of Vice-President and member of the Supervisory Board.
Mr. Pierre-Henri Dentressangle	• Resignation of Mr. Pierre-Henri Dentressangle from his position of member of the Supervisory Board.
Mr. Vincent Menez	• Resignation of from his position of member of the Supervisory Board.
Mr. Bruno Rousset	• Resignation of Mr. Bruno Rousset from his position of member of the Supervisory Board.
Mr. Jean-Bernard Lafonta	• Resignation of Mr. Jean-Bernard Lafonta from his position of member of the Supervisory Board.
Mr. Bradley Jacobs	• Ratification of the co-optation of Mr. Bradley Jacobs as member of the Supervisory Board replacing Mr. Norbert Dentressangle, for the remaining period of the term of office of his predecessor, that is to say until the end of the general shareholders meeting which will be held to approve the 2017 financial statements. • Appointment of Mr. Bradley Jacobs as President of the Supervisory Board by the Supervisory Board, on June 08th 2015.
Mr. Troy Cooper	• Ratification of the co-optation of Mr. Troy Cooper as member of the Supervisory Board replacing Mrs. Evelyne Dentressangle, for the remaining period of the term of office of his predecessor, that is to say until the end of the general shareholders meeting which will be held to approve the 2017 financial statements. • Resignation with immediate effect of Mr. Troy Cooper from his position of member of the Supervisory Board and appointment as President and member of the Executive Board by the Supervisory Board, on September 3rd 2015.
Mr. John Hardig	• Ratification of the co-optation of Mr. John Hardig as member of the Supervisory Board replacing Mr. Pierre-Henri Dentressangle, for the remaining period of the term of office of his predecessor, that is to say until the end of the general shareholders meeting which will be held to approve the 2017 financial statements.
Mr. Gordon Devens	• Ratification of the co-optation of Mr. Gordon Devens as member of the Supervisory Board replacing Mr. Vincent Menez, for the remaining period of the term of office of his predecessor, that is to say until the end of the general shareholders meeting which will be held to approve the 2015 financial statements. • Appointment of Mr. Gordon Devens as Vice-President of the Supervisory Board by the Supervisory Board, on June 08th 2015.
XPO Logistics, Inc. represented by Mrs. Angela Kirkby	• Ratification of the co-optation of XPO Logistics, Inc. as member of the Supervisory Board replacing Mr. Bruno Rousset, for the remaining period of the term of office of his predecessor, that is to say until the end of the general shareholders meeting which will be held to approve the 2015 financial statements. XPO Logistics, Inc. appoint as permanent representative Mrs. Angela Kirkby.
Mr. Tavio Headley	• Ratification of the co-optation of Mr. Tavio Headley as member of the Supervisory Board replacing Mr. Jean-Bernard Lafonta, for the remaining period of the term of office of his predecessor, that is to say until the end of the general shareholders meeting which will be held to approve the 2017 financial statements.

- **Rules of disclosure**

Each member of the Supervisory Board must, within 1 month from commencement of his term of office, register the Company shares held by him, his spouse or his minor children, or deposit same with a bank.

The members of the Supervisory Board are periodically informed of the provisions of Article L. 621-18-2 of the French Monetary and Financial Code and of the articles of the General Regulations of the AMF directly applicable to them.

Accordingly, members of the Supervisory Board and Executive Boards must register any acquisition, disposal, subscription or exchange transaction involving the Company's equity securities, as well as transactions performed involving financial instruments linked to these securities, with the French Financial Markets Authority within a period of five trading days following their completion. This requirement applies to the members of the Supervisory Board and Executive Boards, as well as to all related individuals or legal entities as defined by applicable regulations.

The members of the Supervisory Board shall take cognizance of the periods of prohibition of transactions on the Company's securities (Cf. the management report for the fianancial year ended 31 December 2015), and of their general obligations *vis-à-vis* the market under applicable regulations.

Each member of the Supervisory Board undertakes to inform the Chairman of the Board of any event or information likely to give rise to a conflict of interest between himself and the Company or its subsidiaries, as soon as he becomes aware thereof.

In the event of such conflict of interest, the member in question may be required to refrain from attending or voting at the Supervisory Board meeting held in respect of the decision to be made.

The Supervisory Board internal bylaws (Art. IV, 3.) provide that:

"Each member of the Board undertakes to inform the President, as soon as he is aware thereof, of any event or information likely to put him in a position of conflict of interest with the Company or its affiliates. In case of conflicts of interest, the member involved may be asked not to participate in the deliberations of the Board relating to the decision to be taken."

- **Supervisory Board remit**

The Supervisory Board carries out its statutory duties. In particular, the Supervisory Board exercises permanent monitoring and supervision duties over the management of the Company by the Executive Board. It may at any time carry out the inspections and verifications it deems appropriate and may request any documents it considers relevant for the fulfilment of its duties. Furthermore, the Supervisory Board approves regulated agreements, presents its comments on the report issued by the Executive Board to the ordinary Shareholders' Meeting, decides on moving the registered office within the same department or a neighboring department (subject to ratification of this decision at the next ordinary Shareholders' Meeting).

The Supervisory Board may, within the limits it has decided, authorise the Executive Board, with a power of sub-delegation, to transfer property that is immovable by nature, carry out disposals of all or part of any equity investments, grant security interests or guarantees on behalf of the Company. Furthermore, it is also specified that equity investments or the acquisition of shareholdings in a company, group or any entity whatsoever, whether or not entailing unlimited liability on the part of the Company, unbudgeted investments having an impact exceeding 3% of the consolidated revenues for the financial year elapsed, and the transfer or leasing of any business branch, shall require approval from the Supervisory Board. Granting of stock options to the benefit of the members of the Executive Board is subject to the same limitation.

The dates of the Supervisory Board meetings and the main items appearing on the agendas thereof during the past financial year are the following:

Date	Main agenda items	Atten-dance rate
Feb. 25, 2015	• Approval of the minutes of the Supervisory Board Meeting of November 15, 2014; • Presentation of the 2014 activity of the Company and its affiliates: Executive Board Presentation of the consolidated IFRS accounts to December 31, 2014 and trends for Q1 2015. Review of the Executive Board report to the Annual General Meeting; • Report of the Audit Committee (document distributed during the meeting) and Report of the Auditors; • Information on the 2015 budget – Forecast documents; • Dividend proposal; • Information on the proposed capital increase of Norbert Dentressangle SA (Speed Project); • Acquisitions and disposals; • Presentation of the Business Plan "Logistics E- commerce"; • Authorization of making an investment in automation for a customer; • Information on a real estate investment project in the UK; • Authorization of sale of a real estate site and sale and lease-back; • Update on the status of the employment contract of the CEO under the AFEP -MEDEF Corporate Governance Code; • Decision on the amount of attendance fees for members of the Supervisory Board proposed to the shareholders vote at the next Combined General Meeting; • Agreements referred to in Article L. 225-86 of the Commercial Code; • Agreements referred to in Article L. 225-87 of the Commercial Code; • Convening a Combined General meeting, agenda; review of proposed resolutions; • Approval of the report of the Chairman on the preparation and organization of work of the Supervisory Board and the internal control procedures • Assistance services invoiced by the company DENTRESSANGLE INITIATIVES; • Focus on the concept of independence of the members of the Supervisory Board; • Creation of subsidiaries; • Information on the Long Term Incentive 2015 ; • Remuneration (fixed and variable) of Executive Board members (document distributed during the meeting); • Compensation of the Chairman of the Supervisory Board; • Other questions	100%
April 27, 2015	• Approval of the minutes of the Supervisory Board Meeting of February 25, 2015; • Description of the compulsory purchase simplified public offer of XPO Logistics and authorize the signing of a tender offer agreement; • Appointment of an independent expert in the public offer simplified mandatory purchase of XPO Logistics; • Modification of the agenda of the annual general meeting convened May 21, 2015 by adding a 19th resolution; • Authorization for the conclusion of an agreement not to compete with each Executive Board member, in accordance with Article L. 225-42-1 of the French Commercial Code; • Other questions.	100%
May 21, 2015	• Approval of the minutes of the Supervisory Board Meetings of April 27, 2015; • Presentation of transfer schedule of the family's shareholders block; • Activity Report Q1 2015; • Outline of the XPO integration process; • External growth (« pipe » acquisition files); • Project of sale of activities ; • Proposed merger of pension funds in the United Kingdom (creation of an ad hoc legal entity); • Other questions.	80%

June 08, 2015	• Approval of the minutes of the previous Supervisory Board Meetings; • Review and opinion on the proposed mandatory simplified tender offer to be launched by XPO Logistics France SAS on the Company's shares; • Acknowledgement of the resignation of Mr. Norbert Dentressangle as president and member of the Board and Mr. Bradley Jacobs co-opted as a member of the Council; • Resignations of members of the Supervisory Board and co-optations; • Appointment of Mr. Bradley Jacobs as Chairman of the Supervisory Board; • Appointment of Mr. Gordon Devens as Vice-President of the Supervisory Board; • Approval of an intercompany loan agreement; • Approval of a temporary agreement trademark license; • Other questions.	90%
July 30, 2015	• Approval of the minutes of the meeting of the Supervisory Board of June 8, 2015; • Report of the business and consideration of the Financial statements, of the first-half 2015; • Acquisitions and disposals; • Disposal of land/building; • Other items.	100%
Sept. 03, 2015	• Termination of Mr. Hervé Montjotin's position as Chairman and member of the Management Board; • Approval of Mr. Hervé Montjotin's Separation Package; • Resignation of Mr. Troy Cooper's mandate as a member of the Supervisory Board; • Appointment of Mr. Troy Cooper as member and Chairman of the Management Board.	100%
Oct. 02, 2015	• Change of Corporate Name; • New statutory auditor; • Ratification of the members of the Board co-opted on June 8, 2015; • Acquisitions and disposals.	78%
Nov. 18, 2015	• Approval of the minutes of the Supervisory Board Meetings of July 30, 2015, September 3, 2015 and October 2, 2015; • Management Board Presentation of the consolidated accounts to September 30, 2015 – Activity Report for Q3 2015 and outlook to December 31, 2015; • Audit Committee Report further to November 18, 2015 meeting; • Update status on external growth (acquisition and cessions); • Presentation of the concept of a framework service agreement between XPO Logistics, Inc. and the Company regarding reciprocal administrative services and personnel secondment and the corresponding remuneration, including for (i) support to the Jacobson activity; (ii) HR and Finance support to the companies of Menlo Europe; and (iii) re-invoicing of Mr. Troy Cooper's compensation after it has been decided by the Supervisory Board; • Disposal of land ; • Restructuring of the debt of XPO Logistics Europe SA; • 6-months extension of the agreement on a temporary license for the use of the XPO brand; • Allocation of the attendance fees 2015; • Other items.	89%
Dec. 15, 2015	• Approval of Minutes of Supervisory Board Meeting on November 18, 2015; • Sale of a warehouse; • UK Defined Benefit Pension Plan Merger; • Sale of XPO Logistics Europe's 4.27% share in InterBulk; • Approval of Patrick Bataillard's Separation Package; • Reduction of the Number of Directoire Members; • Approval of Agreement for Certain Services Rendered by XPO Logistics, Inc.; • Other items.	78%

- **Frequency of meetings**

Article 14-3 of the Memorandum and Articles of Association requires the Executive Board to submit a report to the Supervisory Board at least once every quarter.

In addition, the Supervisory Board meets as often as necessary in the interests of the Company.

As such, during the past financial year, the Supervisory Board met on nine occasions, which enabled a review and an in-depth discussion of issues under its jurisdiction. The average attendance rate of the Supervisory Board members, be it in person or represented by a proxy, during the past financial year was 90.1%.

The table below presents the attendance rate of the members of the Supervisory Board during the 2015 financial year :

Date of meeting	Attendance rate (Attended members)
02/25/2015	100%
04/27/2015	100%
05/21/2015	80%
06/08/2015	90%
07/30/2015	100%
09/03/2015	100%
10/02/2015	78%
11/18/2015	89%
12/15/2015	78%

Members of the Supervisory Board	Rate of attendance (Attended members)
Bradley JACOBS	40 %
Gordon DEVENS	100%
John HARDIG	100 %
Tavio HEADLEY	100 %
XPO LOGISTICS, Inc.	100 %
Jean-Luc POUMAREDE	93 %
François-Marie VALENTIN	100 %
Clare CHATFIELD	100 %
Henri LACHMANN	78%

The Supervisory Board periodically assesses the suitability of its structure and operation as regards the performance of its duties.

This involves assessing the Supervisory Board's capacity to meet the requirements of the shareholders, who appointed it to oversee the management of the Company, by periodically reviewing its membership, structure and operation.

As regards the 2013 and 2014 financial years, the Supervisory Board used a questionnaire to carry out an assessment of its composition, organisation and operation. This will be completed in two phases: 1) an anonymous written questionnaire and 2) individual interviews. Given the significant change in the Supervisory Board's memberships following the change in majority shareholder, a new evaluation will be carried out during financial year 2016.

- **Convening Supervisory Board members**

A schedule of Supervisory Board meetings must be drawn up early enough to allow each of the members to be properly prepared. The average notice time of convening the Supervisory Board is recorded to be about ten days.

- **Organisation of meetings**

Supervisory Board meetings are held at any location specified in the notice. The Supervisory Board meets at a venue selected by the Chairman of the Board so as to allow a maximum number of members to attend.

- **Representation of the members of the Supervisory Board**

Members of the Supervisory Board may be represented at the Supervisory Board's meetings by another member of the Supervisory Board, however, at a single meeting each member of the Supervisory Board, only has a proxy to represent one director. The proxy must be given in writing. During the 2015 financial year, 1 member of the Supervisory Board was represented by proxy at two Board meetings.

- **Chairmanship of the members of the Supervisory Board**

The members of the Supervisory Board elect a Chairman and a Vice-Chairman of the Supervisory Board in particular in charge of leading the deliberations. All nine Supervisory Board meetings held during the 2015 financial year were chaired by the Chairman or the Vice-Chairman of the Supervisory Board.

- **Participation of the members of the Supervisory Board in the deliberations**

In order to facilitate attendance of Supervisory Board members at its meetings, videoconferences or teleconferences may be arranged in accordance with applicable regulations, as permitted under Article 23-1 of the Company's Memorandum and Articles of Association.

Under current legislation, attendance via video-conference does not count towards the attendance and majority quorum at meetings held to examine the annual company and consolidated financial statements or at meetings to review the Company or Group management report.

- **Decisions made by the Supervisor Board**

The attendance of half of the members of the Supervisory Board (present or represented) is required for the decisions to be valid. The approval of decisions requires the majority of the members of the Supervisory Board attending or represented. In the case of a tie, the Chairman has a casting vote.

- **Minutes of meetings**

The minutes of each meeting of the Board are drawn up after each session and a draft version circulated to its members together with the notice of the following meeting, at which they are approved. Without being unnecessarily detailed, these minutes include, in addition to the information required by law, a summary of the discussions and decisions made, briefly mentioning the issues and reservations raised, along with an explanation of any technical issue related to videoconferencing or telecommunications technology used if it disrupted the meeting.

- **Information of the Supervisory Board Members**

In order to allow each member of the Supervisory Board to fulfil his duties, to make fully informed decisions, and to take effective part in Board meetings, a comprehensive file is sent to every member prior to each meeting.

This file comprises the documents required for proper information on the items appearing on the agenda.

At least once a quarter, the Executive Board presents the Supervisory Board with a report on the operations of the Company. This report contains information on the Company's operations, and in particular includes the balance sheet, income statement and cash flow statement.

Within a period of two months following each financial year-end, the Executive Board shall present the annual and consolidated financial statements to the Supervisory Board in order for them to be checked and audited. Within the same timeframe, the Executive Board shall provide the Supervisory Board with the draft report that it proposes to submit to the Annual Shareholders Meeting, convened to issue an opinion on the financial statements for the year just-ended, as well as a draft wording of the resolutions that it wishes to present to shareholders at this Meeting.

In addition, with the same deadline, it presents the consolidated financial statements for the first and third quarters, and at the latest on July 31, the company's financial statements and the consolidated financial statements for the first half.

Management forecasts are sent to the Supervisory Board together with an analysis report within eight days of the preparation thereof by the Executive Board.

Furthermore, the Supervisory Board may at any time throughout the year carry out such inspections and reviews as it shall deem appropriate, and request all documents that it deems necessary for the purposes of performing its duties.

Each member of the Supervisory Board may, at his discretion, meet with one or more members of the Executive Board together or separately. In that event, such Supervisory Board member must give prior notice thereof to the Chairman of his Board, and subsequently inform him of the outcome of the said meeting.

The members of the Supervisory Board may also, at their discretion and in coordination with the Chairman of the Executive Board, meet with any administration or operation manager.

Each member of the Supervisory Board is under a duty to request any useful information he may need to meet his duties. To that end, he must in due time request the information from the Chairman of the Supervisory Board that he requires to make a fully informed decision in respect of the items appearing on the agenda, if he is of the opinion that the information available to him is not sufficient.

If a matter cannot be properly addressed at a meeting, the relevant decisions are postponed to the following session.

Furthermore, each member of the Supervisory Board may, if he deems necessary, benefit from additional training in respect of matters specific to the Company, its business lines and sectors.

Finally, the Supervisory Board internal bylaws (Art. IV. 1) provide as follows:

“In order to exercise their missions efficiently, the members of the Board obviously act with integrity, and have the required skills to understand the functioning of the Company. In the interest of all the shareholders, they get sufficiently involved in the elaboration of the Company’s strategy and in the Supervisory Board’s decisions, in order to participate efficiently in its decisions, which must be collegial.”

- **Authorisation of regulated agreements by the Supervisory Board**

During the past financial year, the Supervisory Board authorised new regulated agreements as well as regulated agreements amended during the year. These agreements were reviewed by the Company's Statutory Auditors, who referred thereto in their special report.

b) Specialised committees

To date, the Company has an Audit Committee since March 20, 1988 and does not have a Remunerations Committee.

At the start of the year, the Supervisory Board sets the remuneration of the Executive Board members for the year. The work carried out by the Supervisory Board members in conjunction with the Board Chairman to prepare this meeting seeks to ensure that the different portions making up the remuneration of the Executive Board members are complete, consistent and fair. This work involves factoring in appropriate comparisons drawn in relation to the Company's size and operations, thus making it possible to set remuneration in line with the Company's general interests. As such, this work is directly carried out by the entire Supervisory Board and consequently, there is no present need to set up a Remunerations Committee.

Furthermore, the Supervisory Board regularly reviews its membership to ensure it is balanced (in particular in terms of women and men representation and nationality, etc.) and review its members' skills and ethics. This control is also carried out by the Audit Committee. The Supervisory Board has nine members, 44% of whom are independent members. At its meetings, the Supervisory Board members directly deal with the matter of the succession plan of the corporate officers and directors in conjunction with HR management. Therefore, it does not appear necessary at present to designate an Appointments Committee.

- **Membership of the Audit Committee**

The Audit Committee, which does not have any executive director, is composed of three members appointed for two year terms:

- Mr. Jean-Luc Poumarède (Committee Chairman) – independent member ;
- Mr. Clare Chatfield - independent member ;
- Mr. John Hardig.

Mrs Clare CHATFIELD and Mr. John HARDIG have been appointed at the Supervisory Board meeting held on July 30, 2015.

At the Supervisory Board meeting held on February 24, 2014, Mr. Jean-Luc Poumarède was reappointed as member of the Audit Committee for a further two-year term. Pursuant to the AFEP-MEDEF Code, the appointment or extension of the term of office of the audit committee's Chairman are specially reviewed by the Board.

The technical competence (financial and accounting) of the members of the Audit Committee is highly respected. Indeed, Mr. Jean-Luc Poumarède (Chairman) is a certified French chartered accountant (Commissaire aux comptes) and for many years he headed the accounting firm Deloitte France.

Mrs Clare CHATFIELD has consulting experience that began with her higher education (graduate of Cambridge University and MBA from INSEAD), followed by a position with consulting firms.

Lastly, Mr. John HARDIG holds a master of business administration from the University of Michigan and graduated from the US Naval Academy. He is responsible for leading the financial operations of XPO Logistics, Inc. in support of its growth strategy. Previously, he served as a managing director of Stifel Nicolaus Weisel, a company focusing on investments in the transport and logistics sector. He was also an investment banker at Alex. Brown & Sons.

- **Audit Committee operation**

The Audit Committee acts as a specialist committee that monitors matters relating to preparing and checking the accounting and financial information pursuant to Articles L.823-19 and L.823-20-4 of the French Commercial Code.

A charter, approved by the Supervisory Board, sets forth the powers of the Audit Committee and the manner in which it operates.

Minutes are taken for each meeting of the Audit Committee and are subsequently forwarded to the Supervisory Board members.

In 2015, the Audit Committee held three meetings and the average attendance rate was 100 %.

- **Audit Committee remit**

The Audit Committee's role is to provide an independent view of the risks incurred by the Company, the way they are managed and to quantify their financial impact.

The Audit Committee carries out its mission as provided for in article L. 823-19 of the French Commercial Code and in the charter, approved by the Supervisory Board. Thus, it assists the Supervisory Board in the following fields:

- financial reporting process;
- critical review of the annual financial statements and periodic information;
- assessment of the adequacy of internal controls, taking account of risk perception and the effectiveness of internal and external audits; and generally supervising applicable compliance with regulations and legal requirements, which is essential to safeguarding the Company's reputation and credibility; and
- independence of the statutory auditors.

The Audit Committee reviews the financial statements and ensures that the accounting methods applied in order to prepare the Company's consolidated and company financial statements are appropriate and consistent. It also reviews the consolidation scope and, where appropriate, the reasons why operations would not be included in the scope, and any significant off-balance sheet commitments.

In accordance with applicable law, the statutory auditors present during their meetings with the Audit Committee (i) an overview of their work and the sampling that they carried out, (ii) when applicable, any changes that they think must be made to the financial statements or the accounting documents and their observations on the assessment methods used, (iii) where applicable, the irregularities or inaccuracies that they found and (iv) where applicable, the findings leading to the observations and amendments to the results from the period compared with those from the previous period.

During the year, the Audit Committee had the opportunity to hear both Statutory Auditors (including without the Executive Board) and the head of the Internal Audit function.

In addition to the review of accounts, the Audit Committee reviewed *inter alia* the Company's tax policy and the organisation of the financial function.

The Audit Committee's work complied with the objectives defined for it during the year. Adequate time was given to review the financial statements (at least two days before they were reviewed by the Supervisory Board). The Statutory Auditors' presentations mainly covered the findings of their audit of the annual parent company and consolidated financial statements (indicating in particular the accounting options applied) as well as their limited review of the interim financial statements. The Audit Committee did not have any reservations concerning the annual parent company and consolidated financial statements or the interim financial statements presented to it.

c) The Executive Board

At December 31, 2015, the Company is managed by an Executive Board composed of four members, Mr. Troy Cooper as CEO, Mr. Luis Angel Gómez Izaguirre, member of the Executive Board and head of the Transport Solutions business unit (formerly named Transport Division), Mr. Malcolm Wilson, member of the Executive Board and head of the Supply Chain Business unit (formerly named Logistics Division), and Mr. Ludovic Oster, member of the Executive Board and Company Human Resources Director.

In principle, the Executive Board is appointed for a two-year term. In 2014, Mr. Luis Angel Gómez Izaguirre and Mr. Malcolm Wilson were reappointed as Board members until March 2016.

In November 2014, Mr. Ludovic Oster was appointed under the same term of office as the other Executive Board members, expiring in March 2016.

In September 2015, Mr. Troy Cooper was appointed under the same term of office as the other Executive Board members, expiring in March 2016.

With the two-level structure which thus makes a distinction between the management and monitoring duties, the Company has met its separation target which allows for a balance to be achieved in terms of powers and in particular the risks incurred by the Company to be managed more effectively.

The Executive Board meets as often as necessary in the interests of the Company.

In 2015, the Executive Board met nine times. At each meeting, the Executive Board deliberates the state of the Company's operations and, where applicable, growth opportunities which would enable the Company to consolidate or expand its operations' base. In terms of monitoring risk management, the Executive Board is regularly required to identify risks and indicate the relevant corrective actions to be taken.

The Executive Board has its own internal bylaws. These in particular set forth the role of each member and their dealings with the Supervisory Board. The bylaws also detail all the resolutions for which the Supervisory Board's prior authorization is required.

The members of the Executive Board are periodically informed of the provisions of Article L. 621-18-2 of the French Monetary and Financial Code and of the articles of the AMF's General Regulations directly applicable to them.

For example, members of the Executive Board must directly file with the AMF a declaration of any purchase, disposal, subscription or exchange of equity securities of the Company, as well as of any transactions carried out on financial instruments attached thereto, within five days of the relevant transaction dates. This requirement applies to Executive Board members, as well as to all related individuals or legal entities as defined by applicable regulations.

The members of the Executive Board shall take cognizance of the periods of prohibition of transactions on the Company's securities, and of their general obligations vis-à-vis the market under applicable regulations.

AP.1.3. Internal control and risk management procedures

a) Introduction

Internal controls within the Company are designed to improve operational control and efficiency and contribute to control over an efficient use of its resources. It encompasses a set of resources, behaviors, procedures and actions that are adapted to the Group to enable the company to assess all significant operational, financial and compliance risks appropriately.

Internal controls aim to ensure, inter alia:

- that the Executive Board's instructions and strategies are applied;
- the proper operation of the Company's internal policies;
- compliance with applicable law and regulations; and
- reliability of the financial and accounting information.

As with all control systems, please note that internal controls, however comprehensive, cannot provide anything more than reasonable assurance, and are not an absolute guarantee that the risks faced by the Group are fully eliminated.

The Company's management report for the year ended 31 December 2015 provides a description of the main risks that could affect the Group (legal risks, industrial and environmental risks, credit and/or counterparty risks, operating risks, liquidity risks and market risks).

b) Organisation and main actors of the internal control and risk management

- **The Supervisory Board and the Executive Board**

The Company's dual form, composed of a Supervisory Board and an Executive Board, the presence of independent members on the Supervisory Board and the rules of communication applied between the Supervisory Board and the Executive Board are significant elements underlying the Company's internal controls.

The Executive Board ensures constant monitoring of internal control and risk management systems with the aim of ensuring their integrity and improving them through adaptations to changes in the organisation and environment of the Company. It initiates any remedial measures that become necessary to correct problems identified and to stay within accepted risk limits. It also ensures that these measures are carried out.

The recommendations made by the Supervisory Board to the Executive Board and the control procedures implemented by the former also ensure that the Company's strategies are defined more effectively.

The Supervisory Board ensures that the major risks incurred by the Company are in line with its strategies and its objectives and that these major risks are given due consideration in the management of the Company.

Under these circumstances, the Supervisory Board is periodically informed of the operating results of these systems, the main problems detected during the previous period and the plans of action decided by the Executive Board.

More specifically, the Supervisory Board checks with the Audit Committee to ensure that the monitoring, internal control and risk management systems are adequate to ensure the reliability of the Company's financial reporting and to provide a fair view of the Company's and the Company's earnings and financial situations.

- **Audit Committee**

Pursuant to applicable law, the Audit Committee's role is to provide an independent view of the risks incurred by the Company, the way they are managed and to quantify their financial impact.

Thus it assists the Supervisory Board and carries out the functions under article L.823-19 of the French Commercial code and by the charter approved by the Supervisory Board. The composition and the missions of the Audit Committee are described in the section II. 2 of this present report.

During the past financial year, the Audit Committee met on three occasions.

On each occasion it informed the Supervisory Board of the audits performed and of its conclusions.

- **Internal Audit**

The Internal Audit Department is responsible, within the scope of its duties, for assessing the operation of internal control system and for making recommendations to improve it. It examines compliance with laws and regulations, ensures that executive management's instructions are properly carried out and verifies the proper functioning of the Company's internal processes relating to the reliability of reporting channels and information systems.

On December 31, 2015, the Company Internal Audit Department consisted of seven staff, including five in Europe and one in China, all reporting to the Internal Audit Director, who in turn reports directly to the Executive Board.

The reporting line is short, which ensures rapid decision-making and correction of any weaknesses noted. Closeout audit meetings are held following each assignment conducted by the Internal Audit Department. These meetings are intended to be an occasion to present the relevant findings and recommendations, and to consider the measures to be implemented to ensure the effectiveness of the internal controls. The Internal Audit Department regularly reports to the Audit Committee on its activities.

- **Risks Management Committee**

Furthermore, an experimental task force called the "Risk Management Committee" was introduced during the 2014 financial year by the Company.

This Committee, which has now been institutionalised within the Company, met three times in 2015. It ensures a risk and major concern monitoring of the Company. It will continue to meet during the year 2016 according to a timetable being prepared.

- **External Consultants**

The Company regularly engages external consultants to audit a number of procedures.

c) Internal control and risk management operational and functional procedures implemented by the Company

The main internal control resources are based on the Company structure and activities and the internal control environment. These resources form part of a process of continuous identification, evaluation and management of risk factors liable to affect the achievement of our goals and of opportunities that could improve performance.

- **Organisation and activities of the Company**

The Company's activities are divided between business units: Transport Solutions, Supply Chain and Global Forwarding (formerly named Air & Sea).

The business units are under the responsibility of separate Management Committees which business unit meet regularly to discuss and plan strategy.

All the above committees are chaired by a member of the Executive Board, except for the Global Forwarding business unit, whose Executive Committee is chaired by the business unit Managing Director.

Business Unit Committees

A variety of committees exist within each business unit:

- Within Transport Solutions :
  Major transactions and events and the performances of the various business units are reviewed in the Transport and Logistics business units by the monthly Steering Committees comprising the members of the Business Unit Management Committee, the main operational managers and their financial controllers.

- Within Supply Chain:
  At each country level, steering committees meet. They gather the managing director, finance director, as well as commercial and operational directors, who together, review the country's performance. The minutes of these steering committees are sent out to the business unit's finance controllers, who raise any important matters with the business unit management.
  During financial year 2015, a dedicated structure was set up in the UK and France, to resolve operational and commercial difficulties encountered by some sites. This structure also aims to share and encourage the adoption of profitable sites' best practices.

