Dear Roadrunner Stockholder:

On July 27, 2020, Roadrunner Transportation Systems, Inc., a Delaware corporation (the "Company" or "Roadrunner"), announced its plan to spin-off its asset-light logistics business, consisting of its Ascent Global Logistics and Ascent On-Demand branded service offerings, which were being operated by Roadrunner's subsidiary, Ascent Global Logistics, Inc., a Delaware corporation ("Ascent"). As a result of the spin-off, Ascent became an independent, privately-held company holding, directly or indirectly through its subsidiaries, the assets and legal entities, subject to any related liabilities, associated with the asset-light logistics business of Roadrunner. After the spin-off, Roadrunner's operations consist primarily of its asset-right less-than truckload business conducted through its Roadrunner Freight branded service offerings. The spin-off was effective as of 1:30 p.m. Eastern Time on August 7, 2020.

The spin-off was completed by way of a pro rata distribution (the "Distribution") of all of the issued and outstanding shares of Ascent common stock to the stockholders of record of Roadrunner as of the close of business on July 31, 2020, the record date for the Distribution (the "Record Date"). Each Roadrunner stockholder of record received one share of Ascent common stock, $0.01 par value, for every one share of Roadrunner common stock, $0.01 par value, held by such stockholder as of the close of business on the Record Date. The distribution of the Ascent shares by the transfer agent was made in book-entry form, which means that no physical share certificates were delivered, and was made only at the broker level not at the beneficial owner level. At any time following the Distribution, stockholders may request that their shares of Ascent common stock be transferred out of their brokerage account and directly on to the records of the transfer agent. No fractional shares of Ascent common stock were delivered. Only whole shares of Ascent common stock were delivered in the Distribution.

Roadrunner received an opinion from counsel, on the basis of certain facts, representations, covenants, and assumptions set forth in such opinion, to the effect that the transfer or contribution of the assets and legal entities, subject to any related liabilities, associated with the asset-light logistics business of Roadrunner to Ascent and the Distribution, taken together, should qualify as a "reorganization" within the meaning of Section 368(a)(1)(D) of the Internal Revenue Code of 1986, as amended (the "Code"), and a distribution to which Section 355(a) of the Code applies. You should consult your own tax advisor as to the particular tax consequences of the transfer or contribution and the Distribution, including potential tax consequences under state, local, and non-U.S. tax laws.

**The Distribution did not require Roadrunner stockholder approval, and you do not need to take any action to receive your shares of Ascent common stock in connection with the Distribution.** Following the Distribution, you own common stock in both Roadrunner and Ascent. Roadrunner common stock will continue to trade on the Pink Open Market under the trading symbol "RRTS." There will be no trading market for Ascent common stock and such shares will be subject to significant transfer restrictions. Neither Roadrunner nor Ascent is required to prepare, file, or pursue an application to permit listing of the Ascent common stock on any national securities exchange or over-the-counter trading market.

The enclosed Information Statement, which we are mailing or furnishing to all Roadrunner stockholders as of the close of business on the Record Date, describes the spin-off in greater detail and contains important information about Ascent, including its historical unaudited stand-alone financial statements and unaudited pro forma financial statements. We urge you to read this Information Statement carefully.

Sincerely,

/s/ Christopher W. Jamroz

Christopher W. Jamroz
*Executive Chairman of the Board of Directors*

Downers Grove, Illinois
August 7, 2020

**INFORMATION STATEMENT**

**NOTICE OF ACTION TAKEN BY THE BOARD OF DIRECTORS**

# Roadrunner Transportation Systems, Inc.

1431 Opus Place, Ste 530
Downers Grove, Illinois 60515

**WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY**

August 7, 2020

This Information Statement is being furnished on behalf of the Board of Directors (the "Roadrunner Board") of Roadrunner Transportation Systems, Inc., a Delaware corporation (the "Company" or "Roadrunner"), to its stockholders as of the Record Date (as defined below) in connection with the spin-off of its asset-light logistics business from its less-than-truckload business and the creation of an independent holding company called Ascent Global Logistics, Inc., a Delaware corporation ("Ascent"). In connection with the spin-off, Roadrunner transferred or contributed to Ascent (the "Contribution") all the assets and legal entities, subject to any related liabilities, associated with the asset-light logistics business of Roadrunner in exchange for, among other things, shares of Ascent common stock. All of the shares of Ascent common stock owned by Roadrunner immediately prior to the Distribution were then distributed to the stockholders of Roadrunner (the "Distribution") on the Distribution Date. Prior to the Contribution, Ascent was a wholly-owned subsidiary of Roadrunner.

Each holder of Roadrunner common stock received one share of Ascent common stock for every one share of Roadrunner common stock held as of the close of business on July 31, 2020 (the "Record Date").

The Distribution was effective as of 1:30 p.m. Eastern Time on August 7, 2020 and Ascent became an independent, privately-held company. Roadrunner expects that, for U.S. federal income tax purposes, no gain or loss should be recognized by you, and no amount should be included in your income in connection with the Contribution and the Distribution.

No vote or other action is required by you to receive shares of Ascent common stock in connection with the Distribution. You were not required to pay anything for the new Ascent shares or to surrender any of your shares of Roadrunner common stock. We are not asking you for a proxy, and you should not send us a proxy or your share certificates.

**THIS IS NOT A NOTICE OF A MEETING OF STOCKHOLDERS AND NO STOCKHOLDERS' MEETING WILL BE HELD TO CONSIDER THE MATTERS DESCRIBED HEREIN.**

Roadrunner common stock will continue to trade on the Pink Open Market under the trading symbol "RRTS." There will be no trading market for Ascent common stock and such shares will be subject to significant transfer restrictions. Neither Roadrunner nor Ascent is required to prepare, file, or pursue an application to permit listing of the Ascent common stock on any national securities exchange or over-the-counter trading market.

Neither the Securities and Exchange Commission, nor any state securities commission has approved or disapproved these securities or determined if this Information Statement is truthful or complete. Any representation to the contrary is a criminal offense.

This Information Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities.

This Information Statement is first being mailed or furnished to stockholders on or about August 7, 2020.

## ABOUT THIS INFORMATION STATEMENT

Roadrunner and Ascent have supplied all information contained in this Information Statement relating to each of the respective companies. Roadrunner and Ascent have not authorized anyone to provide you with information other than the information that is contained in this Information Statement. Roadrunner and Ascent take no responsibility for, and can provide no assurances as to the reliability of, any other information that others may provide to you. This Information Statement is dated August 7, 2020, and you should not assume that the information contained in this Information Statement is accurate as of any date other than such date.

**Except as otherwise indicated or unless the context otherwise requires, the information included in this Information Statement about Roadrunner and Ascent assumes the completion of all of the transactions referred to in this Information Statement in connection with the Contribution and the Distribution.**

Unless otherwise indicated or as the context otherwise requires, all references in this Information Statement to the following terms will have the meanings set forth below:

- "***Ascent***," unless the context otherwise requires, means Ascent Global Logistics, Inc., the Delaware corporation that is, and at all times prior to the consummation of the Distribution was, a wholly owned subsidiary of Roadrunner and holds, directly or indirectly through its subsidiaries, the assets and legal entities, subject to any related liabilities, associated with the asset-light logistics business of Roadrunner, and whose shares Roadrunner distributed in connection with the Distribution. When appropriate in the context, the foregoing terms also include the subsidiaries of this entity. These terms may be used to describe the Ascent business prior to completion of the Contribution;
- "***asset-light logistics business***" or "***Ascent business***" means the businesses, operations, services, and activities of Roadrunner's asset-light logistics, ground, and air expedited transportation services businesses, conducted primarily through the Ascent Global Logistics and Ascent On-Demand brands;
- "***Contribution***" means the transfer or contribution by Roadrunner to Ascent of the assets, including the various legal entities that were subsidiaries of Roadrunner, subject to any related liabilities, associated with the asset-light logistics business of Roadrunner;
- "***Distribution***" means the distribution of all of the shares of Ascent common stock owned by Roadrunner to stockholders of Roadrunner as of the close of business on the Record Date;
- "***Distribution Date***" means the date on which the Distribution is consummated;
- "***Distribution Time***" means the time at which the Distribution is effective on the Distribution Date, which shall, to the fullest extent permitted by applicable law, be deemed to be 1:30 p.m. Eastern Time on the Distribution Date.
- "***less-than-truckload business***" or "***Roadrunner business***" means Roadrunner's less-than-truckload, conducted primarily through the Roadrunner Freight brand;
- "***Related Transactions***" means any transaction other than the Contribution and the Distribution consummated or to be consummated to effect the Separation (as defined below), including those related to the various name changes, internal reorganizations, and contractual arrangements between Ascent and Roadrunner;

- "***Roadrunner***" means Roadrunner Transportation Systems, Inc., the Delaware corporation that, prior to the Distribution, owned Ascent and, after the Separation (as defined below), is an independent company consisting primarily of the less-than-truckload business. When appropriate in the context, the foregoing term also includes the subsidiaries of this entity; and

- "***Separation***," except where the context otherwise requires, means the separation of the Ascent business from Roadrunner and the creation of an independent, private company, Ascent, through the consummation of (1) the Contribution, (2) the Distribution and (3) the Related Transactions.

## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Information Statement contains forward-looking statements. All statements other than statements of historical facts included in this Information Statement are forward-looking statements. Words such as "believes, "projects "anticipates," "plans," "expects," "may," "will," "should," "intends," and similar expressions are intended to identify forward-looking statements. These forward-looking statements are based on Roadrunner's current beliefs and expectations, and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. Stockholders should not place any undue reliance on forward-looking statements since they involve known and unknown risks, uncertainties and other factors which are, in some cases, beyond Roadrunner's control which could, and likely will, materially affect actual results, levels of activity, performance or achievements. Any forward-looking statement reflects Roadrunner's current views with respect to future events and is subject to these and other risks, uncertainties and assumptions relating to operations, results of operations, growth strategy, liquidity, and any pending litigation. Roadrunner assumes no obligation to publicly update or revise these forward-looking statements for any reason, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future.

## QUESTIONS AND ANSWERS ABOUT THE SEPARATION

**Please see "*The Separation*" section for a more detailed description of the matters summarized below.**

**Why am I receiving this document?**

You are receiving this document because you are a Roadrunner stockholder as of the close of business on the Record Date and, as such, were entitled to receive shares of Ascent common stock upon completion of the transactions described in this Information Statement. We are sending you this document to inform you about the Separation and to provide you with information about Roadrunner and Ascent and their business and operations upon completion of the Separation.

**What did I have to do to participate in the Separation?**

Nothing. You were not be required to pay any cash or deliver any other consideration in order to receive the shares of Ascent common stock that you were entitled to receive in connection with the Distribution. In addition, no stockholder approval was required for the Separation, you are not being asked to provide a proxy with respect to any of your shares of Roadrunner common stock in connection with the Separation, and you should not send us a proxy.

**Why did Roadrunner separate its asset-light logistics business from its less-than-truckload business?**

The Roadrunner Board believed that separating Roadrunner's asset-light logistics business from its less-than-truckload business and forming a new company to conduct the asset-light logistics business will enable the management team of each company to focus on its specific strategies, including, among others, (1) structuring its business to take advantage of growth opportunities in its specific markets, (2) tailoring its business operation and financial model to its specific long-term strategies, and (3) aligning its external financial resources, such as stock, access to markets, credit, and insurance factors, with its particular type of business. The Separation is intended to enhance the long-term performance of each business for the reasons discussed in the section entitled "*The Separation—Reasons for the Separation.*"

**What is Ascent?**

Prior to the Separation, Ascent was a wholly-owned subsidiary of Roadrunner that held, directly or indirectly through its subsidiaries, all of the assets and legal entities, subject to any related liabilities, of the asset-light logistics business of Roadrunner. Ascent is an independent, privately-held company following the Separation.

**How did Roadrunner accomplish the Separation of its asset-light logistics business?**

The Separation involved the Contribution (*i.e.,* the transfer and contribution of the assets and legal entities, subject to any related liabilities, associated with Roadrunner's asset-light logistics business to Ascent or its subsidiaries) and the Distribution (*i.e.,* Roadrunner's distribution to its stockholders of all the shares of Ascent common stock). Following the Separation, Ascent is a private company independent from Roadrunner, and Roadrunner did not retain any ownership interest in Ascent.

**What did I receive in the Distribution?**

In connection with the Distribution, you received one share of Ascent common stock for every one share of Roadrunner common stock held by you as of the close of business on the Record Date.

**How does my ownership in Roadrunner change as a result of the Separation?**

Your ownership of Roadrunner stock was not affected by the Separation.

**What is the Record Date?**

The Record Date for determining holders of record of Roadrunner common stock entitled to participate in the Distribution was the close of business on July 31, 2020. When we refer to the Record Date in this Information Statement, we are referring to that time and date.

**When did the Distribution occur?**

The Distribution occurred at the Distribution Time on the Distribution Date.

**As a Roadrunner stockholder as of the Record Date, how were shares of Ascent common stock distributed to me?**

At the Distribution Time, Roadrunner instructed the transfer agent and Distribution Agent to make book-entry credits at the brokerage level for the shares of Ascent common stock that you were entitled to receive as a stockholder of Roadrunner as of the close of business on the Record Date. Since shares of Ascent common stock are in uncertificated book-entry form, you will receive share ownership statements in place of physical share certificates.

**What if I hold my shares through a broker, bank, or other nominee?**

Roadrunner stockholders that hold their shares through a broker, bank, or other nominee had their bank, brokerage, or other account credited with Ascent common stock. For additional information, those stockholders should contact their broker or bank directly.

**How were fractional shares treated in the Distribution?**

You did not receive fractional shares of Ascent common stock in connection with the Distribution. Only whole shares of Ascent common stock were delivered in the Distribution.

**What are the U.S. federal income tax consequences to me of the Distribution?**

It was a condition to the Distribution that Roadrunner receive an opinion (the "Tax Opinion") of Roadrunner's tax counsel, Greenberg Traurig, LLP, on the basis of certain facts, representations, covenants, and assumptions set forth in the Tax Opinion, to the effect that the Contribution and the Distribution, taken together, should qualify as a "reorganization" within the meaning of Section 368(a)(1)(D) of the Code, and a distribution to which Section 355(a) of the Code applies. Accordingly, Roadrunner expects that no gain or loss should be recognized by, and no amount should be included in the income of, a U.S. Holder (as defined herein) as a result of the Distribution. See "*Material U.S. Federal Income Tax Consequences of the Distribution.*" for further information regarding the potential tax consequences of the Distribution to you. You should consult your tax advisors as to the particular tax consequences of the Distribution to you.

**How will I determine the tax basis I have in my Roadrunner shares after the Distribution and the Ascent shares I received in connection with the Distribution?**

Generally, for U.S. federal income tax purposes, your aggregate basis in your shares of Roadrunner common stock and the shares of Ascent common stock that you received in connection with the Distribution should equal the aggregate basis of Roadrunner common stock held by you immediately before the consummation of the Distribution. This aggregate basis should be allocated between your shares of Roadrunner common stock and the shares of Ascent common stock that you received in connection with the Distribution in proportion to the relative fair market value of each immediately following the consummation of the Distribution. See "*Material U.S. Federal Income Tax Consequences of the Distribution—The Distribution*."

**How will Roadrunner's common stock and Ascent's common stock trade after the Separation?**

Roadrunner common stock will continue to trade on the Pink Open Market under the trading symbol "RRTS." There will be no trading market for Ascent common stock and such shares will be subject to significant transfer restrictions. Neither Roadrunner nor Ascent is required to prepare, file, or pursue an application to permit listing of the Ascent common stock on any national securities exchange or over-the-counter trading market.

**If I sold my shares of Roadrunner common stock on or before the Distribution Date, am I still entitled to receive Ascent shares in the Distribution with respect to the sold shares?**

Roadrunner was advised that neither FINRA nor The Depository Trust Company announced an "ex-distribution" date because there is not a trading market for shares of Ascent common stock and such shares are subject to significant transfer restrictions. You are encouraged to consult with your financial advisor regarding the specific implications of selling your Roadrunner common stock prior to or on the Distribution Date.

**Will I receive a stock certificate for Ascent shares distributed as a result of the Distribution?**

No. Registered holders of Roadrunner common stock that are entitled to receive the Distribution will receive a book-entry account statement reflecting their ownership of Ascent common stock. For additional information, registered stockholders in the United States, Canada, or Puerto Rico should contact Roadrunner's transfer agent, American Stock Transfer & Trust Company, LLC, in writing at 6201 15th Avenue, Brooklyn, New York 11219, toll free at 1-800-937-5449 or through its website at www.astfinancial.com. Stockholders from outside the United States, Canada, and Puerto Rico may call 1-718-921-8317. See "*The Separation—When and How You Will Receive the Distribution of Ascent Shares*."

**Do I have appraisal rights?**

No. Roadrunner stockholders do not have any appraisal rights in connection with the Separation.

**Will Ascent have any outstanding indebtedness immediately following the Separation?**

Yes. Ascent has entered into a $75.0 million revolving line of credit to fund general corporate purposes with PNC Bank and will have a junior secured credit facility with Elliott Associates, L.P. and Elliott International, L.P. (collectively, "Elliott") of up to $100 million, such amount subject to Elliott's discretion. As of July 31, 2020, Ascent had $0.2 million of indebtedness outstanding. See "*The Separation—Incurrence of Debt*" and "*Description of Material Indebtedness.*"

**Will the Separation affect the trading price of my Roadrunner stock?**

Yes. The trading price of shares of Roadrunner common stock on the Pink Open Market immediately following the Separation may be expected to be lower than immediately prior to that time because the trading price will no longer reflect the value of the asset-light logistics business. Roadrunner cannot provide you with any assurance regarding the price at which the Roadrunner shares will trade following the Separation or if such shares will continue to be quoted on the Pink Open Market.

**What will happen to outstanding Roadrunner equity compensation awards?**

Outstanding Roadrunner equity compensation awards were equitably adjusted simultaneously with the Separation. These equitable adjustments were intended to maintain, immediately following the Separation, the intrinsic value of the award immediately prior to the Separation. For a more detailed description of how such awards were adjusted, see "*The Separation—Treatment of Outstanding Equity Compensation Awards*."

**What will the relationship between Roadrunner and Ascent be following the Separation?**

Following the Separation, Roadrunner will not own any shares of Ascent common stock, and Roadrunner and Ascent each will be independent companies with their own management teams. In connection with the Separation, Roadrunner and Ascent entered into a Separation and Distribution Agreement, a Contribution Agreement, and several other agreements to effect the Separation and provide a framework for their relationship after the Separation. These agreements provide for the allocation between Roadrunner and its subsidiaries, on the one hand, and Ascent and its subsidiaries, on the other hand, of the assets, liabilities, legal entities, and obligations associated with the less-than-truckload business, on the one hand, and the asset-light logistics business, on the other hand, and will govern the relationship between Roadrunner and its subsidiaries, on the one hand, and Ascent and its subsidiaries, on the other hand, subsequent to the Separation. In addition to the Separation and Distribution Agreement and the Contribution Agreement, the other principal agreements entered into between Roadrunner and Ascent include a Tax Matters Agreement, a Business Services Agreement, an Employee Matters Agreement, and certain commercial agreements, including Subleases. See "*The Separation—Agreements Between Roadrunner and Ascent*."

**Who is the transfer agent for Ascent's common stock?**

American Stock Transfer & Trust Company, LLC is the transfer agent for Ascent common stock. American Stock Transfer & Trust Company's mailing address is 6201 15th Avenue, Brooklyn, New York 11219 and its phone number for stockholders in the United States, Canada, or Puerto Rico is Toll Free is 1-800-937-5449 and for stockholders from outside the United States, Canada, and Puerto Rico is 1-718-921-8317.

**Who was the Distribution Agent for the Distribution?**

American Stock Transfer & Trust Company, LLC.

**Who can I contact for more information?**

If you have questions relating to the mechanics of the distribution of Ascent shares, you should contact the Distribution Agent as set forth below:

American Stock Transfer & Trust Company, LLC
c/o: Corporate Actions
6201 15th Avenue
Brooklyn, New York 11219
Toll Free: 1-800-937-5449
International: 1-718-921-8317

If you have questions relating to Roadrunner, you should contact Roadrunner as set forth below:

Roadrunner Transportation Systems, Inc.
1431 Opus Place, Suite 530
Downers Grove, Illinois 60515
Email: ir@rrts.com
Attn: Frank L. Hurst, President

If you have questions relating to Ascent, you should contact Ascent as set forth below:

Ascent Global Logistics, Inc.
2068 E Street
Belleville, Michigan 48111
Telephone: 800-614-1348

Email: info@ascentgl.com
Attn: Thomas D. Stenglein
President, Chief Financial Officer and President - Ascent On-Demand

## RISK FACTORS

*You should carefully consider each of the following risks and all of the other information contained in this Information Statement, as well as the risk factors described in Roadrunner's most recently filed Annual Report on Form 10-K with the Securities and Exchange Commission (the "SEC"). Some of these risks relate principally to Ascent's separation from Roadrunner, while others relate principally to Ascent's business and the industry in which Ascent operates and ownership of Ascent's common stock. The business, prospects, operating results, financial condition, and cash flows could be materially and adversely affected by any of these risks.*

### Risks Related to the Separation

***Ascent may not realize the anticipated benefits from the Separation, and the Separation could harm Ascent's business.***

Ascent may not be able to achieve the full strategic and financial benefits expected to result from the Separation and such benefits may be delayed or not occur at all. The Separation is designed to enhance strategic and management focus, provide a distinct investment identity, and allow Ascent to efficiently allocate resources and deploy capital. Ascent may not achieve these and other anticipated benefits for a variety of reasons, including the following:

- the Separation required significant amounts of management's time and effort, which may have diverted management's attention from operating and growing its business;
- following the Separation, Ascent may be more susceptible to economic downturns and other adverse events than if Ascent were still a part of Roadrunner;
- following the Separation, Ascent's business will be less diversified than Roadrunner's business prior to the Separation;
- following the Separation, Ascent's business will experience a loss of scale and access to certain financial, managerial, and professional resources as well as product and brand power influence and recognition with some customers from which Ascent may have benefited in the past; and
- actions required to separate the respective businesses could disrupt Ascent's operations.

If Ascent fails to achieve some or all of the benefits expected to result from the Separation, or if such benefits are delayed, Ascent's business could be harmed.

***Ascent has no history operating as an independent company, and Ascent's historical financial information is not necessarily representative of the results that Ascent would have achieved as an independent company and may not be a reliable indicator of Ascent's future results.***

Ascent's historical financial information included in this Information Statement has been derived from Roadrunner's consolidated financial statements and accounting records and are not necessarily indicative of Ascent's future operating results, financial condition, or cash flows, nor do they reflect what Ascent's operating results, financial condition, or cash flows would have been as an independent company during the periods presented. In particular, the historical financial information included in this Information Statement is not necessarily indicative of Ascent's future operating results, financial condition, or cash flows primarily because of the following factors:

- prior to the Separation, Ascent's business was operated by Roadrunner as part of its broader corporate organization rather than as an independent company, and Roadrunner or one of its affiliates provided support for various corporate functions for Ascent, such as information technology, medical insurance, procurement, logistics, marketing, human resources, compliance, legal, finance, and internal audit;

- Ascent's historical financial results reflect the direct, indirect, and allocated costs for such services historically provided by Roadrunner, and these costs may significantly differ from the comparable expenses Ascent would have incurred as an independent company;

- Ascent's working capital requirements and capital expenditures historically have been satisfied as part of Roadrunner's corporate-wide cash management and centralized funding programs, and Ascent's cost of debt and other capital may significantly differ from that which is reflected in Ascent's historical combined financial statements;

- the historical financial information may not fully reflect the costs associated with the Separation, including the costs related to becoming an independent company;

- Ascent's historical financial information does not reflect Ascent's obligations under the various transitional and other agreements Ascent has entered into with Roadrunner in connection with the Separation, though costs under such agreements are expected to be substantially similar to what was charged to the business in the past; and

- Ascent's business was recently integrated with that of Roadrunner and Ascent benefited from Roadrunner's size and scale in costs, employees, and vendor and customer relationships and the costs Ascent will incur as an independent company may significantly exceed comparable costs Ascent would have incurred as part of Roadrunner and some of Ascent's customer relationships may be weakened or lost.

The pro forma adjustments included in this Information Statement are based on available information and assumptions that management believes are reasonable and factually supportable. Actual results, however, may vary. In addition, Ascent's unaudited pro forma financial information included in this Information Statement may not give effect to various ongoing additional costs that Ascent may incur in connection with being an independent company. Accordingly, Ascent's unaudited pro forma financial statements do not reflect what Ascent's operating results, financial condition, or cash flows would have been as an independent company and are not necessarily indicative of Ascent's future operating results, financial condition, or cash flows.

See "*Unaudited Pro Forma Financial Statements of Ascent Global Logistics*" included elsewhere in this Information Statement.

***Ascent has historically operated within Roadrunner, and there are risks associated with Ascent's separation from Roadrunner.***

Ascent has historically operated within Roadrunner, and a number of aspects of Ascent's relationship with Roadrunner will change as a result of Ascent's separation from Roadrunner. For example, some of Ascent's customers, landlords, vendors, and other contract counterparties may have contracted with Ascent because Ascent was part of Roadrunner and Ascent may have difficulty marketing its services or obtaining favorable terms in its leases and other contractual arrangements in the future as a result of Ascent's separation from Roadrunner.

***Ascent will incur significant costs to create the independent corporate infrastructure necessary to operate as an independent company, while also providing similar services to Roadrunner on a transitional basis.***

Roadrunner historically performed many important corporate functions for Ascent, including finance, accounting, tax, human resources, information technology, litigation management, real estate, and insurance management. The costs of these services have historically been allocated to Ascent based on direct usage when identifiable or, when not directly identifiable, on the basis of proportional net sales, headcount, tractor count, or another cost driver, as applicable. In anticipation of the Separation, certain corporate functions were eliminated, downsized, or embedded directly in the Roadrunner and Ascent businesses. The remaining corporate infrastructure has been transferred to Ascent. Ascent will continue to provide some of these services to Roadrunner on a transitional basis, for a period of up to two years following the Distribution Date pursuant to a Business Services Agreement that Roadrunner has entered into with Ascent. See "*The Separation—Agreements with Roadrunner—Business Services Agreement*." Ascent may not successfully perform all of these functions for Roadrunner during the transition period, and the performance of these services may interfere with the ability of Ascent to create its own corporate infrastructure. Both Ascent and Roadrunner may have to expend significant efforts or costs materially in excess of those estimated under the Business Services Agreement. Any interruption in these services could have a material adverse effect on Ascent's business, operating results, and financial condition.

The costs associated with performing or outsourcing these functions may exceed the amounts reflected in Ascent's historical financial statements that were incurred as a business segment of Roadrunner. Ascent expects to incur costs immediately following the Separation to establish the necessary infrastructure. A significant increase in the cost of performing or outsourcing these functions could materially and adversely affect Ascent's business, operating results, and financial condition.

***In connection with the Separation, Roadrunner and Ascent will indemnify each other for certain liabilities, Ascent may need to divert cash to meet those obligations if Ascent is required to act under these indemnities to Roadrunner, and Roadrunner may not be able to satisfy its indemnification obligations to Ascent in the future.***

Pursuant to the Separation and Distribution Agreement and other agreements between Roadrunner and Ascent, Roadrunner has agreed to indemnify Ascent for certain liabilities and Ascent has agreed to indemnify Roadrunner for certain liabilities, as discussed further in "*The Separation—Agreements with Roadrunner*." Payments that Ascent may be required to provide under indemnities to Roadrunner are not subject to any cap, may be significant, and could negatively affect Ascent's business, particularly under indemnities relating to Ascent's actions that could affect the tax-free nature of the Separation. Third parties could also seek to hold Ascent responsible for the liabilities that Roadrunner has agreed to retain and, under certain circumstances, Ascent may be subject to continuing contingent liabilities of Roadrunner following the Separation that arise relating to the operations of the asset-light logistics business during the time that it was a business segment of Roadrunner prior to the Separation, such as certain tax liabilities that relate to periods during which taxes of the asset-light logistics business were reported as a part of Roadrunner; liabilities retained by Roadrunner that relate to contracts or other obligations entered into jointly by the asset-light logistics business and Roadrunner's less-than-truckload business; post-employment liabilities, including unfunded liabilities, that apply to Roadrunner; environmental liabilities related to sites at which both Roadrunner and the asset-light logistics business operated; and liabilities arising from third-party claims in respect of contracts in which both Roadrunner and the asset-light logistics business provide services.

Roadrunner has agreed to indemnify Ascent for such contingent liabilities. While Ascent has no reason to expect that Roadrunner will not be able to support its indemnification obligations to Ascent, Ascent can provide no assurance that Roadrunner will be able to fully satisfy its indemnification obligations or that such indemnity obligations will be sufficient to cover Ascent's liabilities for matters which Roadrunner has agreed to retain, including such contingent liabilities. Moreover, even if Ascent ultimately succeeds in recovering from Roadrunner any amounts for which Ascent is indemnified, Ascent may be temporarily required to bear these losses itself. Each of these risks could have a material adverse effect on Ascent's business, operating results, and financial condition.

***After the Separation, Ascent will only have limited access to the insurance policies maintained by Roadrunner for events occurring prior to the Separation, Roadrunner's insurers may deny or attempt to deny coverage to Ascent under such policies, there can be no assurance that Ascent will be able to maintain insurance coverage following the Separation on terms that justify its purchase, and any such insurance may not be adequate to offset costs associated with certain events.***

In connection with the Separation, Ascent entered into agreements with Roadrunner to address various matters associated with the Separation, including insurance coverage. The Separation and Distribution Agreement provides that following the Separation, Ascent will no longer have insurance coverage under Roadrunner insurance policies in connection with events occurring before, as of, or after the Separation, other than coverage for (i) events occurring prior to the Separation and covered by occurrence-based policies of Roadrunner as in effect as of the Separation and (ii) events or acts occurring prior to the Separation and covered by claims-made policies of Roadrunner for which a claim was received prior to the Separation. However, after the Separation, Roadrunner's insurers may deny or attempt to deny coverage to Ascent for losses associated with occurrences or claims made prior to the Separation. Accordingly, Ascent may be required to temporarily or permanently bear the costs of such lost coverage.

In addition, Ascent will have to maintain its own insurance policies after the Separation, which may result in higher insurance premiums as a smaller company with less buying power, less flexibility to purchase high deductible plans that could result in higher, but more predictable, insurance costs, and lower overall limits of insurance coverage that may not be adequate to protect Ascent from costs incurred with certain events. The occurrence of an event that is not insured or not fully insured could have a material adverse effect on Ascent's business, operating results, and financial condition. See "*The Separation—Agreements with Roadrunner*."

***The transfer or assignment to Ascent of some contracts and other assets required the consent of a third-party, and Ascent may not be entitled to the benefit of such contracts, investments, and other assets in the future if such consent is not given.***

The transfer or assignment of some of the contracts and other assets in connection with the Separation required the consent of a third party to the transfer or assignment. Similarly, in some circumstances, Ascent is a joint beneficiary of contracts and Ascent may need to enter into a new agreement with the third party to replicate the existing contract or assign the portion of the existing contract related to Ascent's business. While Ascent anticipates that most of these contract assignments and new agreements will be obtained prior to the Separation, Ascent may not be able to obtain all required consents or enter into all such new agreements, as applicable, until after the Separation. Some parties may use the requirement of a consent to seek more favorable contractual terms from Ascent, which could include Ascent having to obtain letters of credit or other forms of credit support. If Ascent is unable to obtain such consents or such credit support on commercially reasonable and satisfactory terms, Ascent may be unable to obtain some of the benefits, assets, and contractual commitments that are intended to be allocated to Ascent as part of the Separation. In addition, if Ascent does not obtain consent from third-party counterparties based on its belief that no consent is required, the third-party counterparties may challenge the transfer or assignment on the basis that the terms of the applicable commercial arrangements required their consent. Ascent may incur substantial litigation and other costs in connection with any such claims and, if Ascent does not prevail, Ascent's ability to use these contracts and other assets could be adversely impacted.

Although Ascent does not believe that any of the contracts or other assets requiring consent to transfer or the contracts requiring a new agreement are individually material to its business, Ascent cannot provide assurance that all such required third-party consents and new agreements will be procured or put in place, as applicable, prior to or after the date of the Separation. Consequently, Ascent may not realize certain of the benefits that are intended to be allocated to Ascent as part of the Separation.

***After the Separation, some of Ascent's directors and officers may have actual or potential conflicts of interest because of their equity ownership in Roadrunner.***

Because of their former positions with Roadrunner, following the Separation, some of Ascent's directors and executive officers may own shares of Roadrunner common stock or have options or other rights to acquire shares of Roadrunner common stock, and the individual holdings may be significant for some of these individuals compared to their total assets. This ownership may create, or may create the appearance of, conflicts of interest when these directors and officers are faced with decisions that could have different implications for Roadrunner or Ascent. For example, potential conflicts of interest could arise in connection with the resolution of any dispute that may arise between Roadrunner and Ascent regarding the terms of the agreements governing the Separation and the relationship thereafter between the companies.

***Ascent potentially could have received better terms from unaffiliated third parties than the terms Ascent received in its agreements with Roadrunner.***

The agreements Roadrunner entered into with Ascent in connection with the Separation were negotiated while Ascent was still part of Roadrunner's business. See "*The Separation—Agreements with Roadrunner*." Accordingly, during the period in which the terms of those agreements were negotiated, Ascent did not have a Board of Directors or a management team independent of Roadrunner. The terms of the agreements negotiated in the context of the Separation relate to, among other things, the allocation of assets, license agreements, intellectual property, liabilities, rights, and other obligations between Roadrunner and Ascent as well as services to be provided by Ascent to Roadrunner on an interim basis. Arm's-length negotiations between Roadrunner and an unaffiliated third-party in another form of transaction, such as a buyer in a sale of a business transaction, may have resulted in more favorable terms to the unaffiliated third-party.

***The Separation and related transactions may result in potential claims against Ascent and Roadrunner arising out of state and federal fraudulent conveyance laws and legal distribution requirements.***

Although Roadrunner received a solvency opinion from an investment bank confirming that Roadrunner and Ascent will, after giving effect to the Separation, each be solvent (meaning the fair value of the assets will exceed stated and contingent liabilities) and should be adequately capitalized and able to pay debts as they mature following the Distribution, it is possible the Separation could be challenged under various state and federal fraudulent conveyance laws. Fraudulent conveyances or transfers are generally defined to include transfers made or obligations incurred with the actual intent to hinder, delay or defraud current or future creditors or transfers made or obligations incurred for less than reasonably equivalent value when the debtor was insolvent, or that rendered the debtor insolvent, inadequately capitalized or unable to pay its debts as they become due. Any unpaid creditor of Ascent, or a trustee or debtor-in-possession in bankruptcy of Ascent, could claim that Ascent did not receive fair consideration or reasonably equivalent value in the Separation, and that the Separation left Ascent insolvent or with unreasonably small capital, or that Ascent intended or believed it would incur debts beyond its ability to pay such debts as they mature. Similarly, any unpaid creditor of Roadrunner, or a trustee or debtor-in-possession in bankruptcy of Roadrunner, could claim that Roadrunner did not receive fair consideration or reasonably equivalent value in the Separation, and that the Separation left Roadrunner insolvent or with unreasonably small capital, or that Roadrunner intended or believed it would incur debts beyond its ability to pay such debts as they mature. If a court were to agree with any such plaintiff, then it is possible such court could void the Separation as a fraudulent transfer or impose substantial liabilities on Ascent or Roadrunner, as applicable, which could adversely affect Ascent or Roadrunner's financial condition and results of operations.