Furthermore, the Management Committee of each of these business units meets every two months to discuss and plan strategy.

At each of business unit levels, a software (Black line) has been deployed in 2015 to allow reconciliation and justification of each P&L item.
This mechanism relies on an authority hierarchy and on procedural key rules and procedures guidelines given to the managers every year. This document sets forth the fundamental rules with which they are required to comply in the daily conduct of their business, including the aspects relating to corporate ethics, the code of conduct and compliance with the legal and organisational framework. Every manager must confirm that they have received the document, and comply with the principles that it contains.

This system of delegation of authority and procedural guidelines, based on rules of conduct and integrity, ensures consistency in the distribution of the Company's legal, financial, and human resource policy.

Regarding the Global Forwarding activity launched in 2010, it is subject to a system of authorisations whose implementation is entrusted to the business unit Operational Director.

Major transactions and events and the performances of the various business units are reviewed in the Transport and Logistics business units and Supply Chain on a monthly basis (Monthly Operating Reviews) comprising the members of the Management Business Unit Committee, the main operational managers and their financial controllers.

Business Unit Capital Expenditure and Commitment Committees
Business Unit Capital Expenditure and Commitment Committees have been set up within each business unit for capital expenditure that exceeds the approval powers of the Executive Board. It generally meets simultaneously with the Business Unit Management Committees.

Requests for capital expenditure and commitments are submitted by the relevant Head of Business unit, in accordance with pre-defined standard procedures, with a strategic and financial presentation of the project. Where applicable, the criteria for approval by the Executive Board are updated to take into account the Company's size and specific issues.

Business Unit Legal and Insurance Departments
The Legal Departments of the Company business units are responsible for reviewing contractual and legal commitments. These are included from the start of commercial negotiations with customers, suppliers and lessors.

The management of insurance policies, contracted with reputable international brokers, is centralised by the Company Insurance Director and outsourced following regular calls for tenders.

Business Unit Operational Financial Control
Business Unit Operational Financial Control, which reports to the Business Unit Financial Management, consists of a network of financial controllers seconded to each of the various operational managers of each Business unit. Operational Financial Control is a key component in the Company's internal controls.

Operational Financial Control is responsible for the budget process. Each month, it takes part in drafting the various financial reporting documents intended for the Company and is involved in the reconciliation between accounts reporting and management reporting. Operational Financial Control comments on performance at the Monthly Operating Review, and, in particular, on an analysis of variances between actual/budget and actual/prior year figures. Where applicable, procedural audits, analyses and other specific reviews may be ordered by Business Unit Management following these Monthly Operating Reviews.

Findings are addressed at the following Monthly Operating Review.

Credit Management

The management of Company commitments with third parties is centralised within each business unit, under the responsibility of Financial Management.

The procedures implemented by the "Credit Management" departments (regular credit analyses, setting permitted commitment thresholds, customer limits etc.) as well as the indicators managed by the Company Consolidation Department ensure that permanent monitoring is carried out of outstanding. Indicators are provided to managers to maintain awareness and ensure coordinated action by everyone involved.

Purchases

With the exception of the Global Forwarding business unit, each business unit has a centralised Purchasing Department in order to improve the quality and optimisation of strategic purchases. These departments are also responsible for diversifying suppliers.

The Company has initiated a process of standardisation and grouping of suppliers by product range in order to improve the consistency of purchasing practices and ensure distribution of best practice.

Insurance policies

In terms of insurance, the Company's policy involves covering its risks through insurance policies to guarantee the entire Company and its subsidiaries.

The share of risk assumed by the Company corresponds to amounts for which only minor changes are observed each year, which the Company and its subsidiaries can absorb. This risk is managed and monitored through the application of the prevention policy described herein.

The third-party liability motor risk is guaranteed pursuant to the regulations in force. The Company self-insures damages to its vehicles. Vehicles are covered against fire and theft.

Damage to property is covered by a single comprehensive insurance scheme. This scheme does not however cover the replacement cost and has not been implemented in a number of countries (for example, Italy and Germany). Warehoused goods are generally insured by the customers, in which case a waiver is issued to exclude action being taken against the Company, or by the Company, in which case the customer will inform the Company of the value to insure.

The Company has insurance cover for additional operating costs as well as cover for operating losses to guarantee its fixed costs, additional operating costs and redundancy compensation in the event of a major claim.

Transported goods and civil liability coverage for operations are insured pursuant to an international plan.

The Company believes it has sufficient insurance coverage for its vehicles and goods carried in ferries on cross-channel routes.
The Company also has a civil liability policy for its corporate officers.

For the year 2015, the Company did not have any major claims for which the losses exceeded the coverage of its insurance policies.

Quality - Safety – Environment
Quality and safety control are key components of three Company activities which are Transport, Supply Chain and International Transport Commission. The Quality - Safety - Environment departments ensure that such control is performed properly and report to the respective Managers of the Transport Solutions and Supply Chain business units.

Within the Supply Chain business unit, teams of "quality and safety" co-ordinators are responsible for implementing safety and prevention procedures at each warehouse.

The Company also continues its certification procedure, in particular with a view to obtaining environmental standard ISO 14001 for all its new sites.

In addition, the Company devotes constant effort to its "Safe Driving Plan", the major aims being to reduce the accident rate and maintain a high level of quality in our transport services.

The Company's environmental initiatives are detailed in the Executive Board's report under the heading "Achievements and commitments in relation to the Company's corporate and environmental policy".

Information Systems
Each business unit information systems department ensures the proper operation and continuity of our IT systems in an environment where communication with customers is largely performed electronically (customer intranet, EDI, etc.).

The same applies to internal communication within the Company (Intranet, extranet, databases, etc.) and for the integration of information systems in general.

The security of our "on-line" systems and the ability of our networks to operate in spite of faults and breakdowns are becoming increasingly important within the Company. They are closely monitored and are subject to strict procedures (security procedures, back-up, etc.).

- **Internal Control environment**

Compliance with the ethical and procedural rules, explained to each employee of the Company and communicated in particular through our commitment charter and code of ethics, is a priority for the Company. Following regular updates, the last of which was in March 2014, the Company has forwarded these various documents to its managers in a way that ensures consistency with and adjustment to the Company’s new scope of consolidation.

The improvement and sophistication of our software are also part of the structure of our internal control system. For example, the Company uses an Intranet as its primary tool for distributing its procedures and management rules. Today, most departments have one or more databases that are constantly updated and upgraded. As part of the implementation of the Company’s reporting and consolidation system, an Intranet service summarising the Company's procedures and financial policies has been established to provide communication between all persons involved.

While the Company's operational structure remains decentralised, the use of centralised communications systems makes it possible to distribute clear audit and control procedures throughout the Company. These procedures are communicated by the Company’s management.

In addition to these systems improvements, throughout the year the Company continued to regularly review the results of each business unit in detail. These results are one of the key elements reviewed by internal control procedures.

In this respect, note that as of their consolidation, the businesses acquired by the Company are subject to Company internal audits.

The Company constantly strives to reinforce the internal control system and this involves, inter alia, improving the documenting of procedures, establishing additional indicators and setting up a structure for delegating powers.

- **Risk management**

Given the Company's organisation, provision is made for risks and opportunities arising through its business. The central services, operating and support teams described above are the parties who perform internal controls, conduct the relevant procedures in their respective fields of responsibility and thus contribute to the risk control system. They use their experience to anticipate the risks and opportunities arising through the business' evolution. The risks are managed at the appropriate levels of the organisation.

The Company sets up and updates a chart of risks in order to identify and assess the principal identifiable risks in relation to its objectives and to ensure the existence of procedures for managing these risks. Considering the change of the majority shareholder, a new chart will be set out in 2016.

This chart is periodically updated by the Internal Audit Department following interviews with the operations departments of each business unit and the Company-wide administration departments. This procedure also provides an opportunity to ascertain the coverage of the identified risks and the corrective actions to be taken.

In terms of risk management, the Company for many years has actively implemented a policy to prevent logistics and road transport risks.

As such, for transport, the Company has devoted resources to implementing:

- a prevention plan called the "Safe Driving Plan", which mainly involves providing ongoing training for drivers, a selection process at the recruitment stage, an ongoing programme to reduce given risks which draws on incident assessments, implementing corrective actions, as well as regularly issuing effective safety-related communications targeted at all relevant staff;
- a policy to prevent the theft of rolling stock and the contents thereof, as well as theft at transport sites;
- an environmental risk prevention plan, as provided by both Directive 2004/35/EC of April 21, 2004 (as amended by Directives 2006/21/CE of March 15, 2006 and 2009/31/CE of April 23, 2009), and by the provisions of Law No. 2008-757 of 1 August 2008 and its application decree No. 2009-468 of April 23, 2009, the aim of which is to prevent quantifiable direct or indirect damage to certain natural resources, certain environmental services and services provided to the general public.

As regards logistics and warehousing, the risk control policy in particular involves constantly ensuring that warehouse security is improved, irrespective of whether the Company owns or rents the warehouses.

The Risk Management Committee aims to reconvene regularly in 2016, albeit in a new recomposed form which will include key participants from the majority shareholder's compliance and audit teams.

- **Human resources policy**

In its ongoing efforts to reinforce its human resources policy on the basis of skills, know-how and the requirements of its people, the Company has undertaken a recruitment policy applicable at both Company and business unit levels:

– whereby the professionalism of staff will be improved and skills and know-how developed;
– in order to maintain a high degree of expertise among its employees and ensure compliance with the provisions relating to professional standards; and
– to comply with professional and pay equality as set out in the French Act 2011-103 of 27 January 2011.

d) Procedures applicable to the preparation and treatment of accounting and financial data

Financial control and the preparation of financial and accounting information are based on the Company's operational structure.

Accordingly, within the framework of the decentralised structure, each legal entity is responsible for submitting a package of pre-defined financial information to the Company on a monthly and quarterly basis.

The Statutory Auditors review such data on a yearly and half-yearly basis. They provide conclusions both in terms of financial and accounting information's quality and in terms of internal control of the Group.

- **Treasury and financing operations**

The Treasury team, which is centralised at Company level, provides strict control of transactions.

Payments and financing of French and foreign subsidiary operations are centralised within each business unit. Credit lines, loans and cash investment options are negotiated by the Company's Treasury Department and approved by the Executive Board. The Company Treasury Department also manages the Company's foreign currency and interest rate risks, applying limits set by Financial Management, with deliberately limited recourse to the market.

As regards exchange risks, the Company favours the use of natural hedges and the use of swaps for interest rate risks.

Finally, the simplified reports drawn up by the Treasury Department are reviewed by the Company Chief Financial Officer and sent to the Chairman of the Supervisory Board, and comprehensive reports are reviewed by members of the Executive Board every quarter.

- **Management "reporting" and Company Financial Control**

The "reporting" process is a key component of the Company's management and internal controls.

Company Financial Controlling consolidates management reports, drawn up on a monthly basis by the Operational Financial Controlling Department, within a single system. The reports are reconciled with financial results, and compared with budgetary and prior year data on a monthly basis.

The operational and financial data is available for the Company and business unit's Departments and operational managers and operational financial controllers via the Company's system managed by the Operational Financial Controlling Department, together with comparative budgetary and historical data.

Management reporting is systematically reconciled with the audited accounting data.

Each month, Financial Management presents monthly management reports to the Executive Board.

Where applicable, procedural audits, analyses and other specific reviews may be ordered by Financial Management or the Executive Board.

- **Statutory consolidation**

A consolidated balance sheet, income statement and cash flow statement are produced every quarter and published every six months, together with the notes including off-balance sheet commitments.

The Company's consolidation unit issues instructions every month, setting the timetable for tasks and reiterating the methods for preparing consolidation packages intended for the accounting departments/shared accounting departments of each country.

The consolidation packages can be verified by the consolidation unit prior to consolidation. Each quarter, earnings can be reconciled with those set forth in the management reports together with Company Financial Controlling.

Every quarter, the Executive Board submits the management report and consolidation to the Supervisory Board.

The consolidation is published and approved by the statutory auditors every half-year.

With a view to meeting the new standards and related statutory obligations, for several years, the Company has implemented a statutory consolidation and reporting system. This centralised IT system will contribute to the ongoing improvements in internal control practiced by the Company.

AP.1.4 Remuneration rules

a) Supervisory Board

The members of the Supervisory Board are required to attend its meetings as regularly as possible. Furthermore, the allocation of attendance fees to Board members, the aggregate budget for which is approved beforehand at the Shareholders' Meeting, takes into account the members' attendance rate. As such, the rules for paying out attendance fees agreed by the Supervisory Board provide for payment of a fixed annual amount, as well as the payment of a variable portion based on the number of Board meetings each member attends.

Independent members of the Audit Committee receive additional fixed remuneration as well as a variable portion based on the number of meetings they have attended.

For the financial year 2015, the budget allocated to the Supervisory Board (excluding the remuneration of its Chairman) by the General Meeting amounted to €320,000, of which €176,750 was paid out.

Table 3 in the management report showing the remuneration of non-executive corporate officers indicates how much each member of the Supervisory Board received.

The Supervisory Board members are not entitled to any benefits in kind.

The Supervisory Board sets the remuneration of the Chairman of the Supervisory Board as well as that, where applicable, of the Vice-Chairman of the Board.

The remuneration paid in 2015 to the Chairman of the Supervisory Board pursuant to his appointment as a corporate officer amounted to €79.000 compared to €180,000 in 2013 and 2014.

No compensation is paid to members of the Supervisory Board who are employed by the Company or XPO Logistics, Inc.

b) Executive Board

The Supervisory Board sets the method and amount of remuneration for each of the members of the Executive Board in accordance with the recommendations of the AFEP-MEDEF Code.

This remuneration consists of a fixed portion and a variable portion that is contingent on the attainment of targets.

At the start of the year, the Supervisory Board sets the fixed and variable portions of the remuneration of the Executive Board members and at the same time determines the targets for the year. The targets comprise personal targets for each member as well as joint targets.

For FY 2015, the variable portion of Executive Board members' remuneration is proportional to the Company's EBITA and net earnings, the EBITA results of the Transport Logistics and Supply Chain business units and/or based on "cash flow" production, as well as an assessment of their individual performance.

In 2015, this target variable portion accounted for a maximum 51% of the total fixed remuneration.

The management report contains information on the amount of remuneration and distribution thereof to each member of the Executive Board.

Save for the agreed and statutory compensation linked to the existence of an employment contract, no undertakings have been made to pay compensation in the event of termination of an employment contract and/or appointment of a corporate officer.

Pursuant to its internal bylaws, the Supervisory Board authorises the allocation, where applicable, of stock options, performance-based shares and any other securities.

Concerning the performance share plan which the Executive Board had adopted on 24 April 2013, all the beneficiairies waived their rights in consideration for a financial compensation.

Furthermore, the share warrant allotment plan, as provided for in the 9th Resolution adopted by the Combined General Meeting of Shareholders in XPO LOGISTICS EUROPE of 23 May 2013, was implemented by the Executive Board during the 2013 financial year, the 110,000 stock warrants issued by XPO LOGISTICS EUROPE and then subscribed by their named recipients were later repurchased by XPO LOGISTICS FRANCE on the basis of 157.95€ per share warrant.

The management report contains information on the amount of remuneration and benefits in kind allocated to the Company's corporate officers.

AP.1.5. Adoption of the code of corporate governance

As mentioned in the foreword to this report, the Company applies the recommendations of the AFEP-MEDEF Code, except for the following items, and in accordance with the detailed explanations set out below. As recommended, the Company has summarised the exceptions and/or practices relating to the AFEP-MEDEF Code recommendations, which are detailed hereafter.

AFEP-MEDEF Recommendations	XPO Logistics Europe Practices & Explanations
Setting up of a Remuneration Committee (Sections 15 and 18 of the Code) **- Recommendation to set up a Remuneration Committee, which is responsible for the preparatory work performed by the Supervisory Board in order to help it determine all the remuneration paid to corporate officers.**	Work will be performed at the beginning of the year by the entire Board, in collaboration with the Chairman, in order to determine and ensure the balance and consistency of the remuneration items.[1]
Setting up of an Appointments Committee (Sections 15 and 17 of the Code) **- Recommendation to set up an Appointments Committee responsible for the preparatory work performed by the Supervisory Board in order to help select corporate officers.**	The Supervisory Board regularly discusses its composition, which is being broadened and for which independent members currently make up 44%. The Board deals with the planned succession of corporate officers at its plenary session. The effectiveness of this operation has been proven on two occasions in different cases.[2]
Independent nature assessment criterion (Section 9.4 of the Code) **- Recommendation not to classify a member of the Board who has held that position for over 12 years as an independent director.**	The Supervisory Board has taken the view that the 12-year criterion was inappropriate in view of the importance attached to knowledge of the Company's business units.[3]
Setting up of an evaluation of the Supervisory Board (art. 10.3) **- Shareholders information each year in the annual report of the assessment realisation and of the action taken on this matter.**	Given the significant change in the Supervisory Board's membership following the change in majority shareholder during 2015, a new evaluation will be carried out during financial year 2016

1. At the start of the year, the Supervisory Board sets the remuneration of the Executive Board members for the year. The work carried out by the Supervisory Board members in conjunction with the Board Chairman to prepare the Board meeting seeks to ensure that the different portions making up the remuneration of the Executive Board members are complete, consistent and fair. This work involves factoring in appropriate comparisons drawn in relation to the Company's size and operations, thus making it possible to set remuneration in line with the Company's general interests. As such, this work is directly carried out by the entire Supervisory Board and consequently, there is no present need to set up a Remunerations Committee.

2. The Supervisory Board regularly reviews its membership to ensure it is balanced. As of today, the Supervisory Board is composed of nine members, four of whom are independent members. At its meetings, the Supervisory Board members in conjunction with the HR department directly deal with the succession plan for corporate officers and directors and the question of equal opportunities and pay. It should be noted that the operating method of the Supervisory Board has repeatedly demonstrated its effectiveness. Accordingly, when confronted with various situations (July 2008, November 2012 and September 2015), the Board managed the process for appointing new Chairmen and/or members of the Executive Board perfectly, particularly taking into account the relative degree of urgency. Therefore, it does not appear necessary at present to set up an Appointments Committee.

3. The Supervisory Board's internal bylaws set forth criteria to assess whether a Supervisory Board member is independent or not. These criteria are in line with those contained in the AFEP-MEDEF Code, with the exception of the criteria to the effect that successive terms must not exceed a total of twelve years. This is because the Supervisory Board attaches great value to the experience and knowledge the Supervisory Board members can acquire from years of working in the business units of the Company. It is evident that such experience enables the Supervisory Board members to perform their monitoring duties with greater acumen.

Bradley S. JACOBS,
Chairman of the Supervisory Board

Exhibit 1 - TABLE INDICATING THE NAMES, AGE AND NATIONALITY OF THE MEMBERS IN OFFICE AS OF DECEMBER 31, 2015, THEIR QUALITY OF INDEPENDENT MEMBER AND/OR AS MEMBER OF THE AUDIT COMMITTEE, THE EXPIRATION DATE OF THEIR TERMS OF OFFICE HELD WITHIN THE COMPANY, THE LIST OF OFFICES AND POSITIONS HELD WITHIN OTHER LISTED OR UNLISTED COMPANIES AND THE NUMBER OF SHARES HELD BY EACH MEMBER OF THE SUPERVISORY BOARD.

Principal position	Beginning date of the term of office	Expiration date of the term of office	Number of shares in the Company	Other offices and positions held within the Company	Other offices and positions held outside the Company
Bradley JACOBS (59 years old, US national)					
Chairman of the Supervisory Board **Member of the Supervisory Board**	June 08, 2015 June 08, 2015 Co-optation Nov. 18, 2015 Ratification	General Meeting to be called in 2018 to approve the financial statements for the year ending on December 31, 2017	100	**Chairman and Chief Executive Officer** XPO LOGISTICS, Inc.	None
Gordon DEVENS (48 years old, US national)					
Vice-President of the Supervisory Board	June 08, 2015	General Meeting to be called in 2016 to approve the financial statements for the year ending on December 31, 2015	100	**Senior Vice President and General Counsel / Chief Legal Officer** - XPO LOGISTICS, INC. **Director** - 3PD HOLDING, INC. - 3PDIC, INC. - BOUNCE LOGISTICS, INC. - BTTS HOLDING CORPORATION - BTTS INSURANCE RISK RETENTION GROUP, INC. - BTTS INTERMEDIATE HOLDING CORPORATION - CNF ADVISORS LLC - CNF INVESTMENTS, INC. - CON-WAY GLOBAL SOLUTIONS, INC. - CON-WAY MULTIMODAL, INC. - CON-WAY TRUCKLOAD INC. - EMERY WORLDWIDE AIRLINES, INC. - GREENWICH AQ CORP. - MANUFACTURERS - CONSOLIDATION SERVICE OF CANADA, INC. - MENLO LOGISTICS GLOBAL TRANSPORTATION SERVICES, INC. - NEW BREED MOVING CORP. - ORCAS AIRCRAFT LEASING, INC. - PACER SERVICES, INC. - PACER TRANSPORT, INC. - S & H LEASING, INC. - S & H TRANSPORT, INC. - STACKTRAIN MEXICO S. DE R.L. DE C.V.	None
Member of the Supervisory Board	June 08, 2015 Co-optation Nov. 18, 2015 Ratification				

				- TRANSPORTATION EQUIPMENT LEASING, LLC - TRANSPORTATION PROPERTY LEASING, LLC - TRANSPORTATION RESOURCES, INC. - XPO AIR CHARTER, LLC - XPO AQ, INC. - XPO CNW, INC. - XPO COURIER, LLC - XPO CUSTOMS CLEARANCE SOLUTIONS, INC. - XPO DEDICATED, LLC - XPO DRAYAGE, INC. - XPO ENTERPRISE SERVICES, INC. - XPO ESCROW SUB, LLC - XPO EXPRESS, INC. - XPO FLEET SERVICES, INC. - XPO GLOBAL FORWARDING CANADA INC. - XPO GLOBAL FORWARDING, INC. - XPO INTERMODAL SOLUTIONS, INC. - XPO INTERMODAL, INC. - XPO LAND HOLDINGS, LLC - XPO LAST MILE CANADA INC. - XPO LAST MILE, INC. - XPO LOGISTICS CANADA INC. - XPO LOGISTICS FREIGHT CANADA INC. - XPO LOGISTICS FREIGHT, INC. - XPO LOGISTICS MANUFACTURING, INC. - XPO LOGISTICS MEXICO S. DE R.L. DE C.V. - XPO LOGISTICS SUPPLY CHAIN CORPORATE SERVICES, INC. - XPO LOGISTICS SUPPLY CHAIN DE MEXICO S. DE R.L. DE C.V. - XPO LOGISTICS SUPPLY CHAIN ECOMMERCE, INC. - XPO LOGISTICS SUPPLY CHAIN HOLDING COMPANY - XPO LOGISTICS SUPPLY CHAIN OF NEW JERSEY, INC. - XPO LOGISTICS SUPPLY CHAIN OF PUERTO RICO, INC. - XPO LOGISTICS SUPPLY CHAIN OF TEXAS, LLC - XPO LOGISTICS SUPPLY CHAIN TECHNOLOGY SERVICES, INC. - XPO LOGISTICS SUPPLY CHAIN, INC. - XPO LOGISTICS WORLDWIDE CANADA INC. - XPO LOGISTICS WORLDWIDE GOVERNMENT SERVICES, LLC - XPO LOGISTICS WORLDWIDE TECHNOLOGIES, LLC - XPO LOGISTICS WORLDWIDE, INC. - XPO LOGISTICS WORLDWIDE, LLC - XPO LOGISTICS, LLC - XPO NLM, INC.	

				- XPO OCEAN WORLD LINES, INC. - XPO PORT SERVICES, INC. - XPO PROPERTIES, INC. - XPO SERVCO, LLC - XPO STACKTRAIN, LLC - XPO SUPPLY CHAIN, INC. - XPO TRANSPORT, LLC	
Clare CHATFIELD (58 years old, French, Brazilian and British national)					
Member of the Supervisory Board	May 24, 2012	General Meeting to be called in 2016 to approve the financial statements for the year ending on December 31, 2015	100	None	**Joint Manager** - LEK CONSULTING
Member of the Audit Committee	July 30, 2015	May 24, 2016			
John HARDIG (51 years old, US national)					
Member of the Supervisory Board	June 08, 2015 Co-optation Nov. 18, 2015 Ratification	General Meeting to be called in 2018 to approve the financial statements for the year ending on December 31, 2017	100	**Chief Financial Officer** - XPO LOGISTICS, INC. **Director** - 3PD HOLDING, INC. - 3PDIC, INC. - BOUNCE LOGISTICS, INC. - CNF ADVISORS LLC - CNF INVESTMENTS, INC. - CON-WAY GLOBAL SOLUTIONS, INC. - CON-WAY MULTIMODAL, INC. - CON-WAY TRUCKLOAD INC. - EMERY WORLDWIDE AIRLINES, INC. - GREENWICH AQ CORP. - MENLO LOGISTICS GLOBAL TRANSPORTATION SERVICES, INC. - ORCAS AIRCRAFT LEASING, INC. - PACER SERVICES, INC. - PACER TRANSPORT, INC. - PDS TRUCKING, INC. - S & H LEASING, INC. - S & H TRANSPORT, INC. - TRANSPORTATION EQUIPMENT LEASING, LLC - TRANSPORTATION PROPERTY LEASING, LLC - TRANSPORTATION RESOURCES, INC. - XPO AIR CHARTER, LLC - XPO AQ, INC. - XPO CNW, INC. - XPO COURIER, LLC - XPO CUSTOMS CLEARANCE SOLUTIONS, INC. - XPO DEDICATED, LLC - XPO ENTERPRISE SERVICES, INC. - XPO ESCROW SUB, LLC - XPO EXPRESS, INC. - XPO FLEET SERVICES, INC. - XPO GLOBAL FORWARDING CANADA INC.	None
Member of the Audit Committee	July 30, 2015	May 24, 2016			

				- XPO GLOBAL FORWARDING, INC. - XPO INTERMODAL SOLUTIONS, INC. - XPO INTERMODAL, INC. - XPO LAND HOLDINGS, LLC - XPO LAST MILE CANADA INC. - XPO LAST MILE, INC. - XPO LOGISTICS CANADA INC. - XPO LOGISTICS FREIGHT CANADA INC. - XPO LOGISTICS FREIGHT, INC. - XPO LOGISTICS MANUFACTURING, INC. - XPO LOGISTICS SUPPLY CHAIN CORPORATE SERVICES, INC. - XPO LOGISTICS SUPPLY CHAIN ECOMMERCE, INC. - XPO LOGISTICS SUPPLY CHAIN HOLDING COMPANY - XPO LOGISTICS SUPPLY CHAIN OF NEW JERSEY, INC. - XPO LOGISTICS SUPPLY CHAIN OF PUERTO RICO, INC. - XPO LOGISTICS SUPPLY CHAIN OF TEXAS, LLC - XPO LOGISTICS SUPPLY CHAIN TECHNOLOGY SERVICES, INC. - XPO LOGISTICS SUPPLY CHAIN, INC. - XPO LOGISTICS WORLDWIDE CANADA INC. - XPO LOGISTICS WORLDWIDE GOVERNMENT SERVICES, LLC - XPO LOGISTICS WORLDWIDE TECHNOLOGIES, LLC - XPO LOGISTICS WORLDWIDE, INC. - XPO LOGISTICS WORLDWIDE, LLC - XPO LOGISTICS, LLC - XPO NLM, INC. - XPO OCEAN WORLD LINES, INC. - XPO PROPERTIES, INC. - XPO SERVCO, LLC - XPO STACKTRAIN, LLC - XPO SUPPLY CHAIN, INC. - XPO TRANSPORT, LLC **Chairman** - XPO LOGISTICS France	
Tavio HEADLEY (38 years old, US national)					
Member of the Supervisory Board	June 08, 2015 Co-optation Nov.18, 2015 Ratification	General Meeting to be called in 2018 to approve the financial statements for the year ending on December 31, 2015	100	None	

Henri LACHMANN (77 years old, French national)					
Member of the Supervisory Board	May 28, 1998	General Meeting to be called in 2018 to approve the financial statements for the year ending on December 31, 2017	1,000	None	**Director** - SCHNEIDER ELECTRIC SA - FONDATION ENTREPRENDRE - CARMAT - AXA ASSURANCES IARD MUTUELLE - Other Group's Companies SCHNEIDER ELECTRIC **Member of the Supervisory Board** - VIVENDI SA - AXA **Non-voting board member** - FIMALAC **Chairman of the Board of Directors** - CENTRE CHIRURGICAL MARIE LANNELONGUE (CCML) **Chairman of the Supervisory Board** - SCHNEIDER ELECTRIC SA **Member** - CONSEIL DES PRELEVEMENTS OBLIGATOIRES **Chairman** - INSTITUT TELEMAQUE **Vice-Chairman and Treasurer** - INSTITUT MONTAIGNE **Vice-Chairman and Founder** - PACTE PME **Chairman of the Campaign Committee** - FONDATION UNIVERSITE DE STRASBOURG **Member of the Board of Directors** - PLANET FINANCE
Jean-Luc POUMAREDE (70 years old, French national)					
Member of the Supervisory Board	May 22, 2008	General Meeting to be called in 2016 to approve the financial statements for the year ending on December 31, 2015	100	None	**Member of Boards of Directors:** - Fastbooking Italia S.r.l - Fastbooking Japan KK - Fastbooking India Private Limited - Fastbooking Asia Private Limited (Singapore) - Leisurem PTE Ltd (Singapore) - Fastbooking of America , Inc - Fastbooking Beijing Technology Services Co., Ltd - TO DO TODAY SAS - TO DO TODAY INTENDANCE SAS - TO DO TODAY PARTICULIERS SAS
Chairman of the Audit Committee	May 22, 2008	May 24, 2016			

					- TO DO TODAY SA (Belgique) - TO DO TODAY RHONE-ALPES SA **Deputy Director General** - Financière Fastbooking France Sas - Fastbooking Sas **Chairman** - S+L SAS
François-Marie VALENTIN (71 years old, French national)					
Member of the Supervisory Board	March 09, 1998	General Meeting to be called in 2018 to approve the financial statements for the year ending on December 31, 2017	100	**Director** - XPO (CIF TRUSTEE) UK LIMITED Ltd - CHRISTIAN SALVESEN PENSION SCHEME TRUSTEE LIMITED - TDG TRUSTEES LIMITED	None
XPO Logistics, Inc. represented by Mrs. Angela Kirkby (44 years old, US national)					
Member of the Supervisory Board	June 08, 2015 Co-optation Nov.18, 2015 Ratification	General Meeting to be called in 2016 to approve the financial statements for the year ending on December 31, 2015	100	None	None

APPENDIX 2. STATUTORY AUDITORS' REPORT DRAWN UP PURSUANT TO ARTICLE L.225-235 OF THE FRENCH COMMERCIAL CODE ON THE REPORT OF THE CHAIRMAN OF THE SUPERVISORY BOARD OF XPO LOGISTICS EUROPE

To the Shareholders,

In our capacity as Statutory Auditors of XPO Logistics Europe S.A. and in accordance with the provisions of Article L.225-235 of the French Commercial Code, we hereby submit our report on the report drawn up by the Chairman of your Company pursuant to the provisions of Article L.225-68 of the French Commercial Code, for the financial year ended 31 December 2015.