The Distribution is also subject to the requirements of Delaware law. Under the General Corporation Law of the State of Delaware (the "DGCL"), a Delaware corporation may only pay dividends to its stockholders either (i) out of its "surplus", which is defined in the DGCL as the amount determined by subtracting from the corporation's "net assets" (defined in the DGCL as the corporation's total assets less the corporation's total liabilities), the corporation's capital (as defined in the DGCL), or (ii) if there is no such "surplus," out of net profits for the fiscal year in which the dividend is declared and/or the preceding fiscal year. In addition, Delaware common law restricts the payment of dividends if the Delaware corporation is or would be rendered cash flow insolvent by the dividend. In authorizing the Distribution, the Roadrunner Board received an opinion from an investment bank confirming both the availability of "surplus" under the DGCL and that Roadrunner should be cash flow solvent immediately prior to the Distribution and should be cash flow solvent immediately after and giving effect to the Distribution. Although Roadrunner received such opinion, there can be no assurance that a court will not later determine that some or all of the Distribution was not permitted by the DGCL or Delaware common law.

***If the Distribution were to fail to qualify as tax-free to stockholders of Roadrunner under Section 355(a) of the Code, Roadrunner's stockholders could be required to pay U.S. federal income taxes.***

It was a condition to the Distribution that Roadrunner receive the Tax Opinion from Roadrunner's tax counsel, Greenberg Traurig, LLP, on the basis of certain facts, representations, covenants, and assumptions set forth in the Tax Opinion, to the effect that the Contribution and the Distribution, taken together, should qualify as a "reorganization" within the meaning of Section 368(a)(1)(D) of the Code and a distribution to which Section 355(a) of the Code applies. Notwithstanding receipt by Roadrunner of the Tax Opinion, the Internal Revenue Service (the "IRS") could assert that the Distribution does not qualify as tax-free to stockholders of Roadrunner under Section 355(a) of the Code for U.S. federal income tax purposes. If the IRS' challenge to tax-free treatment of Roadrunner's stockholders were successful, then, in general, each Roadrunner stockholder who received shares of Ascent common stock in the Distribution would be treated as receiving a distribution in an amount equal to the fair market value of the Ascent common stock that was distributed to the stockholder, which generally would be taxed in the manner described in "*Material U.S. Federal Income Tax Consequences of the Distribution*."

***Roadrunner and Ascent will be subject to continuing contingent tax liabilities following the Distribution.***

After the Distribution, certain tax liabilities relating to Ascent could become obligations of Roadrunner, and vice versa. For example, under applicable law, each corporation that was a member of Roadrunner's consolidated tax reporting group during any taxable period or portion of any taxable period ending on or before the effective time of the Distribution is severally liable for the U.S. federal income tax liability of the entire consolidated tax reporting group for such taxable period. In connection with the Distribution, Roadrunner entered into a Tax Matters Agreement with Ascent that allocates the responsibility for income taxes for all periods preceding the Distribution, including income taxes of Roadrunner's consolidated tax reporting group, to Roadrunner. For a more detailed description of the Tax Matters Agreement, see "*The Separation——Agreements Between Roadrunner and Ascent—Tax Matters Agreement.*" If Roadrunner is unable to pay any prior period taxes for which it is responsible, however, Ascent could be required to pay the entire amount of such taxes, and such amounts could be significant. Other provisions of state, local, or non-U.S. law may establish similar liability for other taxes.

***Roadrunner and Ascent will be subject to significant restrictions on their actions following the Distribution in order to avoid triggering significant tax-related liabilities.***

The Tax Matters Agreement generally prohibits Roadrunner and Ascent from taking certain actions that could cause the Contribution and the Distribution to fail to qualify for their intended tax treatment. Due to these restrictions, Roadrunner and Ascent may be limited in their ability to pursue strategic transactions or other transactions that may otherwise be in their best interests.

**Risks Related to Ascent's Common Stock**

***Roadrunner's principal stockholder will also be Ascent's principal stockholder and will continue to have significant influence over Roadrunner and will have significant influence over Ascent after the Separation, including control over decisions that require the approval of stockholders.***

As of the Record Date, Elliott collectively owned approximately 89.3% of Roadrunner's outstanding common stock and, immediately following the Distribution, owned approximately the same percentage of Ascent's outstanding common stock. As a result, Elliott is able to exercise substantial control over all matters requiring stockholder approval, including the election and removal of directors and the size of the Board of Directors of Ascent (the "Ascent Board"), any amendment of Ascent's Amended and Restated Certificate of Incorporation or Amended and Restated Bylaws, and any approval of significant corporate transactions (including a sale of all or substantially all of Ascent's assets or the dissolution or winding up of Ascent), and will continue to have significant control over Ascent's business, affairs, and policies, including the appointment of Ascent's management.

Ascent expects that members of the Ascent Board will continue to be appointed by and/or affiliated with Elliott who will have the ability to appoint or elect the majority of directors. The directors that Elliott appoints and/or elects have the authority to vote to authorize Ascent to incur additional debt, issue or repurchase stock, declare dividends, and make other decisions that could be detrimental to stockholders. See "*Description of Material Indebtedness—Ascent Credit Facilities*" for more information. Such concentration of voting power could also have the effect of delaying or deterring a change in control or other business combination that might otherwise be beneficial to Ascent's stockholders or could limit the price or value that some investors might be willing to pay in the future for shares of Ascent common stock. These actions may be taken even if other stockholders oppose them. In addition, Ascent will have a junior secured credit facility with Elliott of up to $100 million, such amount subject to Elliott's discretion. Moreover, in connection with the Separation, Ascent and Elliott entered into a Stockholders' Agreement, dated as of the Distribution Date, pursuant to which Ascent granted Elliott the right to designate nominees to Ascent's board of directors and access to available financial information, which is substantially similar to that certain stockholders' agreement previously in effect between Roadrunner and Elliott, dated as of February 26, 2019, with only those changes necessary to reflect that Ascent is not a publicly-traded company. As a result, the interests of Elliott, including its interests as a creditor under the junior secured credit facility, may not always coincide with Ascent's interests as a company or the interests of other stockholders.

In addition, Elliott is not subject to any lock-up with respect to its shares of Ascent common stock. Elliott therefore has the ability to sell, subject to the transfer restrictions imposed on the Ascent shares, its controlling position in a privately negotiated transaction and realize a control premium for the shares of Ascent common stock held by it if it is able to find a buyer that is willing to pay such a premium. Ascent's stockholders should not assume that in connection with such a sale of control by Elliott there would be a concurrent offer for the shares held by other stockholders or that stockholders would otherwise be able to realize any control premium for their shares. In addition, if Elliott sells a significant equity interest in Ascent in a privately negotiated transaction, Ascent may become subject to the control of a presently unknown third party. Such third party may have conflicts of interest with the interests of other stockholders.

Further, there are no restrictions regarding Elliott's ability to pledge its shares of Ascent common stock, including any pledge as part of the collateral securing certain of Elliott's secured borrowing arrangements. Upon certain events of default, the secured lenders under these arrangements may take possession, hold, collect, sell, lease, deliver, grant options to purchase, or otherwise retain, liquidate, or dispose of all or any portion of the collateral. Any such enforcement action by Elliott's secured lenders may result in a change in control of Ascent. Ascent has no obligation to maintain Elliott's financial viability and Elliott may not remain current on its obligations under its secured borrowing arrangements.

***Ascent's common stock is subject to significant transfer restrictions, and an investment in Ascent's common stock generally will be illiquid.***

Shares of Ascent's common stock are subject to significant restrictions on transfer described herein and as set forth in Ascent's Amended and Restated Certificate of Incorporation. See "*The Separation—Transferability of Shares of Ascent Common Stock*." Holders of shares of Ascent common stock will not be permitted to transfer their shares after the Separation, including a transfer of solely an economic interest, except in limited circumstances. An investment in Ascent common stock is of further limited liquidity since Ascent's common stock is not freely transferable under the securities laws. Each stockholder of Ascent's common stock must be prepared to bear the economic risk of an investment in Ascent's common stock for an indefinite period.

***Ascent's Amended and Restated Certificate of Incorporation, which is consistent in this respect with Roadrunner's Amended and Restated Certificate of Incorporation, as amended, renounces Ascent's interest or expectancy in, or being offered, certain business opportunities with respect to any director or stockholder who is not employed by Ascent or its subsidiaries.***

The doctrine of corporate opportunity generally provides that a corporate fiduciary may not develop an opportunity using corporate resources, acquire an interest adverse to that of the corporation or acquire property that is reasonably incident to the present or prospective business of the corporation or in which the corporation has a present or expectancy interest, unless that opportunity is first presented to the corporation and the corporation chooses not to pursue that opportunity. The doctrine of corporate opportunity is intended to preclude officers or directors or other fiduciaries from personally benefiting from opportunities that belong to the corporation. Ascent's Amended and Restated Certificate of Incorporation renounces Ascent's interest or expectancy in, or being offered, certain business opportunities with respect to any director or stockholder who is not employed by Ascent or its subsidiaries. Roadrunner's Amended and Restated Certificate of Incorporation, as amended, contains the same renouncement of "corporate opportunity."

Ascent, therefore, may find itself in competition with certain of its stockholders, directors, or their respective affiliates, and Ascent may not have knowledge of, or be able to pursue, transactions that could potentially be beneficial to Ascent. Accordingly, Ascent may lose a corporate opportunity or suffer competitive harm, which could negatively impact Ascent's business, operating results, and financial condition.

***Provisions of Ascent's Amended and Restated Certificate of Incorporation, Ascent's Amended and Restated Bylaws, and Delaware law may prevent or delay an acquisition of Ascent, which could decrease the value of Ascent's common stock.***

Several provisions of Ascent's Amended and Restated Certificate of Incorporation, Amended and Restated Bylaws, and Delaware law may discourage, delay, or prevent a merger or acquisition of Ascent that Ascent's stockholders may consider favorable. These include provisions that provide for the following:

- the ability of the Ascent Board to create and issue, without stockholder approval, one or more series of preferred stock having such powers, preferences, and rights, if any, and such qualifications, limitations, and restrictions, if any, as established by the Ascent Board;
- the ability of the Ascent Board to issue a large number of shares of Ascent common stock that are authorized by Ascent's Amended and Restated Certificate of Incorporation, but that are not yet issued;
- the removal of any director elected by holders of Ascent common stock solely by a majority of the voting power of such holders;

- the filling of vacancies resulting from the death, resignation, disqualification, removal, or other cause of directors elected by the holders of Ascent common stock and newly created directorships created from an increase in the number of such directors solely by the Ascent Board;
- the amendment of Ascent's Amended and Restated Bylaws by the Ascent Board;
- the amendment of Ascent's Amended and Restated Bylaws by Ascent's stockholders solely by a vote of a majority of the voting power thereof;
- the calling of special meetings of Ascent holders of common stock solely by the Chairperson of the Ascent Board, the Ascent Board, or the Secretary of Ascent;
- advance notice and other requirements for nominations of candidates for election to the Ascent Board by the holders of its common stock or for proposing matters that can be acted on at annual meetings of the holders of its common stock; and
- limit Ascent's ability to enter into business combinations with interested stockholders, subject to certain exceptions enumerated by Delaware law.

Ascent believes these provisions will generally help protect its stockholders from coercive or otherwise unfair takeover tactics by requiring potential acquirers to negotiate with the Ascent Board and by providing the Ascent Board with more time to assess any acquisition proposal. These provisions are not intended to make Ascent immune from takeovers. However, these provisions apply even if a takeover offer may be considered beneficial by some stockholders and could delay or prevent an acquisition that the Ascent Board determines is not in its stockholders' best interests. See "*Description of Capital Stock*." These and other provisions of Ascent's Amended and Restated Certificate of Incorporation, Amended and Restated Bylaws, and Delaware law may, however, discourage, delay, or prevent certain types of transactions involving an actual or a threatened acquisition or change in control of Ascent, including unsolicited takeover attempts, even though the transaction may offer Ascent's stockholders the opportunity to sell their shares of Ascent common stock at a favorable price.

***Ascent's Amended and Restated Certificate of Incorporation designates Delaware as the exclusive forum for certain litigation, and the federal courts for actions asserting claims arising under the Securities Act of 1933, as amended (the "Securities Act"), which may limit Ascent's stockholders' ability to choose a judicial forum for disputes with Ascent.***

Pursuant to Ascent's Amended and Restated Certificate of Incorporation, as in effect upon the completion of the Separation, unless Ascent consents in writing to the selection of an alternative forum, other than for claims arising under the Securities Act, for which the federal district courts will be the sole and exclusive forum, the Court of Chancery of the State of Delaware will be the sole and exclusive forum for (a) any derivative action or proceeding brought on Ascent's behalf; (b) any action asserting a claim of breach of a fiduciary duty owed by any of Ascent's directors, officers, or employees to Ascent or its stockholders; (c) any action asserting a claim arising pursuant to any provision of the DGCL; (d) any civil action to interpret, apply, enforce, or determine the validity of the provisions of Ascent's Amended and Restated Certificate of Incorporation or Ascent's Amended and Restated Bylaws; or (e) any action asserting a claim governed by the internal affairs doctrine. However, if the Court of Chancery of the State of Delaware lacks jurisdiction over such action, Ascent's Amended and Restated Certificate of Incorporation provides that the sole and exclusive forum for such action will be another state or federal court located within the State of Delaware, in all cases, subject to such court having personal jurisdiction over the indispensable parties named as defendants. Ascent's Amended and Restated Certificate of Incorporation provides that the foregoing provisions do not apply to action asserting claims arising under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or the Securities Act. These Delaware exclusive forum provisions will require Ascent stockholders to bring certain types of actions or proceedings relating to Delaware law in the Court of Chancery of the State of Delaware or another state or federal court in the State of Delaware and therefore may prevent Ascent stockholders from bringing such actions or proceedings in another court that a stockholder may view as more convenient, cost-effective, or advantageous to the stockholder or the claims made in such action or proceeding, and may discourage the actions or proceedings covered by the Delaware exclusive forum provisions. Ascent's Amended and Restated Certificate of Incorporation also provides that any person purchasing or otherwise acquiring any interest in Ascent stock will be deemed to have notice of and consented to these Delaware exclusive forum provisions.

Pursuant to Ascent's Amended and Restated Certificate of Incorporation, as in effect upon the completion of the Separation, unless Ascent consents in writing to the selection of an alternative forum, the federal courts of the United States shall, to the fullest extent permitted by applicable law, be the sole and exclusive forum for any action asserting a claim arising under the Securities Act. This forum selection provision will require Ascent's stockholders to bring such actions in federal court and prevent stockholders from bringing such action in a state court that the stockholder may view as more convenient, cost-effective, or advantageous to the stockholder or the claims made in such action. See "*Description of Capital Stock—Exclusive Forum.*"

***The percentage ownership of stockholders of Ascent common stock may be diluted in the future.***

In the future, your percentage ownership in Ascent may be diluted because of equity issuances for acquisitions, strategic investments, capital market transactions, or otherwise, including equity compensation awards that Ascent grants to its directors, officers and employees. Ascent is expected to grant additional equity compensation awards to its employees after the Separation. In addition, Ascent's Amended and Restated Certificate of Incorporation authorizes the Ascent Board to create and issue, without the approval of Ascent stockholders, one or more series of preferred stock having such powers, preferences, and rights, if any, and such qualifications, limitations, and restrictions, if any, as established by the Ascent Board. The terms of one or more series of preferred stock that is so created and issued by the Ascent Board may dilute the voting power or reduce the value of Ascent common stock. For example, the Ascent Board could create and issue one or more series of preferred stock having the right to elect one or more of Ascent's directors (in all events or on the happening of specified events) and/or the right to veto specified transactions. Similarly, the repurchase or redemption rights or dividend, distribution, or liquidation rights of a series of preferred stock created and issued by the Ascent Board could affect the residual value of the common stock. See "*Description of Capital Stock—Preferred Stock.*"

***Ascent's common stock is and will be subordinate to all of Ascent's future indebtedness and any series of preferred stock, and effectively subordinated to all indebtedness and preferred equity claims against its subsidiaries.***

Shares of Ascent common stock are common equity interests in Ascent and, as such, will rank junior to all of Ascent's future indebtedness and other liabilities. Additionally, holders of Ascent common stock may become subject to the prior dividend and liquidation rights of holders of any series of preferred stock that the Ascent Board may designate and issue without any action on the part of the holders of Ascent common stock. Furthermore, a stockholder's right to participate in a distribution of assets upon any of Ascent's subsidiaries' liquidation or reorganization is subject to the prior claims of that subsidiary's creditors.

## THE SEPARATION

### General

On July 27, 2020, Roadrunner announced that it was proceeding with a plan to spin-off its asset-light logistics business. On August 3, 2020, the Roadrunner Board approved the Contribution and the Distribution of shares of Ascent common stock on the basis of one share of Ascent common stock for every one share of Roadrunner common stock held at the close of business on the Record Date. Prior to the Separation, Ascent was a wholly-owned subsidiary of Roadrunner and, as a result of the Separation, holds, directly or indirectly through its subsidiaries, all of the assets and legal entities, subject to any related liabilities, associated with Roadrunner's asset-light logistics business. The Separation was achieved through the Contribution and the Distribution. In connection with the Distribution, Roadrunner stockholders received one share of Ascent common stock for every one share of Roadrunner common stock held as of the close of business on the Record Date. The Separation was completed at the Distribution Time on August 7, 2020. Following the Separation, Roadrunner stockholders as of the close of business on the Record Date own 100% of the outstanding shares of Ascent common stock. Ascent is an independent, privately-held company and Roadrunner does not retain any ownership interest in Ascent.

In connection with the Separation, Roadrunner and Ascent entered into a Separation and Distribution Agreement, a Contribution Agreement, and several other agreements to effect the Separation and provide a framework for their relationship after the Separation. These agreements provide for the allocation between Roadrunner and its subsidiaries, on the one hand, and Ascent and its subsidiaries, on the other hand, of the assets, liabilities, legal entities, and obligations associated with the less-than-truckload business, on the one hand, and the asset-light logistics business, on the other hand, and will govern the relationship between Roadrunner and its subsidiaries, on the one hand, and Ascent and its subsidiaries, on the other hand, subsequent to the Separation. In addition to the Separation and Distribution Agreement and Contribution Agreement, the other principal agreements entered into between Roadrunner and Ascent include a Tax Matters Agreement, a Business Services Agreement, an Employee Matters Agreement, and certain commercial agreements, including Subleases.

### Internal Reorganization

In connection with the Contribution, Roadrunner (i) transferred and contributed certain assets and liabilities, and extinguished certain intercompany liabilities, of various subsidiaries of Roadrunner in a series of transactions so that Ascent held, directly or indirectly, the assets, liabilities, and legal entities necessary to operate the asset-lights logistics business, and (ii) disposed of various non-core assets or businesses of Roadrunner.

Contemporaneously with the completion of the Separation, Roadrunner's prior junior secured credit facility with Elliott was satisfied through the replacement of such credit facility with a new junior secured credit facility between Ascent and Elliott and Roadrunner was released of all obligations under the prior junior secured credit facility. Roadrunner and Ascent separately entered into new credit facilities, as described elsewhere in this Information Statement. Contemporaneously with the completion of the Separation, Elliott became a lender under a new junior secured credit facility between Ascent and Elliott. The principal amount of the new junior secured credit facility with Elliott was equal to the amount of principal and interest owing under Roadrunner's prior junior secured credit facility with Elliott as of consummation of the Separation. As of August 7, 2020, \$71.8 million in aggregate principal amount (including paid-in-kind interest) of indebtedness was outstanding under the prior Roadrunner junior secured credit facility. See "*Description of Material Indebtedness—Ascent Credit Facilities*" for more information.

### Reasons for the Separation

The Roadrunner Board and its various committees met regularly; engaged in an extensive evaluation and analysis of the less-than-truckload business and the asset-light logistics business; explored opportunities to drive enhanced performance and stockholder value; consulted with financial, legal, tax, and accounting advisors; and engaged in a strategic review of the growth prospects, enterprise value, end-markets, customers, financial market considerations, credit and insurance factors, and business operations in the current market for each business.

Following a strategic review, it was determined that separating Roadrunner's asset-light logistics business from Roadrunner's less-than-truckload business would be in the best interests of Roadrunner and its stockholders and that the Separation would create two industry-leading companies with attributes that best position each company for long-term success, including the following:

- ***Distinct Focus***. Each company will benefit from a distinct strategic and management focus on, and prioritization of, its specific operational and growth priorities.
- ***Differentiated Investment Theses***. Each company will offer differentiated and compelling investment opportunities based on its particular operating and financial model, allowing it to more closely align with its natural investor type.
- ***Optimized Balance Sheet and Capital Allocation Priorities***. Each company will operate with a capital structure and capital deployment strategy tailored to its specific business model and growth strategies that should be attractive to tuck-in acquisition targets and without having to compete with the other for investment capital.
- ***Direct Access to Capital Markets***. Each company will have its own equity structure that will afford it direct access to the capital markets and allow it to capitalize on its unique growth opportunities appropriate to its business, including greater and more favorable access to such capital markets.
- ***Alignment of Incentives with Performance Objectives***. Each company will be able to offer incentive compensation arrangements for employees that are more directly tied to the performance of its business and may enhance employee hiring and retention by, among other things, improving the alignment of management and employee incentives with performance and growth objectives.
- ***Decreased Corporate Overhead Costs***. Each company will have its own corporate overhead cost structure that better fits its size and complexity and allow management greater visibility and incentives to efficiently address its specific needs and reduce costs.
- ***Incremental Stockholder Value***. Each company will benefit from the investment community's ability to value its businesses independently within the context of its particular industry with the anticipation that, over time, the aggregate market value of the companies will be higher, on a fully distributed basis and assuming the same market conditions, than if Roadrunner and Ascent were to remain under their current configuration.

While a number of potentially negative factors were also considered, including, among others, risks relating to the creation of a new private company, such as increased costs from operating as a separate private company, potential disruptions to each business, the loss of synergies and joint purchasing power, increased administrative costs, one-time separation costs, the illiquidity and transfer restrictions imposed on Ascent common stock, the fact that each company will be less diversified following the Separation, and the potential inability to realize the anticipated benefits of the Separation, it was nevertheless determined that the potential benefits of the Separation outweighed the potential negative factors in connection therewith. However, neither Roadrunner nor Ascent can assure you that, following the Separation, any of the benefits described above or otherwise will be realized to the extent anticipated or at all. For more information, see "*Risk Factors*."

**The Number of Shares You Should Have Received**

For every one share of Roadrunner common stock you owned as of the close of business on the Record Date, you received one share of Ascent common stock on the Distribution Date.

**Treatment of Fractional Shares**

American Stock Transfer & Trust Company, LLC, acting as the Distribution Agent, did not distribute any fractional shares of Ascent common stock to Roadrunner stockholders. You only received whole shares of Ascent common stock in the Distribution.

**When and How Did You Receive the Distribution of Ascent Shares**

At Roadrunner's request, the Transfer Agent distributed the shares of Ascent common stock at the brokerage level on August 7, 2020 to holders of record as of the close of business on the Record Date. Roadrunner's transfer agent and registrar, American Stock Transfer & Trust Company, will serve as transfer agent and registrar for Ascent's common stock and as Distribution Agent in connection with the Distribution.

If you owned Roadrunner common stock as of the close of business on the Record Date, the shares of Ascent common stock that you were entitled to receive in connection with the Distribution were issued electronically, as of the Distribution Time, to your account as follows:

- ***Registered Stockholders***. If you owned your shares of Roadrunner stock directly, either in book-entry form through an account at American Stock Transfer & Trust Company and/or if you hold paper stock certificates, you should have received your shares of Ascent common stock by way of direct registration in book-entry form. Registration in book-entry form is a method of recording stock ownership when no physical paper share certificates are distributed to stockholders, as is the case in connection with the Distribution.

  On or shortly following the Distribution Date, the Distribution Agent mailed or furnished to you a direct registration account statement that reflects the number of shares of Ascent common stock that have been registered in book-entry form in your name. Stockholders having any questions concerning the mechanics of having shares of Ascent common stock registered in book-entry form may contact American Stock Transfer & Trust Company at the address set forth under "Questions and Answers About the Separation" in this Information Statement.

- ***Beneficial Stockholders***. Many Roadrunner stockholders hold their shares of Roadrunner common stock beneficially through a bank or brokerage firm. In such cases, the bank or brokerage firm would be said to hold the stock in "street name" and ownership would be recorded on the bank or brokerage firm's books. If you hold your Roadrunner common stock through a bank or brokerage firm, your bank or brokerage firm will credit your account with the shares of Ascent common stock that you are entitled to receive in connection with the Distribution. If you have any questions concerning the mechanics of having shares of common stock held in "street name," we encourage you to contact your bank or brokerage firm.

**Treatment of Outstanding Equity Compensation Awards**

The Employee Matters Agreement provides that outstanding Roadrunner equity compensation awards, specifically stock options (the "Options"), restricted stock units (the "RSUs"), and performance-based restricted stock units (the "PRSUs") (with such Options, RSUs, and PRSUs being collectively referred to herein as the "Roadrunner awards"), were equitably adjusted simultaneously with the consummation of the Distribution. These equitable adjustments were intended to maintain, immediately following the consummation of the Distribution, the intrinsic value of the Roadrunner awards immediately prior to consummation of the Distribution.

The outstanding Roadrunner awards were adjusted as follows:

- All holders of Roadrunner awards were treated similarly to stockholders of Roadrunner such that their existing Roadrunner awards remain in place with respect to the common stock of Roadrunner and partially converted into awards with respect to common stock of Ascent on the same one to one ratio that applies to stockholders, subject to certain adjustments to the terms of the awards that Roadrunner believed were necessary or appropriate to address the Distribution. Specifically, each holder of a Roadrunner award (i) continues to hold the existing Roadrunner award with respect to the same number of shares of Roadrunner common stock that were subject to such Roadrunner award prior to the Distribution and (ii) will receive an identical award with respect to one share of Ascent common stock for each one share of Roadrunner common stock underlying the Roadrunner award, such that the resulting Roadrunner award and Ascent award (collectively, the "new awards") have a combined intrinsic value immediately following the consummation of the Distribution equal to the intrinsic value of the existing Roadrunner award immediately prior to the consummation of the Distribution, taking into account an adjustment that was made to the exercise price of both the Roadrunner stock options and Ascent stock options to maintain equivalent intrinsic value. The intrinsic values may diverge in the future depending upon the growth of Roadrunner and/or Ascent.

- With respect to Roadrunner awards that were unvested prior to the Distribution and subject to a time-based vesting schedule, the same time-based vesting schedule will continue to apply for both the Roadrunner awards and the Ascent awards, and service with either Roadrunner or Ascent following the Distribution will count as continuous service for vesting purposes. Thus, Roadrunner employees and directors after the Distribution will be eligible to continue to vest in their Ascent awards based on their ongoing service with Roadrunner, and Ascent employees and directors will be eligible to continue to vest in their Roadrunner awards based on their ongoing service with Ascent. With respect to PRSUs, appropriate adjustments were made by the Compensation Committee of the Roadrunner Board to the performance goals applicable thereto and incorporated into the new PRSUs to reflect the changes to the businesses of each of Roadrunner and Ascent as a result of the Distribution.

**Results of the Separation**

After the Separation, Ascent is an independent, privately-held company that directly or indirectly holds the assets and legal entities, subject to any related liabilities, associated with the asset-light logistics business previously conducted by Roadrunner. Immediately following the Separation, Ascent expects to have approximately 71 stockholders of record, based on the number of registered stockholders of Roadrunner common stock on July 31, 2020, applying a distribution ratio of one share of Ascent common stock for every one share of Roadrunner common stock. Ascent had 38,263,588 shares of its common stock outstanding immediately following the Separation.

**Regulatory Approvals**

We do not believe that any material governmental or regulatory filings or approvals were necessary to consummate the Distribution.

**Appraisal Rights**

No Roadrunner stockholder will have any appraisal rights in connection with the Separation.

**Listing and Trading of Ascent Common Stock**

Shares of Ascent common stock that you received in connection with the Distribution are not freely transferable and can only be transferred in specific, limited situations. In addition, each book-entry account holding shares of Ascent common stock has instructions that describes the transfer limits and Ascent's transfer agent will maintain stop transfer instructions that indicate the transfer limits. Neither Roadrunner nor Ascent is required to prepare, file, or pursue an application to permit listing of the Ascent common stock on any national securities exchange or over-the-counter trading market. See "*Transferability of Shares of Ascent Common Stock*" for further information regarding these transfer restrictions.

**Trading Between Record Date and Distribution Date**

Roadrunner was advised that neither FINRA nor The Depository Trust Company announced an "ex-distribution" date because there is not a trading market for shares of Ascent common stock and such shares are subject to significant transfer restrictions. You are encouraged to consult with your financial advisor regarding the specific implications of selling your Roadrunner common stock prior to or on the Distribution Date.

**Conditions to the Distribution**

The following conditions contained in the Separation and Distribution Agreement were satisfied or waived by Roadrunner in its sole discretion in connection with consummation of the Separation:

- the Contribution will have been consummated;
- the proposed new Ascent financing transactions and the Roadrunner financing contemplated by the Separation and Distribution Agreement will have been consummated;
- the Distribution will be made in a manner that does not cause Roadrunner to be unable to pay its debts as they become due in the usual course of its business or cause the total assets of Roadrunner to be less than the sum of its total liabilities plus the amount that would be needed, if Roadrunner were to be dissolved immediately after the effective time of the Distribution, to satisfy the preferential rights upon such dissolution of stockholders whose preferential rights are superior to those receiving the Distribution, if any, in each case in accordance with the DGCL;
- the Roadrunner Board will have approved the Distribution and will not have abandoned the Distribution or terminated the Separation and Distribution Agreement at any time prior to the consummation of the Distribution;
- no proceedings involving the SEC will be pending before or threatened by the SEC and this Information Statement will have been mailed to the holders of Roadrunner common stock as of the Record Date;
- all actions and filings necessary or appropriate under applicable federal, state "blue sky," or foreign securities laws and the rules and regulations thereunder will have been taken and, when applicable, become effective or been accepted;
- the Ascent Board, as named in this Information Statement, will have been duly elected, and Ascent's Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws, each in substantially the form attached as exhibits to the Separation and Distribution Agreement, will be in effect;
- each of the ancillary agreements contemplated by the Separation and Distribution Agreement will have been duly executed and delivered by the parties thereto;

- Roadrunner will have received the Tax Opinion, substantially to the effect that, among other things, the Contribution and the Distribution should qualify as a tax-free transaction under Sections 355(a) and Section 368(a)(1)(D) of the Code, for U.S. federal income tax purposes;

- there shall have delivered to the RRTS Board (A) an opinion from an investment banker with respect to, among other things, the balance sheet and cash flow solvency of RRTS, and (B) a Solvency Analysis presentation from an investment banker with respect to, among other things, the assets, liabilities and "net assets" of RRTS and the fair market value of the shares of Ascent common stock to be distributed, in each case acceptable to the RRTS Board in its sole and absolute discretion and such opinion or Solvency Analysis shall not have been withdrawn or rescinded;

- no applicable law will have been adopted, promulgated, or issued, and be in effect, that prohibits the consummation of the Distribution or any of the transactions contemplated by the Separation and Distribution Agreement;

- any material governmental approvals and consents and any material permits, registrations, and consents from third parties, in each case, necessary to effect the Distribution and to permit the operation of the asset-light logistics business after the Distribution Date substantially as conducted as of the date of the Separation and Distribution Agreement will have been obtained; and

- no event or development will have occurred or exist that, in the judgment of the Roadrunner Board, in its sole discretion, makes it inadvisable to effect the Distribution or other transactions contemplated by the Separation and Distribution Agreement.

The fulfillment of these conditions did not create any obligations on Roadrunner's part to effect the Separation, and the Roadrunner Board reserved the right, in its sole discretion, to abandon, modify, or change the terms of the Separation, including by accelerating or delaying the timing of the consummation of all or part of the Distribution, at any time prior to the Distribution Date.

**Agreements Between Roadrunner and Ascent**

In connection with the Separation, Roadrunner and Ascent have entered into a Separation and Distribution Agreement, a Contribution Agreement, and several other agreements to effect the Separation and provide a framework for their relationship after the Separation. These agreements provide for the allocation between Roadrunner and its subsidiaries, on the one hand, and Ascent and its subsidiaries, on the other hand, of the assets, liabilities, legal entities, and obligations associated with the less-than-truckload business, on the one hand, and the asset-light logistics business, on the other hand, and will govern the relationship between Roadrunner and its subsidiaries, on the one hand, and Ascent and its subsidiaries, on the other hand, subsequent to the Separation (including with respect to transition services, employee matters, intellectual property matters, tax matters, and certain other commercial relationships).

In addition to the Separation and Distribution Agreement (which contains many of the key provisions related to the Separation from Roadrunner and the distribution of shares of Ascent common stock to Roadrunner stockholders) and the Contribution Agreement (which contains the provisions related to the Contribution), the parties also entered into a Tax Matters Agreement, a Business Services Agreement, an Employee Matters Agreement, and certain commercial agreements, including the Subleases.

The following descriptions of these agreements are summaries of the material terms of these agreements.

### *Separation and Distribution Agreement*

The Separation and Distribution Agreement governs the overall terms of the Separation. Generally, the Separation and Distribution Agreement includes Roadrunner's and Ascent's agreements relating to the internal restructuring steps taken to complete the Separation, including the assets, legal entities, and rights that were transferred, liabilities assumed, and related matters.

In addition, the Separation and Distribution Agreement governs the treatment of indemnification, insurance, and litigation responsibility and management of the asset-light logistics business, on the one hand, and Roadrunner's less-than-truckload business, on the other hand, after the Distribution Date. Generally, the Separation and Distribution Agreement provides for uncapped cross-indemnities primarily designed to place financial responsibility for the obligations and liabilities of Ascent's business with Ascent and financial responsibility for the obligations and liabilities of Roadrunner's less-than-truckload business with Roadrunner, in either case, after applicable insurance coverage (which generally are occurrence policies) intended to cover such obligations and liabilities and whether incurred prior to, on, or after the Distribution Date. Roadrunner and Ascent have each agreed to indemnify the other for any liabilities caused by a material misstatement or omission in materials supplied by one of them to the other for inclusion in this Information Statement regarding the business, operations, financial results, stockholder communications, risks, management, management compensation levels, and stock ownership of the applicable company. The Separation and Distribution Agreement also establishes procedures for handling claims subject to indemnification and related matters.

### *Contribution Agreement*

The Contribution Agreement governs the overall terms of the Contribution. In order to accomplish the Contribution, the Contribution Agreement provided for Roadrunner to transfer or contribute to Ascent specified assets, including the various legal entities that were subsidiaries of Roadrunner, subject to any related liabilities, associated with the asset-light logistics business of Roadrunner. In exchange, Ascent issued to Roadrunner 38,263,488 shares of Ascent common stock and Roadrunner's prior junior secured credit facility with Elliott was satisfied through the replacement of such credit facility with a new junior secured credit facility between Ascent and Elliott and Roadrunner's release of all obligations thereunder. The determination of the assets that were transferred or contributed to Ascent was made by Roadrunner in its sole discretion. The Contribution Agreement required Roadrunner and Ascent to use reasonable efforts to obtain consents, approvals, and amendments required to assign the assets, legal entities, and liabilities that were transferred pursuant to the Contribution Agreement.

Unless otherwise provided in the Contribution Agreement or any of the related ancillary agreements, all assets were transferred on an "as is, where is" basis. Generally, if the transfer of any assets or any claim or right or benefit arising thereunder required a consent that was not obtained before the Contribution, or if the transfer or assignment of any such asset or such claim or right or benefit arising thereunder would be ineffective or would adversely affect the rights of the transferor thereunder so that the intended transferee would not in fact receive all such rights, the party retaining any asset that otherwise would have been transferred will hold such asset in trust for the use and benefit of the party entitled thereto and retain such liability for the account of the party by whom such liability is to be assumed, and take such other action as may be reasonably requested by the party to which such asset is to be transferred, or by whom such liability is to be assumed, as the case may be, in order to place such party, insofar as reasonably possible, in the same position as would have existed had such asset or liability been transferred prior to the consummation of the Contribution.

### *Tax Matters Agreement*

In connection with the Distribution, Roadrunner and Ascent entered into a Tax Matters Agreement that governs the parties' respective rights, responsibilities, and obligations with respect to taxes (including taxes arising in the ordinary course of business and taxes incurred in connection with the Distribution), tax attributes, the preparation and filing of tax returns, the control of audits and other tax proceedings, and certain other matters regarding taxes.

Roadrunner and Ascent intend for the Distribution to qualify as tax-free to stockholders of Roadrunner for U.S. federal income tax purposes. The Tax Matters Agreement imposes certain restrictions on Roadrunner and Ascent that are designed to preserve the tax-free nature of the Distribution to stockholders of Roadrunner.

The Distribution is expected to constitute a "disqualified distribution" within the meaning of Section 355(d) of the Code. Such a distribution generally results in corporate-level taxable gain (but not loss) to the distributing corporation, Roadrunner, to the extent the fair market value of the Ascent common stock exceeds Roadrunner's tax basis in such stock. Roadrunner has agreed to be responsible for, and to indemnify Ascent against, all taxes resulting from the application of Section 355(d) of the Code to the Distribution. In addition, the Tax Matters Agreement generally provides that Roadrunner will be responsible for and will indemnify against Ascent for income taxes for all periods preceding the Distribution, including taxes of Roadrunner's consolidated tax reporting group, and that Ascent will be responsible for and will indemnify Roadrunner for any non-income taxes of the Ascent group for all periods preceding the Distribution.

***Business Services Agreement***

The Business Services Agreement sets forth the terms upon which Ascent will provide to Roadrunner and, to a lesser extent, Roadrunner will provide to Ascent, on a transitional basis, certain services or functions that the companies historically have shared. These transition services will include various information technology, finance, human resources, compliance, legal, security, tax, and other support services. The Business Services Agreement provides for the provision of the specified transition services, generally for a period of up to two years following the Distribution Date. Compensation for transition services will be determined using an internal cost allocation methodology based on the fully burdened cost incurred by the party providing the services.

***Employee Matters Agreement***

Roadrunner and Ascent have entered into an Employee Matters Agreement that governs each company's respective obligations with respect to current and former employees, directors, and consultants. The Employee Matters Agreement sets forth general principles relating to employee matters in connection with the Distribution, including the assignment of employees and consultants, the sharing of employee and consultant information, the assumption and retention of employment related assets and liabilities, expense reimbursements, workers' compensation coverage and liabilities, leaves of absence, the provision of employee benefits, and employee service credit.

The Employee Matters Agreement allocates liabilities and responsibilities relating to employment, compensation and employee benefit plans and programs with Ascent generally assuming liabilities (both pre- and post-Distribution) with respect to current and former Ascent employees, directors, and consultants and Roadrunner generally assuming liabilities (both pre- and post-Distribution) with respect to current and former Roadrunner employees, directors, and consultants and, for Ascent employees who previously worked for Roadrunner, employment claims primarily arising out of their service with Roadrunner. The Employee Matters Agreement provides that from the Distribution through December 31, 2020 (the "Transition Period") all Ascent employees will remain eligible to participate in Roadrunner's 401(k) plan and the Roadrunner plans providing medical, dental, vision, health care spending accounts, disability, life and similar welfare benefits, or the Roadrunner welfare plans, generally at the expense of such employees and Ascent. At the end of the Transition Period, Ascent employees will cease to be eligible for the Roadrunner 401(k) plan and the Roadrunner welfare plans, and Roadrunner and Ascent will work together to facilitate the Ascent employees' transition to Ascent's substantially similar employee benefits plans.

The Employee Matters Agreement further provides that the Distribution and the assignment, transfer, or continuation of the employment or service of employees, directors, and/or consultants with another entity is not intended to constitute a severance event under applicable Ascent employee benefit plans, programs, agreements, or arrangements.

***Subleases of Real Property***

Ascent and Roadrunner have entered into two sublease agreements for office space in Roadrunner's Downers Grove, Illinois and Cudahy, Wisconsin locations. Under the Downers Grove sublease, Ascent has subleased approximately 10,000 square feet and 30 parking spaces until July 31, 2022. Under the Cudahy sublease, Ascent has subleased approximately 10,000 square feet and half of the parking spaces until March 31, 2021. Each sublease incorporates the same terms and conditions that Roadrunner is subject to under the master lease for such facility. The rent for each sublease is a pro rata percentage of the Roadrunner rents paid under the master lease for such location, based upon the percentage of the total space that Ascent utilizes at such location.

**Transferability of Shares of Ascent Common Stock**

The SEC has long taken the position that a dividend or distribution of securities generally does not constitute an "offer" or "sale" within the meaning of Section 2(a)(3) of the Securities Act. In Staff Legal Bulletin No. 4, or SLB No. 4, the Staff addressed concerns specific to spin-offs that might necessitate registration under the Securities Act despite this basic policy. Roadrunner believes that the Separation satisfies the five conditions under which a spin-off does not constitute a sale and no Securities Act registration is required under SLB No. 4. In accordance with SLB No. 4, the shares of Ascent common stock that you receive in connection with the Distribution will not be freely transferable and can only be transferred in specific, limited situations. In addition, the shares of Ascent common stock will have a legend that describes the transfer limits and Ascent's transfer agent will maintain stop transfer instructions that indicate the transfer limits. In addition, Ascent's Amended and Restated Certificate of Incorporation provides that the shares may not be transferred except for:

- transfers back to Ascent;
- transfers to existing stockholders of Ascent;
- transfers by gift, bequest, or operation of the laws of descent, provided that the shares in the hands of the transferee remain subject to the same restrictions on transfer as they were when held by the transferor;
- transfers to an entity unaffiliated with Ascent pursuant to a merger, consolidation, stock-for-stock exchange, or similar transaction involving Ascent;
- transfers by a partnership to its partners, provided that the shares in the hands of the transferee remain subject to the same restrictions on transfer as were in effect when held by the transferor; or
- transfers which would be exempt from the registration requirements of Section 5 of the Securities Act by virtue of the exemption provided by Section 4(a)(2) of the Securities Act if the transferor were Ascent, provided that the transferee is an "accredited investor" within the meaning of Rule 501(a) under the Securities Act and the shares in the hands of such transferee remain subject to the same restrictions on transfer as they were when held by the transferor, or pursuant to an effective registration statement under the Securities Act.

## UNAUDITED PRO FORMA FINANCIAL STATEMENTS OF ASCENT GLOBAL LOGISTICS

The following unaudited pro forma consolidated balance sheet as of March 31, 2020 and the unaudited pro forma consolidated statements of operations for the three months ended March 31, 2020 and the year ended December 31, 2019 have been derived from the historical annual and interim consolidated financial statements of Ascent included elsewhere in this Information statement. The unaudited pro forma consolidated financial statements presented below should be read in conjunction with Ascent's historical annual and interim consolidated financial statements included elsewhere in this Information Statement. The unaudited pro forma consolidated financial statements reflect certain known impacts as a result of the Separation. The pro forma adjustments give effect to amounts that are directly attributable to the Separation, factually supportable, and with respect to the unaudited pro forma consolidated statements of operations, expected to have a continuing impact on Ascent.

The unaudited pro forma consolidated balance sheet as of March 31, 2020, and the unaudited pro forma consolidated statements of operations for the three months ended March 31, 2020 and the year ended December 31, 2019, respectively, are presented herein. The unaudited pro forma consolidated balance sheet has been prepared giving effect to the Contribution and the Distribution as if these transactions had occurred as of March 31, 2020. The unaudited pro forma consolidated statements of operations have been prepared giving effect to the Contribution and the Distribution as if these transactions had occurred on January 1, 2019. The unaudited pro forma consolidated financial information also reflects certain assumptions that Ascent's management believes are reasonable given the information currently available.

In connection with the Contribution, Roadrunner transferred or contributed to Ascent all the assets and legal entities, subject to any related liabilities, associated with the asset-light logistics business of Roadrunner in exchange for shares of Ascent common stock and the repayment in full of Roadrunner's prior junior secured credit facility with Elliott by issuance by Ascent of a new junior secured credit facility between Ascent and Elliott and Roadrunner's release of all of its obligations thereunder, as described in this Information Statement. In addition, Roadrunner and Ascent entered into a Separation and Distribution Agreement, a Contribution Agreement, a Tax Matters Agreement, a Business Services Agreement, an Employee Matters Agreement, and certain commercial agreements, including Subleases, to effect the Separation and provide a framework for their relationship after the Separation. See "*The Separation—Agreements Between Roadrunner and Ascent*" for more information regarding these agreements. See "*Description of Material Indebtedness—Ascent Credit Facilities*" for more information related to Ascent's new credit facilities that were entered into in connection with the Separation.

These unaudited pro forma consolidated financial statements also reflect other adjustments that, in the opinion of Ascent's management, are necessary to present fairly the pro forma consolidated results of operations and consolidated financial position of Ascent as of and for the periods indicated. The unaudited pro forma consolidated financial information is for illustrative and informational purposes only and is not intended to represent or be indicative of what Ascent's financial condition or results of operations would have been had Ascent operated historically as a company independent of Roadrunner, or if the Distribution had occurred on the dates indicated. The unaudited pro forma consolidated financial information also should not be considered representative of Ascent's future consolidated financial condition or results of operations.

**ASCENT GLOBAL LOGISTICS, INC.**
**UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET**
(Dollars in thousands)

| | March 31, 2020 | | |
|---|---|---|---|
| | Historical | Pro Forma Adjustments | Pro Forma |
| **ASSETS** | | | |
| **CURRENT ASSETS:** | | | |
| Cash and cash equivalents | $ — | $ — | $ — |
| Accounts receivable, net | 99,705 | (72) | 99,633 |
| Prepaid expenses and other current assets | 3,621 | 1,990 | 5,611 |
| Total current assets | 103,326 | 1,918 | 105,244 |
| **PROPERTY AND EQUIPMENT, NET** | 30,992 | 12,030 | 43,022 |
| **OTHER ASSETS:** | | | |
| Right of use asset | 9,992 | 75 | 10,067 |
| Goodwill | 23,842 | - | 23,842 |
| Intangible assets, net | 23,775 | - | 23,775 |
| Intercompany with Parent | 176,275 | (176,275) | - |
| Other noncurrent assets | 1,224 | 1,598 | 2,822 |
| Total other assets | 235,108 | (174,602) | 60,506 |
| **TOTAL ASSETS** | $ 369,426 | $(160,654) | $208,772 |
| **LIABILITIES AND STOCKHOLDERS' INVESTMENT** | | | |
| **CURRENT LIABILITIES:** | | | |
| Current maturities of debt | $ — | $ 192 | $ 192 |
| Current finance lease liability | 1,286 | 226 | 1,512 |
| Current operating lease liability | 2,535 | 73 | 2,608 |
| Accounts payable | 67,151 | - | 67,151 |
| Accrued expenses and other liabilities | 10,477 | 3,171 | 13,648 |
| Total current liabilities | 81,449 | 3,662 | 85,111 |
| Long-term debt, net of current maturities[(1)] | — | 68,192 | 68,192 |
| Long-term finance lease liability | 2,390 | 256 | 2,646 |
| Long-term operating lease liability | 8,004 | 2 | 8,006 |
| Deferred tax liabilities | — | 12,218 | 12,218 |
| Total liabilities | 91,843 | 84,330 | 176,173 |
| Additional paid-in capital | 254,535 | (183,091) | 71,444 |
| Retained earnings | 23,048 | (61,893) | (38,845) |
| Total stockholders' investment | 277,583 | (244,984) | 32,599 |
| **TOTAL LIABILITIES AND STOCKHOLDERS' INVESTMENT** | $369,426 | $(160,654) | $208,772 |

(1) Long-term debt, net of current maturities does not reflect the $75 million asset-based lending credit facility, subject to availability blocks, that is in place after the Separation. The maximum amount that can be borrowed at Separation is $7.5 million

**ASCENT GLOBAL LOGISTICS, INC.**
**UNAUDITED PRO FORMA CONSOLIDATED STATEMENTS OF OPERATIONS**
(Dollars in thousands)

| | Three Months Ended March 31, 2020 | | |
|---|---|---|---|
| | **Historical** | **Pro Forma Adjustments** | **Pro Forma** |
| **Revenues** | $ 178,966 | $ — | $ 178,966 |
| **Operating expenses:** | | | |
| Purchased transportation costs | 151,770 | — | 151,770 |
| Personnel and related benefits | 17,901 | — | 17,901 |
| Other operating expenses | 15,218 | — | 15,218 |
| Depreciation and amortization | 3,394 | — | 3,394 |
| Impairment charges | — | — | — |
| Total operating expenses | 188,283 | — | 188,283 |
| **Operating (loss) income** | (9,317) | — | (9,317) |
| Interest expense | 44 | 954 | 998 |
| (Loss) income before income taxes | (9,361) | (954) | (10,315) |
| (Benefit from) provision for income taxes | — | — | — |
| **Net (loss) income** | $ (9,361) | $ (954) | $ (10,315) |

**ASCENT GLOBAL LOGISTICS, INC.**
**UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS**
(Dollars in thousands)

| | Year Ended December 31, 2019 | | |
|---|---|---|---|
| | Historical | Pro Forma Adjustments | Pro Forma |
| **Revenues** | $ 861,493 | $ — | $ 861,493 |
| **Operating expenses:** | | | |
| Purchased transportation costs | 706,592 | — | 706,592 |
| Personnel and related benefits | 75,595 | — | 75,595 |
| Other operating expenses | 62,087 | — | 62,087 |
| Depreciation and amortization | 13,173 | — | 13,173 |
| Impairment charges | — | — | — |
| Total operating expenses | 932,083 | — | 932,083 |
| **Operating (loss) income** | (70,590) | — | (70,590) |
| Interest expense | 357 | 602 | 959 |
| (Loss) income before income taxes | (70,947) | (602) | (71,549) |
| (Benefit from) provision for income taxes | (149) | — | (149) |
| **Net (loss) income** | $ (70,798) | $ (602) | $ (71,400) |

## UNAUDITED PRO FORMA FINANCIAL STATEMENTS OF ROADRUNNER

The following unaudited pro forma consolidated balance sheet as of March 31, 2020 and the unaudited pro forma consolidated statements of operations for the three months ended March 31, 2020 and the year ended December 31, 2019 have been derived from the historical annual and interim consolidated financial statements of Roadrunner included elsewhere in this Information statement. The unaudited pro forma consolidated financial statements presented below should be read in conjunction with Roadrunner's historical annual and interim consolidated financial statements included elsewhere in this Information Statement. The unaudited pro forma consolidated financial statements reflect certain known impacts as a result of the Separation. The pro forma adjustments give effect to amounts that are directly attributable to the Separation, factually supportable, and with respect to the unaudited pro forma consolidated statements of operations, expected to have a continuing impact on Roadrunner.

The unaudited pro forma consolidated balance sheet as of March 31, 2020, and the unaudited pro forma consolidated statements of operations for the three months ended March 31, 2020 and the year ended December 31, 2019, respectively, are presented herein. The unaudited pro forma consolidated balance sheet has been prepared giving effect to the Contribution and the Distribution as if these transactions had occurred as of March 31, 2020. The unaudited pro forma consolidated statements of operations have been prepared giving effect to the Contribution and the Distribution as if these transactions had occurred on January 1, 2019. The unaudited pro forma consolidated financial information also reflects certain assumptions that Roadrunner's management believes are reasonable given the information currently available. The unaudited pro forma consolidated financial statements represent a reconciliation of the historical consolidated financial statements of Roadrunner to the balances that remain after the Separation. The pro forma balances as of and for the three months ended March 31, 2020 and for the year ended December 31, 2019 include the truckload logistics entities that were divested after March 31, 2020.

In connection with the Contribution, Roadrunner transferred or contributed to Ascent all the assets and legal entities, subject to any related liabilities, associated with the asset-light logistics business of Roadrunner in exchange for shares of Ascent common stock and the repayment in full of Roadrunner's prior junior secured credit facility with Elliott by issuance by Ascent of a new junior secured credit facility between Ascent and Elliott and Roadrunner's release of all of its obligations thereunder, as described in this Information Statement. In addition, Roadrunner and Ascent entered into a Separation and Distribution Agreement, a Contribution Agreement, a Tax Matters Agreement, a Business Services Agreement, an Employee Matters Agreement, and certain commercial agreements, including Subleases, to effect the Separation and provide a framework for their relationship after the Separation. See "*The Separation—Agreements Between Roadrunner and Ascent*" for more information regarding these agreements. See "*Description of Material Indebtedness—Roadrunner Credit Facilities*" for more information related to Roadrunner's new credit facilities that were entered into in connection with the Separation.

These unaudited pro forma consolidated financial statements also reflect other adjustments that, in the opinion of Roadrunner's management, are necessary to present fairly the pro forma consolidated results of operations and consolidated financial position of Roadrunner as of and for the periods indicated. The unaudited pro forma consolidated financial information is for illustrative and informational purposes only and is not intended to represent or be indicative of what Roadrunner's financial condition or results of operations would have been had Roadrunner operated historically as a company independent of Ascent, or if the Distribution had occurred on the dates indicated. The unaudited pro forma consolidated financial information also should not be considered representative of Roadrunner's future consolidated financial condition or results of operations.

**ROADRUNNER TRANSPORTATION SYSTEMS, INC.**
**UNAUDITED PRO FORMA CONSOLIDATED BALANCE SHEET**

(Dollars in thousands)

| | March 31, 2020 | | |
|---|---|---|---|
| | Historical | Pro Forma Adjustments | Pro Forma[1] |
| **ASSETS** | | | |
| **CURRENT ASSETS:** | | | |
| Cash and cash equivalents | $ 21,047 | $ 20,000 | $ 41,047 |
| Accounts receivable, net | 184,291 | (99,633) | 84,658 |
| Income tax receivable | 16,974 | — | 16,974 |
| Prepaid expenses and other current assets | 32,944 | (5,611) | 27,333 |
| Total current assets | 255,256 | (85,244) | 170,012 |
| **PROPERTY AND EQUIPMENT, NET** | 151,780 | (43,022) | 108,758 |
| **OTHER ASSETS:** | | | |
| Right of use asset | 81,147 | (10,067) | 71,080 |
| Goodwill | 23,842 | (23,842) | — |
| Intangible assets, net | 24,254 | (23,775) | 479 |
| Other noncurrent assets | 4,631 | (2,822) | 1,809 |
| Total other assets | 133,874 | (60,506) | 73,368 |
| **TOTAL ASSETS** | $ 540,910 | $ (188,772) | $ 352,138 |
| **LIABILITIES AND STOCKHOLDERS' INVESTMENT** | | | |
| **CURRENT LIABILITIES:** | | | |
| Current maturities of debt | $ 646 | $ (192) | $ 454 |
| Current finance lease liability | 15,212 | (1,512) | 13,700 |
| Current operating lease liability | 29,267 | (2,608) | 26,659 |
| Accounts payable | 94,993 | (67,151) | 27,842 |
| Accrued expenses and other liabilities | 67,266 | (13,648) | 53,618 |
| Total current liabilities | 207,384 | (85,111) | 122,273 |
| Long-term debt, net of current maturities | 33 | 19,967 | 20,000 |
| Long-term indebtedness to related party | 67,209 | (67,209) | - |
| Long-term finance lease liability | 47,539 | (2,646) | 44,893 |
| Long-term operating lease liability | 62,574 | (8,006) | 54,568 |
| Other long-term liabilities | 1,507 | — | 1,507 |
| Deferred tax liabilities | 824 | — | 824 |
| Total liabilities | $ 387,070 | $ (143,005) | $ 244,065 |
| Common Stock | 379 | — | 379 |
| Additional paid-in capital | 855,691 | (83,662) | 772,029 |
| Retained earnings | (702,230) | 37,895 | (664,335) |
| Total stockholders' investment | 153,840 | (45,767) | 108,073 |
| **TOTAL LIABILITIES AND STOCKHOLDERS' INVESTMENT** | $ 540,910 | $ (188,772) | $ 352,138 |

[1] Includes truckload logistics entities that were divested after March 31, 2020.

## ROADRUNNER TRANSPORTATION SYSTEMS, INC.
## UNAUDITED PRO FORMA CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars in thousands)

| | Three Months Ended March 31, 2020 | | |
|---|---|---|---|
| | **Historical** | **Pro Forma Adjustments** | **Pro Forma** |
| **Revenues** | $ 329,207 | $ (174,895) | $ 154,312 |
| **Operating expenses:** | | | |
| Purchased transportation costs | 241,494 | (147,699) | 93,795 |
| Personnel and related benefits | 61,083 | (17,901) | 43,182 |
| Other operating expenses | 67,301 | (15,218) | 52,083 |
| Depreciation and amortization | 10,943 | (3,394) | 7,549 |
| Operations restructuring costs | 6,683 | — | 6,683 |
| Impairment charges | 718 | — | 718 |
| Total operating expenses | 388,222 | (184,212) | 204,010 |
| **Operating (loss) income** | (59,015) | 9,317 | (49,698) |
| Interest expense | 5,507 | (998) | 4,509 |
| Loss from debt restructuring | 3,385 | 950 | 4,335 |
| **Loss from continuing operations before income taxes** | (67,907) | 9,365 | (58,542) |
| Benefit from income taxes | (44,761) | — | (44,761) |
| **Loss from continuing operations** | (23,146) | 9,365 | (13,781) |
| Discontinued operations, net of tax | 119,267 | — | 119,267 |
| **Net income** | $ 96,121 | $ 9,365 | $ 105,486 |

**ROADRUNNER TRANSPORTATION SYSTEMS, INC.**
**UNAUDITED PRO FORMA CONSOLIDATED STATEMENTS OF OPERATIONS**
(Dollars in thousands)

| | Year Ended December 31, 2019 | | |
|---|---|---|---|
| | **Historical** | **Pro Forma Adjustments** | **Pro Forma** |
| **Revenues** | $ 1,847,862 | $ (1,095,364) | $ 752,498 |
| **Operating expenses:** | | | |
| Purchased transportation costs | 1,246,565 | (816,767) | 429,798 |
| Personnel and related benefits | 313,541 | (115,193) | 198,348 |
| Other operating expenses | 370,213 | (123,564) | 246,649 |
| Depreciation and amortization | 59,004 | (19,449) | 39,555 |
| Operations restructuring costs | 20,579 | — | 20,579 |
| Gain on sale of business | (37,221) | 37,221 | — |
| Impairment charges | 197,096 | (111,066) | 86,030 |
| Total operating expenses | 2,169,777 | (1,148,818) | 1,020,959 |
| **Operating (loss) income** | (321,915) | 53,454 | (268,461) |
| Interest expense | 20,412 | (1,252) | 19,160 |
| Loss from debt restructuring | 2,270 | — | 2,270 |
| **Loss from continuing operations before income taxes** | (344,597) | 54,706 | (289,891) |
| Benefit from income taxes | (3,660) | 149 | (3,511) |
| **Loss from continuing operations** | (340,937) | 54,557 | (286,380) |
| Discontinued operations, net of tax | — | 16,843 | 16,843 |
| **Net loss** | $ (340,937) | $ 71,400 | $ (269,537) |

# BUSINESS

## Roadrunner Transportation Systems

### *Business*

*Overview*

Roadrunner will continue to be headquartered in Downers Grove, Illinois and believes it is one of the largest asset-right providers of less-than-truckload ("LTL") transportation services in North America in terms of revenue. Primarily through its Roadrunner Freight branded service offerings, Roadrunner provides LTL service originating from points within approximately 150 miles of its service centers to most destinations throughout the United States and parts of Canada. Within the United States, Roadrunner offers national, long-haul service (1,000 miles or greater), inter regional service (between 500 and 1,000 miles), and regional service (500 miles or less). Roadrunner serves a diverse group of customers within a variety of industries, including retail, industrial, paper goods, manufacturing, food and beverage, health care, chemicals, computer hardware, and general commodities.

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

Roadrunner generally utilizes a point-to-point LTL model that is differentiated from the traditional, asset-based hub and spoke LTL model. Roadrunner's model does not require intermediate handling at a break-bulk hub (a large terminal where freight is offloaded, sorted, and reloaded), which Roadrunner believes represents a competitive advantage.

Key aspects of Roadrunner's LTL service offering include the following:

- *Pickup*. In order to stay as close as possible to its customers, Roadrunner prefers to directly pick up freight whenever cost-effective. Roadrunner generally directly picks up freight within 150 miles of one of its service centers, primarily utilizing local independent contractors ("ICs"). Although Roadrunner generally does not own the tractors or other powered transportation equipment used to transport its customers' freight, Roadrunner owns or leases trailers for use in local city pickup and delivery.

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

- *Linehaul*. Linehaul is the longest leg of the LTL shipment process. In dispatching a load, a linehaul coordinator uses Roadrunner's technology system to optimize cost-efficiency and service by assigning the load to the appropriate IC, company driver, or purchased power.

- *De-consolidation and Delivery*. Within Roadrunner's unique model, linehaul shipments are transported to its service centers, delivery agents, or direct to end users without stopping at a break-bulk hub, as is often necessary under the traditional, asset-based hub and spoke LTL model. This generally reduces physical handling and damage claims.

*Capacity*

Roadrunner continuously focuses on building and enhancing its relationships with reliable transportation providers to ensure that it not only secures competitive rates, but that it also gains access to consistent capacity. These relationships are critical to Roadrunner's success based on its asset-right transportation and asset-light logistics service provider business model. Roadrunner typically pays its third-party carriers either a contracted per mile rate or the cost of a shipment less its contractually agreed-upon commission, and generally pay within seven to ten days from the date the shipment is delivered. Roadrunner pays its third-party carriers promptly in order to drive loyalty and reliable capacity.

Roadrunner's network of transportation providers can be divided into the following groups:

- *Independent Contractors*. ICs are a key part of Roadrunner's long-term strategy to maintain service and provide cost stability. In selecting its ICs, Roadrunner adheres to specific screening guidelines in terms of safety records, length of driving experience, and evaluations. In the event of tightening of over-the-road freight capacity, Roadrunner believes it is well positioned to increase its utilization of ICs as a cost-effective and reliable solution. To maintain its relationships with its ICs, Roadrunner offers rates that it believes are competitive. In addition, Roadrunner focuses on keeping its ICs fully utilized in order to limit the number of "empty" miles they drive. Roadrunner regularly communicates with its ICs and seeks new ways to enhance their quality of life. Roadrunner believes its efforts increase IC retention, which Roadrunner believes ultimately leads to better service for Roadrunner's customers.

- *Purchased Power Providers*. In addition to Roadrunner's large base of ICs, Roadrunner has access to a broad base of purchased power providers. Roadrunner has established relationships with carriers of all sizes, including large national trucking companies and small to mid-size regional fleets. With the exception of safety incentives, purchased power providers are generally paid under a similar structure as ICs within Roadrunner's LTL business.

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

*Sales and Marketing*

Roadrunner currently markets and sells its transportation and logistics solutions through sales personnel located throughout the United States. Roadrunner is focused on actively expanding its sales force to new geographic markets. Roadrunner has a sales team consisting of both sales managers and inside sales representatives. Roadrunner believes that this sales structure enables its salespeople to better serve its customers by developing an understanding of local, regional, national and international market conditions, as well as the specific transportation and logistics issues facing individual customers. Roadrunner's sales team seeks additional business from existing customers and pursues new customers based on this knowledge and an understanding of the value proposition Roadrunner can provide.

*Technology*

Roadrunner believes the continued development and innovation of its technology systems is important to providing its customers with the most cost-effective, timely, and reliable transportation and logistics solutions. Roadrunner's objective is to allow its customers and vendors to easily do business with Roadrunner via technology. Roadrunner's customers have the ability, through a paperless process, to receive immediate pricing, place orders, track shipments, process remittance, receive updates, and review historical shipping data through a variety of reports over the Internet. Roadrunner provides flexibility for customers and vendors by utilizing multiple technologies, including web, mobile, workflow and EDI.

Roadrunner operation utilizes a web-based system with its transportation management applications. Additionally, Roadrunner makes use of EDI and API's to allow its service centers to communicate electronically with its carriers' and customers' internal systems. Roadrunner offers its customers a paperless process, including quoting, bills of lading, document imaging and shipment tracking and tracing.

***Management***

Upon completion of the Separation, Frank L. Hurst will serve as President of Roadrunner. Mr. Hurst has served as President-Roadrunner Freight since June 2017. Mr. Hurst previously served as Senior Vice President of Sales and Marketing of Roadrunner Freight from January 2017 to June 2017. Prior to joining Roadrunner, Mr. Hurst served as VP/GM for North American Corporation, a distributor of packaging products, equipment, and service based in Glenview, Illinois, from January 2014 to December 2016. From August 2012 to December 2013, Mr. Hurst served as Executive Vice President for Vitran Express, where he was responsible for the turnaround, sale, and transition of the US LTL operation. Prior to joining Vitran Express, Mr. Hurst spent 16 years at FedEx Freight, where he most recently served as VP-Divisional Operations from July 2007 to August 2012.

***Board of Directors***

Upon completion of the Separation, the Roadrunner Board consists of the following individuals:

***Donald C. Brown*** has served as a director of Roadrunner since April 2019. Mr. Brown retired in 2017 as Executive Vice President of FedEx Freight Corporation, a North American freight shipping company, having served as Executive Vice President, Finance and Administration, and Chief Financial Officer from 2008 to November 2016. Prior to joining FedEx Freight Corporation as Senior Vice President and Chief Financial Officer in 2001, he held financial management positions at FedEx Corporation, FedEx Corporate Services and FedEx Logistics. His prior affiliations include Caliber System, Inc., Roadway Services, Inc. and Ernst & Young. Mr. Brown is a member of the Board of Directors of The Davey Tree Expert Company and the Board of Advisors for Miller Transfer & Rigging.

***Scott L. Dobak*** has served as a director of Roadrunner since June 2017. Mr. Dobak currently serves as the President and Chief Executive Officer of Hufcor Inc., a position he has held since September 2019. Prior to joining Hufcor, Mr. Dobak served as Chairman of AT Group, US from September 2018 to August 2019. Previously, Mr. Dobak served as the Chief Executive Officer of Dicom Transportation Group from January 2014 to September 2018. Prior to that, Mr. Dobak served in various leadership roles with Roadrunner from January 2007 to December 2013, most recently serving as President—Less-than-Truckload and Transportation Management Solutions.

***Christopher W. Jamroz*** has served as a director of Roadrunner since April 2019 and as its Executive Chairman since April 15, 2020. Mr. Jamroz most recently served as Executive Chairman of Emergent Cold, an Elliott-backed international specialty logistics provider focused on the global cold chain. Prior to joining Emergent Cold, Mr. Jamroz served as the Executive Chairman of STG Holdings, LLC, a specialty 3PL and transportation services provider, and Chairman of the Board of CMS Info Systems, Ltd., a secure logistics company. Mr. Jamroz previously served as the President and Chief Operating Officer of GardaWorld Cash Services, the #1 currency supply chain, secure logistics and outsourced business services provider in North America, from 2010 to 2016. Prior to that time, Mr. Jamroz was at J.P. Morgan Chase in Canada from 2003 to 2010, ultimately serving as the Head of the Corporate Finance practice.

***Ralph ("Cody") W. Kittle III*** has served as a director of Roadrunner since June 2017. Mr. Kittle currently serves as an investment professional with Elliott, where he has been employed since August 2014. Prior to that, Mr. Kittle served as an associate at Wind Point Partners, a private equity firm based in Chicago, and in Investment Banking at J.P. Morgan, where he focused on mergers and acquisitions in the industrial and consumer industries.

***Paul Svindland*** joined as a director of Roadrunner upon consummation of the Separation. Mr. Svindland currently serves as CEO of STG Logistics, LLC, a position he has held since February 2020. Prior to STG, Mr. Svindland served as CEO of Celadon Group, one of North America's largest asset-based truckload carriers. Prior to Celadon, Mr. Svindland was Chairman and CEO of Farren International, a leading, private-equity backed flatbed trucking company. Prior to Farren, Mr. Svindland served as the COO of Pacer International (XPO Intermodal), a leading provider of intermodal services. Mr. Svindland previously co-led the Transportation and Logistics consulting practice at AlixPartners, which he helped grow into an industry leader focused on helping client companies achieve their top line and profit objectives. He spent his early career with Maersk, one of the world's largest ocean shipping lines. Mr. Svindland serves on the boards of two private equity-backed companies, BDP International and Stella Environmental.

*Interlocking Directorates*

Messrs. Jamroz and Kittle currently serve as members of the Ascent Board.

**Ascent Global Logistics**

***Corporate Information***

Ascent was incorporated in Delaware on June 18, 2020. Ascent will maintain its principal executive offices at 2068 E Street, Belleville, Michigan 48111. Ascent’s telephone number is (800) 614-1348. Ascent’s website is located at www.ascentgl.com. Ascent’s website and the information contained therein or connected thereto is not incorporated into this Information Statement.

***Business***

Ascent will continue to offer a full portfolio of domestic and international transportation and logistics solutions, including access to cost-effective and time-sensitive modes of transportation within its broad network. Ascent’s business consist of the Ascent transportation management business and the Ascent On-Demand business.