It is the Chairman's responsibility to prepare and submit for the Supervisory Board's approval a report on the internal control and risk management procedures adopted in the Company and which contains the other information required under Article L.225-68 of the French Commercial Code covering in particular corporate governance procedures.

It is our duty to:

- review and comment on the information contained in the Chairman's report on internal control and risk management procedures governing the preparation and treatment of accounting and financial information;

and

- certify that this report contains the other disclosures required under Article L.225-68 of the French Commercial Code, it being specified that it is not our responsibility to verify whether such other disclosures are fairly and accurately stated.

We conducted our audit in accordance with professional standards applicable in France.

Information on the internal control and risk management procedures governing the preparation and treatment of accounting and financial information.

Professional standards require the implementation of procedures to assess the fairness and accuracy of the information contained in the Chairman's report on the internal control and risk management procedures governing the preparation and treatment of accounting and financial information. These procedures consist inter alia of the following:

- taking cognizance of the internal control and risk management procedures governing the preparation and treatment of accounting and financial information underlying the information contained in the Chairman's report, as well as existing documents;
- taking cognizance of the work underlying the preparation of such information and the existing documents;
- determining whether major deficiencies in internal controls governing the preparation and treatment of accounting and financial information that we noted within the framework of our assignment have been duly disclosed and addressed in the Chairman's report.

Based on the above, we do not have any comments to make on the statements provided regarding the Company's internal control and risk management procedures governing the preparation and treatment of accounting and financial information contained in the report drawn up by the Chairman of the Supervisory Board pursuant to the provisions of Article L.225-68 of the French Commercial Code.

Other information

We certify that the report of the Chairman of the Supervisory Board contains the other information required under Article L.225-68 of the French Commercial Code.

Lyon, April 29, 2016

The statutory auditors

French original signed by

KPMG S.A.
Stéphane Devin

ERNST & YOUNG et Autres
Daniel Mary-Dauphin

APPENDIX 3. SUMMARY TABLE OF THE CURRENT POWERS GRANTED BY THE SHAREHOLDERS' GENERAL MEETING TO THE EXECUTIVE BOARD IN RESPECT OF CAPITAL INCREASES PURSUANT TO ARTICLE L.225-129 OF THE FRENCH COMMERCIAL CODE

Date of the Meeting that granted the powers	Contents of the powers	Expiration date	Effective use of powers	Maximum authorized amount
May 21, 2015 (10th resolution)	Issuance of shares and/or transferable securities granting access to the Company's share capital, and/or entitlement to the award of debt securities with maintenance of shareholders' preferential subscription rights	July 20, 2017	-	Nominal value cap for the capital increase: €20,000,000 Value cap for debt securities: €500,000,000
May 21, 2015 (11th resolution)	Issuance of shares and/or transferable securities granting access to the Company's share capital, and/or entitlement to the award of debt securities via a public offer, with waiver of shareholders' preferential	July 20, 2017		Nominal value cap for the capital increase: €20,000,000 Value cap for debt securities: €500,000,000
May 21, 2015 (12th resolution)	Issuance of shares and/or transferable securities granting access to the Company's share capital, and/or entitlement to the award of debt securities via a private placement referred to in Title II of Article L. 411-2 of the French Monetary and Financial Code, with waiver of shareholders' preferential subscription rights	July 20, 2017		Nominal value cap for the capital increase: 20% of the share capital per annum. Value cap for debt securities: €500,000,000
May 21, 2015 (13th resolution)	Authorization granted to the Executive Board, in the event of a share issue without pre-emptive subscription rights, to set prices pursuant to the terms established by the Shareholders' General Meeting	July 20, 2017		10% of the share capital

May 21, 2015 (14th resolution)	Increase in the number of securities to be issued in the event of a capital increase, with or without a pre-emptive subscription right.	July 20, 2017		15% of the initial issue
May 21, 2015 (15th resolution)	Capital increase via the incorporation of premiums, reserves, profits or other amounts admitted for capitalization	July 20, 2017		Nominal value cap for the capital increase: €20,000,000
May 21, 2015 (16th resolution)	Issuance of shares and/or transferable securities granting access to the share capital, with no preferential subscription rights for shareholders, in consideration for contributions in kind granted to the Company	July 20, 2017		Nominal value cap for the capital increase: 10% of the share capital Value cap for debt securities: €500,000,000
May 21, 2015 (17th resolution)	Capital increases reserved for employees of the Company or of its group member companies adhering to a company savings plan, with waiver of the pre-emptive subscription right	July 20, 2017	-	€393,000
May 24, 2012 (23rd resolution) May 23, 2013 (13th resolution)	Power to allocate bonus shares.	38 months after May 21, 2014 or otherwise after the General Meeting called to approve the 2014 financial statements	Allotment of shares by the Executive Board (April 24, 2013, then April 23, 2014 and October 20, 2014) under performance and employment conditions	Allotment cap set at 2% of the share capital
May 23, 2013 (9th Resolution)	Issue of 110,000 stock warrants for the benefit of the aforementioned individuals	-	Issue of 110,000 stock warrants (decided by the Executive Board meeting of July 29, 2013) and subscription by the recipients	110,000 stock warrants – Authorized facility exhausted

APPENDIX 4. SPECIAL REPORT OF THE EXECUTIVE BOARD ON STOCK OPTIONS AND PERFORMANCE-BASED SHARES ALLOTTED OR EXERCISED DURING THE YEAR

Please find below information contained in the special report to inform the Shareholders' General Meeting of June 24, 2016 of the transactions performed pursuant to the requirements set forth in Articles L.225-177 to L.225-186 and L.225-197-1 to L.225-197-3 of the French Commercial Code.

I. Stock options exercised during the year by employees other than officers and directors

None

II. Options exercised by company officers during the year

None

III. Performance based shares acquired by Executive Board members during the year

None.

Lyon
April 25, 2016

Troy COOPER
CEO

APPENDIX 5. COMMENTS FROM THE SUPERVISORY BOARD OF APRIL 25, 2016 ON THE MANAGEMENT REPORT ON THE 2015 ACCOUNTS

Ladies and Gentlemen,

The Supervisory Board has reviewed the Management Report for 2015 presented to it by the Executive Board.

Pursuant to Article L.225-68 of the Commercial Code, your Supervisory Board is expected to present its comments on the Executive Board's report and on the financial statements.

At its meeting of February 18, 2016, the Supervisory Board examined XPO Logistics Europe SA's consolidated financial statements prepared under IFRS and the Company financial statements under French standards, for fiscal year 2015.

The Supervisory Board primarily focused on the main balance sheet and income statement items.

The Supervisory Board also noted the conclusions of the Audit Committee and held discussions with the Statutory Auditors.

The Supervisory Board also reviewed the Management Report on fiscal year 2015.

After performing the normal review, the Supervisory Board reports that it has no comment on the Management Report, the consolidated financial statements, and the Company financial statements of XPO Logistics Europe.

Moreover, the activity of the Supervisory Board during fiscal year 2015 is detailed in the report of the Chairman of the Board, established under Article L 225-68 of the Commercial Code.

The present document is attached to the Management Report.

The Supervisory Board invites shareholders to adopt the resolutions submitted to them by the Executive Board.

We thank you in advance for your support place in the Executive Board and the Supervisory Board.

The Supervisory Board

APPENDIX 6. STATUTORY AUDITORS' SPECIAL REPORT ON RELATED PARTY AGREEMENTS AND COMMITMENTS

General Meeting of Shareholders to approve the financial statements for the year ended 31 December 2015

To the shareholders,

In our capacity as statutory auditors of your company, we hereby report on certain related party agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements and commitments indicated to us, or that we may have identified in the performance of our engagement. We are not required to comment as to whether they are beneficial or appropriate or to ascertain the existence of any such agreements and commitments. It is your responsibility, in accordance with Article R. 225-58 of the French commercial code (Code de Commerce), to evaluate the benefits resulting from these agreements and commitments prior to their approval.

In addition, we are required, where applicable, to inform you in accordance with Article R. 225-88 of the French commercial code (Code de Commerce) concerning the implementation, during the year, of the agreements and commitments already approved by the General Meeting of Shareholders.
We performed those procedures which we considered necessary to comply with professional guidance issued by the national auditing body (Compagnie Nationale des Commissaires aux Comptes) relating to this type of engagement. These procedures consisted in verifying that the information provided to us is consistent with the documentation from which it has been extracted.

AGREEMENTS AND COMMITMENTS SUBMITTED FOR APPROVAL BY THE GENERAL MEETING OF SHAREHOLDERS

Agreements and commitments authorised during the year
In accordance with Article L. 225-88 of the French commercial code (Code de Commerce), we have been advised of certain related party agreements and commitments which received prior authorisation from your Supervisory Board.

Loan from the majority shareholder

Purpose
On June 8, 2015, the Supervisory Board, authorized the Company to conclude an unsecured loan agreement with XPO Logistics, Inc. (or one of its subsidiaries), intended to allow the Company to have, should it prove necessary, the financial capacity to refinance all or part of the existing corporate financial debt which became due as a result of the change of control. The loan was concluded to cover all sums due as a result of the change in control, as well as to cover any need in working capital, cash, and more generally for any financing needs of the Company and its subsidiaries ("General purpose").

Key aspects
The loan is repayable over a period of maturity of nine years from the first draw, with an interest rate of 5.625% per year. The loan is repayable at any time without penalty to the Company.
As at 31 December 2015, the loans amounted to 286,008,265.48 EUR and 150,384,468.65 GBP (204,897,429.86 EUR), before incurred interest, which amounted respectively to 1,340,664 EUR and 704,928 GBP (960,457.80 EUR) and generated, during financial year 2015, an interest expense of 24,638,111.90 EUR.

Advantages of this Agreement for the Company
The interest rate of this intragroup loan reflects the new borrower profile of the Company since it became part of the XPO Company. This rate is lower than the interest rate applicable to XPO Logistics, Inc.'s own financings. It is higher than the interest rates previously paid by XPO Logistics Europe SA (formerly Norbert Dentressangle SA), which stems, among other factors, from the extended maturity of the intragroup loan, from the fact that the intragroup loan is repayable at any time without penalty and that it does not include any covenants or securities. The Company considers that a refinancing with outside lenders at similar conditions, were if even available, would have not allowed the Company to obtain significantly lower financing costs.

Temporary Royalty-Free License to Use the XPO brand

Purpose
On 8 June 2015, the Supervisory Board authorized the Company to enter into a temporary royalty-free license with XPO Logistics, Inc.

Key aspects
XPO Logistics, Inc. authorized the Company and its affiliates to use the XPO brand free-of-charge, for an initial duration of three months from execution, pending the negotiation of a remunerated brand license agreement to be concluded between XPO Logistics, Inc. and the Company at market conditions. The Supervisory Board renewed this authorization on 18 November 2015, to extend it until 8 June 2016.
Advantages of this Agreement for the Company
In order to ensure the development of European activities, it is essential to be able to benefit as soon as possible from the power of the global XPO Logistics brand. The Company and its subsidiaries now operate under the trademark XPO Logistics, which enhances the international visibility of its operations. At some point in the future, it is intended that in line with normal market practice, XPO Logistics Europe SA and its subsidiaries will participate in the costs of the global XPO brand, from which they will benefit long-term. Valuation work on the license will be undertaken by external experts who will be appointed for this purpose. Until an arms' length valuation is determined, XPO will make its brand available free of charge. The original three-month royalty-free license was already extended until June 8, 2016 on a royalty-free basis and will be further extended as necessary.

Restructuring of the USD denominated debt and Guarantee given to NDL US

Purpose
Under the agreement "Loan from the majority shareholder" mentioned previously, the Company borrowed 407,486,870.67 USD from XPO Logistics, Inc., the balance of which amounted to 390,936,191.51 USD, after payment of the 1 December 2015 instalment. In order to rationalize all the inter-company debts, and improve the net debt, the following agreements were entered into by the Company and its subsidiaries:

Key aspects
- On 1 December 2015, XPO Logistics, Inc. assigned to NDL Holding USA (renamed JHCI Holding USA), a receivable amounting to 390,936,191.51 USD due by the Company ,
- In consideration for the sale of the receivable amounting to 390,936,191.51 USD, XPO Logistics, Inc. and JHCI Holding USA entered into a loan agreement of the same amount, not depreciable, with June 12, 2024 as a fixed due date and bearing interest at 5.625%. In the context of this loan, the Company acted as guarantor for the benefit of creditor XPO Logistics, Inc.
- In consideration for this guarantee, the secured debtor, JHCI Holding USA, pays a commission to the Company, paid quarterly, of a total annual amount of 0.25% of the guaranteed amount, i.e. 977,340.48 USD. At December 31, 2015, the accrued interest amounted to 1,833,000 USD.
- On the same day XPO Logistics, Inc. granted JHCI Holding USA two loans amounting respectively to 6,000,000 USD and 9,063,808.49 USD bearing no interest.
- As a result, the dollar debt which used to be between the Company and XPO Logistics, Inc. is now between JHCI Holding USA, Inc. and XPO Logistics, Inc., i.e. two US-based companies.

Advantages of this Agreement for the Company
Rationalize all the Company's debts towards XPO Logistics, Inc. by shielding the Company from the risk of currency fluctuations on US dollar denominated debt in France.

Services agreement between the Company and XPO Logistics, Inc. its majority shareholder

Purpose
On December 15, 2015, the Supervisory Board authorized an agreement between XPO Logistics, Inc., the majority shareholder (the "Service Provider") and the Company for an indefinite period. The object of this agreement is to cover the services provided to the Company by the Service Provider, and specifically: (i) to the Jacobson companies (Jacobson is a subsidiary of the Company), and (ii) to XPO Logistics Europe SA (the "Beneficiaries"). In the case of the services provided to the Jacobson companies, the Service Provider's annual remuneration has been determined depending on the Beneficiaries' actual usage rate for each area of assistance. In the case of the services provided to XPO Logistics Europe itself, the remuneration covers 175,000 USD, i.e. 50% of the gross compensation paid to Troy Cooper for his duties as Chairman of the Management Board.

Key aspects
The amount invoiced to the Jacobson companies by XPO Logistics, Inc. for the 2015 financial year was 3,903,868 USD. The amount incurred related to Troy Cooper's compensation during 2015 was 58,333 USD, in proportion to the term of his office in 2015 (from September to December).

Advantages of this Convention for the Company
This agreement enables XPO Logistics Europe SA to benefit from the following on favorable terms: (i) first, the pooling of a number of services, and therefore a reduction in their costs, due to the geographical proximity between its US subsidiaries and its new shareholder, and (ii) from Troy Cooper's extensive experience in the Company's business sector, and from his intimate knowledge of the XPO group. Furthermore, the agreement reflects XPO Logistics, Inc.'s coverage of 50% of the annual gross compensation awarded to Troy Cooper by the Company for his duties as Chairman of the Management Board. This agreement enables not only optimized operating and administrative management of XPO Logistics Europe and its US subsidiaries, but also productivity gains, and the possibility to improve the identification and promotion of cross-selling opportunities and the sharing of best practices between Europe and the United States for the benefit of the European scope, on the understanding that Troy Cooper manages the Company in a collegial manner, working closely with the management team, including within the Management Board.

Settlement Agreement with M. Hervé Montjotin

Purpose
In the context of the termination of Mr. Hervé Montjotin's office of Chairman and member of the Management Board, the Supervisory Board of the Company, at its meeting held on 3 September 2015, authorized the finalization and signing of a settlement agreement with Mr. Hervé Montjotin with a view to deciding the compensation and indemnity owed to him as a consequence of the subsequent termination of his employment contract.

Key Aspects
The settlement agreement was signed on 5 September 2015 and provides in particular for:

- The absence of any payment to Mr. Hervé Montjotin as a result of the termination of his mandate as Chairman and member of the Management Board;
- The payment by the Company of a gross mandatory dismissal indemnity (indemnité conventionnelle de licenciement) of 417,234 EUR;
- The payment of a supplementary indemnity with respect to his employment agreement for a gross amount of 80,702 EUR;
- The application of Mr. Hervé Montjotin's non-compete undertaking provided in his employment agreement, for a period of 2 years in exchange for the payment of a gross compensation of 52,165.58 EUR per month.

Furthermore, in relation to the termination of his pre-existing employment agreement with XPO Logistics, Inc. (“XPO”), Mr. Hervé Montjotin will receive fully vested XPO shares representing an amount of approximately 250,000 EUR, with a lockup undertaking until the end of his non-compete period under his employment agreement with XPO. In this respect, Mr. Hervé Montjotin undertakes vis-à-vis XPO not to compete for a period of 33 months and commits to various non-solicitation, confidentiality and cooperation undertakings. XPO agreed with the Company to bear a portion of the termination payments due by the latter to Mr. Hervé Montjotin, for an amount of 350,000 EUR.

Advantages for the Company
Taking into account the portion of the termination payments borne by XPO Logistics, Inc., the cost of Mr. Montjotin’s termination actually borne by the Company represents two years of his salary, which is considered reasonable for the Company, given the fact that Mr. Montjotin was bound with the Company by an employment contract that pre-dated its change of control; that Mr. Montjotin had a significant number of years of service; and that his non-compete undertaking is for 33 months, which is very protective for the Company.

Settlement Agreement with M. Patrick Bataillard

Purpose
The Supervisory Board of the Company, at its meeting held on 15 December 2015, authorized that some amounts be paid to Mr. Patrick Bataillard in the context of the termination of his office as member of the Management Board and termination of his employment agreement.

Key Aspects
The settlement agreement signed on 29 October 2015, provides for the payment of the following amounts:

- a gross amount of 180,000 EUR for his variable bonus for fiscal year 2015; and
- a gross amount of 282,000 EUR corresponding to the specific termination indemnification. This amount is in consideration for Mr. Bataillard’s commitment on confidentiality non-poaching of personnel in application of the termination agreement relating to his employment agreement.

Furthermore, the Supervisory Board approved that the Company will not enforce the non-compete clause set out in the employment agreement of Mr. Bataillard. Mr. Bataillard therefore received no payment in this respect. No further sum has been paid to Mr. Bataillard as part of the termination of his mandate as a member of the management board.

Advantages for the Company
Taking into account Mr. Bataillard’s long term of service, his termination package is considered advantageous for the Company.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE GENERAL MEETING OF SHAREHOLDERS

Agreements and commitments approved in prior years

Where the implementation continued during the past year

Pursuant to Article R.225-57 of the French Commercial Code we were informed that the following agreements and commitments approved by the Shareholders' General Meeting during prior years continued to operate during the past year.

Agreement with XPO Logistics Europe S.A. with regard to its subsidiaries and sub-subsidiaries, for the benefit of Bank Mendes Gans N.V (BMG)

Granting of guarantee

Purpose
On 24 February 2014, the Supervisory Board authorized the Company to act as a guarantor for its obligation to fund the bank account opened in its name with BMG Bank, in order to ensure that the aggregate bank balances of the other participating subsidiaries be equal to zero.
This first-demand guarantee is governed by Dutch law, as is the cash pooling agreement.

Key Aspects
The amount of this first-demand guarantee covers all the amounts payable by the participating subsidiaries under this cash pooling agreement, up to a cap of €90 million.

Agreement with Dentressangle Initiatives, shareholder of the Company until 8 June 2015

Provision of services

Purpose
Dentressangle Initiatives continued to provide a range of services to the Company, including:

- advisory services regarding development opportunities in France and abroad;
- assistance with the Company's external growth, both in France and abroad;
- relationship, administrative, and financial assistance.

The Supervisory Board meeting of 25 February 2015 increased the monthly amount of the services invoiced by Dentressangle Initiatives from 116,666 EUR to 123,000 EUR, excluding tax.

Key Aspects
The amount expensed by the Company in this respect during the financial year ended December 31, 2015 was 647,800 EUR, excluding tax, for the period between 1 January and 8 June 2015.

Trademark and logo

Purpose
In July 2005, Mr. Norbert Dentressangle granted to Financière Norbert Dentressangle the right to use the “Norbert Dentressangle” trademark and the "ND" logo, registered in his name and previously licensed to it free of charge.
Financière Norbert Dentressangle having transferred its entire assets and liabilities to Dentressangle Initiatives with effect from 1 January 2012, as in prior years, Dentressangle Initiatives authorized the Company to use this brand and logo free of charge. To that end, on 13 July 2005, the two companies entered into a 3-year renewable, royalty-free trademark licensing agreement.

As of 13 July 2008, this agreement was converted into an indefinite-term contract entitling each party to terminate the contract subject to twelve months' prior notice. On 20 November 2008 the Company's Supervisory Board decided to authorize the extension of the trademark licensing agreement to include class 35 (administrative services concerning the issue of transport and warehousing certificates or the issue of bills of lading, import-export agencies, stock management) and class 36 (customs agencies including clearance of merchandise).
When the control of Norbert Dentressangle SA was transferred to XPO Logistics, Inc., it was agreed to grant the Company a period of six months (i.e. until 8 December 2015) to surrender the trademark, subject to exceptions (extensions) relating to changing the logo on vehicles (up to 36 months, i.e. until April 2018) and on buildings (up to 12 months, i.e. until April 2016).

Key Aspects
The Company reimburses the expenses relating to the maintenance and safeguarding of the trademarks. For the financial year ended 31 December 2015, the amount borne by the Company in this regard was 5,111 EUR, excluding taxes.

Lyon, le 29 avril 2016

KPMG Audit
Département de KPMG S.A.
Stéphane Devin
Associé

Ernst & Young et Autres
Daniel Mary-Dauphin
Associé

APPENDIX 7. REPORT BY AN INDEPENDENT THIRD-PARTY BODY ON THE CONSOLIDATED HUMAN RESOURCES, ENVIRONMENTAL AND SOCIAL INFORMATION INCLUDED IN THE MANAGEMENT REPORT

For the year ended 31 December 2015

To the Shareholders,

In our capacity as independent third party of XPO Logistics Europe (the “Company”), certified by COFRAC under number n° 3-1080[1], we hereby report to you on the consolidated human resources, environmental and social information for the year ended 31 December 2015, included in the management report (hereinafter named "CSR Information"), pursuant to article L.225-102-1 of the French Commercial Code (*Code de commerce*).

Company’s responsibility

The board of directors is responsible for preparing a company's management report including the CSR Information required by article R.225-105-1 of the French Commercial Code in accordance with the guidelines used by the company (hereinafter the "Guidelines"), summarised in the methodological note, presented in the chapter “6.3.2. Reporting methods – Methodology note” of the management report and available on request from the company's head office.

Independence and quality control

Our independence is defined by regulatory texts, the French Code of ethics (*Code de déontologie*) of our profession and the requirements of article L.822-11 of the French Commercial Code. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibility of the independent third party

On the basis of our work, our responsibility is to:

- attest that the required CSR Information is included in the management report or, in the event of non-disclosure of a part or all of the CSR Information, that an explanation is provided in accordance with the third paragraph of article R.225-105 of the French Commercial Code (Attestation regarding the completeness of CSR Information);
- express a limited assurance conclusion that the CSR Information taken as a whole is, in all material respects, fairly presented in accordance with the Guidelines (Conclusion on the fairness of CSR Information).

Our work involved five persons and was conducted between December 2015 and February 2016 during a four weeks period. We were assisted in our work by our CSR experts.

We performed our work in accordance with professional standards and with the order dated 13 May 2013 defining the conditions under which the independent third party performs its engagement and with ISAE 3000[2] concerning our conclusions on the fairness of CSR Information and the reasonable assurance.

[1] *whose scope is available at www.cofrac.fr*
[2] *ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information*

1. Attestation regarding the completeness of CSR Information

Nature and scope of our work

On the basis of interviews with the individuals in charge of the relevant departments, we obtained an understanding of the company's sustainability strategy regarding human resources and environmental impacts of its activities and its social commitments and, where applicable, any actions or programmes arising from them.

We compared the CSR Information presented in the management report with the list provided in article R.225-105-1 of the French Commercial Code.

For any information that is not disclosed, we verified that explanations were provided in accordance with article R.225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Information covers the scope of consolidation, i.e., the company, its subsidiaries as defined by article L.233-1 and the controlled entities as defined by article L.233-3 of the French Commercial Code within the limitations set out in the methodological note, presented in the chapter "6.3.2. Reporting methods – Methodology note" of the management report.

Conclusion

Based on the work performed and given the limitations mentioned above, we attest that the required CSR Information has been disclosed in the management report.

2. Conclusion on the fairness of CSR Information

Nature and scope of our work

We conducted around ten interviews with the persons responsible for preparing the CSR Information in the departments in charge of collecting the information and, where appropriate, responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, and taking into account industry best practices where appropriate;
- verify the implementation of data-collection, compilation, processing and control process to reach completeness and consistency of the CSR Information and obtain an understanding of the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and procedures based on the nature and importance of the CSR Information with respect to the characteristics of the company, the human resources and environmental challenges of its activities, its sustainability strategy and industry best practices.

Regarding the CSR Information that we considered to be the most important[3]:

- at parent entity, we referred to documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions), performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data. We also verified that the information was consistent and in agreement with the other information in the management report;

[3] ***HR & Safety quantitative information:*** *total Company headcount and breakdown by age bracket; proportion of women; new employees hired as permanent employees; overall staff turnover rate; overall Company absenteeism rate; severity rate; frequency rate.*
Environmental quantitative information: *tons of waste generated by the Supply Chain; electricity consumption; heating oil consumption; direct and indirect greenhouse gas emissions.*

- at the level of a representative sample of countries selected by us[4] on the basis of their activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify that procedures are properly applied, and we performed tests of details, using sampling techniques, in order to verify the calculations and reconcile the data with the supporting documents. The selected sample represents 52% of headcount and between 16% and 100% of quantitative environmental data disclosed.

For the remaining consolidated CSR Information, we assessed its consistency based on our understanding of the company.

We also assessed the relevance of explanations provided for any information that was not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes we have used, based on our professional judgement, are sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures. Due to the use of sampling techniques and other limitations inherent to information and internal control systems, the risk of not detecting a material misstatement in the CSR information cannot be totally eliminated.