The Ascent transportation management business provides domestic freight management solutions through its Ascent Global Logistics branded service offerings, including asset-backed truckload brokerage, specialized/heavy haul, LTL shipment execution, LTL carrier rate negotiations, access to its Transportation Management System, and freight audit/payment services. The Ascent transportation management business also provides clients with international freight forwarding, customs brokerage, regulatory compliance services, and project and order management. The Ascent transportation management business serves its customers through either its direct sales force or through a network of independent agents. The customized Ascent offerings are designed to allow Ascent customers to reduce operating costs, redirect resources to core competencies, improve supply chain efficiency, and enhance customer service.

The Ascent On-Demand business provides ground and air expedited services featuring proprietary bid technology, supported by fleets of ground and air assets. This business specializes in the transport of automotive and industrial parts. On-demand air charter is the segment of the air cargo industry focused on the time-critical movement of goods that requires the timely launch of an aircraft to move freight. These critical movements of freight are typically necessary to prevent a disruption in the supply chain due to lack of components. The primary users of on-demand charter services are just-in-time manufacturers, including auto manufacturers, component manufacturers, and heavy equipment makers.

Ascent provides the necessary operational expertise, information technology capabilities, and relationships with third-party transportation providers to meet the unique needs of its customers. For customers that require the most comprehensive service plans, Ascent complements their internal logistics and transportation management personnel and operations, enabling them to redirect resources to core competencies, reduce internal transportation management personnel costs, and, in many cases, achieve substantial annual freight savings. Key aspects of Ascent’s capabilities include the following:

- *Sales.* Ascent's internal and external sales network is responsible for managing existing customer relationships and generating new customer relationships. Sales generated by the sales team are supported by regional branches. Ascent also maintains a network of independent brokerage agents, who primarily focus on truckload shipments, which complement the sales network by bringing pre-existing customer relationships, new customer prospects, and/or access to new geographic markets. Furthermore, they typically provide immediate revenue and do not require Ascent to invest in incremental overhead. Brokerage agents own or lease their own office space and pay for their own communications equipment, insurance, and any other costs associated with running their operation. Ascent invests in the working capital required to execute its quick pay strategy and generally pays a commission to its brokerage agents based on the margin Ascent earns on a shipment. Similar to Ascent's sales branches, Ascent brokerage agents engage in the routing and selection of transportation providers for Ascent's customer base and perform sales and customer service functions on Ascent's behalf. Ascent believes it is able to offer brokerage agents an attractive partnership opportunity as Ascent offers access to a reliable network of purchased power providers and invests in the working capital required to pay these carriers promptly and assumes collection responsibility. Ascent believes that its increased development efforts and attractive value proposition will allow Ascent to further expand its footprint and enhance the growth of Ascent.

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

- *Shipment Planning.* Utilizing technology systems and an expansive multi-modal network of third-party transportation providers, Ascent determines the appropriate mode of transportation and selects the ideal provider. In addition, Ascent provides load optimization services based on freight patterns and consolidation opportunities. Ascent also provides rating and routing services, either on-site with one of its transportation specialists, through its centralized truckload pricing, or through the Ascent website.

- *Customs Brokerage Services.* Ascent provides customs brokerage services to clients importing goods. Ascent's team of highly knowledgeable professionals assists importers in meeting all requirements governing imports by maintaining a detailed knowledge of all customs regulations, tariff schedules, proper classifications, dutiable values, quotas, and other admissibility requirements with other government agency requirements such as the U.S. Food and Drug Administration, Environmental Protection Agency, U.S. Department of Agriculture, and U.S. Fish and Wildlife Services. Ascent submits all required documentation and make appropriate payments to the Bureau of Customs and Border Protection on behalf of its clients and charges them a fee for this service. Ascent also provides foreign-trade zone entries/withdrawals and facilitates all in-bond entry types. In addition to processing documents for import clearance and payment of duties, Ascent's knowledgeable staff is able to assist with customs compliance issues, provide information on C-TPAT certification, assist with import bonds, and provide duty drawback services.

- *International Freight Forwarding.* Ascent provides comprehensive air (import/export) and ocean (import/export) freight forwarding solutions. For customers requiring ocean freight solutions, Ascent is an Ocean Transportation Intermediary acting as either an ocean freight forwarder (arranging ocean shipments on a client's behalf on their ocean contracts) or a non-vessel-operating common carrier (moving shipments on Ascent ocean carrier contracts). Ascent provides full-container-load, less-than-container-load, charters, bulk, refrigerated service, or other unique solutions based on customer requirements. For customers requiring air freight solutions, Ascent provides express, standard, and deferred air freight service. Ascent also arranges airport-to-airport, airport-to-door, door-to-airport, or door-to-door shipments. Ascent is well-versed in the many technical aspects of government regulations, state and commerce department licensing requirements, foreign government forms, transportation documents, and international collection and banking procedures. Ascent is an authorized International Air Transport Association agent and also an Indirect Air Carrier authorized by the Transportation Security Administration. Ascent provides clients a robust order management solution that includes vendor compliance/education, purchase order management, regulatory compliance management, origin logistics, transportation management (origin/destination), and global information management.

- *Shipment Execution.* Ascent transportation specialists are adept at managing all types of shipments (full truckload, LTL, partial truckload, expedited, and specialized). With its technology and large carrier base, Ascent provides clients with route, rate, and mode optimization to reduce their costs and meet their pickup and delivery requirements. Ascent also provides the ability to track and trace shipments either online or by phone through one of Ascent's transportation specialists.

- *Audit and Payment Services.* Ascent captures and consolidates a customer's entire shipping activity and offers weekly electronic billing. Ascent also provides freight bill audit and payment services designed to eliminate excessive or incorrect charges from customer bills.

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

- *Expedited solutions.* Ascent believes that it is a premier provider of expedited transportation for ground, air charter, airfreight, and hand carry where Ascent leverages over 25 years of managing on-demand air charter to create a culture with a sense of urgency across all service offerings. Ascent On-Demand is committed to customer service and the execution of each and every mission. Ascent On-Demand's portal solution provides market-driven pricing for clients on every shipment through proprietary spot bid technology.

With a broad offering, Ascent believes it can accommodate a shipper's unique needs with any combination of services along its entire spectrum, and cater to their preferred means of shipment processing and communication.

Ascent believes that its comprehensive service approach and focus on building long-term customer relationships lead to greater retention of existing business compared to a more short-term gain sharing model employed by many 3PL providers. Before becoming fully operational with a customer, Ascent conducts thorough feasibility and cost savings analyses and collaborates with the customer to create a project scope and timeline with measurable milestones. Ascent believes this approach enables it to identify potential issues, ensure a smooth integration process, and set the stage for long-term customer satisfaction. Ascent has historically been able to consistently meet customer implementation deadlines and achieve anticipated levels of freight savings, and believes this will continue after the completion of the Separation.

***Management***

Upon completion of the Separation, Ascent's management team consists of the following individuals:

**Thomas D. Stenglein**
*President, Chief Financial Officer, and President – Ascent on Demand*

Thomas D. Stenglein has served as President – Ascent On-Demand since November 2016. Prior to his current position, Mr. Stenglein was the Chief Operating Officer and Chief Financial Officer for Active On-Demand from March 2013 to November 2016. Prior to that, Mr. Stenglein had leadership roles in Finance and Operations at Truesense Imaging and Eastman Kodak from 1989 to 2013.

**Micah L. Holst**
*President of International and Chief Commercial Officer*

Micah L. Holst has served as Chief Commercial Officer of Ascent Global Logistics since February 1, 2020. Prior to that, Mr. Holst was President of Ascent International from July 2013 to January 2020. Mr. Holst joined Ascent International (formerly Marisol International) in 2004 and served in operations and sales capacities from 2004 to 2013, prior to becoming President. Before joining Marisol International, Mr. Holst played four seasons of professional baseball in the San Francisco Giants organization.

**Chris M. Cook**
*Chief Operating Officer and President – Ascent Domestic*

Chris M. Cook has served as President – Ascent Domestic since March 2020. Prior to his current position, Mr. Cook served as President of Roadrunner Truckload Plus, joining in January of 2013. Prior to joining Roadrunner, Mr. Cook spent four years at R.R. Donnelley managing the independent agent model of the business. He also spent eight years prior to that with ABF Freight, fulfilling various sales and operations management roles.

***Board of Directors***

Upon completion of the Separation, the Ascent Board consists of the following individuals:

***Christopher L. Doerr*** joined as a director of Ascent upon consummation of the Separation. Mr. Doerr served as a director of Roadrunner from October 2010 through immediately prior to consummation of the Separation. Mr. Doerr is currently the sole member of Passage Partners, LLC, a private investment company. Mr. Doerr served as Co-Chief Executive Officer of Sterling Aviation Holdings, Inc., an aircraft management and charter company, from 2004 to 2014. From 2009 to 2011, Mr. Doerr served as Executive Chairman and Chief Executive Officer of Karl's Rental, Inc., a global manufacturer and supplier of portable event structures and related equipment. Prior to that, Mr. Doerr served as President and Co-Chief Executive Officer of Leeson Electric Corporation from 1986 to 2001. Mr. Doerr currently serves on the board of directors and compensation committee of Regal Beloit Corporation (NYSE: RBC), a publicly traded manufacturer of commercial, industrial, and HVAC electric motors, electric generators and controls, and mechanical motion control products.

***Cordia Harrington*** joined as a director of Ascent upon consummation of the Separation. Ms. Harrington is founder and CEO of The Bakery Cos., which bakes over 7 million baked goods daily and employs more than 500 people, serving elite customers in the United States, Caribbean and South America. In addition, Ms. Harrington's businesses include Bakery Express (trucking) and Cold Storage of Nashville (a freezer facility). Ms. Harrington's focus on regulations, sustainability, employee policies and development have led the company to grow organically into a state-of-the-art business, winning Wholesale Bakery of the Year in 2010, McDonald's Supplier Leadership Award (2012) and Nashville Business Journal's Fast 50 Award (2016) and Best in Business Award (2017). Ms. Harrington's passion for innovation, sponsorship of human resources best practices and ability to deliver on innovative strategy have earned respect in an industry based in conventional practices.

***Christopher W. Jamroz*** joined as a director of Ascent and as Executive Chairman upon its incorporation on June 18, 2020. Mr. Jamroz's biography is set forth under the heading "*Business—Roadrunner Transportation Systems—Board of Directors*" above.

***Ralph ("Cody") W. Kittle III*** joined as a director of Ascent upon consummation of the Separation. Mr. Kittle's biography is set forth under the heading "*Business—Roadrunner Transportation Systems—Board of Directors*" above.

***Jacob ("Jim") van Leenen*** joined as a director of Ascent upon consummation of the Separation. Mr. van Leenen is currently an Advisor to the board of directors of USPack Logistics, a wholly owned subsidiary of New Spring Capital with 520 employees. USPack acquired Fleetgistics in 2017, and Mr. van Leenen was appointed Chief Executive Officer for both companies. Mr. van Leenen is an award-winning innovative business leader, acquisition structuring and integration and revenue generation expert who has distinguished himself by driving multi-million-dollar growth, developing and maximizing profitability, and building or restoring market share in highly complex and competitive multi-cultural global business climates, resulting in shareholder valuation improvements for numerous organizations.

*Interlocking Directorates*

Messrs. Jamroz and Kittle currently serve as members of the Roadrunner Board.

## CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

### The Separation from Roadrunner

In connection with the Separation, Ascent entered into a Separation and Distribution Agreement, the Contribution Agreement, and several other agreements with Roadrunner to effect the Separation and provide a framework for Ascent's relationship with Roadrunner after the Separation. These agreements provide for the allocation between Roadrunner and its subsidiaries, on the one hand, and Ascent and its subsidiaries on the other hand, of the assets, liabilities, legal entities, and obligations associated with the less-than-truckload business, on the one hand, and the asset-light logistics business, on the other hand, and will govern the relationship between Roadrunner and its subsidiaries, on the one hand, and Ascent and its subsidiaries, on the other hand, subsequent to the Separation (including with respect to transition services, employee matters, tax matters, and certain other commercial relationships). See "*The Separation—Agreements Between Roadrunner and Ascent*" for more information regarding these agreements.

### Other Related Person Transactions

Effective upon the Separation, Ascent entered into indemnification agreements with each of its directors and executive officers. These agreements require Ascent to indemnify and advance litigation expenses incurred by such individuals by reason of (i) their status as directors and/or officers of Ascent, (ii) their service in any capacity with respect to an employee benefit plan of Ascent or one or more of Ascent's majority owned subsidiaries, or (iii) their service as directors, officers, managers, general partners, trustees, employees, or agents of another entity (including a majority owned subsidiary of Ascent) at Ascent's request while directors and/or officers of Ascent to the fullest extent permitted by applicable law.

### Stockholders' Agreement with Elliott

In connection with the Separation, Ascent and Elliott entered into a Stockholders' Agreement dated as of the Distribution Date. Pursuant to the Stockholders' Agreement, Ascent granted Elliott the right to designate nominees to Ascent's board of directors and access to available financial information. The Stockholders' Agreement is substantially similar to that certain stockholders' agreement previously in effect between Roadrunner and Elliott, dated as of February 26, 2019, with only those changes necessary to reflect that Ascent is not a publicly-traded company.

### Credit Facility with Elliott

Contemporaneously with the completion of the Separation, Roadrunner's prior junior secured credit facility with Elliott was satisfied through the replacement of such credit facility with a new junior secured credit facility between Ascent and Elliott and Roadrunner's release of all of its obligations under the prior junior secured credit facility. Contemporaneously therewith, Elliott will become a lender under a new junior secured credit facility between Ascent and Elliott. The principal amount of the new junior secured credit facility with Elliott is equal to the amount of principal and interest owing under Roadrunner's prior junior secured credit facility with Elliott as of consummation of the Separation and the Distribution. As of August 7, 2020, $71.8 million in aggregate principal amount (including paid-in-kind interest) was outstanding under the Roadrunner junior secured credit facility. See "*Description of Material Indebtedness—Ascent Credit Facilities*" for more information.

## SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Until the Distribution, all of the outstanding shares of Ascent common stock were owned by Roadrunner. After the Distribution, Roadrunner will not directly or indirectly own any Ascent common stock. The following table sets forth certain information regarding the expected beneficial ownership of Ascent common stock immediately following the consummation of the Distribution by (1) each named executive officer and director of Ascent, (2) all directors and executive officers of Ascent as a group, and (3) each person known by us to own more than 5% of Roadrunner common stock, which persons would be expected to own more than 5% of Ascent common stock immediately following the consummation of the Distribution. Except as noted below, Ascent has based the share amounts on each person's beneficial ownership of Roadrunner common stock as of July 31, 2020 after giving effect to a distribution ratio of one share of Ascent common stock for every one share of Roadrunner common stock. Immediately following the consummation of the Distribution, Ascent had 38,263,588 shares of Ascent common stock issued and outstanding, based on the number of shares of Roadrunner common stock that were outstanding as of the Record Date.

| Name of Beneficial Owner | Number | Percent |
|---|---|---|
| **Named Executive Officers and Directors:** | | |
| Thomas D. Stenglein(1) | 17,724 | * |
| Micah L. Holst | 2,743 | * |
| Christopher M. Cook | 3,188 | * |
| Christopher L. Doerr | 17,469 | * |
| Cordia Harrington | — | * |
| Christopher W. Jamroz | 2,200 | * |
| Ralph ("Cody") W. Kittle III | — | * |
| James ("Jim") van Leenan | — | |
| All directors and executive officers as a group (8 persons) | 43,324 | 0.1% |
| | | |
| **5% Stockholders:** | | |
| Elliott Reporting Entities (2) | 34,155,020 | 89.3% |

* Represents beneficial ownership of less than 1% of Ascent's outstanding common stock.

(1) Includes 11,343 shares of common stock issuable upon exercise of vested stock options.

(2) Represents shares held by Elliott Investment Management L.P., which effective January 1, 2020, is the investment manager of Elliott Associates, L.P. ("Elliott Associates") and Elliott International, L.P. ("Elliott International") and has been delegated sole voting and sole dispositive power over the securities held by Elliott Associates and Elliott International. Such information is as reported on Schedule 13D filed by the Elliott reporting entities with the SEC on April 3, 2017 (as amended on May 4, 2017, August 7, 2018, November 13, 2018, November 16, 2018, February 28, 2019, and January 13, 2020). The address for Elliott Investment Management L.P. is 40 West 57th Street, New York, New York 10019.

## MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE DISTRIBUTION

The following is a discussion of the material U.S. federal income tax consequences of the Distribution to U.S. Holders (as defined herein) of Roadrunner common stock. This discussion is based on the Code, the Treasury Regulations promulgated thereunder, and judicial and administrative interpretations thereof, all as in effect as of the date of this Information Statement and all of which may change, possibly with retroactive effect. This discussion assumes that the Separation and Distribution was consummated in accordance with the Separation and Distribution Agreement and as described in this Information Statement.

For purposes of this discussion, a "U.S. Holder" is a beneficial owner of Roadrunner common stock that is for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state therein, or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust if it: (i) is subject to the primary supervision of a court within the United States and one or more U.S. persons have the authority to the control all substantial decisions; or (ii) has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

This discussion addresses only the consequences of the Distribution to U.S. Holders that hold Roadrunner common stock as a capital asset. It does not address all aspects of U.S. federal income taxation that may be relevant to U.S. Holders in light of their particular circumstances or to U.S. Holders subject to special treatment under the Code, such as:

- financial institutions, underwriters, real estate investment trusts, regulated investment companies, or insurance companies;
- tax-exempt organizations;
- dealers or brokers in securities or currencies;
- persons owning our common stock as part of a hedge, appreciated financial position, straddle, conversion, or other risk reduction transaction for U.S. federal income tax purposes;
- former citizens or former long-term residents of the United States;
- persons that own, or are deemed to own, at least 10%, by voting power or value, of our equity;
- persons that are subject to the alternative minimum tax;
- persons that hold our common stock through a partnership or other pass-through entity;
- persons that are required to accelerate the recognition of any item of gross income with respect to our common stock as a result of such income being recognized on an applicable financial statement;

- persons that hold our common stock in a tax-deferred account, such as an individual retirement account; or
- persons that acquired our common stock pursuant to the exercise of employee stock options or otherwise as compensation.

If a partnership, or any entity or arrangement treated as a partnership for U.S. federal income tax purposes, holds Roadrunner common stock, the tax treatment of a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Such partners and partnerships should consult their tax advisors.

This discussion of material U.S. federal income tax consequences is not a complete analysis or description of all potential U.S. federal income tax consequences of the Distribution. In addition, it does not address any estate, gift, or other non-income tax consequences or any non-U.S., state, or local tax consequences of the Distribution. Accordingly, holders of Roadrunner common stock should consult their tax advisors to determine the particular U.S. federal, state, or local or non-U.S. income or other tax consequences of the Distribution.

**Tax Opinion**

The consummation of the Distribution was conditioned upon the receipt of the Tax Opinion of Greenberg Traurig, LLP substantially to the effect that, among other things, the Contribution and Distribution, taken together, should qualify as a "reorganization" within the meaning of Section 368(a)(1)(D) of the Code and a distribution to which Section 355(a) of the Code applies. In rendering the Tax Opinion, Greenberg Traurig, LLP relied upon (i) customary representations and covenants, including those contained in certificates of the officers of Roadrunner and Ascent and the authorized representative of Elliott, and (ii) specified assumptions, including an assumption regarding the completion of the Separation and Distribution in the manner contemplated by the transaction agreements. The Tax Opinion is expressed as of the date of the closing of the Separation and will not cover subsequent periods. If any of the representations, covenants, or assumptions on which Greenberg Traurig, LLP relied is inaccurate, incomplete, or is violated, the tax consequences of the Distribution could differ from those described below.

An opinion of counsel represents counsel's best judgment based on current law and is not binding on the IRS or any court. We cannot assure you that the IRS will agree with the conclusions set forth in the Tax Opinion, and it is possible that the IRS or another tax authority could adopt a position contrary to one or all those conclusions and that a court could sustain that contrary position. Roadrunner does not intend to seek a ruling from the IRS as to the U.S. federal income tax treatment of the Contribution and Distribution and there can be no assurance that the IRS will not challenge the validity of the Contribution and Distribution as tax-free transactions for U.S. federal income tax purposes under Section 368(a)(1)(D) and Section 355(a) of the Code or that any such challenge ultimately will not prevail.

**The Distribution**

Assuming that the Contribution and Distribution, taken together, qualify as a "reorganization" within the meaning of Section 368(a)(1)(D) of the Code and a distribution to which Section 355(a) of the Code applies, for U.S. federal income tax purposes:

- no gain or loss will be recognized by, and no amount will be included in the income of, U.S. Holders solely as a result of the receipt of Ascent common stock in connection with the Distribution;
- the aggregate tax basis of the shares of Roadrunner common stock and Ascent common stock in the hands of each U.S. Holder immediately following the consummation of the Distribution will be the same as the aggregate tax basis such U.S. Holder has in the shares of Roadrunner common stock held immediately before the consummation of the

Distribution, allocated between Roadrunner common stock and the Ascent common stock in proportion to their relative fair market values immediately following the consummation of the Distribution; and

- the holding period of any shares of Ascent common stock received by a U.S. Holder in the Distribution will include the holding period of the shares of Roadrunner common stock on which the Distribution is made.

Within 45 days following the Distribution Date, Roadrunner intends to post to its website an IRS Form 8937 setting forth additional information about the effect of the Distribution on a U.S. Holder's tax basis in its shares of Roadrunner common stock and Ascent common stock. U.S. Holders that have acquired different blocks of Roadrunner common stock at different times or at different prices should consult their tax advisors regarding the allocation of their aggregate adjusted basis among, and their holding period of, Ascent common stock distributed with respect to blocks of Roadrunner common stock.

If it were determined that the Distribution does not qualify as tax-free to holders of Roadrunner common stock under Section 355(a) of the Code for U.S. federal income tax purposes, then, in general, each U.S. Holder receiving shares of Ascent common stock in the Distribution would be treated as receiving a taxable distribution in an amount equal to the fair market value of the Ascent common stock, on the Distribution Date, that was distributed to the U.S. Holder. Such distribution generally would be treated as a taxable dividend to the extent of the U.S. Holder's pro rata share of Roadrunner's current and accumulated earnings and profits, then as a non-taxable return of capital to the extent of the U.S. Holder's tax basis in Roadrunner's common stock and thereafter as a capital gain.

**Information Reporting**

Treasury Regulations require certain stockholders of Roadrunner that receive Ascent common stock in the Distribution to attach to their respective U.S. federal income tax returns for the year in which the Distribution occurs a statement setting forth certain information related to the Distribution.

**YOU SHOULD CONSULT YOUR OWN TAX ADVISOR WITH RESPECT TO THE SPECIFIC U.S. FEDERAL, STATE, AND LOCAL, AND NON-U.S. TAX CONSEQUENCES OF THE DISTRIBUTION IN LIGHT OF YOUR PARTICULAR CIRCUMSTANCES AND THE EFFECT OF POSSIBLE CHANGES IN LAW THAT MIGHT AFFECT THE TAX CONSEQUENCES DESCRIBED IN THIS INFORMATION STATEMENT.**

## DESCRIPTION OF MATERIAL INDEBTEDNESS

### Roadrunner Credit Facilities

Contemporaneously with the completion of the Separation, (i) Roadrunner's prior senior secured credit facility with BMO Harris Bank, N.A. was terminated and Roadrunner was released of all obligations under such prior senior secured credit facility, and (ii) Roadrunner's prior junior secured credit facility with Elliott was satisfied through the replacement of such credit facility with a new junior secured credit facility between Ascent and Elliott and Roadrunner's release of all of its obligations under the prior junior secured credit facility. Roadrunner and Ascent separately entered into new credit facilities, as described below.

Contemporaneously with the completion of the Separation, Crystal Financial and Roadrunner entered into a credit agreement that provides up to a $45.0 million senior secured asset-based credit facility to Roadrunner, comprised of (i) a $10.0 million senior secured asset-based revolving credit facility; (ii) a $20.0 million senior secured asset-based term loan; and (iii) a $15.0 million committed accordion, structured as an incremental revolver commitment. This new senior secured asset-based credit facility will (i) be subject to a borrowing base and certain other availability restrictions, and (ii) have maturity date that is five years from the closing date of the credit facility. Ascent will have no obligations under this new senior secured asset-based credit facility.

### Ascent Credit Facilities

Contemporaneously with the completion of the Separation, Ascent and PNC Bank, National Association entered into a Revolving Credit, Guaranty and Security Agreement that provides up to a $75.0 million senior secured revolving credit facility to Ascent and its subsidiaries (the "PNC Credit Facility"). This new senior secured revolving credit facility will (i) be subject to a borrowing base and certain other availability restrictions; and (ii) have a maturity date that is five years from the closing date of the credit facility.

Contemporaneously with the completion of the Separation, Elliott became a lender under a new junior secured credit facility between Ascent and Elliott. The principal amount of the new junior secured credit facility with Elliott was equal to the amount of principal and interest owing under Roadrunner's prior junior secured credit facility with Elliott as of consummation of the Separation. As of August 7, 2020, $71.8 million in aggregate principal amount (including paid-in-kind interest) of indebtedness was outstanding under the prior Roadrunner junior secured credit facility. The new junior secured credit facility with Ascent and Elliott will bear interest at the same rate as under Roadrunner's prior junior secured credit facility with Elliott. Interest will accrue quarterly in arrears and, as in the prior Roadrunner facility, may be paid in-kind. The rights of Elliott as a lender under the new junior secured credit facility are subject to a customary intercreditor agreement with lenders under the PNC Credit Facility, which requires such interest to be paid in-kind so long as such intercreditor agreement is in effect. The new junior secured credit facility will mature approximately 5.25 years after the closing of the Separation. The new junior secured credit facility with Elliott provides that Ascent may request from Elliott additional amounts of term loans under the new junior credit facility provided that Elliott shall not be required to provide such additional term loans and may agree to such increase in its sole discretion and provided that the aggregate principal amount outstanding shall not exceed $100.0 million (the amount allowed under the terms of the PNC Credit Facility).

## DESCRIPTION OF CAPITAL STOCK OF ASCENT

*The following is a summary of the material terms of Ascent's capital stock. This discussion does not purport to be complete and you are strongly encouraged to review Ascent's Amended and Restated Certificate of Incorporation, Amended and Restated Bylaws, and the applicable provisions of the Delaware General Corporation Law (the "DGCL").*

### Authorized and Outstanding Capital Stock

Ascent's Amended and Restated Certificate of Incorporation provides that Ascent is authorized to issue a total of 44,600,200 shares of capital stock, consisting of 44,000,000 shares of common stock, $0.01 par value per share, and 600,200 shares of preferred stock, $0.01 par value per share.

Immediately prior to the Contribution, Ascent had outstanding 100 shares of its common stock held by Roadrunner and no outstanding options or other equity awards. Upon completion of the Distribution, Ascent had 38,263,588 shares of common stock outstanding, excluding any shares that may be issued pursuant to Ascent's incentive compensation plans.

### Preferred Stock

Ascent's Amended and Restated Certificate of Incorporation authorizes the Ascent Board, without further action by its stockholders, to create and issue one or more series of preferred stock and to fix the powers, preferences, and rights, if any, and the qualifications, limitations, or restrictions, if any, of each such series of preferred stock. Such powers, preferences, and rights, if any, may include, without limitation, the right to vote together with the holders of Ascent's common stock on elections, questions, and matters, special class or series voting rights, redemption rights and preferences, dividend rights and preferences, liquidation rights and preferences, and conversion or exchange rights.

The authority possessed by the Ascent Board to create and issue one or more series of preferred stock could potentially be used to discourage attempts by third parties to obtain control of Ascent through a merger, tender offer, proxy contest, or otherwise, by making such attempts more difficult or costly. The Ascent Board may create and issue one or more series of preferred stock having voting rights or conversion rights that, if exercised, could adversely affect the voting power of the holders of Ascent common stock. There are no current agreements or understandings with respect to the creation and issuance of any series of preferred stock and the Ascent Board has no present intention to create or issue any series of preferred stock.

### Common Stock

Shares of Ascent common stock have the following rights, preferences, and rights:

- *Voting rights*. Each outstanding share of common stock entitles its holder to one vote on all matters submitted to a vote of Ascent stockholders, including the election of directors. There are no cumulative voting rights. Generally, all matters to be voted on by stockholders must be approved by a majority of the votes entitled to be cast by all shares of common stock present or represented by proxy.

- *Quorum*. Except as otherwise provided by Delaware law, Ascent's Amended and Restated Certificate of Incorporation, or Ascent's Amended and Restated Bylaws, at each meeting of its stockholders the presence in person or by proxy of the holders of a majority in voting power of the then outstanding shares of Ascent capital stock entitled to vote at the meeting will be necessary and sufficient to constitute a quorum.

- *Election of Directors*. Except for directors, if any, elected by the holders of one or more series of preferred stock created and issued by the Ascent Board and with respect to newly created directorships and vacancies on the Ascent Board or pursuant to the Stockholder' Agreement between Ascent and Elliott, each of the Ascent directors will be elected by a majority of the votes cast with respect to the nominee for election to the Ascent Board at any meeting of its stockholders at which directors are to be elected and a quorum is present, except that directors will be elected by a plurality of the votes cast at such meeting if one or more of the Ascent stockholders have nominated one or more individuals for election at such meeting and not withdrawn such nomination or nominations on or prior to the tenth day preceding the date that Ascent first mailed notice of such meeting to its stockholders. See "*Certain Relationships and Related Person Transactions—Stockholders' Agreement with Elliott*" for more information.

- *Other Elections, Questions, or Business*. When a quorum is present at any meeting of the Ascent stockholders, elections, questions, or business presented to the Ascent stockholders at such meeting (other than the election of directors) will be decided by the affirmative vote of a majority of votes cast with respect to such election, question, or business unless the election, question, or business is one which, by express provision of Ascent's Amended and Restated Certificate of Incorporation, Ascent's Amended and Restated Bylaws, the laws of the State of Delaware, the rules or regulations of any stock exchange applicable to Ascent, or any regulation applicable to Ascent or its securities, a vote of a different number or voting by class or series is required, in which case, such express provision will govern.

- *Dividends*. Holders of common stock are entitled to receive dividends out of funds legally available for the payment of dividends, at such times and in such amounts as our board of directors may determine in its sole discretion.

- *Liquidation*. In the event of a liquidation, dissolution, or winding up of Ascent's affairs, whether voluntary or involuntary, after payment or provisions for payment of Ascent's debts and liabilities and all preferential amounts to which the holders of Ascent's preferred stock are entitled, the holders of Ascent common stock shall be entitled to share ratably the remaining assets of Ascent available for distribution.

- *Rights and preferences*. Ascent common stock has no preemptive, redemption, conversion, or subscription rights. The voting, dividend, and liquidation rights of the holders of Ascent common stock are subject to and qualified by the rights, power, rights, preferences, and priorities of the holders of Ascent's preferred stock.

**Anti-Takeover Effects of Certain Provisions of Ascent's Certificate of Incorporation and Bylaws**

Ascent's Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws contain provisions that are intended to enhance the likelihood of continuity and stability in the composition of the Ascent Board and that may have the effect of delaying, deferring, or preventing a future takeover or change in control of Ascent unless the takeover or change in control is approved by the Ascent Board. These provisions include the following:

*State Takeover Legislation*. Upon the Distribution Date, Ascent will be subject to Section 203 of the DGCL, an anti-takeover statute. Subject to certain exceptions set forth therein, Section 203 of the DGCL prohibits a business combination with any interested stockholder for a period of three years following the time that the interested stockholder became an interested stockholder, unless (a) prior to such time Ascent's Board approved either the business combination or the transaction which resulted in the interested stockholder becoming an interested stockholder, (b) upon the consummation of the transaction which resulted in the stockholder becoming an interested stockholder, the interested stockholder owned at least 85% of our outstanding voting stock at the time the transaction commenced, excluding for purposes of determining Ascent's outstanding voting stock (but not Ascent's outstanding voting stock held by the interested stockholder) Ascent's outstanding voting stock held by Ascent's directors and officers and Ascent's incentive compensation plan in which employee participants do not have the right to determine confidentially whether shares held subject to the plan will be tendered in a tender or exchange offer (if any), and (c) at or subsequent to such time, the business combination is approved by Ascent's Board and authorized at a meeting of Ascent's stockholders by the affirmative vote of at least 66 2/3% of Ascent's outstanding voting stock which is not owned by the interested stockholder.

An interested stockholder generally is defined in Section 203 of the DGCL to include (a) any person (other than the corporation and any of its direct or indirect majority-owned subsidiaries) that is the owner of 15% or more of the outstanding voting stock of the corporation, or is an affiliate or associate of the corporation and was the owner of 15% or more of the outstanding voting stock of the corporation at any time within three years immediately prior to the date of determination; and (b) the affiliates and associates of any such person.

The provisions of Section 203 of the DGCL may encourage persons interested in acquiring Ascent to negotiate in advance with Ascent's Board and may also have the effect of preventing changes in Ascent's management. It is possible that the provisions of Section 203 of the DGCL could make it more difficult to accomplish transactions which one or more of Ascent's stockholders may otherwise deem to be in their best interests.

*Stockholder Action by Written Consent*. Delaware law provides that, unless otherwise stated in the corporation's certificate of incorporation, any action which may be taken at an annual meeting or special meeting of stockholders may be taken without a meeting, if a consent in writing is signed by the holders of the outstanding stock having the minimum number of votes necessary to authorize the action at a meeting of stockholders.

*Meetings of Stockholders*. Ascent's Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws provide for the calling of special meetings of holders of Ascent common stock solely by the Chairperson of the Ascent Board, the Ascent Board or the Secretary of Ascent. Delaware law requires the notice of a special meeting of stockholders to state the purpose or purposes for which the special meeting is called.

*Advance notice procedures for stockholder proposals*. Ascent's Amended and Restated Bylaws establish an advance notice procedure for stockholder proposals to be brought before an annual meeting of Ascent's stockholders, including proposed nominations of persons for election to the Ascent Board. Stockholders at Ascent's annual meeting may only consider proposals or nominations specified in the notice of meeting or brought before the meeting by or at the direction of the Ascent Board or by a stockholder who was a stockholder of record on the record date for the meeting, who is entitled to vote at the meeting and who has given timely written notice, in proper form, of the stockholder's intention to bring that business before the meeting.

*Removal of Directors*. Ascent's Amended and Restated Certificate of Incorporation provide for the removal of any director elected by the holders of Ascent common stock by a majority of the voting power of such holders.

*Size of the Board of Directors*. Ascent's Amended and Restated Bylaws provide that, subject to Delaware law and the rights, if any, of the holders of any series of preferred stock then outstanding to elect one or more directors, the size of the Ascent Board will be determined from time to time by resolution of the Ascent Board.

*Vacancies*. Ascent's Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws provide that subject to the rights, if any, of the holders of any series of preferred stock then outstanding, newly created directorships resulting from an increase in the number of directors or any vacancies on the Ascent Board resulting from the death, resignation, disqualification, removal, or other cause will be filled solely and exclusively by a majority of the directors then in office, although less than a quorum, or by the sole remaining director. Any director so elected will hold office until his or her successor is elected and qualified, subject to his or her earlier death, resignation, disqualification, or removal.

*Amendments to Certificate of Incorporation*. Pursuant to Section 242 of the DGCL, any amendment to Ascent's Amended and Restated Certificate of Incorporation after the Separation (other than an amendment changing Ascent's name, deleting provisions of Ascent's original certificate of incorporation which named the incorporator, or effecting a change, exchange, reclassification, subdivision, combination, or cancellation of stock, if such change, exchange, reclassification, subdivision, combination, or cancellation has become effective), will require the Ascent Board to adopt a resolution setting forth the amendment proposed, declaring its advisability, and either calling a special meeting of Ascent stockholders entitled to vote in respect thereof for the consideration of such amendment or directing that the amendment be considered at the next annual meeting of Ascent stockholders. Section 242 of the DGCL requires that any amendment to our Amended and Restated Certificate of Incorporation so approved by the Ascent Board must be adopted by a majority of Ascent's outstanding stock entitled to vote thereon and, in the circumstances enumerated in Section 242 of the DGCL, a majority of the outstanding stock of each class entitled to vote thereon as a class. Section 242 of the DGCL requires any amendment to Ascent's Amended and Restated Certificate of Incorporation so approved by the Ascent Board and Ascent stockholders to be filed with the Secretary of State of the State of Delaware in order to become effective.

In addition to the requirements of Section 242 of the DGCL, Ascent's Amended and Restated Certificate of Incorporation provide that any amendment of the provisions of Ascent's Amended and Restated Certificate of Incorporation providing for (a) the directors elected by the holders of Ascent common stock to be classified (and therefore for the removal of such directors solely for cause), (b) the removal of directors elected by the holders of Ascent common stock by a majority of the voting power of such holders, (c) the filling of vacancies with respect to directors elected by the holders of Ascent common stock and newly created directorships created from an increase in the number of such directors solely by Ascent's Board, (d) the amendment of Ascent Amended and Restated Bylaws by Ascent's Board, (e) the amendment of Ascent's Amended and Restated Bylaws by a majority of the voting power of Ascent's stockholders, and (f) the calling of special meetings solely by the Chairperson of Ascent's Board, Ascent's President, or Ascent's Board, in each case, will require a vote of a majority of the voting power of Ascent's stockholders.

*Amendments to Bylaws*. Ascent's Amended and Restated Certificate of Incorporation provides that Ascent's Amended and Restated Bylaws may be amended by the Ascent Board and that any amendment of Ascent's Amended and Restated Bylaws by Ascent's stockholders requires a vote of a majority of the voting power thereof.

*Series of Preferred Stock*. Ascent's Amended and Restated Certificate of Incorporation empowers Ascent's Board to create and issue, without stockholder approval, one or more series of preferred stock having such powers, preferences, and rights, if any, and such qualifications, limitations, and restrictions, if any, as established Ascent's Board.

The foregoing provisions of Ascent's Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws could discourage potential acquisition proposals and could delay or prevent a change in control. These provisions are intended to enhance the likelihood of continuity and stability in the composition of the Ascent Board and in the policies formulated by the Ascent Board and to discourage certain types of transactions that may involve an actual or threatened change in control. These provisions are designed to reduce Ascent's vulnerability to an unsolicited acquisition proposal. The provisions also are intended to discourage certain tactics that may be used in proxy fights. However, such provisions could have the effect of discouraging others from making tender offers for Ascent's shares, and, as a consequence, they also may decrease the value of the common stock that could result from actual or rumored takeover attempts. Such provisions also may have the effect of preventing changes in Ascent's management or delaying or preventing a transaction that might benefit you or other minority stockholders.

Such provisions may also be effected by the controlling ownership interest of Elliott and the Stockholders' Agreement between Ascent and Elliott. See "*Risk Factors—Risks Related to Ascent's Common Stock—Roadrunner's principal stockholder will also be Ascent's principal stockholder and will* *continue to have significant influence over Roadrunner and will have significant influence over Ascent after the Separation, including control over decisions that require the approval of stockholders*" for more information related to Elliott's ownership. See "*Certain Relationships and Related Person Transactions—Stockholders' Agreement with Elliott*" for more information related to the Stockholders' Agreement.

**Exclusive Forum**

Unless Ascent consents in writing to the election of an alternative forum, Ascent's Amended and Restated Certificate of Incorporation requires that (other than actions asserting claims arising under the Exchange Act or the Securities Act) the Court of Chancery of the State of Delaware is the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of Ascent, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director, officer or employee of Ascent to Ascent or Ascent's stockholders, (iii) any action asserting a claim arising pursuant to any provision of the DGCL, (iv) any civil action to interpret, apply, enforce or determine the validity of the provisions of Ascent's Amended and Restated Certificate of Incorporation or Ascent's Amended and Restated Bylaws, or (v) any action asserting a claim governed by the internal affairs doctrine.

Unless Ascent consents in writing to the election of an alternative forum, Ascent's Amended and Restated Certificate of Incorporation requires the federal courts of the United States shall, to the fullest extent permitted by applicable law, be the sole and exclusive forum for the resolution of any action asserting a claim arising under the Securities Act.

**Limitations on Liability and Indemnification of Officers and Directors**

Ascent's Amended and Restated Certificate of Incorporation limits the liability of directors to the fullest extent permitted by the Delaware General Corporation Law. In addition, Ascent's Amended and Restated Certificate of Incorporation and Amended and Restated Bylaws provide that Ascent will indemnify its directors and officers to the fullest extent permitted by law. Ascent has entered into indemnification agreements with its current directors and executive officers and expects to enter into similar indemnification agreements with any new directors or executive officers.

**Transfer Agent and Registrar**

The transfer agent and registrar for Ascent common stock is American Stock Transfer & Trust Company, LLC. The transfer agent's address is 6201 15th Avenue, Brooklyn, New York 11219 and its telephone number is 1-800-937-5449 or (718) 921-8200.

## ADDITIONAL INFORMATION

Roadrunner and Ascent are furnishing this Information Statement solely to provide information to Roadrunner stockholders who will receive shares of Ascent common stock in the Distribution. You should not construe this Information Statement as an inducement or encouragement to buy, hold or sell any Ascent securities or any securities of Roadrunner. Roadrunner and Ascent believe that the information contained in this Information Statement is accurate as of the date set forth on the cover page of this Information Statement. Changes to the information contained in this Information Statement may occur after that date, and neither Roadrunner nor Ascent undertake any obligation to update the information except as required by law. **Your consent to the Distribution is not required and is not being solicited in connection with this Information Statement.**

Roadrunner and Ascent will each bear fifty percent (50%) of the expenses relating to this Information Statement, including expenses in connection with preparing and mailing this Information Statement and all documents that accompany or may supplement it.

Only one Information Statement is being delivered to multiple stockholders sharing an address, unless Roadrunner has received contrary instructions from one or more of the stockholders. Roadrunner will undertake to deliver promptly upon written or oral request a separate copy of this Information Statement to a stockholder at a shared address to which a single copy of this Information Statement was delivered. You may make a written or oral request by sending a written notification to Roadrunner's principal executive offices stating your name, your shared address, and the address to which Roadrunner should direct the additional copy of this Information Statement or by calling Roadrunner's principal executive offices. If multiple stockholders sharing an address have received one copy of this Information Statement and would prefer that Roadrunner mail each stockholder a separate copy of future mailings, you may send notification to or call Roadrunner's principal executive offices. Additionally, if current stockholders with a shared address received multiple copies of this Information Statement and would prefer Roadrunner to mail one copy of future mailings to stockholders at the shared address, notification of that request may also be made by mail or telephone call to Roadrunner's principal executive offices at:

Roadrunner Transportation Systems, Inc.
1431 Opus Place, Suite 530
Downers Grove, Illinois 60515
Tel: (414) 615-1500

# INDEX TO FINANCIAL STATEMENTS

## REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

**Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of Roadrunner Transportation Systems, Inc. and subsidiaries (the "Company") as of December 31, 2019 and 2018, the related consolidated statements of operations, stockholders' investment (deficit), and cash flows, for each of the three years in the period ended December 31, 2019, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2019, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2019, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 30, 2020, expressed an adverse opinion on the Company's internal control over financial reporting because of material weaknesses.

**Change in Accounting Principle**

As discussed in Note 1 to the financial statements, effective January 1, 2019, the Company adopted FASB Accounting Standards Update No. 2016-02, Leases (Topic 842), using the Comparatives Under ASC 840 Approach.

**Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

*/s/ DELOITTE & TOUCHE LLP*
Chicago, Illinois
March 30, 2020

We have served as the Company's auditor since 2006.

## ROADRUNNER TRANSPORTATION SYSTEMS, INC.
## CONSOLIDATED BALANCE SHEETS

| (In thousands, except par value) | December 31, 2019 | December 31, 2018 |
|---|---|---|
| **ASSETS** | | |
| **Current assets:** | | |
| Cash and cash equivalents | $ 4,777 | $ 11,179 |
| Accounts receivable, net of allowances of $8,279 and $9,980, respectively | 216,389 | 274,843 |
| Income tax receivable | 2,861 | 3,910 |
| Prepaid expenses and other current assets | 40,474 | 61,106 |
| **Total current assets** | 264,501 | 351,038 |
| **Property and equipment,** net of accumulated depreciation of $142,854 and $130,077, respectively | 160,634 | 188,706 |
| **Other assets:** | | |
| Operating lease right-of-use asset | 116,926 | — |
| Goodwill | 97,265 | 264,826 |
| Intangible assets, net | 25,983 | 42,526 |
| Other noncurrent assets | 5,088 | 6,361 |
| **Total other assets** | 245,262 | 313,713 |
| **Total assets** | $ 670,397 | $ 853,457 |
| **LIABILITIES AND STOCKHOLDERS' INVESTMENT (DEFICIT)** | | |
| **Current liabilities:** | | |
| Current maturities of debt | $ 2,291 | $ 13,171 |
| Current maturities of indebtedness to related party | 9,234 | — |
| Current finance lease liability | 15,600 | 13,229 |
| Current operating lease liability | 38,566 | — |
| Accounts payable | 129,724 | 160,242 |
| Accrued expenses and other current liabilities | 78,721 | 110,943 |
| **Total current liabilities** | 274,136 | 297,585 |
| Deferred tax liabilities | 940 | 3,953 |
| Other long-term liabilities | 1,513 | 7,857 |
| Long-term debt, net of current maturities | 131,540 | 155,596 |
| Long-term indebtedness to related party | 61,695 | — |
| Long-term finance lease liability | 51,338 | 37,737 |
| Long-term operating lease liability | 93,403 | — |
| Preferred stock | — | 402,884 |
| **Total liabilities** | 614,565 | 905,612 |
| **Commitments and contingencies (Note 14)** | | |
| **Stockholders' investment (deficit) :** | | |
| Common stock $.01 par value; 44,000 and 4,200 shares authorized respectively; 37,870 and 1,556 shares issued and outstanding, respectively | 379 | 16 |
| Additional paid-in capital | 853,804 | 405,243 |
| Retained deficit | (798,351) | (457,414) |
| **Total stockholders' investment (deficit)** | 55,832 | (52,155) |
| **Total liabilities and stockholders' investment (deficit)** | $ 670,397 | $ 853,457 |

See accompanying notes to consolidated financial statements.

**ROADRUNNER TRANSPORTATION SYSTEMS, INC.**
**CONSOLIDATED STATEMENTS OF OPERATIONS**

| (In thousands, except per share amounts) | Year Ended December 31, 2019 | 2018 | 2017 |
|---|---|---|---|
| **Revenues** | $ 1,847,862 | $ 2,216,141 | $ 2,091,291 |
| **Operating expenses:** | | | |
| Purchased transportation costs | 1,246,565 | 1,518,415 | 1,430,378 |
| Personnel and related benefits | 313,541 | 309,753 | 296,925 |
| Other operating expenses | 370,213 | 397,468 | 393,731 |
| Depreciation and amortization | 59,004 | 42,767 | 37,747 |
| Gain from sale of businesses | (37,221) | — | (35,440) |
| Impairment charges | 197,096 | 1,582 | 4,402 |
| Operations restructuring costs | 20,579 | 4,655 | — |
| Total operating expenses | 2,169,777 | 2,274,640 | 2,127,743 |
| **Operating loss** | (321,915) | (58,499) | (36,452) |
| **Interest expense** | | | |
| Interest expense - preferred stock | — | 105,688 | 49,704 |
| Interest expense - debt | 20,412 | 11,224 | 14,345 |
| Total interest expense | 20,412 | 116,912 | 64,049 |
| **Loss from debt restructuring** | 2,270 | — | 15,876 |
| Loss before income taxes | (344,597) | (175,411) | (116,377) |
| **Benefit from income taxes** | (3,660) | (9,814) | (25,191) |
| Net loss | $ (340,937) | $ (165,597) | $ (91,186) |
| **Loss per share:** | | | |
| Basic | $ (10.62) | $ (107.39) | $ (59.37) |
| Diluted | $ (10.62) | $ (107.39) | $ (59.37) |
| **Weighted average common stock outstanding:** | | | |
| Basic | 32,098 | 1,542 | 1,536 |
| Diluted | 32,098 | 1,542 | 1,536 |

See accompanying notes to consolidated financial statements.

## ROADRUNNER TRANSPORTATION SYSTEMS, INC.
## CONSOLIDATED STATEMENTS OF STOCKHOLDERS' INVESTMENT (DEFICIT)

| (In thousands, except shares) | Common Stock Shares | Common Stock Amount | Additional Paid-In Capital | Retained Deficit | Total Stockholders' Investment |
|---|---|---|---|---|---|
| **BALANCE, December 31, 2016** | 1,533,625 | $ 15 | $ 398,970 | $ (201,517) | $ 197,468 |
| Issuance of restricted stock units, net of taxes | 3,300 | — | (239) | — | (239) |
| Share-based compensation | — | — | 2,233 | — | 2,233 |
| Issuance of warrants | — | — | 2,571 | — | 2,571 |
| Net loss | — | — | — | (91,186) | (91,186) |
| **BALANCE, December 31, 2017** | 1,536,925 | $ 15 | $ 403,535 | $ (292,703) | $ 110,847 |
| Issuance of restricted stock units, net of taxes | 3,760 | — | (81) | — | (81) |
| Share-based compensation | — | — | 1,786 | — | 1,786 |
| Exercise of warrants | 15,183 | 1 | 3 | — | 4 |
| Cumulative effect of change in accounting | — | — | — | 886 | 886 |
| Net loss | — | — | — | (165,597) | (165,597) |
| **BALANCE, December 31, 2018** | 1,555,868 | $ 16 | $ 405,243 | $ (457,414) | $ (52,155) |
| Issuance of restricted stock units, net of taxes | 314,280 | 3 | (1,770) | — | (1,767) |
| Issuance of common stock | 36,000,000 | 360 | 449,640 | — | 450,000 |
| Common stock issuance costs | — | — | (11,985) | — | (11,985) |
| Share-based compensation | — | — | 12,676 | — | 12,676 |
| Net loss | — | — | — | (340,937) | (340,937) |
| **BALANCE, December 31, 2019** | 37,870,148 | $ 379 | $ 853,804 | $ (798,351) | $ 55,832 |

See accompanying notes to consolidated financial statements.

**ROADRUNNER TRANSPORTATION SYSTEMS, INC.**
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

| (In thousands) | Year Ended December 31, | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| **Cash flows from operating activities:** | | | |
| Net loss | $ (340,937) | $ (165,597) | $ (91,186) |
| Adjustments to reconcile net loss to net cash (used in) provided by operating | | | |
| Depreciation and amortization | 59,754 | 43,547 | 38,880 |
| Loss on disposal of property and equipment | 1,115 | 3,212 | 1,637 |
| Gain on sale of businesses | (37,221) | — | (35,440) |
| Share-based compensation | 12,676 | 1,786 | 2,233 |
| Change in fair value of preferred stock | — | 104,568 | 18,387 |
| Amortization of preferred stock issuance costs | — | 1,120 | 16,112 |
| Loss from debt restructuring | 2,270 | — | 15,876 |
| Adjustments to contingent purchase obligations | — | 1,840 | — |
| Provision for bad debts | 4,093 | 3,479 | 5,964 |
| Deferred tax benefit | (3,014) | (10,624) | (27,066) |
| Impairment charges | 207,709 | 1,582 | 4,402 |
| Changes in: | | | |
| Accounts receivable | 35,629 | 43,902 | (70,171) |
| Income tax receivable | 1,049 | 9,935 | 26,017 |
| Prepaid expenses and other assets | 56,586 | (26,052) | (753) |
| Accounts payable | (28,703) | (12,291) | 28,960 |
| Accrued expenses and other liabilities | (68,081) | 5,187 | 20,596 |
| Net cash (used in) provided by operating activities | (97,075) | 5,594 | (45,552) |
| **Cash flows from investing activities:** | | | |
| Capital expenditures | (27,745) | (25,495) | (14,517) |
| Proceeds from sale of property and equipment | 3,859 | 2,780 | 3,636 |
| Proceeds from sale of businesses | 84,791 | — | 88,512 |
| Net cash provided by (used in) investing activities | 60,905 | (22,715) | 77,631 |
| **Cash flows from financing activities:** | | | |
| Borrowings under revolving credit facilities | 633,441 | 695,751 | 264,405 |
| Payments under revolving credit facilities | (597,660) | (708,256) | (290,068) |
| Term borrowings | 52,592 | 557 | 56,927 |
| Term payments | (52,395) | (19,082) | (278,819) |
| Debt issuance costs | (2,250) | (373) | (4,672) |
| Cash collateralization of letters of credit | — | — | (175) |
| Payment of debt extinguishment costs | (693) | — | (10,960) |
| Preferred stock issuance costs | — | (1,120) | (16,112) |
| Proceeds from issuance of preferred stocks and warrants | — | 34,999 | 540,500 |
| Preferred stock payments | (402,884) | — | (293,000) |
| Proceeds from issuance of common stock | 450,000 | — | — |
| Common stock issuance costs | (10,514) | — | — |
| Proceeds from exercise of stock warrants | — | 4 | — |
| Issuance of restricted stock units, net of taxes paid | (1,767) | (81) | (239) |
| Proceeds from insurance premium financing | 20,735 | 17,782 | — |
| Payments on insurance premium financing | (19,072) | (12,133) | — |
| Payments of finance lease obligation | (39,765) | (5,450) | (3,677) |
| Net cash provided by (used in) financing activities | 29,768 | 2,598 | (35,890) |
| **Net decrease in cash and cash equivalents** | (6,402) | (14,523) | (3,811) |
| **Cash and cash equivalents:** | | | |

| | | | |
|---|---|---|---|
| Beginning of period | 11,179 | 25,702 | 29,513 |
| End of period | $ 4,777 | $ 11,179 | $ 25,702 |

**ROADRUNNER TRANSPORTATION SYSTEMS, INC.**
**CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)**

| (In thousands) | Year Ended December 31, | | |
|---|---|---|---|
| | **2019** | **2018** | **2017** |
| **Supplemental cash flow information:** | | | |
| Cash paid for interest | $ 18,252 | $ 10,408 | $ 28,129 |
| Cash refunds from income taxes, net | $ (1,028) | $ (9,597) | $ (25,254) |
| Non-cash finance leases and other obligations to acquire assets | $ 55,937 | $ 46,973 | $ 7,193 |
| Capital expenditures, not yet paid | $ 2,294 | $ 628 | $ — |

See accompanying notes to consolidated financial statements.

## 1. Organization, Nature of Business and Significant Accounting Policies

*Nature of Business*

Roadrunner Transportation Systems, Inc. (the "Company") is headquartered in Downers Grove, Illinois with operations primarily in the United States and was organized into the following four segments effective April 1, 2019: Ascent Transportation Management ("Ascent TM"), Ascent On-Demand ("Ascent OD"), Less-than-Truckload ("LTL") and Truckload ("TL"). Within its Ascent TM segment, the Company provides third-party domestic freight management, international freight forwarding, customs brokerage and retail consolidation solutions. Within its Ascent OD segment, the Company provides premium mission critical air and ground expedite and logistics operations. Within its LTL segment, the Company's services involve the pickup, consolidation, linehaul, deconsolidation, and delivery of LTL shipments. Within its TL segment, the Company provides the following services: scheduled and expedited dry van truckload, temperature controlled truckload and other warehousing operations.

*Principles of Consolidation*

The accompanying audited consolidated financial statements have been prepared pursuant to the rules and regulations of the United States Securities and Exchange Commission ("SEC"). All intercompany balances and transactions have been eliminated in consolidation.

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

*Reverse Stock Split*

On April 4, 2019, the Company filed with the Secretary of State of the State of Delaware a Certificate of Amendment to its Amended and Restated Certificate of Incorporation (the "Certificate of Amendment"), to effect a reverse stock split (the "Reverse Stock Split"), as described in its Definitive Information Statement on Schedule 14C filed with the SEC on March 15, 2019. As a result, the Reverse Stock Split took effect on April 4, 2019 and the Company's common stock began trading on a split-adjusted basis when the market opened on April 5, 2019.

Pursuant to the Reverse Stock Split, shares of the Company's common stock were automatically consolidated at the rate of 1-for-25 without any further action on the part of the Company's stockholders. All fractional shares owned by each stockholder were aggregated and to the extent after aggregating all fractional shares any stockholder was entitled to a fraction of a share, such stockholder became entitled to receive, in lieu of the issuance of such fractional share, a cash payment based on a pre-split cash rate of $0.4235, which is the volume weighted average trading price per share on the New York Stock Exchange ("NYSE") for the five consecutive trading days immediately preceding April 4, 2019.

Following the Reverse Stock Split, the number of outstanding shares of the Company's common stock was reduced by a factor of 25 to approximately 37,561,532. The number of authorized shares of common stock was also reduced by a factor of 25 to 44,000,000.

All references to numbers of common shares and per common share data in these consolidated financial statements and related notes have been retroactively adjusted to account for the effect of the Reverse Stock Split for all periods presented.

*Change in Accounting Principle*

On January 1, 2019, the Company adopted Accounting Standards Update ("ASU") No. 2016-02, Leases (Topic 842) ("ASU 2016-02"). The Company elected to adopt Topic 842 using an optional alternative method of adoption, referred to as the "Comparatives Under ASC 840 Approach," which allows companies to apply the new requirements to only those leases that existed as of January 1, 2019. Under the Comparatives ASC 840 Approach, the date of initial application is January 1, 2019 with no retrospective restatements. As such, there was no impact to historical comparative income statements and the balance sheet assets and liabilities have been recognized in 2019 in accordance with ASC 842. Upon adoption, the Company recognized a lease liability, initially measured at the present value of the lease payments, of $135 million with a corresponding right-of-use asset for operating leases. The Company's accounting for finance leases is essentially unchanged. As part of its adoption of Topic 842 the Company elected the "package of three" practical expedient, which, among other things, does not require the Company to reassess lease classification for expired or existing contracts upon adoption. The Company also elected to not use hindsight in assessing existing lease terms at the transition date. Lessees can also make an accounting policy election to not recognize an asset and liability for leases with a term of twelve months or less, which the Company elected. The Company also elected the practical expedient to treat lease and non-lease components as a single lease component.

On January 1, 2018, the Company adopted Accounting Standards Update ("ASU") No. 2014-09, which was updated in August 2015 by ASU No. 2015-14, Revenue from Contracts with Customers ("Topic 606"). The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In March 2016, the Financial Accounting Standards Board ("FASB") issued ASU No. 2016-08 ("ASU 2016-08"), Revenue from Contracts with Customers - Principal versus Agent Considerations (Reporting Revenue Gross versus Net). Under ASU 2016-08, when another party is involved in providing goods or services to a customer, an entity is required to determine whether the nature of its promise is to provide the specified good or service (that is, the entity is a principal) or to arrange for that good or service to be provided by another party. When the principal entity satisfies a performance obligation, the entity recognizes revenue in the gross amount. When an entity that is an agent satisfies the performance obligation, that entity recognizes revenue in the amount of any fee or commission to which it expects to be entitled.

The Company determined key factors from the five-step process to recognize revenue as prescribed by the new standard that may be applicable to each of the Company's operating businesses that roll up into its four segments. Significant customers and contracts from each business unit were identified and the Company reviewed these contracts. The Company completed the evaluation of the provisions of these contracts and compared the historical accounting policies and practices to the requirements of the new standard including the related qualitative disclosures regarding the potential impact of the effects of the accounting policies and a comparison to the Company's previous revenue recognition policies.

The Company determined that certain transactions with customers required a change in the timing of when revenue and related expense is recognized. The guidance was applied only to contracts that were not completed at the date of initial adoption. The Company elected the modified retrospective method which required a cumulative adjustment to retained earnings instead of retrospectively adjusting prior periods. The Company recorded a $0.9 million benefit to opening retained earnings as of January 1, 2018 for the cumulative impact of adoption related to the recognition of in-transit revenue. Results for 2019 and 2018 are presented under Topic 606, while prior periods were not adjusted. The adoption of Topic 606 did not have a material impact on the Company's consolidated financial statements for the year ended December 31, 2018. The disclosure requirements of Topic 606 are included within the Company's revenue recognition accounting policy below.

*Use of Estimates*

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

*Segment Reporting*

The Company determines its segments based on the information utilized by the chief operating decision maker, the Company's Chief Executive Officer ("CODM"), to allocate resources and assess performance. Based on this information, the Company has determined that it has four segments: Ascent TM, Ascent OD, LTL and TL. The Company changed its segment reporting effective April 1, 2019 when the CODM began assessing performance of the Ascent OD air and ground expedite business, separately from its truckload business. Segment information for prior periods have been revised to align with the new segment structure.

*Cash and Cash Equivalents*

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

*Accounts Receivable and Related Reserves*

Accounts receivable represent trade receivables from customers and are stated net of an allowance for doubtful accounts of approximately $8.3 million and $10.0 million as of December 31, 2019 and 2018, respectively. Management estimates the portion of accounts receivable that will not be collected and accounts are written off when they are determined to be uncollectible. Accounts receivable are uncollateralized and are generally due 30 to 60 days from the invoice date.

The rollforward of the allowance for doubtful accounts is as follows (in thousands):

| | Year Ended December 31, | | |
|---|---|---|---|
| | **2019** | **2018** | **2017** |
| Beginning balance | $ 9,980 | $ 10,891 | $ 18,573 |
| Divestitures | (342) | — | (91) |
| Provision, charged to expense | 4,093 | 3,479 | 5,964 |
| Write-offs, less recoveries | (5,452) | (4,390) | (13,555) |
| Ending balance | $ 8,279 | $ 9,980 | $ 10,891 |

*Property and Equipment*

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

| | |
|---|---|
| Buildings and leasehold improvements | 5-40 years |
| Computer equipment | 3-5 years |
| Internal use software | 3-10 years |
| Office equipment, furniture, and fixtures | 3-10 years |
| Dock, warehouse, and other equipment | 3-10 years |
| Tractors and trailers | 3-15 years |
| Aircraft fleet and spare parts | 2-10 years |

Leasehold improvements are amortized over the shorter of their useful lives or the remaining lease term. Accelerated depreciation methods are used for tax reporting purposes.

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

Costs incurred to develop software for internal use are capitalized and amortized over the estimated useful life of the software. Costs related to maintenance of internal-use software are expensed as incurred.

*Spare Parts for Aircraft Fleet*

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

*Goodwill and Other Intangibles*

Goodwill represents the excess of the purchase price of all acquisitions over the estimated fair value of the net assets acquired. The Company evaluates goodwill and intangible assets for impairment at least annually on July 1st or more frequently whenever events or changes in circumstances indicate that the asset may be impaired, or in the case of goodwill, the fair value of the reporting unit is below its carrying amount. The analysis of potential impairment of goodwill requires the Company to compare the estimated fair value of each of its reporting units to its carrying amount, including goodwill. If the carrying amount of the reporting unit exceeds the estimated fair value of the reporting unit, a non-cash goodwill impairment loss is recognized as an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit.

For purposes of the impairment analysis, the fair value of the Company’s reporting units is estimated based upon an average of the market approach and the income approach, both of which incorporate numerous assumptions and estimates such as company forecasts, discount rates, and growth rates, among others. The determination of the fair value of the reporting units requires the Company to make significant estimates and assumptions. These estimates and assumptions primarily include, but are not limited to, the selection of appropriate peer group companies, control premiums appropriate for acquisitions in the industries in which the Company competes, the discount rate, terminal growth rates, and forecasts of revenue, operating income, and capital expenditures. The allocation requires several analyses to determine fair value of assets and liabilities including, among others, customer relationships and property and equipment. Although the Company believes its estimates of fair value are reasonable, actual financial results could differ from those estimates due to the inherent uncertainty involved in making such estimates. Changes in assumptions concerning future financial results or other underlying assumptions could have a significant impact on either the fair value of the reporting units, the amount of the goodwill impairment charge, or both. Future declines in the overall market value of the Company's stock may also result in a conclusion that the fair value of one or more reporting units has declined below its carrying value.

Intangible assets consist primarily of definite lived customer relationships. The customer relationships intangible assets are amortized over their estimated five to 12-year useful lives. The Company evaluates its intangible assets for impairment when current facts or circumstances indicate that the carrying value of the assets to be held and used may not be recoverable. See Note 4, “Goodwill and Intangible Assets” to the consolidated financial statements for additional information.

*Fair Value Measurement*

The estimated fair value of the Company's debt approximated its carrying value as of December 31, 2019 and 2018 as the debt facilities as of such dates bore interest based on prevailing variable market rates and as such were categorized as a Level 2 in the fair value hierarchy as defined in Note 8, “Fair Value Measurement” to the consolidated financial statements.

The Company has elected to measure the value of its preferred stock using the fair value method. The fair value of the preferred stock is the estimated amount that would be paid to redeem the liability in an orderly transaction between market participants at the measurement date. The significant inputs used to determine the fair value are unobservable and require significant management judgment or estimation and as such were categorized as a Level 3 in the fair value hierarchy.

*Issuance Costs*

Debt issuance costs represent costs incurred in connection with the issuance of the Company's debt. Issuance costs associated with the Company's debt are capitalized and amortized over the expected maturity of the financing agreements using the effective interest rate method. Unamortized debt issuance costs have been classified as a reduction to debt in the consolidated balance sheets.

Issuance costs incurred in connection with the issuance of the Company's preferred stock have been expensed as incurred and are reflected in interest expense - preferred stock.

The Company incurred $12.0 million in common stock issuance costs in connection with the 36 million shares issued in the rights offering.

*Share-Based Compensation*

The Company’s share-based payment awards are comprised of stock options, restricted stock units, and performance restricted stock units. The cost for the Company’s stock options is measured at fair value using the Black-Scholes option pricing model. The cost for the performance restricted stock units is measured at fair value using the Monte Carlo method. The cost for restricted stock units is measured using the stock price at the grant date. The cost is recognized over the vesting period of the award, which is typically between three and four years.

*Income Taxes*

The Company accounts for income taxes under the asset and liability method, which requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of events that have been included in the financial statements. Under this method, the Company determines deferred tax assets and liabilities on the basis of the differences between the financial statement and tax bases of assets and liabilities by using enacted tax rates in effect for the year in which the differences are expected to reverse. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date. The U.S. federal tax rate reduction from 35% to 21% (pursuant to the Tax Cuts and Jobs Act enacted on December 22, 2017) was recognized in the benefit from income taxes in 2017.

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

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

*Revenue Recognition*

The Company's revenues are primarily derived from transportation services which includes providing freight and carrier services both domestically and internationally via land, air, and sea. The Company disaggregates revenue among its four segments, Ascent TM, Ascent OD, LTL and TL as presented in Note 16 "Segment Reporting" to the consolidated financial statements.

Performance Obligations - A performance obligation is a promise in a contract to transfer a distinct good or service to the customer, and is the basis of revenue recognition, in accordance with GAAP. A performance obligation is created once a customer agreement with an agreed upon transaction price exists. The terms and conditions of the Company's agreements with customers are generally consistent within each segment. The transaction price is typically fixed and determinable and is not contingent upon the occurrence or non-occurrence of any other event. The transaction price is generally due 30 to 60 days from the date of invoice. The Company's transportation service is a promise to move freight to a customer's destination, with the transit period typically being less than one week. The Company views the transportation services it provides to its customers as a single performance obligation. This performance obligation is satisfied and recognized in revenue over the requisite transit period as the customer's goods move from origin to destination. The Company determines the period to recognize revenue in transit based upon the departure date and the delivery date, which may be estimated if delivery has not occurred as of the reporting date. Determining the transit period and the percentage of completion as of the reporting date requires management to make judgments that affect the timing of revenue recognized. The Company has determined that revenue recognition over the transit period provides a reasonable estimate of the transfer of goods and services to its customers as the Company's obligation is performed over the transit period.

Principal vs. Agent Considerations - The Company utilizes independent contractors and third-party carriers in the performance of some transportation services. The Company evaluates whether its performance obligation is a promise to transfer services to the customer (as the principal) or to arrange for services to be provided by another party (as the agent) using a control model. This evaluation determined that the Company is in control of establishing the transaction price, managing all aspects of the shipments process and taking the risk of loss for delivery, collection, and returns. Based on the Company's evaluation of the control model, it determined that all of the Company's major businesses act as the principal rather than the agent within their revenue arrangements and such revenues are reported on a gross basis.

Contract Balances and Costs - The Company applies the practical expedient in Topic 606 that permits the Company to not disclose the aggregate amount of transaction price allocated to performance obligations that are unsatisfied as of the end of the period as the Company's contracts have an expected length of one year or less. The Company also applies the practical expedient in Topic 606 that permits the recognition of incremental costs of obtaining contracts as an expense when incurred if the amortization period of such costs is one year or less. These costs are included in purchased transportation costs.

The Company's performance obligations represent the transaction price allocated to future reporting periods for freight services started but not completed at the reporting date. This includes the unbilled amounts and accrued freight costs for freight shipments in transit. The Company has $10.6 million and $7.8 million of unbilled amounts recorded in accounts receivable and $7.7 million and $6.1 million of accrued freight costs recorded in accounts payable as of December 31, 2019 and December 31, 2018, respectively.

*Insurance*

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

The measurement and classification of self-insured costs requires the consideration of historical cost experience, demographic and severity factors, and judgments about the current and expected levels of cost per claim and retention levels. These methods provide estimates of the liability associated with claims incurred as of the balance sheet date, including claims not reported. The Company believes these methods are appropriate for measuring these self-insurance accruals.

*Lease Purchase Guarantee*

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

*Liquidity*

The Company's primary cash needs are and have been to fund its operations, normal working capital requirements, repay its indebtedness, and finance capital expenditures. The Company has taken a number of actions to continue to support its operations and meet its obligations in light of the incurred losses and negative cash flows experienced over the past several years.