Conclusion

Based on the work performed, no material misstatement has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

Paris, April 28, 2016

Original French report signed by:
Independent third-party body
Grant Thornton
Membre français de Grant Thornton International

Frédéric Jentellet
Partner

[4] ***Regarding HR & Safety information:*** *France (Supply Chain) and United Kingdom (Supply Chain and Transport Solutions).*
Regarding environmental information: *France (Supply Chain and Transport Solutions).*

CONSOLIDATED FINANCIAL STATEMENTS
COMPANY FINANCIAL STATEMENTS
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CONSOLIDATED FINANCIAL STATEMENTS
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Chapter 7

CONSOLIDATED FINANCIAL STATEMENTS

7.1. CONSOLIDATED FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2015

7.1.1. Consolidated income statement

€000	Note	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013
REVENUES	7.2.5 7.2.6.a	**5,415,278**	**4,668,846**	**4,031,858**
Other purchases and external costs		(3,373,017)	(2,916,205)	(2,496,322)
Staff costs		(1,694,287)	(1,407,126)	(1,237,537)
Taxes, levies and similar payments		(57,464)	(48,820)	(43,743)
Amortization and depreciation charges		(134,096)	(121,858)	(117,047)
Other operating expenses (income)		(12,388)	(346)	2,808
(Gains)/losses on sales of operating assets		4,816	3,025	3,504
Restructuring costs		(21,151)	(14,257)	(13,792)
Fixed assets gains or losses		2,401	4,646	11,926
EBITA	7.2.6.b	**130,092**	**167,906**	**141,655**
Amortization of allocated Customer Relations		(20,012)	(12,185)	(6,525)
Goodwill impairment		(14,022)		
Negative goodwill and earn-out adjustment	7.2.4.b	7,286	618	
EBIT	7.2.5.a 7.2.6.b	**103,344**	**156,339**	**135,130**
Net interest expense	7.2.10.b	(58,350)	(29,876)	(21,405)
Net exchange gains/losses	7.2.10.b	3,133	(229)	(1,126)
Other financial items	7.2.10.b	(3,352)	(11,001)	(4,128)
COMPANY PRE-TAX INCOME		**44,774**	**115,234**	**108,471**
Income tax	7.2.12	(26,486)	(32,191)	(36,637)
Company share of earnings of companies treated under the equity method	7.2.11.a	353	(959)	(1,477)
NET INCOME		**18,641**	**82,083**	**70,357**
Non-controlling interests		1,945	6,188	257
NET INCOME COMPANY SHARE		**16,695**	**75,895**	**70,100**
EARNINGS PER SHARE				
Basic EPS on net income for the year	7.2.13.b	1.70	7.75	7.20
Diluted EPS on net income for the year	7.2.13.b	1.69	7.67	7.06

7.1.2. Statement of amounts posted to shareholders' equity

€000	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013
NET INCOME	**18,641**	**82,083**	**70,357**
Translation adjustments	43,236	26,815	(4,475)
Gains and losses on revaluation of financial instruments	7,229	(1,964)	10,025
Tax impact	(1,209)	1,137	(3,824)
Other	(127)	(75)	27
Sub-total of items recyclable to profit or loss	**49,129**	**25,913**	**1,753**
Actuarial gains and losses on employee benefits	(28,600)	35,637	(50,170)
Tax impact	5,310	(7,135)	8,024
Sub-total of items not recyclable to profit or loss	**(23,290)**	**28,502**	**(42,146)**
OTHER ITEMS AMOUNTS POSTED TO SHAREHOLDERS' EQUITY	**25,839**	**54,415**	**(40,393)**
TOTAL COMPREHENSIVE INCOME	**44,480**	**136,498**	**29,964**
Attributable to:			
Non-controlling interests	1,820	5,471	143
Parent company shareholders	42,660	131,027	29,821

7.1.3. Consolidated balance sheet

ASSETS

€000	Note	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013
Goodwill	7.2.8.a	1,057,011	975,079	599,951
Intangible fixed assets	7.2.8.b	361,614	350,984	133,128
Tangible fixed assets	7.2.8.c	549,936	570,162	532,849
Investments in associated companies	7.2.11.a	3,134	2,087	2,877
Other non-current financial assets	7.2.10.a	92,446	55,841	33,146
Deferred tax assets	7.2.12	74,414	63,992	53,347
NON-CURRENT ASSETS		**2,138,555**	**2,018,145**	**1,355,298**
Inventories	7.2.6.c	25,452	19,404	14,049
Trade receivables	7.2.6.e	975,092	886,447	775,879
Current tax receivable	7.2.6.e	51,072	38,558	17,621
Other receivables	7.2.6.e	181,207	164,774	141,743
Other current financial assets	7.2.10.a	1	18,778	
Cash and cash equivalents	7.2.10.a	89,658	209,085	396,622
CURRENT ASSETS		**1,322,482**	**1,337,046**	**1,345,914**
TOTAL ASSETS		**3,461,037**	**3,355,191**	**2,701,212**

LIABILITIES AND SHAREHOLDERS' EQUITY

€000	Note	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013
Share capital	7.2.13	19,672	19,672	19,672
Share premium		19,134	19,132	19,077
Translation adjustments		48,383	5,147	(22,464)
Consolidated reserves	7.2.13	580,066	544,238	457,742
Net income for the financial year		16,695	75,895	70,100
SHAREHOLDERS' EQUITY COMPANY SHARE		**683,950**	**664,084**	**544,127**
Non-controlling interests		26,302	27,156	27,595
SHAREHOLDERS' EQUITY		**710,252**	**691,240**	**571,722**
Long-term provisions	7.2.9	196,553	143,620	190,583
Deferred tax liabilities	7.2.12	118,757	143,275	73,802
Long-term borrowings	7.2.10.a	977,517	1,050,647	742,884
Other non-current liabilities	7.2.10.a	22,790	25,569	17,451
NON-CURRENT LIABILITIES		**1,315,617**	**1,363,111**	**1,024,720**
Short-term provisions	7.2.9	41,350	20,040	20,605
Short-term borrowings	7.2.10.a	183,478	160,988	102,507
Other current borrowings	7.2.10.a	29,774	36,213	9,330
Bank overdrafts	7.2.10.a	27,082	14,520	7,200
Trade payables	7.2.6.f	686,973	655,860	601,548
Current tax payable	7.2.6.f	27,461	11,224	11,528
Other debt	7.2.6.f	439,050	401,995	352,052
CURRENT LIABILITIES		**1,435,168**	**1,300,840**	**1,104,770**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**3,461,037**	**3,355,191**	**2,701,212**

7.1.4. Consolidated cash flow statement

€000	Note	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013
Net income Company Share		**16,695**	**75,895**	**70,100**
Corporate income tax (income) / expense		26,490	32,189	36,636
Depreciation		163,617	132,664	124,139
Net financial costs on financing transactions		58,343	29,871	23,897
Minority interests		1,945	6,188	257
Provisions		49,067	(873)	(7,808)
Other financial items		(178)	11,234	2,760
Capital gains or losses on disposals of fixed assets		(7,109)	(7,515)	(15,448)
Company share of earnings of companies treated under the equity method		(353)	959	1,477
Other adjustments		-	829	(476)
Corporate income tax paid		(50,505)	(57,983)	(45,413)
Free cash flow after tax paid		**258,014**	**223,462**	**190,121**
Change in inventories		(5,220)	(845)	2,943
Trade receivables		(62,744)	(4,516)	(63,270)
Trade payables		13,634	34,613	21,966
Operating working capital		**(54,331)**	**29,252**	**(38,361)**
Social security receivables and payables		9,511	8,471	5,379
Tax receivables and payables		(451)	(18,656)	10,341
Other receivables and payables		(3,677)	(3,937)	(7,444)
Non-operating working capital (excl. corporate income tax)		**5,383**	**(14,122)**	**8,276**
Operating working capital (excl. corporate income tax)		**(48,948)**	**15,130**	**(30,085)**
Change in Pension Funds		(14,776)	(21,922)	(10,385)
NET CASH FLOW FROM OPERATIONS	**7.2.5.a**	**194,290**	**216,670**	**149,651**
Sales of intangible and tangible fixed assets		51,903	49,866	93,941
Acquisition of intangible and tangible fixed assets		(181,937)	(138,572)	(119,843)
Payables and receivables on fixed assets		(11,764)	3,654	14,349
Sales of financial assets		10	116	103
Acquisition and/or disposal of subsidiaries, net of the cash acquired and/or disposed of	7.2.4.c	(1,224)	(583,239)	(54,123)
NET CASH FLOW USED BY INVESTMENT TRANSACTIONS		**(143,012)**	**(668,175)**	**(65,573)**
NET CASH FLOW		**51,278**	**(451,505)**	**84,078**
Paid dividends		(20,184)	(18,575)	(14,579)
Issuance of loans		1,295,804	427,776	567,389
Capital increase/(reduction)		(14)	1,829	4,438
Treasury shares		273	347	6,918
Other financial assets/liabilities		(3,207)	907	(2,825)
Repayment of loans		(1,420,255)	(128,216)	(478,722)
Net financial costs on financing transactions		(55,217)	(30,103)	(23,897)
NET CASH FLOW FROM FINANCING TRANSACTIONS		**(202,800)**	**253,963**	**58,722**
Exchange differences on foreign currency transactions		19,531	2,684	(419)
Change in cash		**(131,990)**	**(194,857)**	**142,381**
Opening cash and cash equivalents		194,565	389,421	247,041
Closing cash and cash equivalents	7.2.10.a	62,576	194,565	389,422
Change in cash (closing - opening)		**(131,990)**	**(194,857)**	**142,381**

7.1.5. CHANGE IN CONSOLIDATED SHAREHOLDERS' EQUITY

€000	Share capital	Share premium	Undis-tributed reserves	Other reserves	Earnings	Translation adjust-ments	Share-holders' equity, Company share	Non-controlling interests	TOTAL Share-holders' equity
AT 31 DECEMBER 2012	**19,672**	**18,891**	**457,003**	**(28,028)**	**69,672**	**(18,103)**	**519,107**	**3,251**	**522,358**
Appropriation of earnings			69,672		(69,672)				
Dividends paid			(14,388)				(14,388)	(191)	(14,579)
Net profit for the year					70,100		70,100	257	70,357
Other items posted to shareholders' equity			(42,146)	6,228		(4,361)	(40,279)	(114)	(40,393)
(Acquisitions) disposals of treasury shares			325	8,302			8,627		8,627
Capital increase		186	(69)				117	2,713	2,830
Share-based remuneration			719				719		719
Impact of changes in the consolidation method								22,047	22,047
Other variations			124				124	(368)	(244)
AT DECEMBER 31, 2013	**19,672**	**19,077**	**471,240**	**(13,498)**	**70,100**	**(22,464)**	**544,127**	**27,595**	**571,722**
Appropriation of earnings			70,100		(70,100)				
Dividends paid			(15,588)				(15,588)	(2,991)	(18,579)
Net profit for the year					75,895		75,895	6,188	82,083
Other items posted to shareholders' equity			27,980	(459)		27,611	55,132	(717)	54,415
(Acquisitions) disposals of treasury shares			102	2,011			2,113		2,113
Capital increase		55	60				115		115
Share-based remuneration			1,709				1,709		1,709
Impact of changes in the consolidation method			691				691	(2,689)	(1,998)
Other variations			(110)				(110)	(230)	(340)
AT DECEMBER 31, 2014	**19,672**	**19,132**	**556,184**	**(11,946)**	**75,895**	**5,147**	**664,084**	**27,156**	**691,240**
Appropriation of earnings			75,895		(75,895)				
Dividends paid			(17,629)				(17,629)	(2,562)	(20,191)
Net profit for the year					16,695		16,695	1,945	18,640
Other items posted to shareholders' equity			(23,365)	5,968		43,236	25,839	(125)	25,714
(Acquisitions) disposals of treasury shares			278	(5)			273		273
Capital increase									
Share-based remuneration			(4,817)				(4,817)		(4,817)
Impact of changes in the consolidation method									
Other variations			(495)				(495)	(112)	(607)
AT DECEMBER 31, 2015	**19,672**	**19,132**	**586,051**	**(5,983)**	**16,695**	**48,383**	**683,950**	**26,302**	**710,252**

7.2. NOTES TO THE 2015 CONSOLIDATED FINANCIAL STATEMENTS

7.2.1. General information regarding the issuer

XPO Logistics Europe (formerly Norbert Dentressangle) is a *Société Anonyme* (French public limited company) with an Executive Board and a Supervisory Board, subject to the provisions of the French Commercial Code and with registered office at 192 Avenue Thiers - 69457 Lyon Cedex 06 - France.

The Company is listed on the Paris and London stock exchanges on the Eurolist market, compartment A.

XPO Logistics financial statements were approved by the Executive Board on February 16, 2016 and will be submitted for approval of the Shareholders' General Meeting scheduled for June 24, 2016.

The financial statements of XPO Logistics Europe and its subsidiaries have been fully consolidated within the XPO Logistics, Inc. group since June 8, 2015.

The Company's businesses include Transport Solutions, Supply Chain and Global Forwarding.

7.2.2. Events during the financial year

a) Acquisition of Norbert Dentressangle Group by XPO Logistics

On June 8, 2015, XPO Logistics, Inc. purchased the 67% interest in XPO Logistics Europe (formerly Norbert Dentressangle SA) previously held by the Dentressangle Family, and launched a Simplified Public Offer on June 29 aimed at purchasing all the shares in the Company. At the end of this Simplified Public Offer, which closed on July 17, 2015, XPO Logistics, Inc. held an 86.24% interest in XPO Logistics Europe.

The main consequences of this change in the shareholder structure are as follows:

b) Refinancing

Pursuant to the change of control clauses in the banking documentation, €876.5 million of the corporate financial debt was redeemed during June and July.

These loans were refinanced by an inter-company loan, repayable over a period of nine years, and amounting to €875.2 million in total.

The issuance expenses for these loans were expensed in full (€5.3 million with no cash impact), and the fair value of the hedging instruments relating to this debt was also expensed during the period.

c) Share-based remuneration

The General Meeting of Shareholders of May 21, 2015 amended the terms and conditions of the stock warrants held by senior managers. This amendment, which was followed by XPO Logistics France's purchase of these stock warrants at the price resulting from the Simplified Public Offer, resulted in an accounting expense of €1.4 million, which was charged to equity capital, with no cash impact for the Company.

Furthermore, a change to the current performance share plan has been proposed to the Company's managers. This plan, which was initially intended to be settled in shares, will be settled in cash. From an accounting standpoint, this change in the plan's terms resulted in the recognition of a liability of €20.5 million, €11.4 million of which was offset against equity capital, and €9.1 million of which was expensed through the income statement - pre-tax.

d) Information relating to the acquisition by XPO Logistics

As part of the events and transactions described above, (financial, legal, etc.) advisory and assistance services were provided to the Company, which amounted to €13.1 million in total over the period.

7.2.3 General accounting policies

a) Consolidation principles

The financial statements have been prepared in accordance with IFRS as published by the International Accounting Standards Board ("IASB") and approved by the European Union that can be viewed on the European Commission's website (http://ec.europa.eu/internal_market/accounting/ias/index_fr.htm).

The Company consolidated financial statements for the year ended December 31, 2015 are available on request at the Company registered office or on http://europe.xpo.com.

The 2015 consolidated financial statements have been prepared in euros, i.e. the Company's operational currency, and are stated in thousands of euros (€000).

b) Change in accounting principles and methods

The accounting policies applied for the preparation of the financial statements are identical to those applied for the preparation of the financial statements for the year ended December 31, 2014.

The Company has not applied any standards, interpretations or amendments adopted or in the process of adoption by the European Union, where the mandatory application date is later than January 1, 2015, such as:

- IFRS 15: Revenue from Contracts with Customers
- IFRS 9: Financial instruments
- IFRS 9: Hedge accounting, and amendments to IFRS 9, IFRS 7, and IAS 39
- Annual improvements to IFRS: 2010-2012 and 2012-2014
- Amendments to IFRS 11: Recognition of the purchase of interests in joint arrangements
- Amendments to IAS 1: Presentation of financial statements – Disclosure initiative

The impact of these new standards is being analyzed.

c) Estimates and judgments

In order to prepare its financial statements, the Company must make certain estimates and assumptions that can affect the financial statements. The Company periodically reviews its estimates and assessments to take into account past experience and other factors deemed to be relevant in light of economic conditions. The financial statements reflect the best estimates based on available information as of the balance sheet date.

Depending on changes in these various assumptions or conditions, the amounts recorded in the Company's future financial statements may differ from current estimates.

Material estimates and assumptions applied in preparing the 2015 financial statements principally relate to:

- Measuring the recoverable amount of tangible and intangible assets including goodwill,
- Estimating provisions, specifically measuring assets and liabilities from retirement commitments,
- Valuing customer relations,
- Valuing financial instruments;
- Recognising deferred tax assets.

d) Currency conversion

- **Recording foreign currency transactions in the financial statements of consolidated companies**

Foreign-currency transactions recognized in the income and expenditure statements are converted by applying the exchange rate prevailing on the date of the transaction. Monetary items recognized in the balance sheet are converted by applying the exchange rate prevailing on the balance sheet date. Any resulting foreign exchange differences are recorded in the income statement.

Some loans receivable and borrowings denominated in foreign currencies are essentially treated as forming an integral part of the net investment in subsidiaries operating in a non-euro currency, if the related repayment is not planned or probable in the foreseeable future. Exchange differences net of tax on said loans receivable and borrowings are posted to exchange gains/losses under other comprehensive income. This specific accounting method applies until final disposal of the net investment or repayment of said loans receivable and borrowings becomes highly probable.

- **Translation of financial statements of foreign subsidiaries**

The balance sheets of foreign companies with non-euro operational currencies are translated into euros at the exchange rate prevailing on the balance sheet date and their income statements are translated at the average rate for the financial year. Any resulting conversion adjustment is recognized in shareholders' equity as "Translation adjustments".

In the event of disposal of an entity, translation adjustments are recorded as income for the financial year.
Goodwill is tracked in the currency of the relevant subsidiary.
None of the Company's significant subsidiaries are located in a high-inflation country.

7.2.4. Scope of consolidation

a) Accounting policies for determining consolidation scope

The consolidated financial statements comprise the financial statements of companies exclusively controlled, whether directly or indirectly, by XPO Logistics Europe, the Company's holding company.
The balance sheet dates of the various entities comply with those set by the Company.
The scope of consolidation is detailed in note 7.2.14.

- **Control**

A subsidiary is an entity that is controlled by the Company. The Company controls a subsidiary when it is exposed or has rights to variable returns from its involvement with the entity, and when it has the ability to influence those returns due to the power it holds over the entity. The financial statements of subsidiaries are included in the consolidated financial statements as of the date of transfer of effective control until the date on which control ceases.

The Company consolidates French special-purpose entities solely intended to finance road tractors. These entities, referred to as "Locad" entities, are economic interest groupings (EIGs) and are majority owned by a banking pool. They purchase a vehicle fleet meeting the Company's requirements and finance the same by means of loans from a banking pool. The vehicles are exclusively leased to the various French user companies. Given that these entities operations are directly controlled and that said entities are exclusively used by the Company, pursuant to IFRS 10, they are consolidated under the full consolidation method.

These companies have been granted firm buy-back commitments from the manufacturers of these motor vehicles.

- **Joint control**

Companies that the Company controls jointly with a limited number of partners pursuant to a contractual agreement are consolidated by applying the equity method.

- **Significant influence**

Associated companies are those over which the Company exercises significant influence regarding financial and operational policies, without exercising control. Where an investor directly or indirectly holds at least 20% of the voting rights in the company held, it is deemed to have significant influence, unless otherwise clearly shown.

Companies over which the Company exercises significant influence are accounted for under the equity method.

All of the companies in which the Company holds majority control are consolidated, without any exception.

- **Acquisition of minority interests**

Additional acquisitions of minority interests in entities in which the Company already holds a controlling interest will be directly added to shareholders' equity.

b) Change in scope of consolidation

According to IFRS 3 revised, the consideration paid (i.e. the acquisition cost) is measured at fair value of the equity shares issued and assets and liabilities transferred as of the transaction date. The acquired company's identifiable assets and liabilities are stated at fair value as of the acquisition date. Costs directly attributable to the takeover are now posted to financial expenses.

The current versions of IFRS 10 and IAS 32 oblige groups to record any commitments to purchase minority interests under financial debt. The Company has opted to record to shareholders' equity the difference between the discounted fair value of the stock option exercise price and the value of the minority interests posted to liabilities.

Consolidated reserves are adjusted every year for changes in the difference between the discounted fair value of the stock option exercise price and the value of the minority interests. This treatment, which would be adopted if the options were exercised currently, is the method that best reflects the substance of the transaction.

In 2015 the debt relating to the purchase price supplement for the Jacobson acquisition was revalued in line with the change in the amount claimed by the vendor. This led to the recognition of income amounting to €6,286,000, which was posted to "Negative Goodwill" in the income statement.

c) Statement of cash flows

Cash flow due to acquisitions and sales of subsidiaries breaks down as follows:

€000 €	Dec. 31, 2015	Dec. 31, 2014
Net cash outflow following acquisition of subsidiaries (primarily Jacobson)	(706)	(590,035)
Net cash inflow from cash belonging to companies purchased / sold		6,796
Additional NDG Logistics Limitada contribution*	(518)	
NET CASH FLOW FROM PURCHASES AND SALES OF SUBSIDIARIES	**(1,224)**	**(583,239)**

** The Company subscribed to a €518,000 capital increase by ND Logistics Limitada prior to selling the shares in the company to GAFOR, its partner.*

d) Off-balance sheet commitments of Group companies

€000	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013
Commitments given			
Purchase of investments	n/a	n/a	n/a
Warranties against claims	27,249	25,677	24,189

- **Commitments relating to the acquisition of shares**

None

- **Warranties against claims**

The Company has given liability guarantees for the sale of the Dagenham UK site.
Excess amounts: €0.1 million

€000	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013
Commitments received			
Warranties against claims	149,627	137,162	40,589

- **Liability guarantees received**

The Company has been granted liability guarantees for the acquisitions of the following companies: TDG, Daher, Fiege, Hopkinson, MGF and Jacobson Companies.

Liability guarantees received:
Excess amounts: €10.8 million
The guarantee cap at the end of 2015 totaled to €149.6 million (of which €42.2 million expires in 2018 and €102.9 million in 2020).

This cap may be increased by €20.1 million in the event of fraud.

The Company has received liability guarantees for the purchase of APC: 100% compensation on all statements (no excess, cap or time limit).

e) Post balance sheet events

There were no material events to report.

7.2.5. Operating segment

In accordance with IFRS 8 “Operating Segments”, segment data below is based on management reports used by the Executive Board to review results and allocate resources to the various segments. The Executive Board is the "chief operating decision maker" as referred to under IFRS 8.

Four operating sectors can be identified within the Company:

- Transport operating companies in Europe, whose role is to operate a vehicle fleet and its drivers in order to transport goods in line with customer needs.
- Supply Chain operating companies in Europe, whose role is to provide storage services, while also offering additional services such as order preparation, product customization and tracing, quality control, distribution channel management and reverse logistics.
- Supply Chain operating companies in the USA, whose role is to provide storage services, while also offering additional services such as order preparation, product customization and tracing, quality control, distribution channel management and reverse logistics.
- Global Forwarding operating companies, business launched in 2010, whose role in France and abroad is to provide international organizational freight forwarding services.

The costs of service companies are allocated to the operating companies. The role of these companies is to provide the operating companies with services so that they can focus on their core business. These companies include the Company's holding company and the country holding companies which assist the Company in terms of strategy and communication.

In 2014, for the four months that were consolidated in the Company’s financial statements, the US Supply Chain business had been temporarily included in the Transport Solutions and Supply Chain segments. In view of the internal reorganizations that took place in 2015, the US Supply Chain business is now separate from the European segments.

The weighting of the Company businesses is given in the segment information below.

a) Key indicators per operating segment

€m	Transport Solutions	Supply Chain Europe	Global Forwarding	Supply Chain US	Elimination of inter segment transactions	Total
Revenue						
December 31, 2013	2,014	1,950	145		(77)	**4,032**
December 31, 2014	2,122	2,226	206	199	(84)	**4,669**
December 31, 2015	2,178	2,452	202	682	(98)	**5,415**
Inter-segment revenue						
December 31, 2013	(67)	(7)	(3)		-	**(77)**
December 31, 2014	(71)	(11)	(2)		-	**(84)**
December 31, 2015	(82)	(13)	(3)			**(98)**

€m	Transport Solutions	Supply Chain Europe	Global Forwarding	Supply Chain US	Total
EBIT					
December 31, 2013	51.3	82.4	1.4	-	**135.1**
December 31, 2014	57.9	85.5	3.0	9.9	**156.3**
December 31, 2015	26.8	67.9	(15.9)	24.5	**103.3**
Operating cash flow					
December 31, 2013	88.7	65.2	(4.2)		**149.7**
December 31, 2014	91.0	101.7	(3.0)	27.0	**216.7**
December 31, 2015	74.4	82.1	0.5	37.3	**194.3**

	Transport Solutions	Supply Chain Europe	Global Forwarding	Supply Chain US	Total
Staff					
December 31, 2013	13,438	23,577	724		**37,739**
December 31, 2014	13,285	23,605	645	4,933	**42,468**
December 31, 2015	13,998	26,271	501	5,450	**46,220**
Number of motor vehicles					
December 31, 2013	6,025	1,962			**7,987**
December 31, 2014	5,930	1,396		383	**7,709**
December 31, 2015	6,145	1,625		451	**8,221**
Number of warehousing m²					
December 31, 2013	621	7,209			**7,830**
December 31, 2014	597	6,060		3,718	**10,375**
December 31, 2015	598	6,303		3,757	**10,658**

Note: the US Supply Chain was consolidated over 4 months in 2014

b) Information per geographic region

€m	France	United Kingdom	United States	Spain	Other	Total
Revenue (1)						
December 31, 2013	1,611	1,218	21	421	761	**4,032**
December 31, 2014	1,690	1,343	225	556	855	**4,669**
December 31, 2015	1,720	1,556	708	580	851	**5,415**
Fixed assets (2)						
December 31, 2013	409	436	3	187	231	**1,266**
December 31, 2014	391	466	644	185	210	**1,896**
December 31, 2015	369	485	726	179	210	**1,969**

(1) The "other" main countries are Belgium, Italy, Netherlands, Poland, Romania and Russia
(2) Goodwill, intangible and tangible fixed assets

	France	United Kingdom	United States	Spain	Other	Total
Staff						
December 31, 2013	12,824	14,688	39	2,942	7,246	**37,739**
December 31, 2014	12,588	14,920	4,974	2,825	7,161	**42,468**
December 31, 2015	13,068	16,293	5,490	3,835	7,534	**46,220**
Number of motor vehicles						
December 31, 2013	3,863	1,702	-	98	2,324	**7,987**
December 31, 2014	3,675	1,908	383	87	1,656	**7,709**
December 31, 2015	3,846	2,178	451	87	1,659	**8,221**
Number of warehousing m²						
December 31, 2013	2,142	3,456	-	554	1,678	**7,830**
December 31, 2014	2,354	1,792	3,718	663	1,847	**10,374**
December 31, 2015	2,459	1,856	3,757	682	1,904	**10,658**

7.2.6. Operating data

a) Revenues

Revenue from ordinary activities is recognized when it is likely that future economic benefits will accrue to the Company and this income can be assessed reliably. Such income is assessed at the fair value of the consideration to be received.

Income from the provision of services provided is recognized as of completion of the contractually agreed assignments.

b) Operating income

EBIT (Earnings Before Interest and Taxes)
EBIT represents earnings before the Company's share of associated companies' earnings, interest and tax.

EBITA (Earnings Before Interest, Taxes and Amortization)
EBITA represents earnings before amortization and impairment of intangible assets from acquisitions, goodwill impairment and recognition of negative goodwill.

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization)
EBITDA refers to operating income before depreciation and amortization, and includes impairment charges on fixed assets, plus currency gains or losses, other financial items, and the share of income from equity associates.

- **Reconciliation of EBITDA with EBIT**

€000	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013
EBITDA	**267,090**	**277,579**	**252,540**
Items included in EBITDA to be eliminated in EBITA			
Currency gain (loss) and other financial items	(232)	(11,235)	(5,254)
Share of net income of equity associates	353	(959)	(1,477)
Subtotal	266,969	289,773	259,271
Items excluded from EBITDA to be included in EBITA			
Amortization and depreciation charges	(134,096)	(121,858)	(117,047)
Change in impairment charges on fixed assets (*included in "Other operating income and expense"*)	(2,781)	(9)	(569)
EBITA	**130,092**	**167,906**	**141,655**
Amortization of customer relations	(20,012)	(12,185)	(6,525)
Goodwill impairment	(14,022)		
Negative goodwill	7,286	618	
EBIT	**103,344**	**156,339**	**135,130**

c) Inventories

Inventories are stated at cost using the average weighted cost method.

As of December 31, 2015, inventories were at €25.5 million compared to €19.4 million at December 31, 2014. Inventories largely consist of diesel, vehicle spare parts and various consumables for the Supply Chain business.

d) Commodities risk

In conjunction with its Transport Solutions, Supply Chain and Global Forwarding business, the Company is exposed to fluctuations in the oil price.

The price of fuel in Europe depends on movements in the oil price, fuel taxes and the euro/dollar exchange rate.

The 2015 fuel expense was €276 million, which includes €212 million for Transport Solutions, €48 million for Supply Chain Europe and €16 million for Supply Chain US.

The bulk volumes in France (122,600 m³, or 84% of the total) are bought on a spot basis, while the remaining balance (16%), which is purchased via credit cards, was invoiced at a scale price minus the negotiated discount. In the UK, fuel is exclusively purchased based on Platt's, both the 35,000 m³ (60% of total volumes) consumed from our own fuel stations and the 23,700 m³ (40%) bought from petrol stations with charge cards. In the rest of Europe, fuel supplies (9,000 m³) are purchased mainly via credit cards in the following countries: Germany, Belgium, Spain, Italy, Luxembourg, Netherlands, Poland, Portugal and Romania.

The price of gasoline in France varied by almost 16% between the most expensive month (May 2015), and December, the least expensive month. In the UK, prices varied by 10%.

However, the Company includes price adjustment clauses in the event of a change in the fuel purchase price in its transport customer contracts. These clauses are specific to each customer.

These procedures mean that virtually all fluctuations in the purchase price of fuel except during short-term economic fluctuations, can be passed on to customers in the sales price. However, due to the dramatic swings in the market, adjusting prices for fluctuations in fuel prices can turn out to be complex.
Furthermore, the January 5, 2006 decree forcing customers of French hauliers to pay invoices within 30 days of the invoice date, obliges customers to accept the price index for movements in the fuel price.

The impact of a one euro centime increase in the fuel price at the pump would have a €2 million per year impact on the entire Transport Solutions Business Unit's expenses. This is only the impact on costs since the impact on earnings is less given that most of our transport services have a price adjustment clause for fuel, as stated above.

Given that fuel represents a major portion of production costs, the Transport Solutions Business Unit establishes a monthly summary showing volumes consumed, actual purchase prices in relation to benchmarks (e.g. Platt's and DIMAH), and off-site consumption per country.

For operating units, the IT system enables them to monitor consumption per vehicle and per driver.

e) Trade and other receivables

Trade receivables are current assets initially recorded at fair value and reduced thereafter by customer payments received and any impairment. The fair value of trade receivables is considered to be the face value in respect of receivables less than three months overdue.

Receivables are written down by way of an impairment provision based on risk of non-recovery. The risk is assessed per individual receivable following analysis based on receivables aging. Impaired receivables are recognized as a loss when they are deemed to be irrecoverable.

€000	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013
Trade receivables	995,929	908,010	795,593
Impairment provisions	(20,837)	(21,563)	(19,714)
Trade receivables	**975,092**	**886,447**	**775,879**
Tax and social security receivables	89,498	87,046	63,606
Advances and down payments	9,856	8,183	11,134
Pre-paid expenses	63,271	50,615	48,583
Other miscellaneous receivables	18,582	18,930	18,420
Other receivables	**181,207**	**164,774**	**141,743**
Current tax receivables	**51,072**	**38,558**	**17,621**

Tax and social security receivables largely relate to deductible VAT.