The Company completed various financing transactions in 2019, including the February 2019 closing of the $200.0 million ABL Credit Facility and the completion of the $61.1 million Term Loan Credit Facility, both maturing on February 28, 2024. In August 2019, the Company entered into a Fee Letter with entities affiliated with Elliott Management Corporation ("Elliott") to arrange for Letters of Credit in an aggregate Face Amount of $20.0 million to support the Company's obligations under the ABL Credit Facility. The Face Amount was subsequently increased to $30.0 million later in August 2019 and then to $45.0 million in October 2019. In September 2019, the Company issued Revolving Notes to entities affiliated with Elliott. Pursuant to the Revolving Notes, the Company may borrow from time to time up to $20.0 million from Elliott on a revolving basis. On November 5, 2019, the Company entered into amendments to the ABL Credit Facility and the Term Loan Credit Facility which enabled the Company to enter into the Third Lien Credit Facility with Elliott Associates, L.P. and Elliott International, L.P, as Lenders, and U.S. Bank National Association, as Administrative Agent. The Third Lien Credit Facility allows the Company to request, subject to approval by the Lenders, additional financing up to $100.0 million and matures on August 24, 2026. The Company used the initial $20.0 million Term Loan Commitment under the Third Lien Credit Facility to refinance its Revolving Notes. Additionally, on November 5, 2019, the Company completed the sale of its Roadrunner Intermodal Services business to Universal Logistics Holdings, Inc. for $51.3 million in cash, subject to customary purchase price and working capital adjustments. On December 9, 2019, the Company completed the sale of its Flatbed business unit, for $30.0 million in cash, subject to customary purchase price and working capital adjustments. See Note 6 for the definitions of the capitalized terms used in this paragraph and for further discussion of these financing transactions.

The Company also completed various financing transactions subsequent to the date of the financial statements. On January 28, 2020, the Company, entered into a definitive agreement to sell its subsidiary Prime Distribution Services, Inc. to C.H. Robinson Worldwide, Inc. for $225.0 million, subject to customary purchase price and working capital adjustments. The transaction closed March 2, 2020. On March 2, 2020, the Company repaid in full and terminated the Term Loan Credit Agreement. The Company also repaid all amounts outstanding under the ABL Credit Facility. On March 2, 2020, the Company and its direct and indirect domestic subsidiaries entered into a new ABL credit agreement with BMO Harris Bank N.A., as Administrative Agent, Lender, Letter of Credit Issuer and Swing Line Lender. The new ABL Credit Facility consists of a $50.0

million asset-based revolving line of credit. See Note 16 for the definitions of the capitalized terms used in this paragraph and further discussion of these subsequent events.

The Company has implemented or is in the process of implementing cost reductions and has taken other actions including; headcount reductions, voluntary delisting and deregistration with the SEC, business restructuring, and sales of operating companies and other assets, to reduce its liquidity needs. The Company expects to utilize the financing available under the Third Lien Credit Facility and the new ABL Credit Facility, subject to approval by the Lenders, avail itself of the available tax benefits of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), and take further actions such as additional headcount reductions and other cost cutting measures, to satisfy its liquidity needs. The Company believes that these actions are probable of occurring and mitigate the liquidity risk raised by its historical operating results and will satisfy its estimated liquidity needs during the next 12 months from the date of the issuance of the consolidated financial statements.

If the Company continues to experience operating losses in excess of the additional liquidity generated through the actions described above or through some combination of other actions, while not expected, then its liquidity needs may exceed availability and the Company may need to secure additional sources of funds, which may or may not be available. Additionally, a failure to generate additional liquidity could negatively impact the Company's ability to perform the services important to the operation of its business.

*New Accounting Pronouncements*

In June 2016, the FASB issued ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments ("ASU 2016-13"). The amendments in ASU 2016-13 require the measurement of all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. In addition, ASU 2016-13 amends the accounting for credit losses on available-for-sale debt securities and purchased financial assets with credit deterioration. The amendment is effective for public entities for annual reporting periods beginning after December 15, 2019, however early application is permitted for reporting periods beginning after December 15, 2018. The Company adopted ASU 2016-13 on January 1, 2020 and it did not have a material impact on the consolidated financial statements.

In August 2018, the FASB issued ASU 2018-15, Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract, which is effective for the Company in 2020. The amendments in ASU 2018-15 align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal use software license). The accounting for the service element of a hosting arrangement that is a service contract is not affected by these amendments. The Company adopted ASU 2018-15 on January 1, 2020 and it did not have a material impact on the consolidated financial statements.

## 2. Property and Equipment

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

| | 2019 | 2018 |
|---|---|---|
| Land | $ 794 | $ 3,722 |
| Buildings and leasehold improvements | 21,223 | 21,276 |
| Computer equipment | 24,426 | 22,013 |
| Internal use software | 39,397 | 42,993 |
| Office equipment, furniture, and fixtures | 8,122 | 9,473 |
| Dock, warehouse, and other equipment | 16,131 | 10,675 |
| Tractors and trailers | 155,024 | 173,861 |
| Aircraft fleet and rotable spare parts | 38,371 | 34,770 |
| Property and equipment, gross | 303,488 | 318,783 |
| Less: Accumulated depreciation | (142,854) | (130,077) |
| Property and equipment, net | $ 160,634 | $ 188,706 |

As of December 31, 2019 and 2018, $19.6 million and $27.1 million, respectively, of assets not yet placed into service have been included in the line items above. Depreciation expense related to property and equipment was $52.6 million, $35.6 million, and $28.5 million for the years ended December 31, 2019, 2018, and 2017, respectively.

The Company recorded asset impairment charges of $18.3 million for the year ended December 31, 2019, which is comprised of asset impairment charges of $14.1 million within Corporate, $3.6 million within its TL segment, and $0.6 million within its LTL segment. Asset impairment charges recorded within the TL and LTL segments are primarily related to rolling stock equipment. The impairment charges recorded within Corporate are related to software development that was abandoned, primarily in favor of alternative customized software solutions.

For the year ended December 31, 2018, the Company recorded asset impairment charge of $1.6 million related to tractors that were classified as “held for sale” within its TL segment. The value of the assets held for sale is $2.2 million and are recorded within the balances for Tractors and trailers presented in the table above.

### 3. Divestitures

On September 15, 2017, the Company completed the sale of its wholly-owned subsidiary Unitrans, Inc. ("Unitrans"). The Company received net proceeds of $88.5 million and recognized a gain of $35.4 million. Proceeds from the sale were used primarily to redeem a portion of the Series E Preferred Stock and to provide funding for operations. The results of operations and financial condition of Unitrans have been included in the Company's consolidated financial statements within the Company's Ascent TM segment until the date of sale. The divestiture of Unitrans did not meet the criteria for being classified as a discontinued operation and, accordingly, its results are presented within continuing operations. Unitrans contributed $5.8 million of income before taxes for the year ended December 31, 2017.

On November 5, 2019, the Company completed the sale of its Roadrunner Intermodal Services ("Intermodal") business to Universal Logistics Holdings, Inc., based in Warren, Michigan, for $51.3 million in cash, subject to customary purchase price and working capital adjustments and recognized a gain of $20.0 million. The business provided drayage and chassis management services to transport freight between ocean ports, rail ramps and shipping docks. The divestiture of Roadrunner Intermodal Services did not meet the criteria for being classified as a discontinued operation and, accordingly, its results are presented within continuing operations. Intermodal contributed $35.5 million, $2.6 million and $1.5 million of loss before taxes for the years ended December 31, 2019, 2018 and 2017, respectively.

On December 9, 2019, the Company completed the sale of its Flatbed business unit, for $30.0 million in cash, subject to customary purchase price and working capital adjustments and recognized a gain of $17.2 million. The Flatbed business unit had operated as D&E Transport, based in Clearwater, Minnesota. The divestiture of D&E Transport did not meet the criteria for being classified as a discontinued operation and, accordingly, its results are presented within continuing operations. D&E Transport contributed $(1.9) million, $3.3 million and $2.7 million of (loss) income before taxes for the years ended December 31, 2019, 2018 and 2017, respectively.

### 4. Goodwill and Intangible Assets

Goodwill represents the excess of the purchase price of all acquisitions over the estimated fair value of the net assets acquired. The Company evaluates goodwill and intangible assets for impairment at least annually on July 1st or more frequently whenever events or changes in circumstances indicate that the asset may be impaired, or in the case of goodwill, the fair value of the reporting unit is below its carrying amount. The analysis of potential impairment of goodwill requires the Company to compare the estimated fair value at each of its reporting units to its carrying amount, including goodwill. If the carrying amount of the reporting unit exceeds the estimated fair value of the reporting unit, a non-cash goodwill impairment loss is recognized as an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value; however, the loss recognized should not exceed the total amount of goodwill allocated to that reporting unit.

For purposes of the impairment analysis, the fair value of the Company's reporting units is estimated based upon an average of the market approach and the income approach, both of which incorporate numerous assumptions and estimates such as company forecasts, discount rates and growth rates, among others. The determination of the fair value of the reporting units and the allocation of that value to individual assets and liabilities within those reporting units requires the Company to make significant estimates and assumptions. These estimates and assumptions primarily include, but are not limited to, the selection of appropriate peer group companies, control premiums appropriate for acquisitions in the industries in which the Company competes, the discount rate, terminal growth rates, and forecasts of revenue, operating income, and capital expenditures. The allocation requires several analyses to determine fair value of assets and liabilities including, among others, customer relationships and property and equipment. Although the Company believes its estimates of fair value are reasonable, actual financial results could differ from those estimates due to the inherent uncertainty involved in making such estimates. Changes in assumptions concerning future financial results or other underlying assumptions could have a significant impact on either the fair value of the reporting units, the amount of the goodwill impairment charge, or both. Future declines in the overall market value of the

Company's stock may also result in a conclusion that the fair value of one or more reporting units has declined below its carrying value.

Prior to the change in segments, the Company had four reporting units for its three segments: one reporting unit for the Truckload and Express Services ("TES") segment; one reporting unit for the LTL segment; and two reporting units for the Ascent TM segment, which were the Domestic and International Logistics reporting unit and the Warehousing & Consolidation reporting unit.

In connection with the change in segments, the Company conducted an impairment analysis as of April 1, 2019. Due to the inability of the TES businesses to meet its forecast, the Company determined the carrying value exceeded the fair value for the TES reporting unit. Accordingly, the Company recorded a goodwill impairment charge of $92.9 million in the second quarter, which represents a write off of all the TES goodwill. Given the fact that all of the goodwill was impaired, there was no remaining TES goodwill to allocate to the TL and Ascent OD segments. The fair value of the Warehousing & Consolidation reporting unit exceeded its carrying value, thus no impairment was indicated for this reporting unit. The Ascent OD, LTL and TL reporting segments had no remaining goodwill as of April 1, 2019.

After the change in segments, the Company has five reporting units for its four segments: one reporting unit for its TL segment; one reporting unit for its LTL segment; one reporting unit for its Ascent OD segment; and two reporting units for its Ascent TM segment, which are the Domestic and International Logistics reporting unit and the Warehousing & Consolidation reporting unit. The Company conducts its goodwill impairment analysis for each of its five reporting units as of July 1 of each year. Since the carrying value of the Domestic and International Logistics reporting unit was more than fair value, the Company recorded a goodwill impairment charge of $34.5 million in the third quarter.

Due to fourth quarter results, the Company identified a triggering event and conducted an interim test of impairment at December 31, 2019 for the Domestic and International Logistics reporting unit. As the carrying value of the reporting unit was more than fair value, the Company recorded an impairment charge to goodwill of $40.1 million in the fourth quarter. After these impairment charges, the Domestic and International Logistics reporting unit has remaining goodwill of $23.9 million as of December 31, 2019. The Warehousing and Consolidation reporting unit had remaining goodwill of $73.4 million at December 31, 2019.

As the carrying value of the reporting unit for the Domestic and International Logistics reporting unit equaled fair value, if future results fall below projections or changes in the discount rate occur, further impairments could result. The table below shows the estimated fair value impacts related to a 50-basis point increase or decrease in the discount and long-term growth rates used in the valuation as of December 31, 2019.

| | Approximate Percent Change in Estimated Fair Value | |
|---|---|---|
| | +/- 50 bps Discount Rate | +/- 50bps Growth Rate |
| Domestic and International Logistics reporting unit | (1.7%) / 3.4% | 1.7% / (0.9%) |

The sale of Unitrans, which was included in the Domestic and International Logistics reporting unit, reduced the Domestic and International Logistics reporting unit's goodwill and gross carrying amount of intangible asset balances by $42.8 million and $12.0 million, respectively, resulting in an incremental impairment analysis on the remaining net assets of the Domestic and International Logistics reporting unit. The Company evaluated the remaining carrying value of the Domestic and International Logistics reporting unit and compared it to the fair value of the remaining businesses in the Domestic and International Logistics reporting unit. As a result of this evaluation, the Company determined the carrying value exceeded the fair value and recorded a $4.4 million impairment charge in the third quarter of 2017 within the Ascent TM segment.

The fair value as of the measurement date, net book value as of the end of the year and related impairment charge for assets measured at fair value on a nonrecurring basis subsequent to initial recognition during the years ended December 31, 2019, 2018 and 2017 were as follows:

| | Year Ended December 31, 2019 | | |
|---|---|---|---|
| | Impairment Charge | Fair Value Measurem | Net Book Value |
| Long-lived assets | $ 30,613 | $ 10,794 | $ 10,794 |
| Goodwill | 167,561 | 97,265 | 97,265 |
| Other intangible assets | 9,535 | — | — |
| Total | $ 207,709 | $ 108,059 | $ 108,059 |

| | Year Ended December 31, 2018 | | |
|---|---|---|---|
| | Impairment Charge | Fair Value Measurem | Net Book Value |
| Long-lived assets | $ 1,582 | $ 2,271 | $ 2,271 |
| Total | $ 1,582 | $ 2,271 | $ 2,271 |

| | Year Ended December 31, 2017 | | |
|---|---|---|---|
| | Impairment Charge | Fair Value Measurem | Net Book Value |
| Goodwill | $ 4,402 | $ 264,826 | $ 264,826 |
| Total | $ 4,402 | $ 264,826 | $ 264,826 |

The following is a roll forward of the Company's goodwill, net of impairment, from December 31, 2016 to December 31, 2019 (in thousands):

| | Ascent TM | Ascent OD | LTL | TL | Total |
|---|---|---|---|---|---|
| Goodwill balance as of December 31, 2016 | $ 219,145 | $ — | $ — | $ 93,396 | $ 312,541 |
| Adjustments to goodwill for purchase accounting | — | — | — | (470) | (470) |
| Adjustment to goodwill for sale of Unitrans | (42,843) | — | — | — | (42,843) |
| Goodwill impairment charges | (4,402) | — | — | — | (4,402) |
| Goodwill balance as of December 31, 2017 | $ 171,900 | $ — | $ — | $ 92,926 | $ 264,826 |
| Goodwill balance as of December 31, 2018 | $ 171,900 | $ — | $ — | $ 92,926 | $ 264,826 |
| Goodwill impairment charges | (74,635) | — | — | (92,926) | (167,561) |
| Goodwill balance as of December 31, 2019 | $ 97,265 | $ — | $ — | $ — | $ 97,265 |

The following is a roll forward of the Company's accumulated goodwill impairment charges as of December 31, 2019 by segment (in thousands):

| | Ascent TM | Ascent OD | LTL | TL | Total |
|---|---|---|---|---|---|
| Balance as of December 31, 2016 | $ 42,631 | $ — | $ 197,312 | $ 132,408 | $ 372,351 |
| Impairment charges in 2017 | 4,402 | — | — | — | 4,402 |
| Impairment charges in 2018 | — | — | — | — | — |
| Impairment charges in 2019 | 74,635 | — | — | 92,926 | 167,561 |
| Balance as of December 31, 2019 | $ 121,668 | $ — | $ 197,312 | $ 225,334 | $ 544,314 |

Intangible assets consist primarily of customer relationships acquired from business acquisitions. Intangibles assets were as follows as of December 31st: (in thousands):

| | 2019 | | | 2018 | | |
|---|---|---|---|---|---|---|
| | Gross Carrying | Accumulated | Net Carrying | Gross Carrying | Accumulated | Net Carrying |
| Ascent TM | $ 27,152 | $ (19,534) | $ 7,618 | $ 27,152 | $ (17,248) | $ 9,904 |
| Ascent OD | 31,547 | (13,710) | 17,837 | 31,547 | (11,139) | 20,408 |
| LTL | 800 | (800) | — | 2,498 | (1,925) | 573 |
| TL | 4,508 | (3,980) | 528 | 23,461 | (11,820) | 11,641 |
| Total intangible assets | $ 64,007 | $ (38,024) | $ 25,983 | $ 84,658 | $ (42,132) | $ 42,526 |

Amortization expense was $6.4 million, $7.1 million, and $9.2 million for the years ended December 31, 2019, 2018, and 2017, respectively. The Company evaluates its other intangible assets for impairment when current facts and circumstances indicate that the carrying value of the assets to be held and used may not be recoverable. Indicators of impairment were identified in connection with the operating performance of one of the Company's businesses within the LTL segment and two of the Company's businesses within the TL segment. In each case, the Company compared the projected cash flow over the remaining lives of the intangible asset and determined that the fair value of the intangibles was zero. As a result, we recorded a $9.5 million non-cash impairment charge related to intangible assets for the year ended December 31, 2019.

Estimated amortization expense for each of the next five years based on intangible assets as of December 31, 2019 is as follows (in thousands):

| | |
|---|---|
| Year Ending: | |
| 2020 | $ 4,706 |
| 2021 | 4,561 |
| 2022 | 4,229 |
| 2023 | 4,061 |
| 2024 | 3,444 |
| Thereafter | 4,982 |
| Total | $ 25,983 |

## 5. Leases

Amounts recognized in the consolidated balance sheets related to the Company's lease portfolio are as follows (in thousands):

| | | December 31, 2019 |
|---|---|---|
| Assets: | | |
| Finance lease assets, net (included in property and equipment) | $ | 64,241 |
| Operating lease right-of-use asset | | 116,926 |
| Total lease assets | $ | 181,167 |
| Liabilities: | | |
| Current finance lease liability | $ | 15,600 |
| Current operating lease liability | | 38,566 |
| Long-term finance lease liability | | 51,338 |
| Long-term operating lease liability | | 93,403 |
| Total lease liabilities | $ | 198,907 |

The Company discounts lease payments using an estimate of its incremental borrowing rate based on information available at lease commencement. The incremental borrowing rate is derived using multiple inputs, including the Company's credit rating, the impact of full collateralization, lease term and denominated currency.

Amounts recognized in the consolidated statement of operations related to the Company's lease portfolio for the year ended December 31, 2019 are as follows (in thousands):

| Lease component | Classification | | Year Ended December 31, 2019 |
|---|---|---|---|
| Rent expense - operating leases | Other operating expenses | $ | 63,797 |
| Amortization of finance lease assets | Depreciation and amortization | $ | 14,048 |
| Interest on finance lease liabilities | Interest expense - debt | $ | 5,603 |

The Company leases terminals, office space, trucks, trailers, and other equipment under noncancelable operating leases expiring on various dates through 2027. The Company incurred rent expense from operating leases of $63.8 million, $83.7 million, and $83.4 million for the years ended December 31, 2019, 2018, and 2017, respectively.

For the year ended December 31, 2019, the Company recorded impairment charges of $1.7 million related to the right-of-use assets within its TL segment.

Rent expense for operating leases relates primarily to long-term operating leases, but also includes amounts for variable lease costs and short-term leases. The Company also recognized rental income of $10.7 million for the year ended December 31, 2019, related to operating leases the Company entered into with its independent contractors ("IC"), of which $8.5 million related to sublease income for the year ended December 31, 2019. The Company records rental income from leases as a reduction to rent expense - operating leases.

The Company also leases trucks, trailers, office space and other equipment under finance leases. Certain of the Company's lease agreements for trucks, trailers and other equipment contain residual value guarantees.

Aggregate future minimum lease payments under noncancelable operating and finance leases with an initial term in excess of one year were as follows as of December 31, 2019 (in thousands):

| Year Ending: | **Operating leases** | **Finance leases** | **Total** |
|---|---|---|---|
| 2020 | $ 46,641 | $ 19,910 | $ 66,551 |
| 2021 | 33,536 | 22,761 | 56,297 |
| 2022 | 28,934 | 13,818 | 42,752 |
| 2023 | 23,966 | 11,050 | 35,016 |
| 2024 | 10,090 | 10,138 | 20,228 |
| Thereafter | 11,372 | 1,328 | 12,700 |
| Total | $ 154,539 | $ 79,005 | $ 233,544 |
| Less: Interest | (22,570) | (12,067) | (34,637) |
| Present value of lease liabilities | $ 131,969 | $ 66,938 | $ 198,907 |

Aggregate future minimum lease payments under noncancelable operating leases with an initial term in excess of one year were as follows as of December 31, 2018 (in thousands):

| Year Ending: | **Total** |
|---|---|
| 2019 | $ 45,713 |
| 2020 | 34,920 |
| 2021 | 25,536 |
| 2022 | 21,413 |
| 2023 | 17,920 |
| Thereafter | 17,556 |
| Total | $ 163,058 |

The weighted average remaining lease term and discount rate used in computing the lease liabilities as of December 31, 2019 were as follows:

| | |
|---|---|
| Weighted average remaining lease term (in years) | |
| Operating leases | 4.0 |
| Finance leases | 4.3 |
| | |
| Weighted average discount rate | |
| Operating leases | 7.2% |
| Finance leases | 7.9% |

Supplemental cash flow information related to leases for the year ended December 31, 2019 is as follows (in thousands):

| | |
|---|---|
| Cash paid for amounts included in the measurement of lease liabilities: | |
| Operating cash flows for operating leases | $ 46,130 |
| Operating cash flows for finance leases | 5,603 |
| Financing cash flows for finance leases | 39,765 |
| | |
| Right-of-use assets added for operating leases: | |
| Operating leases | $ 36,325 |

Lease transactions with related parties are disclosed in Note 15, "Related Party Transactions" to the consolidated financial statements.

## 6. Debt

The Company's debt consisted of the following at December 31 (in thousands):

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| ABL Credit Facility | $ 129,851 | $ — |
| Term Loan Credit Facility | 37,539 | — |
| Third Lien Credit Facility | 40,462 | — |
| Prior ABL Facility: | | |
| Revolving credit facility | — | 134,532 |
| Term loan | — | 37,333 |
| Total debt | $ 207,852 | $ 171,865 |
| Less: Debt issuance costs and discount | (3,092) | (3,098) |
| Total debt, net of debt issuance costs and discount | $ 204,760 | $ 168,767 |
| Less: Current maturities | (11,525) | (13,171) |
| Total debt, net of current maturities | $ 193,235 | $ 155,596 |

Maturities for each of the next five years based on debt as of December 31, 2019 are as follows (in thousands):

| | |
|---|---|
| Year Ending: | |
| 2020 | $ 11,525 |
| 2021 | 10,978 |
| 2022 | 10,802 |
| 2023 | 4,234 |
| 2024 | 170,313 |
| Total | $ 207,852 |

### ABL Credit Facility

On February 28, 2019, the Company and its direct and indirect domestic subsidiaries entered into a credit agreement with BMO Harris Bank N.A., as Administrative Agent, Lender, Letter of Credit Issuer and Swing Line Lender, Wells Fargo Bank, National Association and Bank of America, National Association, as Lenders, and the Joint Lead Arrangers and Joint Book Runners party thereto (the "ABL Credit Facility"). The Company initially borrowed $91.5 million under the ABL Credit Facility. The ABL Credit Facility matures on February 28, 2024. As of December 31, 2019, the Company had outstanding letters of credit totaling $12.5 million.

The ABL Credit Facility consists of a $200.0 million asset-based revolving line of credit, of which up to (i) $15.0 million may be used for First In, Last Out ("FILO") Loans (as defined in the ABL Credit Facility), (ii) $20.0 million may be used for Swing Line Loans (as defined in the ABL Credit Facility), and (iii) $30.0 million may be used for letters of credit. The ABL Credit Facility provides that the revolving line of credit may be increased by up to an additional $100.0 million under certain circumstances. The Company had adjusted excess availability under the ABL Credit Facility of $34.8 million as of December 31, 2019.

Advances under the Company's ABL Credit Facility bear interest at either: (a) the LIBOR Rate (as defined in the ABL Credit Facility), plus an applicable margin ranging from 1.50% to 2.00% for the non-FILO Loans and 2.50% to 3.00% for the

FILO Loans; or (b) the Base Rate (as defined in the ABL Credit Facility), plus an applicable margin ranging from 0.50% to 1.00% for the non-FILO Loans and 1.50% to 2.00% for the FILO Loans. The Company's average annualized interest rate for the ABL Credit Facility was 5.2% for the year ended December 31, 2019.

The obligations under the Company's ABL Credit Facility are guaranteed by each of its domestic subsidiaries pursuant to a guaranty included in the ABL Credit Facility. As security for the Company's and its subsidiaries' obligations under the ABL Credit Facility, each of the Company and its domestic subsidiaries have granted: (i) a first priority lien on substantially all its domestic subsidiaries' tangible and intangible personal property (other than the assets described in the following clause (ii)), including the capital stock of certain of the Company's direct and indirect subsidiaries; and (ii) a second-priority lien on the Company's and its domestic subsidiaries' equipment (including, without limitation, rolling stock, aircraft, aircraft engines and aircraft parts) and proceeds and accounts related thereto. The priority of the liens is described in an intercreditor agreement between BMO Harris Bank N.A. as ABL Agent and BMO Harris Bank N.A. as Term Loan Agent.

The ABL Credit Facility contains a minimum fixed charge coverage ratio financial covenant that must be maintained when excess availability falls below a specified amount. In addition, the ABL Credit Facility contains negative covenants limiting, among other things, additional indebtedness, transactions with affiliates, additional liens, sales of assets, dividends, investments and advances, prepayments of debt, mergers and acquisitions, and other matters customarily restricted in such agreements. The ABL Credit Facility also contains customary events of default, including payment defaults, breaches of representations and warranties, covenant defaults, events of bankruptcy and insolvency, failure of any guaranty or security document supporting the ABL Credit Facility to be in full force and effect, and a change of control of the Company's business. As of December 31, 2019, the Company's excess availability had not fallen below the amount specified.

On August 2, 2019, the Company and its direct and indirect domestic subsidiaries entered into a First Amendment to Credit Agreement (the "ABL Facility Amendment"). Pursuant to the ABL Facility Amendment, the ABL Credit Facility was amended to, among other things, add Acceptable Letters of Credit (as defined in the ABL Facility Amendment) to the Borrowing Base (as defined in the ABL Credit Facility as amended by the ABL Facility Amendment).

On September 17, 2019, the Company and its direct and indirect domestic subsidiaries entered into a Second Amendment to Credit Agreement, effective September 13, 2019 (the "Second ABL Facility Amendment"). Pursuant to the Second ABL Facility Amendment, the ABL Credit Facility was amended to, among other things, (i) extend the deadline for providing a reasonably detailed plan for achieving the Company's stated liquidity goals and objectives in connection with its go-forward business plan and strategy, and (ii) eliminate one of the exceptions to the limitation on Dispositions (as defined in the ABL Credit Facility).

On October 21, 2019, the Company and its direct and indirect domestic subsidiaries entered into a Third Amendment to Credit Agreement (the "Third ABL Facility Amendment"). Pursuant to the Third ABL Facility Amendment, the ABL Credit Facility was amended to, among other things, (i) increase the amount of Acceptable Letters of Credit that can be added to the Borrowing Base from $30 million to $45 million, (ii) increase the Applicable Margin by 100 basis points, (iii) permit certain Specified Dispositions provided that the Net Cash Proceeds are used to pay down the Revolving Credit Facility or the Term Loan Obligations as specified, (iv) increase the Availability Block from the Specified Dispositions, (v) extend the applicable date for the Fixed Charge Trigger Period from October 31, 2019 to March 31, 2020, and (vi) add baskets for additional permitted Indebtedness consisting of Junior Lien Debt or unsecured Indebtedness in an aggregate amount not to exceed $100 million provided that, among other things, such Junior Lien Debt or unsecured Indebtedness has a maturity date that is at least 180 days after February 28, 2024.

On November 27, 2019, the Company and its direct and indirect domestic subsidiaries entered in a Fourth Amendment to Credit Agreement (the "Fourth ABL Facility Amendment"). Pursuant to the Fourth ABL Facility Amendment, the ABL Credit Facility was amended to, among other things, (i) revise certain schedules, and (ii) waive the Specified Defaults that arose from the failure to previously update a schedule of aircraft owned by the Loan Parties (as defined in the ABL Credit Facility).

**Term Loan Credit Facility**

On February 28, 2019, the Company and its direct and indirect domestic subsidiaries entered into a credit agreement with BMO Harris Bank N.A., as Administrative Agent and Lender, Elliott Associates, L.P. and Elliott International, L.P, as Lenders, and BMO Capital Markets Corp., as Lead Arranger and Book Runner (the "Term Loan Credit Facility"). The Company initially borrowed $51.1 million under the Term Loan Credit Facility. The Term Loan Credit Facility matures on February 28, 2024.

The Term Loan Credit Facility consists of an approximately $61.1 million term loan facility, consisting of

- approximately $40.3 million of Tranche A Term Loans (as defined in the Term Loan Credit Facility),
- approximately $2.5 million of Tranche A FILO Term Loans (as defined in the Term Loan Credit Facility),
- approximately $8.3 million of Tranche B Term Loans (as defined in the Term Loan Credit Facility), and
- a $10.0 million asset-based facility available to finance future capital expenditures.

Principal on each of the Tranche A Term Loans and the Tranche B Term Loans is due in quarterly installments based upon a 4.5-year amortization schedule (i.e. each installment is 1/18th of the original principal amount of the Tranche A Term Loans and the Tranche B Term Loans), commencing on September 1, 2019. Principal on the Tranche A FILO Term Loans is due on the maturity date of the Term Loan Credit Facility, unless earlier accelerated thereunder. Principal on each draw under the capital expenditure facility is due in quarterly installments based upon a five-year amortization schedule (i.e. each installment shall be 1/20th of the original principal amount of any capital expenditure loan), commencing on the first day of the first full fiscal quarter immediately following the making of each such capital expenditure loan. The loans under the Term Loan Credit Facility bear interest at either: (a) the LIBOR rate (as defined in the Term Loan Credit Agreement), plus an applicable margin of 7.50% for Tranche A Term Loans, Tranche B Term Loans and capital expenditure loans, and 8.50% for Tranche A FILO Term Loans; or (b) the Base Rate (as defined in the Term Loan Credit Agreement), plus an applicable margin of 6.50% for Tranche A Term Loans, Tranche B Term Loans and capital expenditure loans, and 7.50% for Tranche A FILO Term Loans. The Company's average annualized interest rate for the Term Loan Credit Facility was 10.3% for the year ended December 31, 2019.

The obligations under the Term Loan Credit Facility are guaranteed by each of its domestic subsidiaries pursuant to a guaranty included in the Term Loan Credit Facility. As security for the Company's and its subsidiaries' obligations under the Term Loan Credit Facility, each of the Company and its domestic subsidiaries have granted: (i) a first priority lien on its equipment (including, without limitation, rolling stock, aircraft, aircraft engines and aircraft parts) and proceeds and accounts related thereto, and (ii) a second priority lien on substantially all of the Company's and its domestic subsidiaries' other tangible and intangible personal property, including the capital stock of certain of the Company's direct and indirect subsidiaries. The priority of the liens is described in an intercreditor agreement between BMO Harris Bank N.A. as ABL Agent and BMO Harris Bank N.A. as Term Loan Agent.

The Term Loan Credit Facility contains negative covenants limiting, among other things, additional indebtedness, transactions with affiliates, additional liens, sales of assets, dividends, investments and advances, prepayments of debt, mergers and acquisitions, and other matters customarily restricted in such agreements. The Term Loan Credit Facility also contains customary events of default, including payment defaults, breaches of representations and warranties, covenant defaults, events of bankruptcy and insolvency, failure of any guaranty or security document supporting the Term Loan Credit Facility to be in full force and effect, and a change of control of the Company's business.

On August 2, 2019, the Company and its direct and indirect domestic subsidiaries entered into a First Amendment to Credit Agreement (the "Term Loan Facility Amendment"). Pursuant to the Term Loan Facility Amendment, the Term Loan Credit Facility was amended to, among other things: (i) defer the September 1, 2019 quarterly amortization payments otherwise due thereunder to December 1, 2019, and (ii) provide that CapX Loans (as defined in the Term Loan Credit Facility) shall not be available during the period commencing on August 2, 2019 and continuing until payment of the December 1, 2019 quarterly amortization payments.

On September 17, 2019, the Company and its direct and indirect domestic subsidiaries entered into a Second Amendment to Credit Agreement, effective as of September 13, 2019 (the "Second Term Loan Facility Amendment"). Pursuant to the Second Term Loan Facility Amendment, the Term Loan Credit Facility was amended to, among other things, (i) add a requirement to deliver a reasonably detailed plan for achieving the Company's stated liquidity goals and objectives in connection with its go-forward business plan and strategy, and (ii) eliminate one of the exceptions to the limitation on Dispositions (as defined in the Term Loan Credit Facility).

On October 21, 2019, the Company and its direct and indirect domestic subsidiaries entered into a Third Amendment to Credit Agreement (the ("Third Term Loan Facility Amendment"). Pursuant to the Third Term Loan Facility Amendment, the Term Loan Credit Facility was amended to, among other things, (i) permit certain Specified Dispositions, (ii) eliminate the Company's ability to request new CapX Loans, and (iii) add baskets for additional permitted Indebtedness consisting of Junior Lien Debt or unsecured Indebtedness in an aggregate amount not to exceed $100 million provided that, among other things, such Junior Lien Debt or unsecured Indebtedness has a maturity date that is at least 180 days after February 28, 2024.

On November 27, 2019, the Company and its direct and indirect domestic subsidiaries entered into a Fourth Amendment to Credit Agreement (the "Fourth Term Loan Facility Amendment"). Pursuant to the Fourth Term Loan Facility Amendment, the Term Loan Credit Facility was amended to, among other things, (i) revise certain schedules and (ii) waive the Specific defaults that arose from the failure to previously update a schedule of Aircraft owned by the Loan parties (as defined in the Term Loan Credit Facility).

The Term Loan Facility was paid in full and terminated on March 2, 2020.

**Fee Letter**

On August 2, 2019, the Company entered into a fee letter with Elliott (the "Fee Letter"). Pursuant to the Fee Letter, Elliott agreed to arrange for standby letters of credit ("Letters of Credit") in an aggregate face amount of $20 million (the "Face Amount") to support the Company's obligations under the ABL Credit Facility. As consideration for Elliott providing the Letters of Credit, the Company agreed to (i) pay Elliott a fee (the "Letter of Credit Fee") on the LC Amount (as hereafter defined), accruing from the date of issuance through the date of expiration (or if drawn, the date of reimbursement by the Company of the LC Amount to Elliott), at a rate equal to the LIBOR Rate (as defined in the ABL Credit Facility) plus 7.5%, which will be payable in kind by adding the amount then due to the then outstanding LC Amount, and (ii) reimburse Elliott for any draw on the Letters of Credit, including the amount of such draw and any taxes, fees, charges, or other costs or expenses reasonably incurred by Elliot in connection with such draw, promptly after receipt of notice of any such drawing under the Letters of Credit, in each case subject to the terms and conditions of the Fee Letter. "LC Amount" means the Face Amount, as increased by the amount of payment in kind Letter of Credit Fee added to such amount on the last day of each interest period.