Customer receivable bad debt provisions are broken down as follows:

€000	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013
Opening	**(21,563)**	**(19,714)**	**(14,824)**
Provisions for the financial year	(3,922)	(3,860)	(6,290)
Reversals used	2,690	3,550	2,536
Unused reversals	1,164	1,216	808
Change in consolidation and reclassification	951	(2,645)	(2,023)
Translation adjustments	(158)	(110)	79
Closing	**(20,837)**	**(21,563)**	**(19,714)**

Customer receivable maturities were as follows:

€000	Total	Not matured and not impaired	Payable within 0 to 90 days	Over 90 days overdue
December 31, 2013	775,879	485,829	277,499	12,551
December 31, 2014	886,447	569,417	299,048	17,982
December 31, 2015	975,092	582,781	377,218	15,093

Receivables with a maturity date exceeding 90 days do not bear interest.

- **Receivables transferred and fully written off in the books**

The Company did not sell any trade or non-trade receivables to third parties as of December 31, 2015 and 2014.

f) Trade and other payables

€000	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013
Trade receivables	**686,973**	**655,860**	**601,548**
Current tax payables	**27,461**	**11,224**	**11,528**
Other tax payables	123,380	110,693	105,897
Other social security payables	243,431	212,400	185,503
Other current payables	72,239	78,902	60,652
Other debt	**439,050**	**401,995**	**352,052**

7.2.7. Employee benefits and costs

a) Employee benefits

Employee benefits are valued in accordance with revised IAS 19, which has applied since January 1, 2013.

- **Defined benefit pension plans**

There are various Company retirement plans for certain employees. Retirement plans, related payments and other employee benefits classified as defined-benefit plans (plans whereby the Company undertakes to guarantee a certain amount or level of defined benefits), are recognized on the balance sheet based on an actuarial valuation of the commitments on the balance sheet date, reduced by the fair value of the related assets.

This valuation is carried out by independent actuaries applying a method that takes into account forecast salaries (known as the projected unit credit method) on a case-by-case basis, relying on assumptions as to life expectancy, staff turnover, wage variations, reassessment of annuities and revision of amounts payable. The assumptions peculiar to each plan take into account local economic and demographic data.

Actuarial gains and losses from experience and/or changes in actuarial assumptions are recognized in Other comprehensive income.
The cost of past services, interest expense and administrative expenses are recognized under expenses.

- **Defined contribution pension plans**

Payments made for plans classified as defined-contribution plans, that is, where the Company is not subject to any obligation other than payment of the contribution, are recognized as expenditure for the financial year.

- **Other long-term benefits**

Other long-term benefits mainly relate to bonus plans for long-service awards, reserved for French companies forming part of the Supply Chain Business Unit. Pension liabilities are calculated by actuaries based on the same method as for defined benefit pension plans. The related expense is consolidated in the income statement.

- **Description of the plans**

Defined-benefit retirement and related commitments assumed by the Company's entities are as follows:

- retirement benefit plans (indemnités de fin de carrière) for all French companies in accordance with collective bargaining agreements in force (road transport, automobile services, knowledge-based economic sectors and cleaning companies);
- end-of-service benefits (trattamento di fine rapporto) for Italian companies;
- retirement plans for certain companies in UK (closed plan), Ireland, Germany, and the Netherlands.

The amount to be paid by the Company under defined-benefit retirement plans represents benefits paid to employees, the Company's contributions to pension funds, subject to deduction of benefits directly paid by the said funds.

- **Actuarial assumptions**

The main actuarial assumptions applied for the valuation of retirement benefits are set forth below:

In %	December 31, 2015		December 31, 2014		December 31, 2013	
	France	United Kingdom	France	United Kingdom	France	United Kingdom
Discount rate	2.0	3.75	2.0	3.55	3.0	4.4
Inflation rate (RPI)		3.0		2.9		3.3
Inflation rate (CPI)	1.75	2.0	1.75	2.0	2.0	2.4
Pensions growth rate		2.0 to 2.9		1.9 to 2.8		2.1 to 3.1
Salary growth rate						
- Driver	2.0		2.0		3.0	
- Other	1.5		1.5		2.5	
Mobility rates						
- Transport Solutions	6.2		6.3		6.4	
- Supply Chain Europe	4.7		8.4		8.7	
Life expectancy tables	INSEE TD/TV 2011-2013		INSEE TD/TV 2010-2012		INSEE TD/TV 2009-2011	

In the case of France, retirement ages take into account the option for drivers to retire at the age of 57.

Discount rates are established per geographical region with reference to the interest rates of AA-rated corporate bonds.

- **Breakdown and change in invested assets**

Plan assets consist of the following:

In %	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013
Christian Salvesen Fund			
Shares and synthetic equity	4	5	5
Bonds	34	35	49
Risk Parity /Dynamic asset allocation	38	22	26
LDI	24	38	20
TDG Fund			
Equities	-	-	-
Bonds	17	17	10
Risk Parity /Dynamic asset allocation	57	39	43
LDI	25	41	31
Cash	1	2	-
Other	-	1	16

- **Breakdown and change in liabilities and provisions**

€000	December 31, 2015		
	France and others	United Kingdom	Total
Provision net of surplus - opening	**30,093**	**57,720**	**87,813**
Expenditure for the financial year	2,730	4,226	6,956
Consolidation	408	-1	407
Employer contributions	-1,879	-249	-2,128
Contributions paid to the pension funds	-429	-15,177	-15,606
Comprehensive income items	572	28,039	28,611
Translation adjustments	1	3,349	3,350
Provision net of surplus - closing	**31,496**	**77,907**	**109,403**
Of which provisions and pension funds in deficit	**34,931**	**77,907**	**112,838**
Of which pension funds in surplus	**3,435**	**0**	**3,435**
Cost of services provided during the year	2,256	0	2,256
Administrative costs	0	2,297	2,297
Interest costs (income)	474	1,929	2,403
Expenditure for the year	**2,730**	**4,226**	**6,956**
Discounted value of opening commitments	**33,100**	**1,163,271**	**1,196,371**
Cost of services provided during the year	2,256	2,297	4,553
Interest costs (income)	474	43,388	43,862
Actuarial losses (gains)	572	-45,509	-44,937
Impact of business combinations	408	0	408
Benefits paid	-1,879	-50,725	-52,604
Translation adjustments	1	71,801	71,802
Discounted value of closing commitments	**34,932**	**1,184,522**	**1,219,454**
Discounted value of opening plan assets	**3,007**	**1,105,551**	**1,108,558**
Actual return on plan assets	0	41,459	41,459
Actuarial losses (gains)	0	-73,548	-73,548
Benefits paid	429	15,177	15,606
Benefits paid and reductions/terminations	0	-50,476	-50,476
Impact of business combinations / Sale of fund	0	0	0
Translation adjustments	0	68,452	68,452
Discounted value of closing plan assets	**3,436**	**1,106,615**	**1,110,051**

€000	December 31, 2014			December 31, 2013		
	France and others	United Kingdom	Total	France and others	United Kingdom	Total
Provision net of surplus - opening	**29,376**	**101,448**	**130,824**	**29,586**	**61,002**	**90,588**
Expenditure for the financial year	2,916	5,545	8,471	(1,739)	3,602	1,863
Consolidation	818	-	818	2,158	-	2,158
Employer contributions	(1,430)	-	(1,430)	(1,205)	(1,829)	(3,034)
Contributions paid to the pension funds	(2,000)	(18,588)	(20,588)	-	(10,385)	(10,385)
Comprehensive income items	465	(36,106)	(35,641)	587	49,583	50,170
Translation adjustments	(2)	5,421	5,419	(11)	(526)	(537)
Provision net of surplus - closing	**30,119**	**57,720**	**87,839**	**29,376**	**101,448**	**130,824**
Of which provisions and pension funds in deficit	**33,100**	**60,557**	**93,657**	**32,743**	**101,448**	**133,791**
Of which pension funds in surplus	**2,957**	**2,837**	**5,794**	**2,967**	**-**	**2,967**
Cost of services provided during the year	2,188	452	2,640	1,690	840	2,530
Administrative costs	-	1,000	1,000		1,295	1,295
Interest costs (income)	728	4,094	4,822	733	1,467	2,200
Past service costs – Curtailment gain	-	-		(4,021)	-	(4,021)
Reductions and terminations	-			(141)	-	(141)
Expenditure for the year	**2,916**	**5,545**	**8,461**	**(1,739)**	**3,602**	**1,863**
Discounted value of opening commitments	**41,503**	**953,313**	**994,816**	**38,676**	**913,594**	**952,270**
Cost of services provided during the year	2,251	452	2,703	1,690	475	2,165
Interest costs (income)	674	42,364	43,038	1,080	37,770	38,850
Actuarial losses (gains)	302	136,832	137,134	181	57,481	57,662
Impact of business combinations / Sale of fund	(10,295)	-	(10,295)	-	-	-
Benefits paid	(1,461)	(41,582)	(43,043)	(1,205)	(37,156)	(38,361)
New pensioners	-	-	-	5,125	-	5,125
Other movements	-	-	-	-	-	-
Reductions and terminations	(149)	-	(149)	(119)	-	(119)
Change in plan and assumptions	119		119	(3,914)	(641)	(4,555)
Translation adjustments	(2)	71,892	71,890	(11)	(18,210)	(18,221)
Experience gains and losses	158	-	158	-	-	-
Reclassification of Other Provisions	-	-	-	-	-	-
Discounted value of closing commitments	**33,100**	**1,163,271**	**1,196,371**	**41,503**	**953,313**	**994,816**
Discounted value of opening plan assets	**12,127**	**851,865**	**863,992**	**9,090**	**852,592**	**861,682**
Actual return on plan assets	2	38,271	38,273	348	35,563	35,911
Actuarial losses (gains)	57	173,073	173,130	(278)	6,145	5,867
Benefits paid	1,990	17,430	19,420	-	10,577	10,577
Benefits paid et reductions/terminations	(106)	(41,558)	(41,664)	-	(35,327)	(35,327)
Impact of business combinations / Sale of fund	(11,113)	-	(11,113)	2,967	-	2,967
Translation adjustments	-	66,471	66,471	-	(17,684)	(17,684)
Discounted value of closing plan assets	**2,957**	**1,105,551**	**1,108,508**	**12,127**	**851,865**	**863,992**

- **Sensitivity analysis of the liabilities**

The liabilities' sensitivity to variations in key assumptions is as follows:

Change in the liability (€m)	Sensitivity to discount rate	Sensitivity to wage growth rate
France		
- 0.5%	1.3	(1.2)
- 0.25%	0.6	(0.6)
+ 0.25%	(0.6)	0.6
+ 0.5%	(1.2)	1.2

Change in the liability (€m)	Sensitivity to discount rate	Sensitivity to inflation rate (RPI)
UK		
+0.25%	(32.3)	22.2

b) Share-based payments

Certain Company employees and corporate officers hold share warrants and are beneficiaries of stock options and performance-based share schemes.

These transactions are stated at fair value as of grant date based on specific valuation models for each financial instrument (e.g. Black & Scholes model for options and share warrants).

The resulting cost is added to staff expenses during the vesting period. Given that Company plans are treated as equity instruments, the counter-entry for the expense is a specific balance sheet account.

If the terms and conditions of any equity-based remuneration are amended, an expenditure is recorded for at least the amount that would have been recognized in the absence of such amendment.

An expense is also recorded to take into account the impact of changes that increase the aggregate fair value of the share-based payment agreement or that entail any other staff benefits. This is valued as of the date of the change.

No expenses are recognized for instruments that are not ultimately acquired, except for those the acquisition of which is contingent on market conditions. These are deemed to be acquired, whether or not market conditions are fulfilled, where the other performance criteria are fulfilled.

	Warrants	**Performance-based shares**	**Performance-based shares**	**Performance-based shares**
Date of Shareholders' General Meeting	May 23, 2013	May 24, 2012	May 24, 2012	May 24, 2012
Date of Executive Board Meeting	July 29, 2013	April 24, 2013	April 23, 2014	October 20, 2014
Total number of shares to be subscribed or purchased	110,00	56,650	21,500	40,996
Corporate officers	110,000	1,000	1,000	
Commencement date of exercise period of warrants or options	A:June 1, 2016 B:June 1, 2019			
Expiration date	A:May 31, 2019 B:May 31, 2021			
End of the acquisition period (F: France, I: International)		F : April 30, 2016 I : April 30, 2017	F : April 30, 2016 I : April 30, 2018	I : October 21, 2018
End of the holding period (France only)		F : April 30, 2018	F : April 30, 2018	
Subscription or purchase price	A: €59.55 B: €59.55			
Warrants or options outstanding as of Dec. 31, 2013	**110,000**	**56,650**		
Warrants or options cancelled during 2014		4,350		3,333
Warrants or options exercised during 2014				
Warrants or options cancelled as of Dec. 31, 2014		4,350		3,333
Warrants or options exercised as of Dec. 31, 2014				
Warrants or options outstanding as of Dec. 31, 2014	**110,000**	**52,300**	**21,500**	**37,663**
Warrants or options cancelled during 2015		52,300	21,500	27,664
Warrants or options exercised during 2015				
Warrants or options cancelled as of Dec. 31, 2015		56,650	21,500	30,997
Warrants or options exercised as of Dec. 31, 2015				
Warrants or options outstanding as of Dec. 31, 2015	**110,000**	**0**	**0**	**9,999**

The General Meeting of Shareholders of May 21, 2015 amended the terms and conditions for the stock warrants held by senior managers. This amendment, which was followed by XPO Logistics France's buy-back of these stock warrants at the price resulting from the Simplified Public Offer, led to an accounting expense of €1.4 million, which was charged to equity capital, with no cash impact for the Company.

Furthermore, a change to the current performance share plan has been proposed to the Company's managers.

This plan, which was initially intended to be settled in shares, will be settled in cash. From an accounting standpoint, this change in the plan's terms resulted in the recognition of a liability of €20.5 million, €11.4 million of which was offset against equity capital, and €9.1 million of which was expensed through the income statement - pre-tax. Prior to the amendment, the performance share plan had also generated a €1.5 million expense, which had an impact on net assets, in the 2015 financial statements.

c) Remuneration of the senior managers (Related parties)

- **Gross remuneration awarded to managerial bodies**

€000	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013
Nature of expense			
Short-term staff benefits	4,232	2,525	2,078
Post-employment benefits			
Other long-term benefits			
Termination benefits	1,956		
Staff benefits in respect of share warrants and performance-based shares	1,610	377	277
Attendance fees	177	295	233

- **Remuneration awarded to officers and directors in the form of shares**

	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013
Subscriptions during the financial period			
Warrants			110,000
Performance-based shares		1,000	1,000
Exercised during the year			
Warrants		(30,000)	(30,000)
Performance-based shares			
Cancellations during the financial year			
Warrants			(55,000)
Performance-based shares	(2,000)		
Disposals during the financial year			
Warrants	(110,000)		
Held at year end			
Warrants	-	110,000	140,000
Performance-based shares	-	2,000	1,000

Neither Company employees nor management are entitled to any other benefit. There are no supplementary defined-benefit salary-based pensions for officers and directors.

As of December 31, 2015, no equity instruments were held by Company directors. The only Company employees still entitled to performance shares are US Supply Chain managers (former Jacobson business).

d) Employment competitiveness tax credit

The third amendment to the French 2012 Finance Act introduced an Employment competitiveness tax credit ("CICE") representing a 4% tax credit (offset against tax due or repaid after three years) on salaries lower or equal to 2.5 times the French minimum wage, paid over beginning January 1, 2013; the rate was increased to 6% as from January 1, 2014. The Company has decided to account for CICE income as a deduction from staff costs. 2015 CICE income amounted to €18.9 million, as in 2014.

e) Off-balance sheet staff commitments

	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013
Commitments given			
Contribution to UK and Ireland defined benefit pension schemes (€000)	117,623	126,903	137,917
Training expressed in number of hours (1)	n/a	1,193,410	1,196,714

(1) The Law of March 5, 2014 regarding professional training replaced the Individual Training Entitlement with a Personal Training Account as from January 1, 2015. The Personal Training Account is managed by Caisse des Dépôts et Consignations, and financed by a Joint Commission for Collective Training (OPCA).

Undiscounted liability to pay UK defined benefit pension scheme contributions as of December 31, 2015:

€000	
1 year	14,343
1 to 5 years	67,687
Over 5 years	35,593
Total	**117,623**

7.2.8. Tangible and intangible fixed assets

a) Goodwill

Goodwill is valued at cost – such cost being the excess of the investment in consolidated companies over the acquiring entity's interest in the net fair value of assets, liabilities and identifiable and contingent liabilities.
Goodwill has an unlimited useful life. Goodwill is subject to impairment tests at least once per year, or more frequently where events or changes in circumstances indicate impairment of the relevant CGUs. Any impairment recorded is irreversible.
Goodwill for companies accounted for under the equity method is recorded as "Investments in associated companies".

Change in net book value (€000)	**Global Forwarding**	**Transport Solutions**	**Supply Chain Europe**	**Supply Chain US**	**Total**
Net value as of Dec. 31, 2013	**69,372**	**225,374**	**305,205**		**599,951**
Variation in goodwill for 2014	81	987	437	329,670	331,175
Impairment for 2014					
Foreign-exchange differences	(4,846)	5,188	12,070	31,541	43,953
Net value as of Dec. 31, 2014	**64,607**	**231,549**	**317,712**	**361,211**	**975,079**
Variation in goodwill for 2015			12,129	22,971	35,100
Impairment for 2015	(14,022)				(14,022)
Foreign-exchange differences	2,850	4,844	11,115	42,044	60,854
Net value as of Dec. 31, 2015	**53,435**	**236,393**	**340,957**	**426,226**	**1,057,011**
Of which cumulative impairment	**(11,999)**	**(5,500)**			**(17,499)**

The goodwill impairment method and sensitivity tests are presented in Note 7.2.8.e).

Goodwill breakdown per CGU (€000)	**Dec. 31, 2015**	**Dec. 31, 2014**	**Dec. 31, 2013**
Supply Chain France	42,253	42,131	41,694
Supply Chain UK	206,376	184,342	172,268
Supply Chain Italy	38,131	38,131	38,131
Supply Chain Spain	33,370	32,266	32,266
Supply Chain Benelux	19,352	19,352	19,352
Supply Chain Other Countries	1,476	1,490	1,494
Transport Solutions UK	89,133	84,290	78,112
Transport Solutions France	8,461	8,461	8,360
Distribution France	91,044	91,044	91,044
Transport Solutions & Distribution Iberia	47,308	47,308	47,308
Transport Solutions Other Countries	446	446	550
Global Forwarding	53,435	64,607	69,372
Supply Chain US	426,226	361,211	
TOTAL	**1,057,011**	**975,079**	**599,951**

During the 2015 financial year:

- An impairment charge of €12.8 million on the Global Forwarding CGU was recorded, primarily due to the shutdown of the customs clearance business in Russia;
- Following the arbitration ruling delivered in July 2015 as part of determining the price adjustment for the acquisition price for Jacobson, the escrow accounts amounting to US$22.8 million were incorporated into the acquisition price, in consideration for the goodwill.
- The allocation of the Jacobson acquisition price was finalized, and gave rise to an adjustment to various asset and liability items in the opening balance sheet amounting to €3.1 million, in consideration for the goodwill.
- The TDG goodwill has been adjusted by €12 million, in order to reflect the inclusion of provisions for loss-making contracts, as described in Note 7.2.9.a) – Provisions.

b) Other intangible fixed assets

- **Customer relations**

Customer relations identified during the Christian Salvesen, TDG and Jacobson acquisitions, pursuant to IFRS 3 and IAS 38, are valued based on the margin generated on forecast revenues and the return on capital employed, over a period estimated relative to actual customer attrition rates.

Such assets are amortized over 11 to 20 years under the straight line method.
Specific customer contracts with unlimited terms are not amortized but are subject to impairment tests at least once a year or more often if events or changing circumstances point to impairment.

- **Software**

There are two types of capitalized in-house software development costs as follows:

- external costs (licenses, use of specialist consultants, etc.); and
- direct costs of employees involved in the project design, set-up and delivery phases.

Software is subject to straight line depreciation over 12 to 60 months.

€000	Concessions, patents, licences	Other intangible fixed assets	Total
Gross values			
Value as of December 31, 2013	**47,900**	**157,298**	**205,198**
Acquisitions	5,024	413	5,437
Disposals	(223)	0	(223)
Translation adjustments	514	26,284	26,798
Change in consolidation and reclassification	94	205,316	205,410
Value as of December 31, 2014	**53,309**	**389,311**	**442,620**
Acquisitions	7,686	336	8,022
Disposals	(2,728)	0	(2,728)
Translation adjustments	511	32,172	32,683
Change in consolidation and reclassification	299	(1,905)	(1,606)
Value as of December 31, 2015	**59,077**	**419,914**	**478,991**
Amortization and depreciation			
Value as of December 31, 2013	**(40,189)**	**(31,881)**	**(72,070)**
Charge	(4,415)	(14,490)	(18,905)
Write-back	222	0	222
Translation adjustments	(376)	(2,341)	(2,717)
Change in consolidation and reclassification	(166)	2,000	1,834
Value as of December 31, 2014	**(44,924)**	**(46,712)**	**(91,636)**
Charge	(5,662)	(20,090)	(25,752)
Write-back	1,410	0	1,410
Translation adjustments	(393)	(2,841)	(3,234)
Change in consolidation and reclassification	32	1,803	1,835
Value as of December 31, 2015	**(49,537)**	**(67,840)**	**(117,377)**
Net value as of December 31, 2013	**7,711**	**125,417**	**133,128**
Net value as of December 31, 2014	**8,385**	**342,599**	**350,984**
Net value as of December 31, 2015	**9,205**	**352,409**	**361,614**

Customer relations with fixed term and the contract with an unlimited term amounting in total to €351.7 million at December 31, 2015 compared to €342.3 million at December 31, 2014 and to €125.2 million at December 31, 2013, which were recognized for purposes of the different acquisitions, are posted to “Other intangible fixed assets”.

Customer relations with fixed terms totaled to €300.4 million and unlimited terms €51.3 million.

Impairment of customer relations is reviewed as part of the long term assets impairment test (see Note 7.2.8.e) that did not reveal any loss in value.

c) Tangible fixed assets

- **Carriage equipment**

Carriage equipment is initially recorded at cost. Each year, the Company reviews market conditions and the buy-back terms agreed to with its suppliers. These terms depend on the year of purchase and type of vehicle (tractor, semi-trailer and rigid).

Based on such criteria, the Company projects the estimated useful life of the vehicles on a straight line basis and a depreciation period is obtained. Therefore, vehicles are currently depreciated on a straight line basis over a period of 66 to 152 months.

- **Other tangible fixed assets**

Investments in tangible fixed assets are initially recorded at purchase cost.
Depreciation is calculated on a straight line basis over the estimated useful life of the various categories of fixed assets.

The main expected useful lives of assets are the following:

- Buildings: straight line over a period of 15 to 40 years;
- Building fixtures and fittings: straight line over 10 years;
- Plant, machinery and equipment: straight line over 5 years;
- Other tangible fixed assets: straight line over 3 to 10 years.

Residual values of fixed assets are reviewed annually. Impairment tests are carried out where benchmarks are available (market value in the case of real estate).

€000	Land and building fixtures	Buildings	Equip-ment, plant and machinery	Carriage equipment	Other tangible fixed assets	Ad-vances and down payments	Total
Gross values							
Value as of December 31, 2013	**35,220**	**134,891**	**158,057**	**532,406**	**167,508**	**10,650**	**1,038,732**
Acquisitions	3,420	20,317	23,566	53,653	16,891	21,107	138,956
Disposals	(2,651)	(8,628)	(14,865)	(76,141)	(4,201)	(3)	(106,489)
Translation adjustments	480	4,523	6,095	6,013	3,004	132	20,247
Change in consolidation and reclassification	19	43,748	65,328	37,317	(38,779)	(8,724)	98,908
Value as of December 31, 2014	**36,490**	**194,851**	**238,181**	**553,247**	**144,427**	**23,167**	**1,190,363**
Acquisitions	19	10,506	42,947	89,005	18,920	13,214	174,611
Disposals	(1,879)	(10,369)	(13,087)	(93,514)	(7,815)	(3)	(126,667)
Translation adjustments	459	5,404	7,090	8,357	4,345	390	26,045
Change in consolidation and reclassification	2,595	(3,078)	(25,817)	3,663	(520)	(21,415)	(44,572)
Value as of December 31, 2015	**37,684**	**197,314**	**249,314**	**560,758**	**159,357**	**15,353**	**1,219,780**
Amortization and impairment							
Value as of December 31, 2013	**(1,103)**	**(79,193)**	**(94,626)**	**(208,492)**	**(122,470)**		**(505,883)**
Charges	(66)	(12,276)	(25,289)	(65,037)	(14,427)		(117,095)
Write-back	17	5,736	9,154	45,678	3,537		64,122
Translation adjustments	(3)	(1,834)	(3,073)	(2,419)	(2,026)		(9,355)
Change in consolidation and reclassification	(15)	(27,675)	(37,756)	(15,339)	28,796		(51,988)
Value as of December 31, 2014	**(1,169)**	**(115,242)**	**(151,589)**	**(245,608)**	**(106,592)**		**(620,200)**
Charges	(2,864)	(13,352)	(29,636)	(68,078)	(17,369)		(131,299)
Write-back	275	4,154	11,211	59,823	7,184		82,647
Translation adjustments	31	(2,330)	(3,723)	(3,576)	(2,890)		(12,488)
Change in consolidation and reclassification	(2,559)	1,719	11,771	466	98		11,495
Value as of December 31, 2015	**(6,286)**	**(125,051)**	**(161,966)**	**(256,973)**	**(119,569)**		**(669,845)**
Net value as of December 31, 2013	**34,117**	**55,698**	**63,431**	**323,914**	**45,038**	**10,650**	**532,849**
Net value as of December 31, 2014	**35,321**	**79,609**	**86,592**	**307,639**	**37,835**	**23,167**	**570,162**
Net value as of December 31, 2015	**31,398**	**72,263**	**87,348**	**303,785**	**39,788**	**15,353**	**549,936**

d) Lease contracts

- **Finance leases**

Finance leases transfer virtually all risks and benefits of ownership to the lessee, and comply with the main requirements referred to in IAS 17, which are as follows:

- an option to transfer ownership upon expiration of the lease, the terms and conditions of such option being such that, as of the date of execution of the contract, there appears to be a high probability of transfer of ownership;
- the term of the lease spans most of the useful life of the asset under the lessee's conditions of use; and
- the present value of minimum lease payments is comparable to the fair value of the leased asset upon execution of the lease.

The Company records its finance lease contracts as assets in its balance sheet as of the effective date of the lease. Fixed assets purchased under finance leases are depreciated over the same periods as those described above where the Company expects to obtain title to the asset upon expiration of the lease. Otherwise, the asset is depreciated over the shorter of the useful life of the asset and the term of the lease.

The Company must occasionally carry out sale and leaseback transactions in respect of certain assets. In accordance with IAS 17, the accounting treatment of these transactions depends inter alia on the following:

- Subsequent classification of the lease entered into (operating lease or finance lease);
- Terms of sale of the asset previously held (arm's length selling price).

- **Operating leases**

Contracts characterized as operating leases are not subject to restatement. Operating leases are recorded as expenditures, in most cases on a straight line basis until expiration of the contract. Future lease installments are disclosed under paragraph 7.2.8.f) Off-balance sheet commitments.

Tangible assets held under finance leases break down as follows:

€000	Gross values			Amortization and impairment		
	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013
Land and building fixtures	3,542	4,830	6,539			
Buildings	10,362	12,640	19,245	(5,625)	(6,282)	(8,831)
Equipment, plant and machinery	19,976	1,989	1,985	(2,956)	(1,606)	(1,331)
Carriage equipment	45,818	55,633	44,930	(19,255)	(18,556)	(11,667)
TOTAL	**79,698**	**75,092**	**72,699**	**(27,836)**	**(26,444)**	**(21,829)**

e) Impairment tests

- **Long-term assets**

Pursuant to IAS 36 - Asset Impairment, the Company values long-term assets under the following procedure:

- for depreciated intangible and tangible fixed assets, at each closing date the Company considers whether there are any indications of impairment on fixed assets. Such indications are identified based on external or internal criteria. If applicable, an impairment test is carried out by comparing the net book value with the recoverable value, which is the higher of the following two values: sales price less selling costs or value in use;
- for non-amortized intangible assets and goodwill, an impairment test on each CGU is carried out at least once a year or when an indication of impairment has been identified. Goodwill impairment for individual companies is attributed to the CGU of the business to which they belong.

The value in use is based on the discounted value of estimated cash flows arising from the use of the assets. The future estimated cash flows are based on the 5-year business plan prepared and approved by management plus a terminal value based on usual discounted cash flows applying a growth rate to infinity. Key assumptions applied in the business plan are based on the CGUs' current profit margins, potential for margin improvements in relation to the underlying margins of the Business Unit's other CGUs and growth outlook on their market. The discount rate used corresponds to the company's weighted average cost of capital per geographical region.

- **Investments in associated companies**

Impairment tests on the value of investments in associated companies are carried out once there is an indication of impairment. The main indications of impairment include a material adverse change on the associated company's markets or a prolonged material reduction in such company's listed share price.

Impairment tests are carried out in accordance with IAS 28 and IAS 36, by comparing the book value of the investment in the associated company and the Company's share of the present value of estimated future cash flows forecast by the associated company. If the recoverable value is lower than the book value, the loss in value is deducted from the investment in the related associated company.

- **Assumptions**

The main assumptions applied for valuation of the impairments tests are as follows:

Weighted average cost of capital per CGU	December 31, 2015	December 31, 2014
Supply Chain France	7.7%	7.6%
Supply Chain UK	7.9%	7.8%
Supply Chain Italy	9.0%	8.8%
Supply Chain Other Countries	9.4%	9.2%
Supply Chain Spain	8.8%	8.7%
Supply Chain Benelux	7.8%	7.7%
Transport Solutions UK	7.9%	7.8%
Transport Solutions France	7.7%	7.6%
Distribution France	7.7%	7.6%
Transport Solutions & Distribution Spain	8.8%	8.7%
Transport Solutions Other Countries	9.4%	9.2%
Global Forwarding	8.2%	8.1%
Supply Chain US	7.6%	7.6%

The long-term growth rate used for all the Cash Generating Units was 2.2%, as in 2014.
Impairment tests were performed on all the CGUs in 2015.