On August 20, 2019, the Company entered into a First Amendment to the Fee Letter (the "Fee Letter Amendment"), pursuant to which the maximum face amount of the Letters of Credit (as defined in the Fee Letter Amendment) that may be used to support the Company's obligations under the ABL Credit Facility was increased from $20 million to $30 million.

On October 21, 2019, the Company entered into a Second Amendment to the Fee Letter (the "Second Fee Letter Amendment"). Pursuant to the Second Fee Letter Amendment, the Fee Letter was amended to, among other things, increase the maximum face amount of the Letters of Credit (as defined in the Fee Letter Amendment) that may be used to support its obligations under the ABL Credit Facility from $30 million to $45 million.

**Revolving Notes**

On September 20, 2019, the Company issued Multiple Advance Revolving Credit Notes (the "Revolving Notes") to entities affiliated with Elliott. Pursuant to the Revolving Notes, the Company may borrow from time to time up to $20 million from Elliott on a revolving basis. Interest on any advances under the Revolving Notes will bear interest at a rate equal to the LIBOR Rate (as defined therein) plus 7.50%, and interest shall be payable on a quarterly basis beginning on December 1, 2019. The Revolving Notes mature on November 15, 2020.

**Third Lien Credit Facility**

On November 5, 2019, the Company entered into the Third Lien Credit Facility with U.S. Bank National Association, as the Administrative Agent, and Elliott Associates, L.P. and Elliott International, L.P, as Lenders. The Company used the initial $20 million Term Loan Commitment (as defined in the Third Lien Credit Agreement) under the Third Lien Credit Facility to refinance its $20 million principal amount of unsecured debt to the Lenders. The Company has $40.5 million of outstanding borrowings under this facility as of December 31, 2019.

The loans under the Third Lien Credit Facility bear interest at either: (a) the LIBOR rate (as defined in the Third Lien Credit Agreement), plus an applicable margin of 7.50%; or (b) the Base Rate (as defined in the Third Lien Credit Agreement), plus an applicable margin of 6.50%. Interest under the Third Lien Credit Facility shall be paid in kind by adding such interest to the principal amount of the applicable Term Loans on the applicable Interest Payment Date; provided that to the extent permitted by the ABL Credit Facility, the Term Loan Credit Facility and an Intercreditor Agreement, the Company may elect that all or a portion of interest due on an Interest Payment Date shall be paid in cash by providing written notice to the Administrative Agent at least five Business Days prior to the applicable Interest Payment Date specifying the amount of interest to be paid in cash. The Third Lien Credit Facility matures on August 26, 2024.

The obligations under the Third Lien Credit Agreement are guaranteed by each of the Company's domestic subsidiaries pursuant to a guaranty included in the Third Lien Credit Agreement. As security for the Company's obligations under the Third Lien Credit Agreement, the Company has granted a third priority lien on substantially all of its assets (including its equipment (including, without limitation, rolling stock, aircraft, aircraft engines and aircraft parts)) and proceeds and accounts related thereto, and substantially all of its other tangible and intangible personal property, including the capital stock of certain of its direct and indirect subsidiaries.

The Third Lien Credit Agreement contains negative covenants limiting, among other things, additional indebtedness, transactions with affiliates, additional liens, sales of assets, dividends, investments and advances, prepayments of debt, mergers and acquisitions, and other matters customarily restricted in such agreements. The Third Lien Credit Agreement also contains customary events of default, including payment defaults, breaches of representations and warranties, covenant defaults, events of bankruptcy and insolvency, failure of any guaranty or security document supporting the Third Lien Credit Agreement to be in full force and effect, and a change of control.

**Prior ABL Facility**

On July 21, 2017, the Company entered into an asset-based lending facility with BMO Harris Bank, N.A. and certain other lenders (the "Prior ABL Facility").

The Prior ABL Facility consisted of a:

- $200.0 million asset-based revolving line of credit, of which $20.0 million could be used for swing line loans and $30.0 million could be used for letters of credit;
- $56.8 million term loan facility; and

- $35.0 million asset-based facility available to finance future capital expenditures, which was subsequently terminated before being utilized.

Principal on the term loan facility was due in quarterly installments commencing on March 31, 2018. Borrowings under the Prior ABL Facility were secured by substantially all of the assets of the Company. Borrowings under the Prior ABL Facility bore interest at either the (a) LIBOR Rate (as defined in the Prior ABL Facility) plus an applicable margin in the range of 1.5% to 2.25%, or (b) the Base Rate (as defined in the credit agreement) plus an applicable margin in the range of 0.5% to 1.25%. The Prior ABL Facility contained a minimum fixed charge coverage ratio financial covenant that must be maintained when excess availability falls below a specified amount. The Prior ABL Facility also provided for the issuance of up to $30.0 million in letters of credit.

On January 9, 2019, the Company entered into a Seventh Amendment to the Prior ABL Facility. Pursuant to the Seventh Amendment, the Prior ABL Facility was further amended to, among other things: (i) extend the time period during which the Company is permitted to issue Series E-1 Preferred Stock under the Investment Agreement (as amended) from January 31, 2019 to the earlier of (a) March 1, 2019 and (b) the occurrence of the rights offering; and (ii) extend the date by which the Company is required to consummate the rights offering from January 31, 2019 to March 1, 2019.

On January 11, 2019, the Company entered into an Eighth Amendment to the Prior ABL Facility. Pursuant to the Eighth Amendment, the Prior ABL Facility was further amended to, among other things, modify the definition of "Fixed Charge Trigger Period" to reduce the Adjusted Excess Availability requirements until the earlier of (i) the date that is 30 days from the Eighth Amendment Effective Date; and (ii) the Rights Offering Effective Date.

The Prior ABL Facility was paid off with the proceeds from the ABL Credit Facility and the Term Loan Credit Facility. The Company recognized a $2.3 million loss on debt restructuring for the year ended December 31, 2019, related to these transactions.

**Insurance Premium Financing**

In June 2019 and 2018, the Company executed insurance premium financing agreements with a premium finance company in order to finance certain of its annual insurance premiums of $20.7 million and $17.8 million, respectively. Beginning on September 1 of each year, the financing agreements are payable in nine monthly installments of principal and interest of approximately $2.4 million and $2.0 million for 2019 and 2018, respectively. The agreements incurred interest at 5.25% and 4.75% for 2019 and 2018, respectively. The balance of the insurance premium payable as of December 31, 2019 and 2018 was $11.7 million and $10.0 million, respectively and was recorded in accrued expenses and other current liabilities.

## 7. Preferred Stock

Preferred stock as of December 31, 2018 consisted of the following (in thousands):

| | 2018 |
|---|---|
| Preferred stock: | |
| Series B Preferred | $ 205,972 |
| Series C Preferred | 102,098 |
| Series D Preferred | 900 |
| Series E Preferred | 47,367 |
| Series E-1 Preferred | 46,547 |
| Total Preferred stock | $ 402,884 |

The preferred stock was mandatorily redeemable and, as such, is presented as a liability on the consolidated balance sheets. At each preferred stock dividend payment date, the Company had the option to pay the accrued dividends in cash or to defer them. Deferred dividends earn dividend income consistent with the underlying shares of preferred stock. The Company had elected to measure the value of its preferred stock using the fair market value method. Under the fair value method, issuance costs are expensed as incurred.

**Rights Offering**

On February 26, 2019, the Company closed a $450 million rights offering, pursuant to which the Company issued and sold an aggregate of 36 million new shares of its common stock at the subscription price of $12.50 per share. An aggregate of 7,107,049 shares of the Company's common stock were purchased pursuant to the exercise of basic subscription rights and over-subscription rights from stockholders of record during the subscription period, including from the exercise of basic subscription rights by stockholders who are funds affiliated with Elliott. In addition, Elliott purchased an aggregate of 28,892,951 additional shares pursuant to the commitment from Elliott to purchase all unsubscribed shares of the Company's common stock in the rights offering pursuant to the Standby Purchase Agreement that the Company entered into with Elliott dated November 8, 2018, as amended. Overall, Elliott purchased a total of 33,745,308 shares of the Company's common stock in the rights offering between its basic subscription rights and the backstop commitment, and following the closing of the rights offering beneficially owned approximately 90.4% of the Company's common stock.

The net proceeds from the rights offering and backstop commitment were used to fully redeem the outstanding shares of the Company's preferred stock and to pay related accrued and unpaid dividends. Proceeds were also used to pay fees and expenses in connection with the rights offering and backstop commitment. The Company retained in excess of $30 million of funds to be used for general corporate purposes. The purpose of the rights offering was to improve and simplify the Company's capital structure in a manner that gave the Company's existing stockholders the opportunity to participate on a pro rata basis.

On March 1, 2018, the Company entered into the Series E-1 Preferred Stock Investment Agreement (the "Series E-1 Investment Agreement") with Elliott, pursuant to which the Company agreed to issue and sell to Elliott from time to time, an aggregate of up to 54,750 shares of a newly created class of preferred stock designated as Series E-1 Cumulative Redeemable Preferred Stock, par value $0.01 per share ("Series E-1 Preferred Stock"), at a purchase price of $1,000 per share for the first 17,500 shares of Series E-1 Preferred Stock, $960 per share for the next 18,228 shares of Series E-1 Preferred Stock, and $920 per share for the final 19,022 shares of Series E-1 Preferred Stock. On March 1, 2018, the parties held an initial closing pursuant to which the Company issued and sold to Elliott 17,500 shares of Series E-1 Preferred Stock for an aggregate purchase price of $17.5 million. On April 24, 2018, the parties held a closing pursuant to the Series E-1 Investment Agreement, pursuant to which the Company issued and sold to Elliott 18,228 shares of Series E-1 Preferred Stock for an aggregate purchase price of approximately $17.5 million. The proceeds from the sale of such shares of Series E-1 Preferred Stock were used to provide working capital to support the Company's current operations and future growth and to repay a portion of the indebtedness under the prior ABL Facility as required by the credit agreement governing that facility. The final 19,022 shares of Series E-1 Preferred Stock remained unissued when the Series E-1 Investment Agreement was terminated in connection with the closing of the rights offering.

On August 3, 2018, September 19, 2018, November 8, 2018, and January 9, 2019, the Company entered into amendments to the Series E-1 Investment Agreement, which, among other things, (i) extended the termination date thereunder from July 30, 2018 to March 2, 2019 for the remaining 19,022 shares available to issue and sell to Elliott for $17.5 million, and (ii) provided that if the Series E-1 Investment Agreement was not already terminated, the Series E-1 Investment Agreement would automatically terminate upon the Rights Offering Effective Date (as defined in the Prior ABL Facility). Upon the closing of the rights offering described elsewhere in this Form 10-K, the Series E-1 Investment Agreement was automatically terminated.

The Company incurred $1.1 million of issuance costs associated with the preferred stock for the year ended December 31, 2018, which is reflected in interest expense - preferred stock. The fair value of the preferred stock increased by $104.6 million during the year ended December 31, 2018, which is reflected in interest expense - preferred stock. There was no interest expense in the year ended December 31, 2019, as the preferred stock was purchased and retired.

*Certain Terms of the outstanding Preferred Stock as of December 31, 2018 are as follows:*

| | Series B | Series C | Series D | Series E | Series E-1 |
|---|---|---|---|---|---|
| **Shares at $0.01 Par Value at Issuance** | 155,000 | 55,000 | 100 | 90,000 | 35,728 |
| **Shares Outstanding at December 31, 2018** | 155,000 | 55,000 | 100 | 37,500 | 35,728 |
| **Price / Share** | $1,000 | $1,000 | $1.00 | $1,000 | $1,000/$960 |
| **Dividend Rate** | Adjusted LIBOR + 3.00% + Additional Rate (4.75-12.50%) based on leverage. Additional 3.00% upon certain | Adjusted LIBOR + 3.00% + Additional Rate (4.75-12.50%) based on leverage. Additional 3.00% upon certain | Right to participate equally and ratably in all cash dividends paid on common stock. | Adjusted LIBOR + 5.25% + Additional Rate (8.50%). Additional 3.00% upon certain triggering events. | Adjusted LIBOR + 5.25% + Additional Rate (8.50%). Additional 3.00% upon certain triggering events. |
| **Dividend Rate at December 31, 2018** | 17.780% | 17.780% | N/A | 16.030% | 16.030% |
| **Redemption Term** | 8 Years | 8 Years | 8 Years | 6 Years | 6 Years |
| **Redemption Rights** | *From Closing Date:* 12-24 months: 105% 24-36 months: 103% | 65% premium (subject to stock movement) | | *From Closing Date:* 0-12 months: 106.5% 12-24 months: 103.5% | *From Closing Date:* 0-12 months: 106.5% 12-24 months: 103.5% |

**8. Fair Value Measurement**

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

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

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

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

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

The Company has elected to measure its preferred stock using the fair value method. The fair value of the preferred stock is the estimated amount that would be paid to redeem the liability in an orderly transaction between market participants at the measurement date. The Company calculated the fair value of:

- the Series B Preferred Stock using a lattice model that takes into consideration the Company's call right on the instrument based on simulated future interest rates;
- the Series C Preferred stock using a lattice model that takes into consideration the future redemption value on the instrument, which is tied to the Company's stock price;

- the Series D Preferred Stock using a static discounted cash flow approach, where the expected redemption value of the instrument is based on the value of the Company's stock as of the measurement date grown at the risk-free rate;
- the Series E and E-1 Preferred Stock via application of both (i) a static discounted cash flow approach and (ii) a lattice model that takes into consideration the Company's call right on this instrument based on simulated future interest rates.

These valuations are considered to be Level 3 fair value measurements as the significant inputs are unobservable and require significant management judgment or estimation. Considerable judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, the Company’s estimates are not necessarily indicative of the amounts that the Company, or holders of the instruments, could realize in a current market exchange. Significant assumptions used in the fair value models include: the estimates of the redemption dates; credit spreads; dividend payments; and the market price of the Company’s common stock. The use of different assumptions and/or estimation methodologies could have a material effect on the estimated fair values.

The table below sets forth a reconciliation of the Company’s beginning and ending Level 3 preferred stock liability balance as of December 31 (in thousands).

| | 2019 | 2018 |
|---|---|---|
| Balance, beginning of period | $ 402,884 | $ 263,317 |
| Issuance of preferred stock at fair value | — | 34,999 |
| Redemption of preferred stock | (402,884) | — |
| Change in fair value of preferred stock (1) | — | 104,568 |
| Balance, end of period | $ — | $ 402,884 |

(1) Change in fair value of preferred stock is reported in interest expense - preferred stock.

## 9. Stockholders’ Investment (Deficit)

*Common Stock*

The Company's common stock has voting rights — one vote for each share of common stock. In March 2007, the Company entered into a second amended and restated stockholders’ agreement (the “Stockholders' Agreement”). The Stockholders' Agreement provided that, any time after the Company was eligible to register its common stock on a Form S-3 registration statement under the Securities Act, certain of the Company’s stockholders, including entities affiliated with HCI Equity Partners, L.L.C. (the “HCI Stockholders”), could request registration under the Securities Act of all or any portion of their shares of common stock. These stockholders were limited to a total of two of such registrations. In addition, if the Company proposed to file a registration statement under the Securities Act for any underwritten sale of shares of any of its securities, certain of the Company's stockholders could request that the Company include in such registration the shares of common stock held by them on the same terms and conditions as the securities otherwise being sold in such registration. In connection with the closing of the transactions contemplated by the Investment Agreement, the Company, affiliates of Elliott, and the HCI Stockholders entered into a Registration Rights Agreement that, with respect to the HCI Stockholders, amended and restated the Stockholders’ Agreement.

At the Company's annual meeting of stockholders held on December 19, 2018, the Company's stockholders approved certain amendments to its Amended and Restated Certificate of Incorporation (the “Certificate of Incorporation”). The amendments to the Company's Certificate of Incorporation are as follows:

- The Company filed a Certificate of Amendment to its Certificate of Incorporation to increase the number of authorized shares of its common stock from 4,200,000 shares to 44,000,000 shares and to increase its total authorized shares of capital stock from 4,800,200 shares to 44,600,200 shares.
- The Company filed a Certificate of Amendment to its Certificate of Incorporation to permit stockholder action by written consent.
- The Company filed a Certificate of Amendment to its Certificate of Incorporation to permit a majority of its stockholders to request that the Company call a special meeting of stockholders. The Certificate of Incorporation only permitted the chairman of the Company's board of directors or the board of directors to call a special meeting of stockholders.
- The Company filed a Certificate of Amendment to its Certificate of Incorporation to permit a majority of its stockholders to remove directors with or without cause. The Certificate of Incorporation previously provided that directors may only be removed for cause and by a vote of stockholders holding at least 66 2/3% of its common stock.
- The Company filed a Certificate of Amendment to its Certificate of Incorporation to permit a majority of its stockholders to amend or repeal its Certificate of Incorporation or any provision thereof. The Certificate of Incorporation previously provided that certain provisions of the Certificate of Incorporation could only be amended or repealed with the affirmative vote of stockholders holding 80% of its common stock, unless such amendment or repeal was declared advisable by its board of directors by the affirmative vote of at least 75% of the entire board of directors, notwithstanding the fact that a lesser percentage may be specified by the Delaware General Corporation Law.
- The Company filed a Certificate of Amendment to its Certificate of Incorporation to permit a majority of its stockholders to amend or repeal its Second Amended and Restated Bylaws or any provision thereof. The Certificate of Incorporation previously provided that the Second Amended and Restated Bylaws could only be amended or repealed with the affirmative vote of the stockholders holding 66 2/3% of the Company's common stock.
- The Company filed a Certificate of Amendment to its Certificate of Incorporation to designate the courts in the state of Delaware as the exclusive forum for all legal actions unless otherwise consented to by the Company.

- The Company filed a Certificate of Amendment to its Certificate of Incorporation to expressly opt-out of Section 203 of the Delaware General Corporation Law. The Certificate of Incorporation did not previously opt-out of Section 203 of the Delaware General Corporation Law. Section 203 is an anti-takeover provision that generally prohibits a person or entity who acquires 15% or more in voting power from engaging in certain transactions with a corporation for a period of three years following the date such person or entity acquired the 15% or more in voting power.
- The Company filed a Certificate of Amendment to its Certificate of Incorporation to renounce any interest or expectancy it may have in, or being offered an opportunity to participate in, any business opportunity that is presented to Elliott, or funds affiliated with Elliott, or any of its or their directors, officers, stockholders, or employees.

On January 8, 2019, the Company filed the Certificates of Amendment to the Certificate of Incorporation with the Secretary of State of the State of Delaware and the amendments to its Certificate of Incorporation became effective.

On February 26, 2019, the Company entered into a Stockholders' Agreement with Elliott (the "New Stockholders' Agreement"). The Company's execution and delivery of the New Stockholders' Agreement was a condition to Elliott's backstop commitment. Pursuant to the New Stockholders' Agreement, the Company granted Elliott the right to designate nominees to Company's board of directors and access to available financial information.

On February 26, 2019, the Company entered into an Amended and Restated Registration Rights Agreement with Elliott and investment funds affiliated with HCI Equity Partners (the "A&R Registration Rights Agreement"), which amended and restated the Registration Rights Agreement, dated as of May 2, 2017, between the Company and the parties thereto. The Company's execution and delivery of the A&R Registration Rights Agreement was a condition to Elliott's backstop commitment. The A&R Registration Rights Agreement amended the Registration Rights Agreement to provide the Elliott Stockholders (as defined therein) and the HCI Stockholders (as defined therein) with unlimited Form S-1 registration rights in connection with Company securities owned by them.

On March 7, 2019, the Company's board of directors and the holders of a majority of the issued and outstanding shares of the Company's common stock approved a 1-for-25 reverse split of the Company's issued and outstanding shares of common stock. The 1-for-25 reverse stock split was effective upon the filing and effectiveness of a Certificate of Amendment to the Company's Certificate of Incorporation after the market closed on April 4, 2019, and the Company's common stock began trading on a split-adjusted basis on April 5, 2019. See Note 1, "Organization, Nature of Business and Significant Policies" to the consolidated financial statements for more information on the Reverse Stock Split.

**10. Share-Based Compensation**

On November 7, 2018, the Company's board of directors adopted the Roadrunner Transportation Systems, Inc. 2018 Incentive Compensation Plan (the "2018 Plan"), which was approved by the Company's stockholders on December 19, 2018 at the 2018 Annual Meeting of Stockholders. Under the 2018 Plan, the total number of shares of the Company's common stock reserved and available for delivery at any time during the term of the 2018 Plan was 120,000 shares. However, pursuant to the terms of the 2018 Plan, such number of shares of the Company's common stock was increased by 7.5% of the shares of the Company's common stock issued by the Company in the rights offering (or 2,700,000 shares). Accordingly, the total number of shares of the Company's common stock reserved and available for delivery under the 2018 Plan is 2,820,000 shares.

The Company previously maintained the 2010 Incentive Compensation Plan (the "2010 Plan"), which reserved 2,500,000 shares of the Company's common stock for issuance under the 2010 Plan. The 2010 Plan permitted the grant of stock options, restricted stock units, performance stock units, and other awards. The 2018 Plan serves as the successor to the 2010 Plan. Outstanding awards granted under the 2010 Plan will continue to be governed by the terms of the 2010 Plan, but no further awards will be made under the 2010 Plan.

If any shares subject to any award granted under the 2010 Plan are forfeited, expire, or otherwise terminate without issuance of such shares, or any shares subject to any award granted under the 2010 Plan are settled for cash or otherwise do not result in the issuance of all or a portion of the shares subject to such award under the 2010 Plan, the shares to which those awards under the 2010 Plan were subject will, to the extent of such forfeiture, expiration, termination, non-issuance, or cash settlement, again be available for delivery with respect to awards under the 2018 Plan. In addition, in the event that any award granted under the 2010 Plan is exercised through the tendering of shares (either actually or by attestation) or by the withholding of shares by the Company, or withholding tax liabilities arising from any award granted under the 2010 Plan are satisfied by the tendering of shares (either actually or by attestation) or by the withholding of shares by the Company, then only the number of shares issued net of the shares tendered or withheld will be counted for purposes of determining the maximum number of shares available for grant under the 2018 Plan.

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

The following table summarizes the nonvested restricted stock units as of December 31, 2019 and 2018:

| | Number of Restricted Stock Units | Weighted Average Grant Date Fair Value | Weighted Average Remaining Contractual |
|---|---|---|---|
| Nonvested as of December 31, 2017 | 14,358 | $ 250.95 | 2.7 |
| Granted | 22,320 | 66.75 | |
| Vested | (4,651) | 315.50 | |
| Forfeitures | (3,462) | 109.48 | |
| Nonvested as of December 31, 2018 | 28,565 | $ 113.66 | 2.3 |
| Granted | 1,314,940 | 11.40 | |
| Vested | (510,513) | 5.35 | |
| Forfeitures | (128,630) | 15.42 | |
| Nonvested as of December 31, 2019 | 704,362 | $ 14.37 | 2.9 |

Unrecognized share-based compensation expense for restricted stock units was $6.8 million as of December 31, 2019. The expense is expected to be recognized over a weighted-average period of approximately two years.

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

Under the 2010 Plan, the Company awarded stock options to certain key employees. The stock options vest ratably over a three to five-year service period and are exercisable four to seven years from the date of grant, but only to the extent vested as specified in each option agreement. Stock options awarded are valued based upon the Black-Scholes option pricing model and the Company recognizes this value as stock compensation expense over the periods in which the options vest. Use of the Black Scholes option-pricing model requires that the Company make certain assumptions, including expected volatility, risk-free interest rate, expected dividend yield, and the expected life of the options. The Company granted stock options to purchase 662,263 and 564,000 for the years ended 2019 and 2017, respectively. No stock options were granted in 2018.

The Company granted performance restricted stock units in 2019 to certain key employees. The performance restricted stock units are awarded based on the Company's total stockholder return or the Company's total stockholder return in relation to its peer group. Performance restricted stock units vest at the end of a three or four year service period as long as the Company achieves the minimum total stockholder return or relative stockholder return. The performance restricted stock units are amortized on a straight-line basis over the performance period. Compensation expense for restricted stock units is based on the fair value calculated using the Monte Carlo method. There were no performance restricted stock units granted in 2018.

Performance restricted stock units fair value assumptions for those units granted during the year ended December 31, 2019 are as follows:

| | |
|---|---|
| Risk free interest rate | 1.5% to 2.4% |
| Dividend yield | — |
| Expected volatility | 52.5% to 60.0% |
| Peer group volatility | 23.7% to 77.6% |

The following table summarizes the nonvested performance restricted stock units as of December 31, 2019:

| | Number of Performance Restricted Stock Units | Weighted Average Grant Date Fair Value | Weighted Average Remaining Contractual |
|---|---|---|---|
| Nonvested as of December 31, 2018 | — | $ — | 0.0 |
| Granted | 1,480,940 | 18.48 | |
| Vested | — | — | |
| Forfeitures | (668,400) | 18.59 | |
| Nonvested as of December 31, 2019 | 812,540 | $ 18.39 | 3.0 |

Unrecognized stock compensation expense for performance restricted stock options was $11.9 million as of December 31, 2019. The expense is expected to be recognized over a weighted-average period of approximately three years.

Stock option fair value assumptions for the stock options granted during the year ended December 31, 2019 are as follows:

| | |
|---|---|
| Option life (years) | 7 years |
| Risk free interest rate | 1.5% to 2.3% |
| Dividend yield | — |
| Expected volatility | 52.5% to 60.0% |
| Expected life (years) | 4-5 years |
| Weighted average fair value of stock options granted | $4.92 |

A summary of the option activity for the years ended December 31, 2019 and 2018 is as follows:

| | Shares | | Weighted Average Exercise Price | Weighted Average Remaining Contractual |
|---|---|---|---|---|
| Outstanding as of December 31, 2017 | 49,980 | $ | 221.15 | 4.9 |
| Granted | — | | — | |
| Forfeited | (5,684) | | 239.66 | |
| Outstanding as of December 31, 2018 | 44,296 | $ | 218.78 | 4.1 |
| Granted | 662,263 | | 12.36 | |
| Forfeited | (299,535) | | 28.90 | |
| Outstanding as of December 31, 2019 | 407,024 | $ | 22.63 | 6.2 |

Unrecognized stock compensation expense for stock options was $1.7 million as of December 31, 2019. The expense is expected to be recognized over a weighted-average period of approximately three years.

All outstanding options are non-qualified options. There were 69,055, 17,016, and 7,952 options exercisable as of December 31, 2019, 2018, and 2017, respectively. As of December 31, 2019, for exercisable options, the weighted-average exercise price was $22.63, the weighted average remaining contractual term was approximately three years and there was no estimated aggregate intrinsic value per share. As of December 31, 2019, 337,969 options were unvested.

Stock-based compensation expense for restricted stock units, performance restricted stock units and stock options was $12.7 million, $1.8 million, and $2.2 million for the years ended December 31, 2019, 2018, and 2017, respectively. The related estimated income tax benefit recognized in the accompanying consolidated statements of operations, net of estimated forfeitures, was $3.2 million for the year ended December 31, 2019 and $0.4 million and $0.9 million for the years ended December 31, 2018 and 2017, respectively. Following the adoption of ASU 2016-09, the Company recorded tax deficiencies on vested shares of $1.0 million and $0.3 million in benefit from income taxes for the years ended December 31, 2019 and December 31, 2018, respectively.

**11. Earnings (Loss) Per Share**

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

The Company had stock options and warrants outstanding of 407,024, 1,107,449, and 1,629,105 as of December 31, 2019, 2018 and 2017, respectively, which were not included in the computation of diluted loss per share because they were not assumed to be exercised under the treasury stock method or because they were anti-dilutive. All restricted stock units were anti-dilutive for the years ended December 31, 2019, 2018, and 2017. Since the Company was in a net loss position for the years ended December 31, 2019, 2018, and 2017, there is no difference between basic and dilutive weighted average common stock outstanding.

**12. Income Taxes**

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

| | Year Ended December 31, | | |
|---|---|---|---|
| | **2019** | **2018** | **2017** |
| Current: | | | |
| Federal | $ — | $ — | $ — |
| State, local, and foreign | (646) | 810 | 1,875 |
| Deferred: | | | |
| Federal | (2,052) | (9,664) | (27,118) |
| State, local, and foreign | (962) | (960) | 52 |
| Benefit from income taxes | $ (3,660) | $ (9,814) | $ (25,191) |

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

| | Year Ended December 31, | | |
|---|---|---|---|
| | **2019** | **2018** | **2017** |
| Statutory federal rate | $ (72,365) | $ (36,836) | $ (40,732) |
| Goodwill impairment | 26,229 | — | 1,020 |
| Gain from sale of businesses | (7,550) | — | (1,161) |
| State income taxes — net of federal benefit | (8,001) | (2,358) | (1,465) |
| Interest expense - preferred stock | — | 22,195 | 20,459 |
| Effect of change in U.S. statutory income tax rate | — | — | (7,413) |
| Change in valuation allowance | 55,150 | 7,204 | 1,989 |
| Other | 2,877 | (19) | 2,112 |
| Total | $ (3,660) | $ (9,814) | $ (25,191) |

The Company recorded assets for refundable federal and state income taxes of $3.2 million as of December 31, 2019 ($2.9 million classified as income tax receivable and $0.3 million included within other noncurrent assets) and $4.6 million as of December 31, 2018 ($3.9 million classified as income tax receivable and $0.7 million included within other noncurrent assets).

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

| | 2019 | 2018 |
|---|---|---|
| Deferred income tax assets: | | |
| Accounts receivable | $ 2,044 | $ 2,442 |
| Accrued expenses and other current liabilities | 9,652 | 13,695 |
| Net operating loss carryforwards | 60,993 | 28,153 |
| Interest expense carryforwards | 5,887 | 2,334 |
| Operating lease liability | 32,254 | — |
| Other, net | 1,700 | 890 |
| Total | $ 112,530 | $ 47,514 |
| Valuation allowance | (66,295) | (11,145) |
| Total, net of valuation allowance | $ 46,235 | $ 36,369 |
| Deferred income tax liabilities: | | |
| Prepaid expenses and other current assets | $ (4,700) | $ (4,324) |
| Goodwill and intangible assets | (1,315) | (12,699) |
| Property and equipment | (12,588) | (23,299) |
| Operating lease right-of-use asset | (28,572) | — |
| Total | $ (47,175) | $ (40,322) |
| Net deferred tax liabilities | $ (940) | $ (3,953) |

The net noncurrent deferred income tax liabilities of $0.9 million as of December 31, 2019 and $4.0 million as of December 31, 2018 (net of deferred tax assets and related valuation allowance) are classified as deferred tax liabilities.

Management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the existing deferred tax assets, including through reversals of existing cumulative temporary differences. A significant piece of objective evidence evaluated was the cumulative losses incurred over the three-year periods ended December 31, 2019 and December 31, 2018. Such objective evidence limits the ability to consider other subjective evidence, such as the Company's projections for future growth. On the basis of this evaluation, the Company has recorded a valuation allowance of $66.3 million and $11.1 million as of December 31, 2019 and 2018, respectively, related to federal and state net operating loss carryforwards, interest expense carryforwards, and other deferred tax assets that will not “more likely than not” be realized in the future.

The Company has $235.7 million of federal net operating loss carryforwards as of December 31, 2019 ($49.5 million tax-effected), of which $52.6 million was incurred in tax years prior to 2018 and will expire between 2036 and 2037. The remaining $183.1 million of federal net operating losses incurred in 2018 and 2019 carries forward indefinitely and can be utilized to offset taxable income in future years, to the extent of 80% of taxable income generated in those years, until exhausted. The remaining $11.5 million deferred tax asset for net operating loss carryforwards consists of the tax effect of various state and foreign net operating loss carryforwards that will generally expire between 2020 and 2039. Some of the Company's net operating loss carryforward amounts are subject to an annual section 382 limitation. However, the Company does not currently expect the annual section 382 limitation to materially impact its ability to utilize the net operating loss carryforward amounts.

The Company has a $24.5 million interest expense carryforward as of December 31, 2019 related to interest expense not deductible in 2018 and 2019. Starting in 2018, annual net interest expense deductions are limited to 30% of “adjusted taxable income” as defined in the tax code, and any interest expense not deducted in the current year due to said limitation carries forward indefinitely and can be utilized to offset taxable income in future years, to the extent of 30% of “adjusted taxable income” generated in those years, until exhausted.

The change to the Company's gross unrecognized tax benefits for the years ended December 31 is reconciled as follows (in thousands):

| | 2019 | 2018 | 2017 |
|---|---|---|---|
| Balance as of January 1 | $ 1,283 | $ 1,311 | $ 737 |
| Additions for prior years' tax positions | 104 | 142 | 574 |
| Reductions for prior years' tax positions | — | (21) | — |
| Lapse of statute of limitations | (311) | (149) | — |
| Balance as of December 31 | $ 1,076 | $ 1,283 | $ 1,311 |

Depending on specific facts, the above amounts may be reflected in the consolidated balance sheets either (a) as a reduction to income tax receivable; (b) as a reduction to net operating loss deferred tax assets, which are presented netted against deferred tax liabilities; or (c) within other long-term liabilities. The entire amount of unrecognized tax benefits would impact the effective tax rate. (Benefit) expense for interest and penalties related to uncertain tax benefits was ($0.1 million), less than $0.1 million, and $0.3 million for the years ending December 31, 2019, 2018, and 2017, respectively, and are included within the benefit from income taxes. Accrued interest and penalties were $0.3 million as of December 31, 2019 and $0.4 million as of December 31, 2018.

The Company is subject to federal and state tax examinations for all tax years subsequent to December 31, 2013. The Internal Revenue Service ("IRS") is currently reviewing the Company's 2014-2017 federal tax returns. The Company has extended the federal period of limitations to assess tax for the 2014, 2015, and 2016 tax years through December 31, 2020. Although pre-2014 years are generally no longer subject to examinations by the IRS and various state taxing authorities, certain state net operating loss carryforwards generated in those years may still be adjusted upon examination by state taxing authorities if they were used after 2013 or will be used in a future period.

On December 22, 2017, the Tax Cuts and Jobs Act was signed into law, and most changes were effective as of January 1, 2018. The law includes various provisions that affect corporations, including a reduction of the corporate income tax rate from a 35% maximum rate to a 21% flat rate, availability of enhanced "bonus depreciation" for capital equipment purchases, annual limitations on interest expense deductions, changes to net operating loss carryback and carryforward rules, and changes to U.S. taxation of foreign profits. The corporate tax rate reduction resulted in a $7.4 million discrete tax benefit during the year ended December 31, 2017 as a result of recalculating the carrying value of the Company's deferred tax assets and liabilities. Additionally, the Company reduced its net operating loss deferred tax asset by $0.4 million as a result of the one-time deemed repatriation of foreign subsidiary earnings.