- **Sensitivity**

The following sensitivity tests were performed:

- 0.5% reduction in the long-term growth rate (i.e. 1.7% rather than 2.2%),
- 0.5% increase in the weighted average cost of capital,
- 5% reduction in revenues,
- 5% reduction in EBIT.

The value in use of all of the CGUs remains higher than their net book value, with the exception of the US Supply Chain CGU, which is roughly equal. The sensitivity tests show a change in the CGU's value as follows:

Sensitivity test December 31, 2015	Change in the value of the US Supply Chain CGU (€ 000)	Change in the value of the US Supply Chain CGU (%)
0.5% reduction in the long-term growth rate	(41,733)	(7.0%)
0.5% increase in the weighted average cost of capital	(58,230)	(9.7%)
5% reduction in revenues	(29,724)	(5.0%)
5% reduction in EBIT	(36,944)	(6.2%)

f) Fixed asset and leasing off-balance sheet commitments

€000	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013
Commitments given			
Real estate rent installments	1,151,729	1,118,808	966,768
Vehicle lease installments	162,914	211,423	204,018

Rent installment commitments relate to rent that falls due between January 1, 2016 and the earliest legally permissible lease cancellation date. They are payable as follows:

€000	Real estate rent	Vehicle lease installments
1 year	235,386	49,024
1 to 5 years	574,160	97,538
Over 5 years	342,183	16,352
Total	**1,151,729**	**162,914**

€000	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013
Commitments received			
Real estate rent installments	3,439	4,522	6,263
Manufacturers' return commitment	163,846	173,323	159,774

7.2.9. Provisions and contingent liabilities

a) Provisions

- **General principle**

A provision is booked when:

- The Company has a current legal or implicit liability arising from a past event;
- It is probable that an outflow of resources will be required to meet the liability; and
- The value of the liability can be reliably estimated.

Provisions are estimated based on the most likely outcomes. The effect of such discounting is recognized as operating income where applicable.

- **Specific terms**

The self-insurance provisions for occurrences of risk are valued with reference to the claims notified as of the balance sheet date of the financial statements and to claims incurred but not notified.

The UK IBNR provision covers the estimated cost of claims for compensation following a third party loss largely relating to vehicles and employer's civil liability. This provision comprises the deductible borne by the company and the value of uninsured external claims. While claims for compensation fall due in less than one year, management forecast that the average duration of these provisions exceeds five years given the time required to resolve claims and potential court actions.

Provisions for refurbishment of buildings mainly concern UK Supply Chain sites under operating leases with third-party lessors, and cover the probable costs of refurbishment when these buildings are restored. They are assessed on the basis of refurbishment costs expected at the end of the lease, which are discounted to their present value as of the balance sheet date. The provisions are recorded using the straight line method over the estimated term of the lease, as the buildings are used. Where applicable, if a refurbishment obligation exists from the beginning of the lease regardless of the future use of the building, the provision for the full cost of refurbishment is recorded at the beginning of the lease with a corresponding entry under assets, which is amortized over the term of the lease.

Provisions for restructuring are recognized in accordance with IAS 37 as follows:

- provided there is a detailed formal plan, identifying at least:
  - the relevant business or part of business;
  - the location;
  - the position and approximate number of the employees who are to be compensated;
  - expenditures to be incurred;
  - the date of implementation of the plan; and
- whether the enterprise has raised in those affected a valid expectation that it will carry out the implementation in connection with the restructuring.

In the case of a logistics contract, the provisions for loss-making contracts are recorded when the costs required to fulfill the contractual obligations exceed the revenues derived from the contract.

€000	Occur-rences of risk	Employee and tax disputes	Employee benefits	Restructu-ring	Loss-making contracts	Refur-bishment	Other provi-sions	Total
Value as of Dec. 31, 2013	**14,858**	**12,080**	**133,792**	**4,841**	**3,531**	**12,494**	**29,592**	**211,188**
Provisions	4,729	2,018	8,524	6,428	0	2,511	6,803	31,013
Reversals used	(4,240)	(5,719)	(21,521)	(4,981)	(767)	(655)	(4,477)	(42,360)
Non-allocated reversals	(2,440)	(770)	(1)	(885)	,	(1,209)	(4,561)	(9,866)
Changes in consolidation	1	310	571	131	,	68	101	1,182
Other items of comprehensive income			(32,895)					(32,895)
Reclassification and other changes	30	223	(328)	9			(1,988)	(2,054)
Translation differences	540	92	5,515	(1)	65	904	337	7,452
Value as of Dec. 31, 2014	**13,478**	**8,234**	**93,657**	**5,542**	**2,829**	**14,114**	**25,806**	**163,660**
Provisions	4,544	5,872	4,295	18,502	12,706	6,252	23,531	75,702
Reversals used	(2,613)	(1,865)	(14,487)	(5,350)	(5,907)	(2,076)	(4,210)	(36,508)
Non-allocated reversals	(3,311)	(1,282)	(145)	(1,915)	(988)	(770)	(6,187)	(14,598)
Changes in consolidation			180					180
Other items of comprehensive income			28,611					28,611
Reclassification and other changes		(44)	(2,828)	(273)	14,913	3,600	366	15,735
Translation differences	489	29	3,555	(24)	(77)	903	245	5,121
Value as of Dec. 31, 2015	**12,587**	**10,944**	**112,838**	**16,482**	**23,477**	**22,023**	**39,552**	**237,903**

For the year ended December 31, 2015, employee benefits specifically included the employee benefits for British former employees of Christian Salvesen and TDG, which amounted to €77.9 million, compared to €60.6 million at December 31, 2014 (cf. Note 7.2.7.a).

The balance of the "other provisions" totalling to €39.6 million as of December 31, 2015 breaks down as follows:

- €10.1 million relating to business litigation (€8.6 million as of December 31, 2014);
- €13.6 million relating to labor-related risks and tax risks (€13.6 million as of December 31, 2014);
- €9.8 million relating to the French Competition Authority risk (see below);
- €3.4 million relating to environmental risks (€0.2 million as of December 31, 2014); and
- €2.7 million relating to various non-material provisions (€3.4 million as of December 31, 2014).

The provision for claims includes a UK IBNR provision of €6.8 million as of December 31, 2015, compared to €7.6 million as of December 31, 2014.

In accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates, and Errors, the provisions for loss-making contracts that should have been recorded during the acquisition of TDG in 2011 were recorded in consideration for goodwill at January 1, 2015 for an amount of €14.9 million.

- **€9.8 million provision for the French Competition Authority risk**

In July 2014, the XPO Distribution France subsidiary (formerly Darfeuille Services, a subsidiary of the Christian Salvesen Group acquired via a takeover in December 2007) received a notice from the French Competition Authority regarding alleged anti-competitive practices on the part of operators in the parcel courier transportation sector. Most French operators in this business segment were also sent notices of these complaints, which covered a period of several years. The focal point of the inquiry carried out was the role played by a professional trade union, where attendees used the meetings of the "Courier Business Board" to align their marketing policies, and especially their pricing policies. The period taken into consideration by the Competition Authority was between June 2007 and March 2008, i.e. partly prior to our Company taking effective control of the company. This notice of complaint is disputed by the Company in all its arguments, primarily because parcel courier activities are not business activities carried out by the Company.

In December 2015, the French Competition Authority rendered a decision fining XPO Distribution France €9.8 million. A provision for the full amount was recorded in the financial statements for the year ended December 31, 2015, pending a final legal verdict.

b) Contingent liabilities

In contrast to the above definition of a provision, a contingent liability is:

- A potential future liability resulting from a past event that will only crystallize if a future uncertain event that is not under the Company's complete control occurs; or
- An existing liability from a past event for which either the liability's amount cannot be reliably estimated or it is not likely that a Company payment will be required to meet the liability.

The Company has contingent liabilities for litigation or arbitration proceedings arising in the normal course of business. Management conducted a review of all known or pending disputes as of the balance sheet date and, after consulting outside counsel, any necessary provisions were set aside to cover the estimated risks involved.

- **Update on the litigation relating to international transport sub-contracting**

A two-year enquiry was conducted on the Company’s operational organization of its international transport operation subcontracting arrangements. In 2015 this enquiry culminated in a hearing before the Valence magistrate’s court. In relation to this litigation, URSSAF (French social security organization) has notified three French companies of charges totaling €33 million.

As the Company previously requested, and prior to any review of the substance of the case, the Court ruled on the legality of the procedures followed during the investigation phase of the case prior to the opening of proceedings on May 5, 2015. The Court took the view that the arguments for dismissal raised by our defense were well-founded. As a result, most of the elements stemming from the preliminary inquiry were set aside. Following this decision, the review of the remaining exhibits in the case were scheduled for March 7, 2016.

Pending the announcement of the judgment, and in view of the Company's strong position and arguments, which have been strengthened by this recent decision, XPO Logistics Europe has decided not to record any provisions related to this litigation.

7.2.10. Debt and financial instruments

a) Financial assets and liabilities

Financial assets and liabilities are primarily comprised of the following:

- Bank loans and bonds, bank overdrafts and finance lease payables, which combined with cash and cash equivalents, make up net debt (see Note 7.2.10.a.2);
- Loans receivable and other long-term financial assets (see Note 7.2.10.a.4);
- Derivatives (see Note 7.2.10.a.3);
- Other current and non-current financial assets and liabilities (see Note 7.2.10.a.1).

a.1) Value of financial assets and liabilities

€000	Book value	Assets or liabilities measured at fair value through income	Assets or liabilities measured at fair value through equity	Assets held for sale	Loans and receivables	Assets or liabilities measured at amortized cost	Deriva-tives
December 31, 2014							
Non-current assets	55,841			85	55,756		
Trade receivables	886,447				886,447		
Other receivables	222,110				222,110		
Cash and cash equivalents	209,085	209,085					
Total financial assets	**1,373,484**	**209,085**		**85**	**1,164,313**		
Financial debt	1,211,635					1,211,635	
Overdrafts	14,520	14,520					
Other current borrowings	25,569		5,038			14,841	5,690
Trade payables	655,860					655,860	
Current tax liabilities	11,224					11,224	
Other debts	401,995					401,995	
Other current borrowings	36,213					28,025	8,188
Total borrowings	**2,357,016**	**14,520**	**5,038**			**2,323,580**	**13,878**
December 31, 2015							
Non-current financial assets	92,446			50	92,396		
Trade receivables	975,092				975,092		
Other receivables	232,280				232,280		
Cash and cash equivalents	89,658	89,658					
Total financial assets	**1,389,476**	**89,658**		**50**	**1,299,768**		
Financial debt	1,160,995					1,160,995	
Overdrafts	27,082	27,082					
Other non-current borrowings	22,790		4,261			16,028	2,501
Trade payables	686,973					686,973	
Current tax liabilities	27,461					27,461	
Other debts	439,050					439,050	
Other current borrowings	29,774	20,048				4,963	4,764
Total financial borrowings	**2,394,125**	**47,130**	**4,261**	**0**	**0**	**2,335,469**	**7,265**

The fair value of short term investments comprising marketable securities is based on the market price (level 1: reference to an active market).

The fair value of an agreement is typically the consideration that would be received from an arm's length transaction. On the date of the transaction, it generally represents the transaction price. Computation of fair value is then based on verifiable market data that provides the most reliable assessment of the fair value of a financial instrument.

The fair value of interest rate swap contracts is determined using the present value of estimated future cash flows (level 2: valuation based on observable data).

IFRS 13 (“Fair Value Measurement”), which is applicable at the latest to accounting periods beginning on or after January 1, 2013, determines the principles for fair-value measurement; these principles apply to both initial and subsequent measurements. One of the accounting provisions of this standard requires counterparty risk to be taken into account in the revaluation of financial hedging instruments. This risk has been considered as non-material given the nature of XPO Logistics’ asset and liability financial instruments, and the non-material amount represented by the value of these contracts in view of the balance sheet total, in view of financial liabilities and assets and in view of the Company’s main financial partners, which are top-tier banks with a high credit rating.

The fair value of trade payables and receivables is the book value in the balance sheet, as the impact of discounted future cash flows is not material.

a.2) Net debt

- **Loans and borrowing costs**

Upon initial recognition, bond loans and other debt are recorded at fair value, against which transaction costs directly attributable to the issue of the liability are offset.
The fair value generally corresponds to the cash collected.
After initial recognition, loans are recorded on the basis of the amortized cost by applying the effective interest method.
Loan issue costs are taken into account when computing amortized cost by applying the effective interest method, and are therefore recorded as income on a discounted basis over the term of the liability.

- **Finance lease liabilities**

The finance lease liability initially recorded is the lower of the fair value of the capitalized asset and the discounted present value of the minimum lease payments.
Thereafter, finance lease installments are broken down between interest and reduction of the outstanding liability, so as to obtain a constant periodic interest rate on the remaining balance of the liability. The interest costs are directly recorded in the income statement.

- **Cash and cash equivalents**

Cash corresponds to bank account balances (credit balances and overdrafts) and cash on hand.
Cash equivalents are short-term and highly liquid investments that can be rapidly converted into a known amount of cash and are not exposed to a material risk of loss in value. These cash equivalents primarily consist of interest-bearing accounts.

They are classified in the balance sheet as "Cash and cash equivalents" assets and as "Bank overdrafts" liabilities.

Cash and cash equivalents presented in the cash flow statement are comprised of the cash and cash equivalents as defined above.

€000	Dec. 31, 2014	Dec. 31, 2015	Maturity dates		
			Less than 1 year	1 to 5 years	More than 5 years
NON-CURRENT					
Long-term borrowings	1,022,121	948,375		521,255	427,120
Finance leases	28,526	29,142		25,863	3,279
TOTAL NON-CURRENT	**1,050,647**	**977,517**	**0**	**547,118**	**430,399**
CURRENT					
Short-term borrowings	151,557	168,599	168,599	0	0
Finance leases	9,431	14,879	14,879	0	0
TOTAL CURRENT	**160,988**	**183,478**	**183,478**	**0**	**0**
TOTAL GROSS DEBT	**1,211,635**	**1,160,995**	**183,478**	**547,118**	**430,399**
Cash equivalents	(28,008)	(15)	(15)		
Cash	(181,070)	(89,643)	(89,643)		
Cash and cash equivalents	**(209,077)**	**(89,658)**	**(89,658)**		
Bank overdrafts	**14,520**	**27,082**	**27,082**		
TOTAL NET CASH	**(194,557)**	**(62,576)**	**(62,576)**		
TOTAL NET DEBT	**1,017,078**	**1,098,419**	**120,902**	**547,118**	**430,399**

The aged balances are valued based on exchange rates at December 31, 2015.

Breakdown of borrowings by currency and interest rate	Currency	Interest rates	€000
Loan	EUR	Euribor 3 months	204,290
Loan	EUR	Fixed rate	302,465
Loan	GBP	UKBBR	1,362
Loan	GBP	Libor 3 months	19,007
Loan	GBP	Fixed rate	204,898
Loan	USD	Fixed rate	372,922
Loan	RON	Robor 3 months	93
Bond loan	EUR	Fixed rate	12,000
Finance leases	GBP	UKBBR	2,533
Finance leases	EUR	Euribor 1 month	12,658
Finance leases	EUR	Euribor 3 months	17,156
Finance leases	GBP	Libor 1 month	9,931
Finance leases	GBP	Libor 3 months	313
Finance leases	EUR	Fixed rate	1,362
■ **BALANCE BEFORE HEDGES**			**1,160,990**
of which		**Fixed rate**	**893,647**
of which		**Variable rate**	**267,343**
Interest rate hedge	EUR		210,000
■ **BALANCE AFTER EDGES**		**Fixed rate**	**1,103,647**
		Variable rate	**57,343**

At December 31, 2015, 23% of gross borrowings (bonds and bank loans) were indexed to floating rates and 77% to fixed rates, compared with 79% and 21%, respectively, at 31 December in 2014.

All loans are denominated in euros, with the exception of GBP loans amounting to €238,044,000, which is equivalent to £174,712,000 (€224,178,000 equivalent to £174,612,000 in 2014).

As of December 31, 2015, after interest hedges, fixed-rate debt accounted for 95% of total Company debt.

Breakdown of debt by type (€m)	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013
Corporate debt – ICNote XPO Inc.	864	0	0
Corporate debt – Acquisition facility	0	272	0
Corporate debt – Revolving facility	0	260	165
Corporate debt – Euro PP loan	0	75	75
Corporate debt – Euro PP bond debt	12	234	234
Asset finance debt	285	370	371
Of which finance leases	45	38	36
Total borrowings	**1,161**	**1,211**	**845**

The used and unused available credit facilities are described in Note 7.2.10.a.3 in the paragraph on Liquidity Risk.

- **Borrowing ratios**

Following the refinancing of the corporate debt, most of the Company's financing facilities that are subject to financial ratios have been redeemed, and replaced by financing granted by XPO Logistics, Inc. As of December 31, 2015, the balance of the loans subject to financial ratios amounted to €12 million.

The following two financial ratios are calculated every half year based on the published consolidated financial statements in accordance with the contractual definitions and on a rolling 12-month basis.

- The "gearing" ratio is the ratio between total net debt (i.e. gross debt less cash and cash equivalents) and consolidated shareholders' equity;
- The "leverage" ratio is the ratio between total net debt (i.e. gross debt less cash and cash equivalents) and EBITDA.

As of December 31, 2015, the Company complied with these two ratios.

a.3) Derivatives and risk management policy

- **Hedges**

All effective hedges in accordance with criteria specified under IAS 32 are accounted for as hedges.

Where derivatives are classified as hedging instruments, the treatment thereof depends on whether they are designated as a:

- fair-value hedge;
- cash flow hedge; or
- hedge of a net investment in a foreign entity.

All derivatives are measured at fair value and are posted to "Other non-current liabilities" and "Other current liabilities" in the consolidated balance sheet.

- **Foreign-exchange hedges**

The underlying hedges are the operating assets and liabilities recorded in the balance sheets of Company entities.
The Company uses fair value hedges, cash flow hedges and hedges for net investments abroad. The effective portion of the hedges is posted to a separate account within shareholders' equity (translation adjustments) until the hedged transaction is executed, and reversed to income if the hedged transaction is also posted to income.

- **Interest rate hedges**

Derivative financial instruments primarily consist of interest-rate swap contracts implemented by the Company to limit its exposure to interest-rate risk.
Derivatives characterized as cash flow hedges are recognized on the balance sheet as current financial assets or borrowings, with an offset in shareholders' equity.

The main risks attached to the Company's financial instruments are interest rate risk on cash flows, liquidity risk, currency risk, risks on equities and other financial products and commodity risk.

- **Currency risk**

The total amount of assets denominated in currencies other than the Company's currency (i.e GBP, PLN, RON, USD, RMB, HKD, RUB, CHF, HUF, CZK, INR, LKR, CLP, BRL, MAD and UAH) pertaining to companies located outside the euro zone is summarised in the following table. These amounts are not hedged.

Foreign currency consideration in €000	USD (United States)	GBP (United Kingdom)	PLN (Poland)	RON (Romania)	RUB (Russia)	OTHER	Total
Net asset (liability) before hedging	324,901	148,462	26,515	29,840	6,444	15,337	551,499
Hedging							
Net balance after hedging	**324,901**	**148,462**	**26,515**	**29,840**	**6,444**	**15,337**	**551,499**

During the 2015 financial year, the change in translation adjustments recognized in consolidated shareholders' equity for the net assets exposed to currency risk totaled to a €43.0 million, which includes the impact of a €6.1 million loss derived from natural hedges recognized as an increase in shareholders' equity at the financial year-end (net foreign investment and cash flow hedges), in accordance with IAS 21 and IAS 39.

The amount reversed to income for the cash flow hedges subject to foreign exchange risk was a €0.8 million expense in 2015 compared to a €0.4 million expense in 2014.

In 2015, 2014 and 2013, no amounts were transferred to income due to net investment hedges.

The Company is principally exposed to USD and GBP.

A 10% appreciation in USD would lead approximately to a €36.1 million increase in net assets converted into euros. A 10% depreciation in USD would lead approximately to a €29.5 million decrease in net assets converted into euros. A 10% appreciation in USD would lead approximately to a €0.2 million increase in net income. A 10% depreciation in USD would lead approximately to a €0.1 million decrease in net income.

A 10% appreciation in GBP would lead approximately to a €16.5 million increase in net assets converted into euros. A 10% depreciation in GBP would lead approximately to a €13.5 million decrease in net assets converted into euros. A 10% appreciation in GBP would lead approximately to a €2.3 million increase in net income. A 10% depreciation in GBP would lead approximately to a €1.9 million decrease in net income.

- **Interest rate risk**

Interest rate risk is centrally managed for all Company positions.

Borrowings are concentrated within certain Company's branches: XPO Logistics Europe, XPO Transport Location France, XPO Supply Chain France, XPO Supply Chain International, XPO Holding Transport Solutions Europe, XPO Supply Chain UK Limited, XPO Transport Solutions Spain S.L., LOCAD entities and XPO Holdings UK and Ireland Limited. All contracts are negotiated and approved by the Company Finance Department.

Given that Company debt financing tangible assets was contracted at the floating three-month Euribor rate, the Company has implemented hedging instruments to limit its exposure to interest-rate fluctuations.

The rate hedging portfolio exclusively consists of interest rate swaps (exchanging a variable three-month Euribor rate for a fixed rate) pertaining to a total nominal value of € 210,000,000 (€190,000,000 as of December 31, 2014). These contracts mature over periods of 1 to 2 years.

Income or expenses due to the difference between interest rates paid and received are posted to earnings for the year. The net amount recorded in respect of 2015 was an expense of €9,627,000 (for 2014 it was a loss of €7,539,000).

In accordance with IAS 39, the fair value of the interest rate hedge was recognized in the balance sheet together with a €6,901,000 increase in shareholders' equity as of December 31, 2015 (a €607,000 reduction was recorded as of December 31, 2014).

€000	Nominal value	Fair value on balance sheet				Posted to	
		Opening balance		Closing		Earnings	Shareholders' Capital equity
		Asset	Liability	Asset	Liability		
Int. rate swaps							
Year ended Dec. 31, 2014	829,885	0	12,961	0	13,568	0	(607)
Year ended Dec. 31, 2015	210,000	0	13,568	0	7,265	(598)	6,901,

The Company does not contract derivatives for speculative purposes.

Sensitivity of earnings and shareholders' equity to changes in fair value of interest rate derivatives:

€000	Change in base points	Impact on pre-tax earnings Product/(Loss)
2014	+ 100 / - 100	3,858 / (817)
2015	+ 100 / - 100	1,512 / (1,695)

€000	Change in base points	Impact on shareholders' equity Increase / (Decrease)
December 31, 2014	+ 100 / - 100	7,379 / (7,620)
December 31, 2015	+ 100 / - 100	1,811 / (1,856)

The amount reversed to income for the cash flow hedges subject to interest rate risk was a €5.9 million expense in 2015 compared to a €1.8 million expense in 2014.

- **Liquidity risk**

As of December 31, 2015, the Company had confirmed and unconfirmed overdraft facilities of €47 million and €51 million respectively, and available cash and cash equivalents of €63 million. Some of the Company's sources of finance are subject to compliance with financial performance conditions, as described under Note 7.2.10.a.2) "Borrowing ratios''.

Cash flows from borrowings based on non-discounted contractual payments are as follows:

€000	Book value	Less than 1 year			1 to 5 years			More than 5 years		
		Fixed rate interest expense	Variable rate interest expense	Repay-ment of principal	Fixed rate interest expense	Variable rate interest expense	Repay-ment of principal	Fixed rate interest expense	Variable rate interest expense	Repay-ment of principal
Borrowings										
Borrowings	1,116,973	46,740	2,089	168,599	135,561	2,369	521,25 4	42,600	120	427,120
Finance lease liabilities	44,021	9	469	14,879	12	689	25,863	0	64	3,279
Bank overdraft	27,082			27,082						

The assumptions applied for valuation of the above maturity breakdown are as follows:
- exchange rate applied: closing rate
- interest rate applied: rate as of December 31, 2015

€000	Dec. 31, 2015	Of which confirmed		Of which not confirmed	
		Drawn	Undrawn	Drawn	Undrawn
Lines of credit available					
Finance lease liabilities	44,021	44,021	0	0	0
Borrowings	1,116,973	1,116,973	0	0	0
Bank overdrafts	98,587	15,718	31,969	11,364	39,536

The Company has carried out a specific review of its liquidity risk and believes that it can meet its liabilities due in less than one year.

- **Risk on equities and other financial investments**

The Company does not have any financial investments likely to be exposed to a price fluctuation risk.

- **Commodities risk**

This risk is described in Note 7.2.6.d.

- **Equity management**

The Company's main objective in terms of management of its equity is to ensure the preservation of a satisfactory credit risk rating and healthy equity ratios, so as to facilitate its business and maximize value for shareholders.

The Company manages its equity by applying a ratio of net debt divided by shareholders' equity and net debt.

The Company's net debt includes interest-bearing borrowings, cash and cash equivalents, excluding discontinued operations.

Shareholders' equity includes the Company's shareholding, as well as unrealized income and losses directly recorded as shareholders' equity.

€000	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013 adjusted
Interest-bearing debt maturing after more than one year	977,517	1,050,647	742,884
Interest-bearing debt maturing within one year	183,478	160,988	102,507
Bank overdrafts	27,082	14,520	7,200
Cash and cash equivalents	(89,658)	(209,085)	(396,422)
Net debt	**1,098,419**	**1,017,070**	**455,969**
Company interest in shareholders' equity	683,950	664,084	544,127
Ratio	**1.6**	**1.5**	**0.8**

a.4) Details of other non-current assets

Financial assets are recognized at cost when acquired and stated at cost in balance sheets thereafter, corresponding to the fair value of the price paid plus purchase costs.

- **Financial lease agreement as a lessor**

Where, pursuant to IFRIC 4, a lease agreement is identified within a logistics contract, it is classified as a financial lease agreement if it transfers substantially all the risks and rewards incident to ownership to the lessee.

At the commencement of the lease term, financial lease agreements are recorded as an asset and a liability at the lower of the fair value of the asset and the present value of the minimum lease payments as determined at the inception of the lease.

The minimum payments relating to the lease are broken down into financial expense and amortization of the balance of the liability.

The depreciation method for the leased assets is identical to the method applied to the depreciable assets owned by the group.

€000	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013
Financial lease agreements	35,826		
Deposits and guarantees	33,830	45,167	31,854
Unavailable cash	17,223		
Loans	1,383	1,189	1,204
Employee benefits*	3,435	5,844	0
Shareholdings in non-consolidated companies	50	84	88
Other assets	699	3,557	
TOTAL	**92,446**	**55,841**	**33,146**

** Employee benefits: refer to Note 7.2.7 a).*

The breakdown of the loans, deposits, collateral amounts, and unavailable cash as of December 31, 2015 is as follows:

€000	Balance as of Dec. 31, 2015	Maturity dates		
		Less than 1 year	1 to 5 years	More than 5 years
Loans	1,383	903	272	208
Deposits and guarantees	33,830	7,189	21,847	4,794
Unavailable cash	17,223	9,784	7,439	0
TOTAL	**52,436**	**17,876**	**29,558**	**5,002**

The loans are interest-bearing loans. Deposits and guarantees do not bear interest.

- **Change in impairment**

No impairment.

- **Amount of overdue financial assets, by maturity, that have not been written down**

There are no overdue financial assets that have not been written down.

b) Financial profit or loss

€000	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013
Interest and similar financial income	4,317	4,649	4,383
Interest and similar expenditure	(62,667)	(34,525)	(25,788)
NET INTEREST EXPENSE	**(58,350)**	**(29,876)**	**(21,405)**
NET EXCHANGE GAINS / LOSSES	**3,133**	**(229)**	**(1,126)**
Interest income on pension funds & other provisions	153	779	444
Interest expense on pension funds & other provisions	(2,959)	(5,507)	(3,206)
Other financial items	(546)	(6,273)	(1,366)
OTHER FINANCIAL ITEMS	**(3,352)**	**(11,001)**	**(4,128)**
TOTAL	**(58,569)**	**(41,106)**	**(26,659)**

c) Company debt off-balance sheet commitments

€000	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013
Commitments given			
Sureties and guarantees	99,308	77,292	88,735

Company debt covenants are specified in the "Borrowing ratios" paragraph under Note 7.2.10.a.2 covering net debt

7.2.11. Associates and joint ventures

a) Information on associated companies

€000	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013
Investment brought forward	**2,087**	**2,877**	**4,428**
Share of earnings	353	(959)	(1,477)
Other comprehensive income	-	(75)	27
Dividends	-	-	-
Capital increase and decrease	-	(1)	1
Translation difference	100	122	(104)
Changes in consolidation	594	123	2
Investment carried forward	**3,134**	**2,087**	**2,877**

€000	Investment	Shareholders' equity	Revenue	Net income
Centrale des franchisés				
December 31, 2013	(54)	(159)	13,932	(32)
December 31, 2014	(84)	(249)	12,649	(88)
December 31, 2015	(130)	(382)	11,128	(131)
NDB Logistica Romania				
December 31, 2013	692	1,383	4,683	(273)
December 31, 2014	765	1,532	5,860	154
December 31, 2015	826	1,651	6,253	136
Salto				
December 31, 2013	123	363	4,916	46
December 31, 2014	138	405	4,906	42
December 31, 2015	155	455	5,350	50
Interbulk				
December 31, 2013	2,157	88,166	319,757	(15,999)
December 31, 2014	1,539	49,724	317,902	(41,382)
December 31, 2015	2,210	51,754	310,415	183
MNS				
December 31, 2013	43	102	-	(2)
December 31, 2014	-	-	-	-
December 31, 2015	-	-	-	-
NCG UK				
December 31, 2013	(25)	(50)	2,682	(36)
December 31, 2014	(32)	(64)	3,033	(10)
December 31, 2015	60	121	3,725	191
LOG INS ARES				
December 31, 2013	(58)	(118)	1,471	(1)
December 31, 2014	(60)	(123)	2,211	(5)
December 31, 2015	13	26	2,804	149
NDG Logistics Limitada				
December 31, 2013	-	-	-	-
December 31, 2014	(179)	(358)	-	(690)
December 31, 2015	-	-	10	(982)

b) Information relating to related parties

On June 8, 2015, XPO Logistics became the majority shareholder of XPO Logistics Europe SA. Income and expenses with Dentressangle Initiatives are calculated based on the period between January 1, 2015 and June 8, 2015.

1. Transactions contracted on arm's length terms between the Company and entities directly or indirectly owned by XPO Logistics Europe S.A.'s majority shareholder are as follows:

€000	Nature	Income or (expense)		Balance sheet debit or (credit) balance		Security given or received	
Company		Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014
Dentressangle Initiatives	Administrative services	(648)	(1,400)	n/a	(126)		-
Dentressangle Initiatives	Brand maintenance cost recharges	(5)	(31)	n/a	-		-
Dentressangle Initiatives	Miscellaneous services	78	177	n/a	-	n/a	6,080
Other companies directly or indirectly owned by Dentressangle Initiatives	Rent	(7,875)	(19,447)	n/a	(5,528)		-
	Rental and miscellaneous expenses	(190)	(1,808)		(347)		-
XPO Logistics	Financial debt			(863,828)			
XPO Logistics	Financial Expense	(26,290)		(3,985)			
XPO Logistics	Management fees	(3,519)		(3,558)			

2. All transactions with companies, over which XPO Logistics exercises significant influence and accounted for under the equity method, are current transactions concluded at arm's length for amounts that are not material relative to the Company's business.

Balance sheet balances as of the year end are also not material.

7.2.12. Income tax

a) Breakdown of corporate income tax

€000	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013
Net current tax charge/income	(29,292)	(25,101)	(26,843)
Other taxes	(13,221)	(13,055)	(12,962)
Net deferred tax charge/income	16,027	5,966	3,168
TOTAL TAX CHARGE	**(26,486)**	**(32,191)**	**(36,637)**

- **Effective tax rate reconciliation**

€000	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013
CONSOLIDATED INCOME BEFORE TAX	44,774	115,234	108,471
National tax rate	34.43%	38.0%	38.0%
THEORETICAL TAX CHARGE	(15,416)	(43,789)	(41,219)
French Tax Rebate	(2,750)	(1,339)	
Corporate Value Added Tax (equivalent tax saving)	4,552,	4,961,	4,926,
Loss on the disposal of CC NDL Antwerp (PV Red Europe in 2013)		2,454,	
Non-taxable Tax Credit for Competitiveness and Employment	6,493,	7,169,	4,465,
Stock Options	(979)	0,	
Goodwill Impairment	(2,920)		
Non-activated tax-loss	(2,708)	(6,828)	(3,981)
Use of a non-activated tax-loss	4,294,	6,766,	10,537,
Other permanent timing differences (including a provision of -€3.2 million on NDD)	(5,965)	(2,222)	(7,773)
Adjustments for previous financial years	1,013,	1,233,	
Tax rate differential between France and the UK	4,252,	4,066,	6,281,
Tax rate differential between France and Spain	480,	1,473,	
Tax rate differential between France and the Netherlands	766,	1,495,	
Tax rate differential between France and other countries	(2,053)	1,191,	3,090,
Deferred liability – Spain	(1,064)	4,630,	
Tax credit and other levies	(1,260)	(396)	
TAX CHARGE EXCLUDING CVAE	(13,266)	(19,135)	(23,675)
Effective tax rate excluding CVAE	**29.6%**	**16.6%**	**21.8%**
CVAE	(13,220)	(13,055)	(12,962)
TAXES AND CVAE RECOGNIZED	(26,486)	(32,191)	(36,637)
Effective tax rate	**59.2%**	**27.9%**	**33.8%**

b) Deferred tax

Deferred tax assets and liabilities are assessed at the tax rate expected to be applied for the year during which the asset is to be realized or the liability settled, with reference to the tax rates and regulations enacted or substantially enacted as of the balance sheet date.

Deferred tax arising from timing differences between the tax value and the book value of an asset or liabilities are accounted for based on the following procedures:

- Deferred tax liabilities are booked in full;
- Deferred tax assets are only recorded insofar as there is a reasonable likelihood of realization or recovery over the medium term.

€000	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013
Deferred tax assets	74,414	63,992	53,347
Deferred tax liabilities	(118,757)	(143,275)	(72,846)
Net deferred tax	**(44,343)**	**(79,283)**	**(19,499)**

The breakdown of deferred tax by type is as follows:

€000	Dec. 31, 2015			Dec. 31, 2014			Dec. 31, 2013		
	Deferred tax assets	Deferred tax liabilities	Total	Deferred tax assets	Deferred tax liabilities	Total	Deferred tax assets	Deferred tax liabilities	Total
Intangible assets	1,719	(125,316)	(123,597)	1,809	(116,945)	(115,136)	637	(42,877)	(42,239)
Tangible fixed assets and finance leases	8,143	(37,672)	(29,529)	8,123	(46,980)	(38,857)	8,775	(42,098)	(33,323)
Provisions and employee benefits	46,035	(1,673)	44,362	34,964	(1,097)	33,867	40,920	(746)	40,174
Losses carried forward	56,355	0	56,355	27,404		27,404	8,523		8,523
Other items	9,533	(1,467)	8,066	16,140	(2,701)	13,439	9,777	(2,411)	7,366
Total	**121,785**	**(166,128)**	**(44,343)**	**88,440**	**(167,723)**	**(79,283)**	**68,632**	**(88,132)**	**(19,499)**
Offsets	(47,371)	(47,371)		(24,448)	24,448		(15,285)	15,285	
Recorded taxes	**74,414**	**(118,757)**	**(44,343)**	**63,992**	**(143,275)**	**(79,283)**	**53,347**	**(72,846)**	**(19,499)**

The breakdown of deferred tax is as follows:

€000	Intangible assets	Tangible fixed assets and finance leasing	Provisions and employee benefits	Tax losses carried forward	Other items	Total
Deferred tax as of Dec. 31, 2013	**(42,239)**	**(33,323)**	**40,174**	**8,523**	**7,366**	**(19,499)**
Amounts posted to profit or loss	7,412	3,624	(2,105)	(4,003)	1,039	5,967
Foreign exchange gains or losses	(7,874)	(206)	1,368	1,997	328	(4,387)
Amounts posted to shareholders' equity, reclassifications and impact of changes in consolidation scope	(72,435)	(8,952)	(5,570)	20,887	4,706	(61,364)
Deferred tax as of Dec. 31, 2014	**(115,136)**	**(38,857)**	**33,867**	**27,404**	**13,439**	**(79,283)**
Amounts posted to profit or loss	1,314	10,166	4,186	26,336	(25,776)	16,226
Foreign exchange gains or losses	(9,942)	(570)	1,209	2,603	341	(6,359)
Amounts posted to shareholders' equity, reclassifications and impact of changes in consolidation scope	167	(268)	5,100	12	20,062	25,073
Deferred tax as of Dec. 31, 2015	**(123,597)**	**(29,529)**	**44,362**	**56,355**	**8,066**	**(44,343)**

Deferred tax liabilities principally arise on the recognition of customer relations (intangible assets), on the revaluation of real estate recognized on the Christian Salvesen, TDG and Jacobson Companies acquisitions and on the difference in depreciation periods for vehicles between the consolidated financial statements and the local statutory company accounts.

Tax losses, for which deferred tax has not been recognized, totaled to €77.7 million representing €22.0 million in unrecognized deferred tax assets.

7.2.13. Shareholders equity and earnings per share

a) Issued share capital and reserves

Year	Nature of transaction	Change in share capital			Share capital following transaction	
		Number of shares	Nominal value in euros	Share premiums in euros	Amount in euros	Number of shares
As of December 31, 2013					19,672,482	9,836,241
As of October 22, 2014	Share warrants	30,000	2	1,759,200	19,732,482	9,866,241
As of October 22, 2014	Capital reduction	30,000	2	1,702,110	19,672,482	9,836,241
As of December 31, 2014					19,672,482	9,836,241
As of December 31, 2015					19,672,482	9,836,241

The share capital consists of shares having a nominal value of €2 each.

Each share carries one vote. However, a double vote – carrying twice the weight of that of other shares in proportion to the fraction of share capital represented – is allocated to:

- all fully paid-up shares in registered form and recorded in the name of the same shareholder for at least four years; and
- registered bonus shares allocated to a shareholder in the event of a capital increase by way of capitalization of reserves, income or share premiums, through existing shares held that carry such entitlement.

Dividends per share paid in respect of the last three financial years were as follows:

In €	2014	2013	2012
Dividends	1.80	1.60	1.50

Other reserves are broken down as follows:

€000	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013
Undistributed reserves			**469,680**
IFRIC 21 adjustment			1,560
Undistributed reserves	**586,049**	**556,184**	**471,240**
Treasury shares	(4,402)	(4,397)	(6,408)
Fair value of cash flow and net foreign investment hedges	(7,089)	(14,318)	(12,797)
Tax on financial instruments and translation adjustments	6,079	7,288	6,151
Other	(571)	(519)	(444)
Total Other Reserves	**(5,983)**	**(11,946)**	**(13,498)**
Total Consolidated Reserves	**580,066**	**544,238**	**456,182**

b) Average number of shares

Treasury shares held for all purposes are offset against shareholders' equity.

No gain or loss is recognized as income upon the acquisition, sale, issue or cancellation of Company equity instruments.

	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013
Number of shares in issue	9,836,241	9,836,241	9,836,241
Number of treasury shares	(44,447)	(45,790)	(105,217)
Number of shares	**9,791,794**	**9,790,451**	**9,731,024**
Share warrants	110,000	110,000	140,000
Stock options	0	0	51,940
Average number of diluted shares	**9,901,794**	**9,900,451**	**9,922,964**

c) Earnings per share

Net earnings per share are obtained by dividing net income for the financial year by the number of shares outstanding at year-end, reduced by the number of treasury shares.
Consolidated diluted net earnings per share take into account shares issued as a result of the exercise of stock options, minus treasury shares.

	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013
Net income, Company share	16,695	75,895	70,100
Number of shares	9,791,794	9,790,451	9,731,024
Earnings per share	**1.70**	**7.75**	**7.20**
Net income, Company share	16,695	75,895	70,100
Average number of diluted shares	**9,901,794**	**9,900,451**	**9,922,964**
Net diluted earnings per share	**1.69**	**7.67**	**7.06**

7.2.14. Consolidation scope

All consolidated companies close their accounts on December 31, with the exception of NDO India and NDO Lanka, which close their accounts on March 31. Interim accounts as of December 31 were prepared for NDO India and NDO Lanka for purposes of the Company financial statements.

The main companies included in the consolidation are stated below:

		Percentage interest		Percentage control		Method	Note
		2015	2014	2015	2014		
TDG DEUTSCHLAND GmbH	Germany		100		100	FI	(2)
XPO SUPPLY CHAIN GERMANY GMBH	Germany	100	100	100	100	FI	
XPO TRANSPORT SOLUTIONS GERMANY GMBH	Germany	100	100	100	100	FI	
N D BELGIUM	Belgium		100		100	FI	(2)
XPO GLOBAL FORWARDING BELGIUM	Belgium	100	100	100	100	FI	
XPO SUPPLY CHAIN CHEMICALS BELGIUM	Belgium	100	100	100	100	FI	
ND BELGIË	Belgium	100	100	100	100	FI	
XPO SUPPLY CHAIN BELGIUM	Belgium	100	100	100	100	FI	
XPO SUPPLY CHAIN ANTWERP BELGIUM	Belgium	100	100	100	100	FI	
NDG LOGISTICS LTDA.	Brazil	50	50	50	50	EM	
NDO BRASIL AGENCIAMENTO DE CARGA LTDA	Brazil	100	100	100	100	FI	
NDO CHILE	Chile	100	100	100	100	FI	
NDO FREIGHT FORWARDING TIANJIN (NDO CHINA)	China	100	100	100	100	FI	
NDO BEIJING FREIGHT FORWARDING CO LTD	China	75	75	75	75	FI	
XPO GLOBAL FORWARDING SPAIN S.L.	Spain	100	100	100	100	FI	
XPO TRANSPORT SOLUTIONS HOLDING SPAIN S.L.	Spain	100	100	100	100	FI	
XPO VOLUME SPAIN S.L.	Spain	100	100	100	100	FI	
XPO SUPPLY CHAIN SPAIN S.L.	Spain	100	100	100	100	FI	
XPO TRANSPORT SOLUTIONS SPAIN S.L.	Spain	100	100	100	100	FI	
SALVESEN LOGISTICA S.A.	Spain	50	50	50	50	FI	
JHCI HOLDING USA Inc.	United States	100	100	100	100	FI	
JHCI HOLDINGS Inc.	United States	100	100	100	100	FI	
JHCI ACQUISITION Inc.	United States	100	100	100	100	FI	
JACOBSON WAREHOUSE COMPANY Inc	United States	100	100	100	100	FI	
JACOBSON PACKAGING COMPANY LC	United States	100	100	100	100	FI	
JACOBSON STAFFING COMPANY LC	United States	100	100	100	100	FI	
JACOBSON TRANSPORTATION COMPANY Inc.	United States	100	100	100	100	FI	
JACOBSON LOGISTICS COMPANY Inc	United States	100	100	100	100	FI	
XPO GF HOLDING USA Inc.	United States	100	100	100	100	FI	
XPO GF AMERICA Inc.	United States	100	100	100	100	FI	
XPO LOGISTICS EUROPE	France	100	100	100	100	FI	
XPO TRANSPORT SOLUTIONS RHONE-ALPES FRANCE	France	100	100	100	100	FI	
XPO TRANSPORT SERVICES FRANCE	France	100	100	100	100	FI	
XPO VOLUME SUD FRANCE	France	100	100	100	100	FI	
XPO TRANSPORT LOCATION FRANCE	France	100	100	100	100	FI	
XPO SUPPLY CHAIN NORD & EST FRANCE	France	100	100	100	100	FI	
XPO RED EUROPE HOLDING FRANCE	France	100	100	100	100	FI	
XPO VRAC SILO FRANCE	France	100	100	100	100	FI	
XPO TRANSPORT SOLUTIONS EST FRANCE	France	100	100	100	100	FI	
XPO VRAC CHIMIE FRANCE	France	100	100	100	100	FI	
XPO PHARMA FRANCE	France	100	100	100	100	FI	
XPO MAINTENANCE FRANCE	France	100	100	100	100	FI	
TRANSIMMO PICARDIE	France	100	100	100	100	FI	
XPO TRANSPORT SOLUTIONS LIMOUSIN FRANCE	France	100	100	100	100	FI	
XPO VRAC FRANCE	France	100		100			(1)
XPO SUPPLY CHAIN CARE FRANCE	France	100	100	100	100	FI	
XPO GRADUATES EUROPE	France	100	100	100	100	FI	

XPO SUPPLY CHAIN GENAS FRANCE	France	100	100	100	100	FI	
XPO SUPPLY CHAIN PARIS & OUEST FRANCE	France	100	100	100	100	FI	
IMMOTRANS	France	100	100	100	100	FI	
XPO TANK CLEANING SUD FRANCE	France	100	100	100	100	FI	
XPO TRANSPORT SOLUTIONS NORD FRANCE	France	100	100	100	100	FI	
XPO TRANSPORT SOLUTIONS SUD OUEST FRANCE	France	100	100	100	100	FI	
XPO TRANSPORT SOLUTIONS OUEST FRANCE	France	100	100	100	100	FI	
XPO TRANSPORT SOLUTION FORMATION FRANCE	France	100	100	100	100	FI	
PORT DE BOUC TRANSIT	France	100	100	100	100	FI	
XPO VRAC HYDRO FRANCE	France	100	100	100	100	FI	
AUTOLOG	France	100	100	100	100	FI	
XPO TRANSPORT SOLUTIONS IT EUROPE	France	100	100	100	100	FI	
LA TARNOSIENNE	France	100	100	100	100	FI	(2)
XPO TRANSPORT SOLUTIONS AUVERGNE FRANCE	France	100	100	100	100	FI	
XPO TRANSPORT SOLUTIONS CENTRE FRANCE	France	100	100	100	100	FI	
XPO SUPPLY CHAIN FRANCE	France	100	100	100	100	FI	
XPO TRANSPORT SOLUTIONS SUD FRANCE	France	100	100	100	100	FI	
N D INTER PULVE	France		100		100	FI	(3)
XPO HOLDING TRANSPORT SOLUTIONS EUROPE	France	100	100	100	100	FI	
CENTRALE DES FRANCHISES XPO FRANCE	France	32.45	32.45	32.45	32.45	EM	
BRIVE-TRANSIT	France	100	100	100	100	FI	
TEXLOG	France	100	100	100	100	FI	
XPO VOLUME NORD FRANCE	France	100	100	100	100	FI	
XPO VOLUME MGCA FRANCE	France	100	100	100	100	FI	
XPO TRANSPORT SOLUTIONS ILE DE FRANCE	France	100	100	100	100	FI	
XPO VOLUME OUEST FRANCE	France	100	100	100	100	FI	
XPO TRANSPORT SOLUTIONS SUPPORT SERVICES FRANCE	France	100	100	100	100	FI	
SALTO	France	34	34	34	34	EM	
DI CI VRAC SUD OUEST	France	100	100	100	100	FI	
XPO VOLUME FRANCHISE FRANCE	France	100	100	100	100	FI	
XPO SUPPLY CHAIN INTERNATIONAL	France	100	100	100	100	FI	
XPO SUPPLY CHAIN OUEST FRANCE	France	100	100	100	100	FI	
XPO GLOBAL FORWARDING INTERNATIONAL	France	100	100	100	100	FI	
XPO GLOBAL FORWARDING FRANCE	France	100	100	100	100	FI	
OMEGA VII	France	100	100	100	100	FI	
LOCAD 08	France	100	100	100	100	FI	
XPO DISTRIBUTION FRANCE	France	100	100	100	100	FI	
XPO SUPPLY CHAIN FROID FRANCE	France	100	100	100	100	FI	
XPO SUPPLY CHAIN GEL FRANCE	France	100	100	100	100	FI	
SALVESEN PROPERTY	France	100	100	100	100	FI	
LOCAD 10	France	100	100	100	100	FI	
XPO SUPPLY CHAIN H FRANCE	France	100	100	100	100	FI	
XPO TRANSPORT SOLUTIONS CHAMPAGNE FRANCE	France	100	100	100	100	FI	
XPO TRANSPORT SOLUTIONS CENTRAL EUROPE	France	100	100	100	100	FI	
OMEGA X	France	100	100	100	100	FI	
XPO SUPPLY CHAIN NORD FRANCE	France	100	100	100	100	FI	
XPO SUPPLY CHAIN FRAIS FRANCE	France	100	100	100	100	FI	
XPO TANK CLEANING NORD FRANCE	France	100	100	100	100	FI	
SCI DE L'AUBIFRESNE	France	100	100	100	100	FI	
T N D FRIGO LOCATION	France		100		100	FI	(3)
XPO TRANSPORT FRIGO FRANCE	France	100	100	100	100	FI	
LOCAD 11	France	100	100	100	100	FI	
XPO PARTICIPATIONS EUROPE	France	100	100	100	100	FI	
XPO LAST MILE FRANCE	France	100	100	100	100	FI	
XPO SUPPLY CHAIN SPORT FRANCE	France	100	100	100	100	FI	
XPO DISTRIBUTION EUROPE FRANCE	France	100	100	100	100	FI	
LOG'INS ARES XPO LOGISTICS	France	49	49	49	49	EM	
LOCAD 12	France	100	100	100	100	FI	
XPO KEY PL EUROPE	France	100	100	100	100	FI	
XPO SUPPLY CHAIN TOULOUSE FRANCE	France	100	100	100	100	FI	
XPO HONG KONG GLOBAL FORWARDING LIMITED	Hong-Kong	100	100	100	100	FI	
NORBERT DENTRESSANGLE OVERSEAS HUNGARY Kft	Hungary	100	100	100	100	FI	

TRANSPORTS NORBERT DENTRESSANGLE HUNGARY Kft	Hungary		100		100	FI	(2)
NDO INDIA PRIVATE LIMITED	India	100	100	100	100	FI	
XPO GLOBAL FORWARDING IRELAND LIMITED	Ireland	100	100	100	100	FI	
INVERALMOND INSURANCE LIMITED	Ireland	100	100	100	100	FI	
XPO SUPPLY CHAIN IRELAND LIMITED	Ireland	100	100	100	100	FI	
XPO TRANSPORT SOLUTIONS IRELAND LIMITED	Ireland	100	100	100	100	FI	
XPO SUPPLY CHAIN ITALY S.P.A.	Italy	100	100	100	100	FI	
XPO SUPPLY CHAIN CONSUMMER GOODS ITALY S.P.A.	Italy	100	100	100	100	FI	
FIEGE LOGSITICS ITALIA SPA	Italy	100	100	100	100	FI	
XPO TRANSPORT SOLUTIONS ITALY S.R.L.	Italy	100	100	100	100	FI	
XPO TRANSPORT SOLUTIONS LUXEMBOURG S.A.	Luxembourg	100	100	100	100	FI	
XPO TRANSPORT SOLUTIONS MOROCCO	Morocco	100	100	100	100	FI	
XPO SUPPLY CHAIN NETHERLANDS II B.V.	Netherlands	100	100	100	100	FI	
TCG EAST & SOUTH B.V.	Netherlands	76.5	76 .5	76.5	76.5	FI	
XPO GLOBAL FORWARDING NETHERLANDS BV	Netherlands	100	100	100	100	FI	
NDL HOLDING RUSSIA B.V.	Netherlands	50	50	50	50	FI	
XPO SUPPLY CHAIN NETHERLANDS B.V.	Netherlands	100	100	100	100	FI	
XPO SUPPLY CHAIN POLAND SP z.o.o.	Poland	100	100	100	100	FI	
XPO TRANSPORT SOLUTIONS POLAND SP z.o.o.	Poland	100	100	100	100	FI	
XPO SUPPLY CHAIN PORTUGAL LDA	Portugal	100	100	100	100	FI	
XPO TRANSPORT SOLUTIONS PORTUGAL LDA	Portugal	100	100	100	100	FI	
XPO SUPPLY CHAIN CZ s.r.o.	Czech Republic	100	100	100	100	FI	
XPO SUPPLY CHAIN BEVERAGE ROMANIA SRL	Romania	100	100	100	100	FI	
NDB LOGISTICA ROMANIA SRL	Romania	50	50	50	50	EM	
XPO SUPPLY CHAIN ROMANIA SRL	Romania	100	100	100	100	FI	
XPO TRANSPORT SOLUTIONS ROMANIA SRL	Romania	100	100	100	100	FI	
XPO SUPPLY CHAIN FRIGO ROMANIA	Romania	50	50	50	50	FI	
NORBERT DENTRESSANGLE OVERSEAS ROMANIA	Romania	100	100	100	100	FI	
TDG LIMITED	United Kingdom	100	100	100	100	FI	
TDG (UK) LIMITED	United Kingdom	100	100	100	100	FI	
TDG OVERSEAS LIMITED	United Kingdom	100	100	100	100	FI	
XPO HOLDINGS UK AND IRELAND LIMITED	United Kingdom	100	100	100	100	FI	
NCG UK LIMITED	United Kingdom	49.9	49.9	49.9	49.9	EM	
XPO GLOBAL FORWARDING UK LIMITED	United Kingdom	100	100	100	100	FI	
XPO BULK UK LIMITED	United Kingdom	100	100	100	100	FI	
HOPKINSON TRANSPORT (CHESTERFIELD) LIMITED	United Kingdom	100	100	100	100	FI	
LAMBDA 5 LIMITED	United Kingdom	100	100	100	100	FI	
LAMBDA 6 LIMITED	United Kingdom	100	100	100	100	FI	
AJG INTERNATIONAL TRANSPORT LIMITED	United Kingdom	100	100	100	100	FI	
INTERBULK GROUP PLC	United Kingdom	4.27	4.27	4.27	4.27	EM	
XPO INVESTMENT UK LIMITED	United Kingdom	100	100	100	100	FI	
SALVESEN LOGISTICS HOLDINGS LIMITED	United Kingdom	100	100	100	100	FI	
SALVESEN LOGISTICS LIMITED	United Kingdom	100	100	100	100	FI	
XPO SUPPLY CHAIN UK LIMITED	United Kingdom	100	100	100	100	FI	
XPO MAINTENANCE UK LIMITED	United Kingdom	100	100	100	100	FI	
XPO TRANSPORT SOLUTIONS UK LIMITED	United Kingdom	100	100	100	100	FI	
XPO LOGISTICS FRESH LLC	Russia	100	50	100	50	FI	
XPO LOGISTICS RUS LLC	Russia	100	100	100	100	FI	
XPO GLOBAL FORWARDING RUS	Russia	100	100	100	100	FI	
XPO TRANSPORT SOLUTIONS SLOVAKIA s.r.o.	Slovakia	100	100	100	100	FI	
NDO LANKA (PRIVATE) LIMITED	Sri Lanka	40	40	40	40	FI	
XPO SUPPLY CHAIN SWITZERLAND S.A.G.L.	Switzerland	100	100	100	100	FI	
LUXURY GOODS LOGISTICS	Switzerland	49	49	49	49	FI	
XPO SUPPLY CHAIN UKRAINE	Ukraine	100	100	100	100	FI	

(1) Company formed in 2015
(2) Company liquidated/taken over/sold in 2015
(3) Company liquidated/taken over/sold in 2014

7.3. STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended December 31, 2015

To the Shareholders,

In compliance with the assignment entrusted to us by your annual shareholders' meetings, we hereby report to you, for the year ended December 31, 2015, on:

- the audit of the accompanying consolidated financial statements of XPO Logistics Europe;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by the executive board. Our role is to express an opinion on these consolidated financial statements based on our audit.

I. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the group as at December 31, 2015 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

II. Justification of our assessments

In accordance with the requirements of article L. 823-9 of the French commercial code (*Code de commerce*) relating to the justification of our assessments, we bring to your attention the following matters:

- At each year end, your group carries out impairment tests on cash generating units (CGU) including an assessment of any long-term indications of loss in value based on procedures described in note 7.2.8.e) to the consolidated financial statements. We reviewed the procedures adopted for the said impairment tests, the cash flow forecasts and the assumptions applied and we checked that the note to the consolidated financial statements included the proper disclosures. As part of our assessments of the estimates applied in the financial statements, we ensured such estimates were reasonable.
- Your group sets aside provisions for risks and charges as described in note 7.2.9 to the consolidated financial statements. Based on information available to date, our audit included a review of data and assumptions underlying such estimates, a review of a sample of the calculations performed and an examination of the procedure for management to approve such estimates. On this basis, we ensured of the reasonableness of these estimates.

- As stated in note 7.2.12 b) to the consolidated financial statements, "Deferred tax assets" are measured based on estimates and assumptions. We verified the consistency of the assumptions underlying the forecasts of taxable income and resulting use of tax losses, and available documentation and on this basis reviewed the reasonableness of the estimates made.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

III. Specific verification

As required by law we have also verified, in accordance with professional standards applicable in France, the information presented in the group's management report.
We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

Lyon, April 29, 2016

The statutory auditors
French original signed by

KPMG S.A. Stéphane Devin	ERNST & YOUNG et Autres Daniel Mary-Dauphin

CONSOLIDATED FINANCIAL STATEMENTS
COMPANY FINANCIAL STATEMENTS
2015 FINANCIAL YEAR

Chapter 8

COMPANY FINANCIAL STATEMENTS

8.1. COMPANY FINANCIAL STATEMENTS

BALANCE SHEET (prior to appropriation of earnings)

Assets

€000	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013
Gross amount	1,813	1,794	1,723
Depreciation and impairment	1,538	1,387	1,234
INTANGIBLE FIXED ASSETS	**276**	**406**	**489**
Gross amount	655	657	656
Depreciation and impairment	373	310	243
TANGIBLE FIXED ASSETS	**283**	**347**	**413**
Gross amount	802,579	804,289	517,350
Impairment	32,425	17,902	7,598
FINANCIAL ASSETS	**770,154**	**786,387**	**509,752**
TOTAL FIXED ASSETS	**770,713**	**787,140**	**510,655**
Inventories and WIP	0	46	59
Trade receivables	3,055	2,721	2,278
Other receivables	137,192	418,196	64,717
Cash	23,080	101,695	275,493
Pre-paid expenses	161	207	215
TOTAL CURRENT ASSETS	**163,488**	**522,865**	**342,763**
POSITIVE TRANSLATION ADJUSTMENTS	**44**	**42,296**	**7,277**
TOTAL ASSETS	**934,245**	**1,352,301**	**860,695**

Liabilities

€000	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013
Share capital	19,672	19,672	19,672
Reserves	327,624	300,508	233,410
Net income for the financial year	36,838	44,742	82,626
Regulated provisions	222	280	347
SHAREHOLDERS' EQUITY	**310,681**	**365,202**	**336,056**
Provisions for risks and charges	1,549	13,332	7,819
Provisions for tax	0	0	0
PROVISIONS AND OTHER-LONG TERM LIABILITIES	**1,549**	**13,332**	**7,819,**
Bond loan	12,000	235,000	235,000
Financial debt	444,498	555,655	242,926
LONG-TERM BORROWINGS	**456,498**	**790,655**	**477,926**
Financial debt	48,722	56,792	626
Trade and other payables	7,767	3,570	4,229
Other liabilities	39,356	19,058	32,460
Banks	64,010	71,566	1,082
SHORT-TERM PAYABLES	**159,855**	**150,985**	**38,398**
NEGATIVE TRANSLATION ADJUSTMENTS	**5,662**	**32,128**	**495**
TOTAL LIABILITIES	**934,245**	**1,352,301**	**860,695**

INCOME STATEMENT

€000	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013
NET REVENUE	18 237	16 826	15 668
Operating expenditure	(56 477)	(27 137)	(22 618)
Other income	68	67	45
EBIT	**(38 171)**	**(10 243)**	**(6 906)**
Share of income of associates	0	(0)	(0)
Net financial expenditure	(19 858)	30 765	69 423
Non-recurring items	871	394	189
INCOME BEFORE TAX	**(57 158)**	**20 916**	**62 705**
Income taxes	20 320	23 826	19 921
NET INCOME	**(36 838)**	**44 742**	**82 626**

8.2. NOTES

8.2.1. Accounting policies and methods

a) Application of accounting policies

The Company has applied generally accepted accounting policies, pursuant to certain principles and underlying assumptions, including going concern, consistency of accounting policies from one year to the next and the accruals concept, and in accordance with ANC regulation no. 2014-03 relating to the French General Chart of Accounts and principles for preparing and presenting annual financial statements admitted in France.

b) Intangible fixed assets

Intangible fixed assets are stated at cost.
They largely comprise software and IT licences and are amortized over 12 to 60 months on a straight line basis.

c) Tangible fixed assets

Tangible fixed assets are stated at cost.
Depreciation is calculated over the estimated useful life of the assets based on the following methods:

- Plant, machinery and equipment: straight line over 5 years
- Facilities and building fixtures: straight line over 5 to 10 years.
- Office equipment: straight line over 3 to 10 years.

d) Equity investments

The gross value of the equity investments is the purchase cost. Fees paid when acquiring them are also capitalized as assets.

In accordance with Opinion no. 2007-C dated June 15, 2007 of the Urgency Committee of the CNC (French accounting standards committee), acquisition costs within equity investments are amortized over 5 years under the straight line tax depreciation method.

The investment portfolio of XPO Logistics Europe S.A. is periodically valued to determine whether there is any need to recognize a charge for impairment.
An impairment charge is recognized when the consolidated value of the company, its current and future contribution to Company consolidated income and its current and future capacity to generate positive cash flow.

A provision is set aside where the valuation based on these various criteria shows that the book value of securities exceeds the company's earnings and cash flow capacity.

e) Other long-term investments

Other long-term investments comprise treasury shares administered under a liquidity contract.

f) Liquidity contract

The breakdown of the Company's liquidity contract is disclosed under Long term investments within the following headings:

- Treasury shares are included under "Other long-term investment securities".
- Other items under "Other long term investments".

g) Derivative instruments

The Company may use interest rate hedges on its borrowings, which largely consist of interest rate swaps. The Company policy is to select counterparties for its hedges whose credit worthiness makes any default on maturity improbable.

Gains and losses arising on these instruments are recorded under earnings in a manner symmetrical with the gains or losses earned on the underlying hedged transactions.

These hedging instruments are disclosed as off-balance sheet commitments.

h) Receivables

Receivables are stated at face value and are subject to specific impairment provisions based on the estimated risk of bad debts.

i) Cash equivalents

Cash equivalents are stated at cost. If market value based on average cost over the last few months of the year is lower than cost, an impairment is recognized to reduce the book value to realizable value.

j) Provisions for risks and charges

A provision is made whenever the Company's management becomes aware of a legal or implied obligation arising from a past event, which would probably lead to an outflow of resources without at least equivalent consideration. The provisions are accrued based on individual valuations of the corresponding risks and charges.

k) Taxes

Pursuant to the tax group agreement, tax savings due to earnings of the subsidiaries are accounted for as reductions from the tax charge of XPO Logistics Europe S.A., the Company's parent company.

l) Currency conversion

Foreign-currency transactions are converted by applying the exchange rate prevailing on the date of the transaction. Foreign-currency unhedged receivables and payables are converted by applying the exchange rate prevailing as of the balance sheet date. Exchange differences arising therefrom result in translation assets or liabilities. Unrealized exchange gains are accrued via a provision for risks and charges. If unrealized exchange gains and losses (that will be realized in the short term) can be considered as forming part of a global currency hedge, the provision may be limited to the net loss after deducting gains.

m) Treasury shares

The treasury shares held as part of the implementation of the share buy-back program are shown under the "Net cash and cash equivalents" category, and are the subject of a year-end valuation based on the share price recorded at the end of the financial year (average price in the last month). An impairment charge is reserved if the purchase cost is higher than the market value.

n) Share of income of consolidated associate companies

This line is composed of prior year earnings of the Company's SNCs/SCIs (investments in unlimited liability companies), in proportion to XPO Logistics Europe's equity interest in each one.

o) Non-recurring items

Non-recurring items is composed of income and expenses, which in view of the activities of the XPO Logistics Europe's holding company, and given their type, frequency and materiality, do not form part of the Company's ongoing operations.

p) Pension liabilities

Pension liabilities and similar defined-benefit schemes contracted by XPO Logistics Europe S.A. cover the retirement benefit plan in accordance with the current collective bargaining agreement for the road transport industry.

q) Identity of the consolidating company

The Company's financial statements are consolidated by:

XPO Logistics, Inc.
Five Greenwich Office Park
Greenwich, Connecticut 06831, United States

8.2.2. Highlights of the year

On June 8, 2015, XPO Logistics, Inc. purchased the 67% interest in XPO Logistics Europe (formerly Norbert Dentressangle SA) held by the Dentressangle Family, and on June 29 launched a Simplified Public Offer aimed at purchasing all the shares in the Company. At the end of this Simplified Public Offer, which closed on July 17, XPO Logistics, Inc. held an 86.24% interest in XPO Logistics Europe.

The main consequences of this change in the shareholder structure are as follows:

a) Refinancing

Pursuant to the change of control clauses in the banking documentation, €876.5 million of the corporate financial debt was redeemed during June and July.

These loans were refinanced by an inter-company loan, repayable over a period of nine years, and amounting to €875.2 million in total.

b) Share-based remuneration

The General Meeting of Shareholders of May 21, 2015 amended the terms and conditions of the stock warrants held by senior managers. This amendment was followed by the buy-back by XPO Logistics France of the stock warrants at the price resulting from the Simplified Takeover Offer with no cash impact for the Company.

Furthermore, a change to the current performance share plan has been proposed to the Company's managers: this plan, which was initially intended to be settled in shares, will be settled in cash. From an accounting standpoint, this change in the terms and conditions of the plan resulted in the recognition of a liability of €13.6 million in the Company's financial statements as of December 31, 2015.

c) Information relating to the acquisition by XPO

As part of the events and transactions described above, (financial and legal, etc.) advisory and assistance services were provided to the Company, which amounted to €13.1 million in total over the period.

8.2.3. Notes to the financial statements

a) Tangible and intangible fixed assets

Gross amounts (€000)	01 Jan. 2015	Acquisitions	Disposals	Dec. 31, 2015
Concessions, patents, software	1,794	20	0	1,813
Intangible fixed assets in progress	2	2	4	0
TOTAL INTANGIBLE FIXED ASSETS	**1,796**	**22**	**4**	**1,813**
Land	0	0	0	0
Buildings	204	0	0	204
Facilities and building fixtures and fittings	197	3	2	198
Carriage equipment	0	0	0	0
Furniture, office and IT equipment	217	0	0	217
Works of art	36	0	0	36
Tangible fixed assets in progress	0	0	0	0
TOTAL TANGIBLE FIXED ASSETS	**654**	**3**	**2**	**655**
TOTAL TANGIBLE AND INTANGIBLE FIXED ASSETS	**2,450**	**25**	**6**	**2,468**
Depreciation and impairment (€000)	**01 Jan. 2015**	**Provisions**	**Reversals**	**Dec. 31, 2015**
Concessions, patents, software	1,387	150	0	1,538
Intangible fixed assets in progress	0	0	0	0
Total intangible fixed assets	**1,387**	**150**	**0**	**1,538**
Buildings	102	20	0	122
Facilities and building fixtures and fittings	64	19	1	82
Carriage equipment	0	0	0	0
Furniture, office and IT equipment	144	24	0	168
Works of art	0	0	0	0
Tangible fixed assets in progress	0	0	0	0
TOTAL TANGIBLE FIXED ASSETS	**310**	**64**	**1**	**373**
TOTAL TANGIBLE AND INTANGIBLE FIXED ASSETS	**1,697**	**214**	**1**	**1,910**

b) Long-term investments

Long-term investments are broken down as follows:

€000	Gross value	Impairment	Net value
Equity investments	500,138	32,425	467,713
Other long-term investment securities	913	0	913
Loans	300,622	0	300,622
Other long-term investments	906	0	906
TOTAL	**802,579**	**32,425**	**770,154**

€000	Gross value 01 Jan. 2015	Increases	Reductions	Gross value Dec. 31, 2015
Equity investments	500,146	0	(8)	500,138
Other long-term investment securities	908	3,252	(3,247)	913
Loans	302,566	5,318	(7,262)	300,622
Other long-term investments	669	2,081	(1,844)	906
TOTAL	**804 289**	**10 651**	**(12 361)**	**802 579**

€000	Impairment 01 Jan. 2015	Charges	Write-back	Impairment Dec. 31, 2015
Equity investments	17,902	15,436	(913)	32,425
Other long-term investment securities	0	0	0	0
Loans	0	0	0	0
Other long-term investments	0	0	0	0
TOTAL	**17,902**	**15,436**	**(913)**	**32,425**

- **Equity investments**

The €8,000 reduction in equity investments breaks down as follows:

- Disposal of shares in Omega XXIII for €4,000;
- Disposal of shares in Omega XXIV for €4,000.

The additional provisions for impairment of equity investments (€15,175,000) mainly relate to the shares in XPO GF International, a wholly-owned subsidiary of XPO Logistics Europe, which were written down by the amount of the enterprise value as of December 31, 2015.

- **Other long-term investment securities**

Other long-term investment securities consist of treasury shares purchased under a liquidity contract.

- **Loans**

Loans only consist of loans granted to Company branches as follows:

€000	Dec. 31, 2015	Less than 1 year	1 to 5 years	Over 5 years
Loans	300,622	8,811	20,846	270,965
TOTAL	**300,622**	**8,811**	**20,846**	**270,965**

- **Other long-term investments**

Other long-term investments include €3,000 of sureties and €903,000 of money market fund units (held in conjunction with the liquidity contract).

c) Net cash and cash equivalents

Net cash and cash equivalents is broken down as follows:

€000	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013
Cash equivalents	0	28,000	178,000
Treasury shares	3,489	3,489	5,756
Banks/Cash	(44,419)	(1,360)	90,655
NET CASH AND CASH EQUIVALENTS	**(40,930)**	**30,129**	**274,411**

- **Treasury shares**

XPO Logistics Europe SA held 38,578 Company treasury shares with a gross value of €3,489,000 (2014: €3,489,000 and 2013: €5,756,000).

d) Maturity of receivables as of the balance sheet date

€000	Dec. 31, 2015	Less than 1 year	1 to 5 years	Over 5 years
Trade receivables	3,055	3,055	0	0
Other receivables	137,192	103,194	33,998	0
TOTAL	**140,247**	**106,249**	**33,998**	**0**

e) Receivables and payables with related companies

€000	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013
Loans	300,622	302,566	301,924
Trade receivables	2,553	2,614	2,081
Intercompany current accounts	99,472	391,461	55,248
Intercompany receivables	139	817	3
Deposits and guarantees	0	0	0
TOTAL ASSETS	**402,786**	**697,458**	**359,255**
Loans	493,207	0	0
Deposits and guarantees received	0	0	0
Trade payables	467	185	170
Intercompany current accounts	23,415	17,416	27,193
Intercompany payables	0	1	3,501
TOTAL LIABILITES	**517,089**	**17,602**	**30,864**

f) Off balance sheet commitments

- **Financial instruments**

The Company hedges a part of the Company's exposure to the risk of movements in interest rates on rent from leasing tractors and rigids via swaps.

For the year ended December 31, 2015, the hedging portfolio exclusively consists of interest rate swaps (exchanging a variable 3-month Euribor rate for a fixed rate) pertaining to a total nominal value of €210,000,000 (€190,000,000 in 2014). These contracts mature over periods of 1 to 2 years. There are no embedded derivatives.

Given that the acquisition debt was contracted at variable rates, the Company took out hedging instruments in order to limit its exposure to interest rate fluctuations.

Any income or expense arising from the difference between the rates granted and received is recorded as income for the financial year. The 2015 result amounted to a €8,948,000 loss (€7,475,000 loss in 2014).

- **Commitments and guarantees received**

XPO Logistics Europe SA has a €100,000,000 first-claim guarantee from ING Bank under its European cash pooling contract.

- **Commitments and guarantees given**

First-demand guarantee: £25 million and €90 million
Guarantees: €7,550,000
Salvesen Logistics Ltd pension fund guarantee: £70.2 million

- **Commitments for future payments**

Commitments for future payments include the following:
- A commercial lease amounting to €1,591,000 including €289,000 due in less than one year, €1,158,000 due in one to five years and €144,000 due in more than five years.

- **Compensation on retirement commitments**

Retirement commitments covering all employees amounted to €201,000 as of December 31, 2015 (€250,000 as of December 31, 2014), and are calculated based on an actuarial method, the principle assumptions of which are as follows:

	2015	2014
Discount rate	2.00 %	2.00 %
Salary growth rate	1.5 to 2.00 %	1.5 to 2.00 %
Mobility rates	6.2 %	6.3 %
Life expectancy table	INSEE TD/TV 2011-2013	INSEE TD/TV 2010-2012
Retirement age (based on socio-professional category and date of birth)	55 to 63 years	55 to 63 years

Entitlements to compensation on retirement are stipulated by the French collective bargaining agreement for the road transport industry (no. 3085).

For a voluntary retirement of an employee between the ages of 60 and 65 (55 for drivers eligible for French retirement leave), the compensation payable by the Company is as follows:

- for non-managers: from 0.5 to 2.5 months of salary depending on the length of employment (from 10 to 30 years);
- for managers: between 4.5% and 25% of annual salary depending on the length of employment (from 10 to 30 years).

- **Training entitlements**

The Law of March 5, 2014 regarding professional training replaced the Individual Training Entitlement with a Personal Training Account as from January 1, 2015. The Personal Training Account will be managed by Caisse des Dépôts et Consignations, and financed by a Joint Commission for Collective Training (OPCA).

- **Leasing**

Leasing: N/A

g) Share-based remuneration

	Warrants	**Performance-based shares**	**Performance-based shares**	**Performance-based shares**
Date of Shareholders' General Meeting	May 23, 2013	May 24, 2012	May 24, 2012	May 24, 2012
Date of Executive Board Meeting	July 29, 2013	April 24, 2013	April 23, 2014	Oct. 20, 2014
Total number of shares to be subscribed or purchased	110,000	56,650	21,500	40,996
Corporate officers	110,000	1,000	1,000	
Commencement date of exercise period of warrants or options	A:June 1, 2016 B: June 1, 2019			
Expiration date	A:May 31, 2019 B:May 31, 2021			
End of the acquisition period (F: France, I: International)		F : April 30, 2016 I : April 30, 2017	F : April 30, 2016 I : April 30, 2018	I : Oct. 21, 2018
End of the holding period (France only)		F : April 30, 2018	F : April 30, 2018	
Subscription or purchase price	A: €59.55 B: €59.55			
Warrants or options outstanding as of Dec. 31, 2013	**110,000**	**56,650**		
Warrants or options cancelled during 2014		4,350		3,333
Warrants or options exercised during 2014				
Warrants or options cancelled as of Dec. 31, 2014		4,350		3,333
Warrants or options exercised as of Dec. 31, 2014				
Warrants or options outstanding as of Dec. 31, 2014	**110,000**	**52,300**	**21,500**	**37,663**
Warrants or options cancelled during 2015		52,300	21,500	27,664
Warrants or options exercised during 2015				
Warrants or options cancelled as of Dec. 31, 2015		56,650	21,500	30,997
Warrants or options exercised as of Dec. 31, 2015				
Warrants or options outstanding as of Dec. 31, 2015	**110,000**	**0**	**0**	**9,999**

The General Meeting of Shareholders of May 21, 2015 amended the terms and conditions of the stock warrants held by senior managers. This amendment was followed by the buy-back by XPO Logistics France of the stock warrants at the price resulting from the Simplified Takeover Offer with no cash impact for the Company.

Furthermore, a change to the current performance share plan has been proposed to the Company's managers.
This plan, which was initially intended to be settled in shares, will be settled in cash. From an accounting standpoint, this change in the terms and conditions of the plan resulted in the recognition of a liability of €13.6 million in the Company's financial statements as of December 31, 2015.

h) Shareholders' equity and change in net assets

Net assets varied as follows during the financial year:

€000	Dec. 31, 2014 prior to appro-priation	Appro-priation of 2014 net income – earnings	Dividends	Share issue	Capital reduc-tion	Other movements	2015 net income	Dec. 31, 2015 prior to appropriation
Share capital	19,672							19,672
Share premium	10,690							10,690
Merger premium	3,914							3,914
Goodwill on consolidation	4,394							4,394
Warrants	136							136
Statutory reserve	1,985							1,985
Non-distributable reserves	115							115
Distributable reserves	180,000	20,000						200,000
Retained earnings	99,274	7,117						106,391
Reserves for long-term capital gains	0							0
Dividends	0	17,625	(17,625)					0
Net income	44,742	(44,742)					(36,838)	(36,838)
Regulated provisions	280					(57)		222
NET ASSETS	**365,202**	**0**	**(17,625)**	**0**	**0**	**(57)**	**(36,838)**	**310,681**

Please note that net profits for 2014 were appropriated by the Shareholders' General Meeting in accordance with the Executive Board's proposals.

i) Provisions

€000	01 Jan. 2015	Charges	Write-back		Dec. 31, 2015
			Provision used	Provision unused	
Regulated provisions					
Accelerated depreciation	280	26	83		222
Provisions for risks					
For exchange losses	12,634	44	0	12,634	44
For staff risks	500	1,505	0	500	1,505
Other provisions for risks	198	0	0	198	0
TOTAL	**13,612**	**1,574**	**83**	**13,332**	**1,771**

The primary changes in provisions were as follows:

- A provision of €500,000 relating to a dispute with a former senior manager of the Company was reversed in its entirety;
- A provision of €1,505,000 was recorded primarily relating to payment for the non-compete clause of a former senior manager until September 2017;
- The provision for contingencies relating to the performance share plans introduced in 2013 and 2014 was reversed (€198,000) following the cancellation of the plan.

j) Payables

€000	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013
Other bonds	12,000	235,000	235,000
Borrowings with credit institutions	0	610,292	242,926
Bank credit balances	64,010	71,514	1,082
Accrued interest	13	2,154	626
TOTAL	**76,023**	**918,961**	**479,635**

- **Maturity of payables as of the balance sheet date**

€000	Less than 1 year	From 1 to 5 years	More than 5 years
Other bonds	0	12,000	0
Borrowings with credit institutions	0	0	0
Bank credit balances	64,010	0	0
Accrued interest	13	0	0
TOTAL	**64,023**	**12,000**	**0**

- **Debt ratios**

Following the refinancing of the corporate debt, most of the Company's financing facilities that are subject to financial ratios have been redeemed, and replaced by financing granted by XPO Logistics, Inc. As of December 31, 2015, the balance of the loans subject to financial ratios amounted to €12 million. The Company complied with both ratios as of December 31, 2015.

k) Pre-paid expenses and deferred income

Prepaid expenses amounted to €161,000 compared with €207,000 in 2014; there was no deferred income for this financial year, as was the case in 2014.

These accounts only consist of operating expenses arising from the Company's normal course of business.

l) Accrued expenses and income receivable

Income receivable (€000)	December 31, 2015	December 31, 2014
Accrued interest on convertible bonds and loans	4,257	2,708
Accrued interest receivable	95	1,228
Outstanding customer invoices	0	1,052
Discounts receivable	0	0
TOTAL	**4,351**	**4,988**

Accrued expenses (€000)	December 31, 2015	December 31, 2014
Outstanding supplier invoices	3,496	1330
Accrued interest payable	334	51
Accrued interest on borrowings	2,314	2,154
Employee payables and similar	10,257	777
Taxes, levies and similar payments	0	0
Social security	5,602	822
Outstanding fixed asset supplier invoices	0	0
Outstanding customer credit notes	0	0
TOTAL	**22,003**	**5,134**

The expenses payable specifically include €13,649,000 relating to the bonuses awarded to French beneficiaries as a replacement for the performance share plans (€9,222,000 under payroll, and €4,427,000 under social security bodies).

m) Net revenue

Revenues have changed as follows:

€000	December 31, 2015	December 31, 2014
Sold services France	7,889	8,079
Sold services Abroad	10,348	8,747
TOTAL	**18,237**	**16,826**

Revenues are primarily composed of recharges for services rendered to Company entities.

n) Operating expenditure

€000	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013
Raw materials and other supplies	14	42	75
Other purchases and external costs (1)	31,494	20,235	15,932
Staff costs (2)	22,382	5,996	5,590
Taxes, levies and similar payments	571	349	575
Amortization and depreciation charges	214	221	213
Provision charges	1,624	0	0
Other expenses	177	294	233
TOTAL	**56,477**	**27,137**	**22,618**

(1) *Includes €13,053,000 relating to (financial and legal, etc.) advisory and assistance services provided to the Company as part of the acquisition of the Norbert Dentressangle Group by XPO Logistics, Inc.*
(2) *Includes €13,649,000 relating to the bonuses awarded to the French beneficiaries as a replacement for the performance share plan.*

o) Financial income and costs

€000	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013
Income from securities	30,963	40,448	69,119
Loan interest	12,311	7,466	8,879
Interest	(35,774)	(16,266)	(8,533)
Accrued interest	10,575	3,169	(1,203)
Interest rate hedges	(8,948)	(7,475)	(8,592)
Sundry financial income and costs	(593)	2,315	2,994
Exchange differences	(26,657)	16,924	(6,202)
Gains/ losses on sales of investment securities	0	1	0
Impairment/provisions	(1,735)	(15,817)	12,960
TOTAL	**(19,858)**	**30,765**	**69,423**

As of December 31, 2015, financial costs payable to related companies amounted to €24,658,000 (€110,000 as of December 31, 2014) and financial income from related companies totaled €53,869,000 (€51,193,000 as of December 31, 2014).

p) Income tax

XPO Logistics Europe and its principal French subsidiaries elected the French tax group system (French Finance Act 1988).

€000		Income before tax	Tax due	Net income
Current tax		(58,029)	0	(58,029)
Non-recurring	ST	871	0	871
	LT	-	-	
Tax group (costs)			(20,320)	20,320
Carry back			0	0
TOTAL		**(57,158)**	**(20,320)**	**(36,838)**

The 2015 taxable loss of the tax group was calculated by taking account of the opening balances of unrelieved tax losses based on rules restricting the use of tax losses carried forward with effect from 2011.

Total tax losses carried forward totaled to €73,287,000 as of December 31, 2015.

q) Non-recurring items

€000	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013
Gain/loss on fixed asset disposals	277	326	324
Provision charges/reversals and depreciation	559	68	(624)
Other non-recurring items	35	0	489
TOTAL	**871**	**394**	**189**

r) Increases and reduction in future tax charges

Description	January 1, 2015		Change	December 31, 2015	
	Asset	Liability		Asset	Liability
I – Certain or potential timing differences					
1 – Regulated provisions		106	-30		77
2 – Investment grants					
3 – Accounting expenses tax deductible in the future					
. Organic tax		12	1		13
. Translation differences - liability		12,208	-10,259		1,950
. Translation differences - assets	16,072		-16,057	15	0
. Provision for exchange losses		4,801	4,786		15
. Other provisions for risks and charges		265	265		0
4 - Non taxable income					
5 - Expenses deducted for tax (or income taxed) and not accounted for					
TOTAL I	**16,072**	**17,393**		**15**	**2,054**
II – Outstanding items					
1 – Tax losses carried forward	4,318		20,914	25,233	
2 - Long-term capital losses					
3 - Other					
TOTAL II	**4,318**	**0**	**20,914**	**25,233**	**0**
Tax rates	**38.00%**			**34.43%**	

s) Average number of employees

	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2013
Executives and supervisors	43	44	36
Employees	3	3	3
TOTAL	**46**	**47**	**39**

t) Directors' compensation

In respect of 2015, compensation paid to Executive Board members totaled €2,748,463 and Supervisory Board members totaled €255,750.

u) Results and other key figures of the Company over the last five financial years

€	Dec. 31, 2011	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2015
CLOSING SHARE CAPITAL					
Share capital	19,672,482	19,672,482	19,672,482	19,672,482	19,672,482
Number of ordinary shares	9,836,241	9,836,241	9,836,241	9,836,241	9,836,241
Number of non-voting preference shares					
Max. number of shares to be created:					
By bond conversion	0	0	0	0	0
By subscription rights	175,000	115,000	140,000	110,000	110,000
OPERATIONS AND INCOME/(LOSS)					
Gross revenues	16,344,066	14,811,570	15,667,561	16,826,424	18,237,314
Earnings before taxes, investments, depreciation, amortization and provisions	(301,161,412)	9,141,710	50,582,843	36,886,231	(54,143,883)
Income taxes	(32,216,560)	(25,211,966)	(19,920,877)	(23,825,691)	(20,320,267)
Employee profit-sharing	0	0	0	0	0
Net income	26,510,323	28,759,092	82,626,195	44,741,895	(36,837,918)
Income distributed	12,295,301	14,754,362	15,737,986	17,705,234	0
EARNINGS PER SHARE					
Income/(loss) after tax, investments before allowances for amortization, depreciation and provisions	27.34	3.49	7.17	6.17	3.44
Income/(loss) after tax, investments and allowances for amortization, depreciation and provisions	2.70	2.92	8.40	4.55	3.75
Dividend paid	1.25	1.50	1.60	1.80	-
EMPLOYEES					
Average number of employees	29	36	38	47	46
Wages and salaries	3,442,628	4,015,502	3,637,472	3,893,806	15,353,345
Social security charges	1,349,823	1,592,778	1,952,635	2,101,834	7,029,118

v) Subsidiaries and shareholdings

Subsidiaries	Share capital	Other share-holders' equity	% held	Gross value of investment	Net value of investment	Loans and share-holder loans	Revenue	Net income	Dividends received
XPO HOLDING TRANSPORT SOLUTIONS EUROPE	50,000	88,663	100	99,639	99,639	263,811	16,757	17,680	23,834
XPO SUPPLY CHAIN INTERNATIONAL	308,438	38,601	100	348,281	348,281	14,831	9,920	(17,841)	45,585
XPO GLOBAL FORWARDING INTERNATIONAL	32,659	(21,506)	100	41,183	16,482	64,818	3,679	(22,439)	0
OMEGA 7	500	(334)	100	4,298	166	1,055	600	(261)	0
INTERBULK	63,981	(12,039)	4.27	5,902	2,376	0	303,317	179	0
LAMBDA 5 LTD	272	221	100	450	450	(493)	0	0	0
XPO PARTICIPATIONS EUROPE	20	(17)	100	37	37	10	0	(5)	0
XPO GRADUATES EUROPE	100	(135)	100	100	100	(90)	681	(137)	0
Non-Company equity investment				66	0				
Acquisition expenses				82	82				
TOTAL	**455,969**	**93,455**		**500,038**	**467,613**	**343,941**	**334,954**	**(22,824)**	**69,419**
Total book value of equity investments									
Other investment				100	100				

	Average rate Dec. 31, 2015	Closing rate Dec. 31, 2015	Annual average rate Sept. 30, 2014 – Sept. 30, 2015	Closing rate Sept. 30, 2015
LAMBDA 5 LTD	0.72590	0.73395		
INTERBULK			0.74284	0.73130

LAMBDA 5 LTD and Interbulk are sterling-managed foreign companies. The closing rate is applied for share capital and shareholders' equity calculations, and an annual average rate is applied for revenue and net income. The other columns, notably value of investment securities, are taken from XPO Logistics Europe S.A 2015 financial statements.

In addition to the subsidiaries listed, XPO Logistics Europe S.A. holds ten other shareholdings with a gross value of €100,000.

w) Post balance sheet events

There have been no material post balance sheet events.

8.3. STATUTORY AUDITORS' REPORT ON THE FINANCIAL STATEMENTS

Year ended December 31, 2015

To the Shareholders,

In compliance with the assignment entrusted to us by yours shareholder's general meeting, we hereby report to you, for the year ended 31 December 2015, on:

- the audit of the accompanying financial statements of XPO Logistics Europe S.A. (formerly Norbert Dentressangle S.A.) ;
- the justification of our assessments;
- the specific verifications and information required by law.

These financial statements have been approved by the Board of Directors. Our role is to express an opinion on these financial statements based on our audit.

Opinion on the financial statements

We conducted our audit in accordance with professional standards applicable in France; 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 involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at 31 December 2015 and of the results of its operations for the year then ended in accordance with French accounting principles.

Justification of our assessments

In accordance with the requirements of article L.823-9 of the French Commercial Code *(Code de commerce),* we bring to your attention the following matters.

Net long term financial investments amount to €.770.2 million as at 31 December 2015, and principally consist of equity investments and loans to subsidiaries. The equity investments are valued at acquisition cost and written down based on their value in use in accordance with the methods described in note "8.2.1. Accounting policies and methods – d) Equity investments" of the Notes to the financial statements.

Based on information which was provided to us, our work consisted of assessing the data on which the value in use was determined and specifically, reviewing the update of estimated future cash flows drawn up under the supervision of management together with the reasonableness of assumptions used. We also verified that the information included in the notes to the financial statements is appropriate.

These assessments were made as part of our audit of the financial statements, taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

Specific verifications and information

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors, and in the documents addressed to shareholders with respect to the financial position and the financial statements.

Concerning the information given in accordance with the requirements of article L.225-102-1 of the French Commercial Code ("Code de commerce") relating to remunerations and benefits received by the directors and any other commitments made in their favour, we have verified its consistency with the financial statements or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling your Company or controlled by it. Based on this work, we attest the accuracy and fair presentation of this information.

In accordance with French law, we have verified that the required information concerning the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Lyon, 29 April 2016

KPMG Audit
Department of KPMG S.A.
Stéphane Devin
Partner

Ernst & Young et Autres
Daniel Mary-Dauphin
Partner

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