**13. Guarantees**

The Company provides a guarantee for a portion of the value of certain independent contractors' ("IC") leased tractors. The guarantees expire at various dates through 2022. The potential maximum exposure under these lease guarantees was approximately $7.6 million as of December 31, 2019. Upon an IC default, the Company has the option to purchase the tractor or return the tractor to the leasing company if the residual value is greater than the Company's guarantee. Alternatively, the Company can contract another IC to assume the lease. The Company estimated the fair value of its liability under this on-going guarantee to be $1.4 million and $1.0 million as of December 31, 2019 and 2018, respectively, and it is included in accrued expenses and other current liabilities.

In the fourth quarter of 2016, the Company began to offer a lease purchase program that did not include a guarantee, and offered newer equipment under factory warranty that was more cost effective. ICs began electing the newer lease purchase program over the legacy lease guarantee programs which led to an increase in unseated legacy tractors. In late 2016, management committed to a plan to divest of these older assets and recorded a loss reserve. The balance in this reserve was $0.4 million as of

December 31, 2018. The loss reserve for the guarantee and reconditioning costs associated with the planned divestiture was $1.4 million as of December 31, 2019, which is included in accrued expenses and other current liabilities.

The Company paid $1.0 million and $2.1 million under these lease guarantees during the year ended December 31, 2019 and 2018, respectively.

## 14. Commitments and Contingencies

*Employee Benefit Plans*

The Company sponsors a defined contribution profit sharing plan for substantially all employees of the Company and its subsidiaries. The Company provides matching contributions on some of these plans. Total expense under this plan was $2.9 million, $2.4 million, and $2.5 million for the years ended December 31, 2019, 2018, and 2017, respectively.

*Auto, Workers Compensation, and General Liability Reserves*

In the ordinary course of business, the Company is a defendant in several legal proceedings arising out of the conduct of its business. These proceedings include claims for property damage or personal injury incurred in connection with the Company's services. Although there can be no assurance as to the ultimate disposition of these proceedings, the Company does not believe, based upon the information available at this time, that these property damage or personal injury claims, in the aggregate, will have a material impact on its consolidated financial statements. The Company maintains insurance for auto liability, general liability, and cargo claims. The Company maintains an aggregate of $100 million of auto liability and general liability insurance. The Company maintains auto liability insurance coverage for claims in excess of $1.0 million per occurrence and cargo coverage for claims in excess of $100,000 per occurrence. The Company is self-insured up to $1.0 million per occurrence for workers compensation. The Company believes it has adequate insurance to cover losses in excess of the self-insured and deductible amount. As of December 31, 2019 and 2018, the Company had reserves for estimated uninsured losses of $31.5 million and $26.8 million, respectively, included in accrued expenses and other current liabilities.

*General Litigation Proceedings*

Jeffery Cox ("Cox") and David Chidester ("Chidester") filed a complaint against certain of the Company's subsidiaries in state court in California in a post-acquisition dispute (the "Central Cal Matter"). The complaint alleges contract, statutory and tort-based claims arising out of the Stock Purchase Agreement, dated November 2, 2012, between the defendants, as buyers, and the plaintiffs, as sellers, for the purchase of the shares of Central Cal Transportation, Inc. and Double C Transportation, Inc. (the "Central Cal Agreement"). The plaintiffs claim that a contingent purchase obligation payment is due and owing pursuant to the Central Cal Agreement, and that defendants have furnished fraudulent calculations to the plaintiffs to avoid payment. The plaintiffs also claim violations of California's Labor Code related to the plaintiffs' respective employment with Central Cal Transportation, LLC. On October 27, 2017, the state court granted the Company's motion to compel arbitration of all non-employment claims alleged in the complaint. The parties selected a settlement accountant to determine the contingent purchase obligation pursuant to the Central Cal Agreement. The settlement accountant provided a final determination that a contingent purchase obligation of $2.1 million is due to the plaintiffs. On July 5, 2019, the Court entered a judgment confirming the arbitration award. The Company satisfied the principal amount of the judgment. On July 10, 2019, the plaintiffs filed an application for an award of their fees in costs, seeking a minimum of $0.7 million in fees, and requesting that the Court apply a lodestar multiplier to enhance the fees to an award of either $1.1 million or $1.5 million based upon the complexity of the case. On January 17, 2020, the Court awarded the plaintiffs $0.5 million. With outstanding interest, the total amount owed by the Company was $0.6 million, which the Company paid on March 3, 2020. In February 2018, Chidester agreed to dismiss his employment-related claims from the Los Angeles Superior Court matter, while Cox transferred his employment claims from Los Angeles Superior Court to the related employment case pending in the Eastern District of California. There have been two summary judgment motions filed thus far, one by Cox and one by the Company. The Company successfully defeated Cox's motion for summary judgment, which resulted in a Court Order holding that Cox's non-compete was enforceable as to time and limited to the geographic are of California, Nevada, and Oregon where Central Cal conducts business. Cox filed a motion for reconsideration of the Court's order, which was denied. The Court thereafter granted partial summary judgment as to all claims except for the two whistleblower/retaliation claims and the public policy wrongful termination claim. The court then vacated the pre-trial conference and trial dates and has not reset them.

The Company received a letter dated April 17, 2018 from legal counsel representing Warren Communications News, Inc. ("Warren") in which Warren made certain allegations against us of copyright infringement concerning an electronic newsletter published by Warren (the "Warren Matter"). The parties engaged in pre-litigation mediation in June 2019. The Warren Matter thereafter settled, with full releases of liability.

In addition to the legal proceeding described above, the Company is a defendant in various purported class-action lawsuits alleging violations of various California labor laws and one purported class-action lawsuit alleging violations of the Illinois Wage Payment and Collection Act. Additionally, the California Division of Labor Standards and Enforcement has brought administrative actions against the Company alleging that the Company violated various California labor laws. In 2017 and 2018, the Company reached settlement agreements on a number of these labor related lawsuits and administrative actions. As of December 31, 2019 and 2018, the Company recorded a liability for settlements, litigation, and defense costs related to these labor matters, the Central Cal Matter and the Warren Matter of $1.0 million and $10.8 million, respectively, which are recorded in accrued expenses and other current liabilities.

In December 2018, a class action lawsuit was brought against the Company in the Superior Court of the State of California by Fernando Gomez, on behalf of himself and other similarly situated persons, alleging violation of California labor laws. The Company intends to vigorously defend against such claims; however, there can be no assurance that it will be able to prevail. In light of the relatively early stage of the proceedings, the Company is unable to predict the potential costs or range of costs at this time.

*Securities Litigation Proceedings*

In 2017, three putative class actions were filed in the United States District Court for the Eastern District of Wisconsin against the Company and its former officers, Mark A. DiBlasi and Peter R. Armbruster. On May 19, 2017, the Court consolidated the actions under the caption *In re Roadrunner Transportation Systems, Inc. Securities Litigation* (Case No. 17-cv-00144), and appointed Public Employees' Retirement System as lead plaintiff. On March 12, 2018, the lead plaintiff filed a Consolidated Amended Complaint (the "CAC") on behalf of a class of persons who purchased the Company's common stock between March 14, 2013 and January 30, 2017, inclusive. The CAC asserted claims arising out of the Company's January 2017 announcement that it would be restating its prior period financial statements and sought certification as a class action, compensatory damages, and attorney's fees and costs. On March 29, 2019, the parties entered into a Stipulation of Settlement agreeing to settle the action for $20 million, $17.9 million of which will be funded by the Company's D&O carriers ($4.8 million of which is by way of a pass through of the D&O carriers' payment to the Company in connection with the settlement of the Federal Derivative Action described below). On September 26, 2019, the Court entered an Order finally approving the settlement and final judgment. All settlements have been paid.

On May 25, 2017, Richard Flanagan filed a complaint alleging derivative claims on the Company's behalf in the Circuit Court of Milwaukee County, State of Wisconsin (Case No. 17-cv-004401) against Scott Rued, Mark DiBlasi, Christopher Doerr, John Kennedy, III, Brian Murray, James Staley, Curtis Stoelting, William Urkiel, Judith Vijums, Michael Ward, Chad Utrup, Ivor Evans, Peter Armbruster, and Brian van Helden (the "State Derivative Action"). The Complaint asserted claims arising out of the Company's January 2017 announcement that it would be restating its prior period financial statements. On October 15, 2019, the Court entered an Order dismissing the action with prejudice.

On June 28, 2017, Jesse Kent filed a complaint alleging derivative claims on the Company's behalf and class action claims in the United States District Court for the Eastern District of Wisconsin. On December 22, 2017, Chester County Employees Retirement Fund filed a complaint alleging derivative claims on the Company's behalf in the United States District Court for the Eastern District of Wisconsin. On March 21, 2018, the Court entered an order consolidating the Kent and Chester County actions under the caption *Kent v. Stoelting et al* (Case No. 17-cv-00893) (the "Federal Derivative Action"). On March 28, 2018, plaintiffs filed their Verified Consolidated Shareholder Derivative Complaint alleging claims on behalf of the Company against Peter Armbruster, Mark DiBlasi, Scott Dobak, Christopher Doerr, Ivor Evans, Brian van Helden, John Kennedy III, Ralph

Kittle, Brian Murray, Scott Rued, James Staley, Curtis Stoelting, William Urkiel, Chad Utrup, Judith Vijums, and Michael Ward. The Complaint asserted claims arising out of our January 2017 announcement that the Company would be restating its prior period financial statements. The Complaint sought monetary damages, improvements to the Company's corporate governance and internal procedures, an accounting from defendants of the damages allegedly caused by them and the improper amounts the defendants allegedly obtained, and punitive damages. On March 28, 2019, the parties entered into Stipulation of Settlement, which provides for certain corporate governance changes and a $6.9 million payment, $4.8 million of which will be paid by the Company's D&O carriers into an escrow account to be used by the Company to settle the class action described above and $2.1 million of which will be paid by the Company's D&O carriers to cover plaintiffs attorney's fees and expenses. On September 26, 2019, the Court entered an Order finally approving the settlement and a final judgment. All settlements have been paid.

In addition, subsequent to the Company's announcement that certain previously filed financial statements should not be relied upon, the Company was contacted by the SEC, Financial Industry Regulatory Authority ("FINRA"), and the Department of Justice ("DOJ"). The DOJ and Division of Enforcement of the SEC have commenced investigations into the events giving rise to the restatement. The Company has received formal requests for documents and other information. In June 2018, two of the Company's former employees were indicted on charges of conspiracy, securities fraud, and wire fraud as part of the ongoing DOJ investigation. In April 2019, the indictment was superseded with an indictment against those two former employees as well as the Company's former Chief Financial Officer. In the superseding indictment, Count I alleges that all defendants engaged in conspiracy to fraudulently influence accountants and make false entries in a public company's books, records and accounts. Counts II-V allege specific acts by all defendants to fraudulently influence accountants. Counts VI through IX allege specific acts by all defendants to falsify entries in a public company's books, records, and accounts. Count X alleges that all defendants engaged in conspiracy to commit securities fraud and wire fraud. Counts XI - XIII allege specific acts by all defendants of securities fraud. Counts XIV - XVII allege specific acts by all defendants of wire fraud. Count XVIII alleges bank fraud by the Company's former Chief Financial Officer. Count XIX alleges securities fraud by one of the former employees.

Additionally, in April 2019, the SEC filed suit against the same three former employees. The SEC listed the Company as an uncharged related party. Counts I-V allege that all defendants engaged in a fraudulent scheme to manipulate the Company's financial results. In particular, Count I alleges that all defendants violated Section 10(b) of the Exchange Act and Exchange Act Rule 10b-5(a) and (c). Count II alleges that the Company's former Chief Financial Officer and one of the former employees violated Section 17(a)(1) and (3) of the Securities Act. Count III alleges the Company's former Chief Financial Officer violated Section 10(b) of the Exchange Act and Exchange Act Rule 10b-5(b). Count IV alleges that the two former employees aided and abetted the Company's violation of Section 10(b) of the Exchange Act and Exchange Act Rule 10-5(b). Count V alleges that the Company's former Chief Financial Officer and one of the former employees violated Section 17(a)(2) of the Securities Act. Count VI alleges that one of the former employees engaged in insider trading in violation of Section 10(b) of the Exchange Act and Exchange Act Rule 10b-5(a) and (c). Counts VII alleges that all defendants engaged in aiding and abetting the Company's reporting violations of Section 13(a) of the Exchange Act. Count VIII alleges that all defendants engaged in aiding and abetting the Company's record-keeping violations of Section 13(b)(2)(A) of the Exchange Act. Count IX alleges that the Company's former Chief Financial Officer engaged in aiding and abetting the Company's record-keeping violations of Section 13(b)(2)(B) of the Exchange Act. Count X alleges that all defendants engaged in falsification of records and circumvention of controls in violation of Section 13(b)(5) of the Exchange Act and Rule 13b2-1. Count XI alleges that all defendants engaged in false statements to accountants in violation of Rule 13b2-2 of the Exchange Act. Count XIII alleges that the Company's former Chief Financial Officer engaged in certification violations of rule 3a-14 of the Exchange Act. Count XIII alleges that uncharged party the Company violated (i) Section 10(b) of the Exchange Act and Rule 10b-5; (ii) Section 13(a) of the Exchange Act and Rules 12b-20, 13a-1, 13a-11, and 13a-13; and (iii) Sections 13(b)(2)(A) and 13(b)(2)(B) of the Exchange Act. It further alleges that the Company's former Chief Financial Officer acts subject him to control person liability for these violations. Count XIV alleges violation of Section 304 of the Sarbanes-Oxley Act of 2002 against the Company's former Chief Financial Officer.

The Company is cooperating fully with the joint DOJ and SEC investigation. Even though the Company is not named in this investigation, it has an obligation to indemnify the former employees and directors. However, given the status of this matter, the Company is unable to reasonably estimate the potential costs or range of costs at this time. Any costs will be the responsibility of the Company as it has exhausted all of its insurance coverage for costs related to legal actions as part of the restatement.

**15. Related Party Transactions**

On March 1, 2018, the Company entered into the Series E-1 Preferred Stock Investment Agreement with Elliott, pursuant to which the Company agreed to issue and sell to Elliott from time to time an aggregate of up to 54,750 shares of a newly created class of preferred stock designated as Series E-1 Cumulative Redeemable Preferred Stock. On March 1, 2018, the parties held an initial closing pursuant to which the Company issued and sold to Elliott 17,500 shares of Series E-1 Preferred Stock for an aggregate purchase price of $17.5 million and paid Elliott $1.1 million of issuance costs. On April 24, 2018, the parties held an initial closing pursuant to which the Company issued and sold to Elliott 18,228 shares of Series E-1 Preferred Stock for an aggregate purchase price of $17.5 million. This agreement was terminated in connection with the closing of the rights offering described in the following paragraph.

On November 8, 2018, the Company entered into a Standby Purchase Agreement with Elliott, pursuant to which Elliott agreed to backstop the Company's rights offering to raise $450 million. Pursuant to the Standby Purchase Agreement, Elliott agreed to exercise their basic subscription rights in full. In addition, Elliott agreed to purchase from the Company, at the Subscription Price, all unsubscribed shares of common stock in the Rights Offering (the "Backstop Commitment"). The Company did not pay Elliott a fee for providing the Backstop Commitment, but agreed to reimburse Elliott for all documented out-of-pocket costs and expenses in connection with the rights offering, the Backstop Commitment, and the transactions contemplated thereby, including fees for legal counsel to Elliott. Elliott agreed to waive all preferred stock dividends accrued and unpaid after November 30, 2018 once the rights offering was consummated. On February 26, 2019, the Company closed the rights offering and Elliott purchased a total of 33,745,308 shares of the Company's common stock in the rights offering between its basic subscription rights and the backstop commitment, and following the closing of the rights offering beneficially owned approximately 90.4% of the Company's common stock.

On February 26, 2019, the Company entered into the New Stockholders' Agreement with Elliott. The Company's execution and delivery of the New Stockholders' Agreement was a condition to Elliott's backstop commitment. Pursuant to the New Stockholders' Agreement, the Company granted Elliott the right to designate nominees to Company's board of directors and access to available financial information.

On February 26, 2019, the Company entered into the A&R Registration Rights Agreement with Elliott and investment funds affiliated with HCI Equity Partners, which amended and restated the Registration Rights Agreement, dated as of May 2, 2017, between the Company and the parties thereto. The Company's execution and delivery of the A&R Registration Rights Agreement was a condition to Elliott's backstop commitment. The A&R Registration Rights Agreement amended the Registration Rights Agreement to provide the Elliott Stockholders (as defined therein) and the HCI Stockholders (as defined therein) with unlimited Form S-1 registration rights in connection with Company securities owned by them.

On February 28, 2019, the Company and its direct and indirect domestic subsidiaries entered into the Term Loan Credit Facility which consists of an approximately $61.1 million term loan facility. The Company paid Elliott $1.1 million in issuance costs and fees during the year ended December 31, 2019. As of December 31, 2019, the Company owed Elliott $31.3 million under the Term Loan Credit Facility. See Note 6, "Debt" to the consolidated financial statements for more information on the Term Loan Credit Facility. On August 2, 2019, the Company and its direct and indirect domestic subsidiaries entered into Term Loan Facility Amendment. On September 17, 2019, the Company and its direct and indirect subsidiaries entered into the Second Term Loan Facility Amendment. See Note 6, "Debt" to the consolidated financial statements for more information on the First Term Loan Facility Amendment and Second Term Loan Facility Amendment.

On August 2, 2019, the Company entered into the Fee Letter with Elliott. Pursuant to the Fee Letter, Elliott agreed to arrange for standby letters of credit ("Letters of Credit") in an aggregate face amount of $20 million (the "Face Amount") to support the Company's obligations under the ABL Credit Facility. See Note 6, "Debt" to the consolidated financial statements for more information on the Fee Letter. On August 20, 2019, the Company entered into the Fee Letter Amendment, pursuant to which the maximum face amount of the Letters of Credit (as defined in the Fee Letter Amendment) that may be used to support the Company's obligations under the ABL Credit Facility was increased from $20 million to $30 million.

On September 20, 2019, the Company issued the Revolving Notes to entities affiliated with Elliot which allows the Company to borrow from time to time up to $20 million from Elliott on a revolving basis.

On October 21, 2019, the Company and its direct and indirect domestic subsidiaries entered into the Third Term Loan Facility Amendment. Pursuant to the Third Term Loan Facility Amendment, the Term Loan Credit Facility was amended to, among other things, (i) permit certain Specified Dispositions, (ii) eliminate the Company's ability to request new CapX Loans, and (iii) add baskets for additional permitted Indebtedness consisting of Junior Lien Debt or unsecured Indebtedness in an aggregate amount not to exceed $100 million provided that, among other things, such Junior Lien Debt or unsecured Indebtedness has a maturity date that is at least 180 days after February 28, 2024.

On October 21, 2019, the Company entered into the Second Fee Letter Amendment with Elliott. Pursuant to the Second Fee Letter Amendment, the Fee Letter was amended to, among other things, increase the maximum face amount of the Letters of Credit (as defined in the Second Fee Letter Amendment) that may be used to support the Company's obligations under the ABL Credit Facility from $30 million to $45 million.

On November 5, 2019, the Company and its direct and indirect domestic subsidiaries entered into the Third Lien Credit Facility. The Company used the initial $20 million Term Loan Commitment (as defined in the Third Lien Credit Agreement) under the Third Lien Credit Facility to refinance its $20 million principal amount of unsecured debt to the Lenders. The loans under the Third Lien Credit Facility bear interest at either: (a) the LIBOR rate (as defined in the Third Lien Credit Agreement), plus an applicable margin of 7.50%; or (b) the Base Rate (as defined in the Third Lien Credit Agreement), plus an applicable margin of 6.50%. Interest under the Third Lien Credit Facility shall be paid in kind by adding such interest to the principal amount of the applicable Term Loans on the applicable Interest Payment Date; provided that to the extent permitted by the ABL Credit Facility, the Term Loan Credit Facility and an Intercreditor Agreement, the Company may elect that all or a portion of interest due on an Interest Payment Date shall be paid in cash by providing written notice to the Administrative Agent at least five Business Days prior to the applicable Interest Payment Date specifying the amount of interest to be paid in cash. The Third Lien Credit Facility matures on August 26, 2024. The obligations under the Third Lien Credit Facility are guaranteed by each of the Company's domestic subsidiaries pursuant to a guaranty included in the Third Lien Credit Agreement. As security for the Company's and its subsidiaries' obligations under the Third Lien Credit Agreement, each of the Company and its domestic subsidiaries have granted a third priority lien on substantially all of their assets (including their equipment (including, without limitation, rolling stock, aircraft, aircraft engines and aircraft parts)) and proceeds and accounts related thereto, and substantially all of the Company's and its domestic subsidiaries' other tangible and intangible personal property, including the capital stock of certain of the Company's direct and indirect subsidiaries. The Third Lien Credit Agreement contains negative covenants limiting, among other things, additional indebtedness, transactions with affiliates, additional liens, sales of assets, dividends, investments and advances, prepayments of debt, mergers and acquisitions, and other matters customarily restricted in such agreements. The Third Lien Credit Agreement also contains customary events of default, including payment defaults, breaches of representations and warranties, covenant defaults, events of bankruptcy and insolvency, failure of any guaranty or security document supporting the Third Lien Credit Agreement to be in full force and effect, and a change of control of the Company. As of December 31, 2019, the Company owed Elliot $40.5 million under the Third Lien Credit Facility.

On November 27, 2019, the Company and its direct and indirect domestic subsidiaries entered into the Fourth Term Loan Facility Amendment. Pursuant to the Fourth Term Loan Facility Amendment, the Term Loan Credit Facility was amended to, among other things, (i) revise certain schedules, and (ii) waive the Specified Defaults that arose from the failure to previously update a schedule of the Aircraft owned by the Loan Parties (as each such term is defined in the Term Loan Credit Facility).

The Company's operating companies have contracts with certain purchased transportation providers that are considered related parties. The Company paid an aggregate of $23.4 million and $29.4 million to these purchased transportation providers during the years ended December 31, 2019 and 2018, respectively.

The Company has a number of facility leases with related parties and paid an aggregate of $0.1 million and $1.2 million under these leases during the years ended December 31, 2019 and 2018, respectively.

The Company owns 37.5% of Central Minnesota Logistics ("CML") which operates as one of the Company's brokerage agents. The Company paid CML broker commissions of $3.4 million and $3.1 million during the years ended December 31, 2019 and 2018, respectively.

The Company has a jet fuel purchase agreement with a related party and paid an aggregate of $1.9 million and $2.1 million during the years ended December 31, 2019 and 2018, respectively.

The Company leases certain equipment through leasing companies owned by related parties and paid an aggregate of $2.1 million and $4.6 million during the years ended December 31, 2019 and 2018, respectively.

On December 13, 2018, the Company entered into an agreement with HCI to resume the advancement of reasonable fees and expenses of up to $7.1 million pursuant to the advisory agreement. In addition, the Company and HCI agreed to contribute $1 million each to resolve the previously mentioned Securities Litigation Proceedings described in Note 14, "Commitments and Contingencies", to our 2019 consolidated financial statements included in this Annual Report on Form 10-K for the year ended December 31, 2019. The Company reserves all rights to seek reimbursement for any fees or expense advanced to HCI, while HCI reserves all rights to seek indemnification for amounts above the $7.1 million and the $1 million that HCI will contribute to resolve the Securities Litigation Proceedings. The Company paid HCI $4.2 million under this agreement during the year ended December 31, 2019.

On December 27, 2018, the Company filed a registration statement on Form S-1 with the SEC for the offer and sale of up to 312,065 shares of its common stock held by HCI and its affiliates. HCI has completed the sale of all the shares covered by the registration statement in open-market transactions to unaffiliated purchasers. The Company did not receive any cash proceeds from the offer and sale of the shares of common stock sold by HCI.

## 16. Segment Reporting

The Company determines its segments based on the information utilized by the chief operating decision maker ("CODM"), the Company's Chief Executive Officer, to allocate resources and assess performance. Based on this information, the Company has determined that it has four segments: Ascent TM, Ascent OD, LTL and TL. The Company changed its segment reporting effective April 1, 2019 when the CODM began assessing performance of the Ascent OD air and ground expedite business, separately from its truckload business. Segment information for prior periods has been revised to align with the new segment structure.

These segments are strategic business units through which the Company offers different services. The Company evaluates the performance of the segments primarily based on their respective revenues and operating income. Accordingly, interest expense and other non-operating items are not reported in segment results. In addition, the Company has disclosed corporate, which is not a segment and includes corporate salaries, insurance and administrative costs, and long-term incentive compensation expense. Included within corporate are rolling stock assets that are purchased and leased by Roadrunner Equipment Leasing ("REL"). REL, a wholly-owned subsidiary of the Company, is a centralized asset management company that purchases and leases equipment that is utilized by the Company's segments.

One direct customer, General Motors, accounted for approximately 16% of revenue, or approximately $292.9 million, $268.1 million and $245.4 million, within the Company's Ascent OD and TL segments, for the years ended December 31, 2019, 2018 and 2017, respectively.

The following table reflects certain financial data of the Company's segments (in thousands):

| | Year Ended December 31, | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| Revenues: | | | |
| Ascent TM | $ 505,753 | $ 573,072 | $ 570,223 |
| Ascent OD | 465,512 | 672,965 | 548,059 |
| LTL | 430,806 | 452,281 | 463,519 |
| TL | 475,074 | 572,701 | 553,184 |
| Eliminations (5) | (29,283) | (54,878) | (43,694) |
| Total | $ 1,847,862 | $ 2,216,141 | $ 2,091,291 |
| Impairment charges: | | | |
| Ascent TM | $ 74,636 | $ — | $ 4,402 |
| Ascent OD | — | — | — |
| LTL | 1,076 | — | — |
| TL | 107,261 | 1,582 | — |
| Corporate | 14,123 | — | — |
| Total | $ 197,096 | $ 1,582 | $ 4,402 |
| Operating (loss) income: | | | |
| Ascent TM | $ (58,039) | $ 28,465 | $ 22,493 |
| Ascent OD | 4,450 | 30,464 | 21,632 |
| LTL | (35,567) | (26,892) | (26,383) |
| TL (1) | (172,985) | (28,367) | (15,643) |
| Corporate (2) | (59,774) | (62,169) | (38,551) |
| Total | (321,915) | (58,499) | (36,452) |
| Interest expense | 20,412 | 116,912 | 64,049 |
| Loss from debt restructuring | 2,270 | — | 15,876 |
| Loss before income taxes | $ (344,597) | $ (175,411) | $ (116,377) |
| Depreciation and amortization: | | | |
| Ascent TM | $ 6,318 | $ 5,049 | $ 5,965 |
| Ascent OD | 8,664 | 8,230 | 7,985 |
| LTL | 5,422 | 3,854 | 4,353 |
| TL | 28,918 | 20,577 | 17,550 |
| Corporate | 9,682 | 5,057 | 1,894 |
| Total | $ 59,004 | $ 42,767 | $ 37,747 |
| Capital expenditures (3): | | | |
| Ascent TM | $ 3,144 | $ 2,087 | $ 1,397 |
| Ascent OD | 4,559 | 4,978 | 4,695 |
| LTL | 5,486 | 1,122 | 1,641 |
| TL | 9,302 | 4,799 | 7,138 |
| Corporate(4) | 62,857 | 60,110 | 6,839 |
| Total | $ 85,348 | $ 73,096 | $ 21,710 |

| | December 31, | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| Total assets: | | | |
| Ascent TM | $ 216,616 | $ 276,994 | $ 271,400 |
| Ascent OD | 115,544 | 136,795 | 190,162 |
| LTL | 115,643 | 73,706 | 79,065 |
| TL | 107,243 | 244,760 | 272,327 |
| Corporate | 116,563 | 123,921 | 68,445 |
| Eliminations(5) | (1,212) | (2,719) | (5,356) |
| Total | $ 670,397 | $ 853,457 | $ 876,043 |

(1) Operations restructuring of $20.6 million and $4.7 million are included within TL segment for the years ended December 31, 2019 and 2018, respectively. See Note 17, "Restructuring Costs" to the consolidated financial statements for additional information.

(2) Gain on sale of Intermodal and D&E Transport of $37.2 million is included within Corporate for the year ended 2019. Gain from sale of Unitrans of $35.4 million is included within Corporate for the year ended December 31, 2017.

(3) Includes non-cash finance leases and capital expenditures not yet paid.

(4) For the year ended December 31, 2019, includes $45.7 million of rolling stock assets that are purchased and leased by REL of which 61% was allocated to TL, 38% to LTL, and 1% to Ascent TM. For the year ended December 31, 2018, includes $45.6 million of rolling stock assets that are purchased and leased by REL of which, 75% was allocated to TL, 10% to LTL and 15% to Ascent TM.

(5) Eliminations represents intercompany trade receivable balances between the four segments.

**17. Restructuring Costs**

On September 30, 2019, the Company announced the downsizing of its unprofitable dry van business, which is part of its TL segment. The downsizing includes costs associated with the reduction of dry van tractor and trailer fleets, the closing of certain terminal locations and elimination of various positions. As a result, the Company recorded operations restructuring costs of $20.6 million related to fleet reductions, terminal closings, and severance costs. Fleet impairment charges and lease termination costs totaled $10.6 million, of which $8.1 million relates to idled leased assets that will be disposed of in future periods, with the remaining $2.5 million related to tractors and trailers that are no longer being used.

In the second quarter of 2018, the Company restructured its temperature-controlled truckload business, which is part of the TL segment, by completing the integration of multiple operating companies into one business unit. As part of this integration, the Company also right-sized its temperature-controlled fleets, facilities, and support functions. As a result, the Company recorded operations restructuring costs of $4.7 million, related to fleet and facilities right-sizing and relocation costs, severance costs, and the write-down of assets to fair market value. The initial write-down of assets to fair market value totaled $1.3 million and was recorded to property and equipment, while the remaining $3.4 million was recorded in accrued expenses and other current liabilities.

The following is a rollforward of the Company's restructuring reserve balance as of December 31, 2019 (in thousands).

| | Restructuring |
|---|---|
| Beginning balance at June 30, 2018 | $ 3,375 |
| Charges/Adjustments | (597) |
| Payments | (2,234) |
| Ending balance at December 31, 2018 | $ 544 |
| Charges | 9,948 |
| Adjustments | (79) |
| Payments | (9,070) |
| Ending balance at December 31, 2019 | $ 1,343 |

The Company also incurred corporate restructuring and restatement costs associated with legal, consulting and accounting matters, including internal and external investigations, SEC and accounting compliance, and restructuring of $13.7 million, $22.2 million and $32.3 million for the years ended December 31, 2019, 2018 and 2017, respectively. These costs are included in other operating expenses.

**18. Subsequent Events**

**Sale of Prime**

On January 28, 2020, the Company entered into a definitive agreement to sell its subsidiary Prime Distribution Services, Inc. to C.H. Robinson Worldwide, Inc. for $225 million, subject to customary purchase price and working capital adjustments. The transaction closed on March 2, 2020.

**ABL Credit Facility and Term Loan Credit Agreement**

On March 2, 2020, the Company repaid in full and terminated the Term Loan Credit Agreement. The Company repaid all amounts outstanding under the ABL Credit Facility.

**New Asset-Based Lending Credit Agreement**

On March 2, 2020, the Company and its direct and indirect domestic subsidiaries entered into a new credit agreement (the "new ABL Credit Agreement") with BMO Harris Bank N.A., as Administrative Agent, Lender, Letter of Credit Issuer and Swing Line Lender (the "new ABL Credit Facility").

The new ABL Credit Facility consists of a $50.0 million asset-based revolving line of credit, of which up to (i) $1.0 million may be used for Swing Line Loans (as defined in the new ABL Credit Agreement), and (ii) $13.0 million may be used for letters of credit. The new ABL Credit Facility matures on April 1, 2021. Advances under the new ABL Credit Facility bear interest at either: (a) the LIBOR Rate (as defined in the new ABL Credit Agreement), plus an applicable margin of 4.00%; or (b) the Base Rate (as defined in the ABL Credit Agreement), plus an applicable margin of 3.00%. The Company's ability to borrow under the new ABL Credit Facility is reduced by credit availability blocks, currently in the amount of $18.5 million, and the amount of outstanding letters of credit, approximately $13 million. As of March 30, 2020, the Company has $18.5 million available under the new ABL Credit Facility.

The obligations under the new ABL Credit Agreement are guaranteed by each of its domestic subsidiaries pursuant to a guaranty included in the new ABL Credit Agreement. As security for the Company's and its domestic subsidiaries' obligations under the new ABL Credit Agreement, each of the Company and its domestic subsidiaries have granted a first priority lien on substantially all its domestic subsidiaries' tangible and intangible personal property, including accounts receivable, equipment (including rolling stock and aircraft) and the capital stock of certain of the Company's direct and indirect subsidiaries.

The new ABL Credit Agreement contains a minimum fixed charge coverage ratio financial covenant that must be maintained when excess availability falls below a specified amount. In addition, the new ABL Credit Agreement contains negative covenants limiting, among other things, additional indebtedness, transactions with affiliates, additional liens, sales of assets, dividends, investments and advances, prepayments of debt, mergers and acquisitions, and other matters customarily restricted in such agreements. The new ABL Credit Agreement also contains customary events of default, including payment defaults, breaches of representations and warranties, covenant defaults, events of bankruptcy and insolvency, failure of any guaranty or security document supporting the new ABL Credit Agreement to be in full force and effect, and a change of control of the Company's business.

**CARES Act**

On March 27, 2020 the CARES Act, was signed into law.  The CARES Act includes several significant business tax provisions, that are available to the Company, that, among other things, would allow businesses to carry back net operating losses arising in 2018, 2019, and 2020 to the five prior tax years; defer the remittance to the government of the employee share of some payroll taxes, a temporary repeal of aviation excise taxes; and provide for acceleration of refunds of previously generated AMT credits.

# ROADRUNNER TRANSPORTATION SYSTEMS, INC.
# CONDENSED CONSOLIDATED BALANCE SHEETS
# UNAUDITED

*(in thousands)*

| | March 31, 2020 | December 31, 2019 | March 31, 2019 |
|---|---|---|---|
| **ASSETS** | | | |
| **CURRENT ASSETS:** | | | |
| Cash and cash equivalents | $ 21,047 | $ 4,777 | $ 3,739 |
| Accounts receivable, net | 184,291 | 207,980 | 245,231 |
| Income tax receivable | 16,974 | 2,861 | 3,180 |
| Prepaid expenses and other current assets | 32,944 | 40,463 | 53,791 |
| Current assets held for sale | — | 8,420 | 32,097 |
| Total current assets | 255,256 | 264,501 | 338,038 |
| **PROPERTY AND EQUIPMENT, NET** | 151,780 | 153,634 | 184,753 |
| **OTHER ASSETS:** | | | |
| Operating lease right-of-use-asset | 81,147 | 87,096 | 83,450 |
| Goodwill | 23,842 | 23,843 | 167,113 |
| Intangible assets, net | 24,254 | 25,336 | 38,916 |
| Other noncurrent assets | 4,631 | 4,851 | 5,397 |
| Noncurrent assets held for sale | — | 188,167 | 239,174 |
| Total other assets | 133,874 | 329,293 | 534,050 |
| **TOTAL ASSETS** | $ 540,910 | $ 747,428 | $ 1,056,841 |
| **LIABILITIES AND STOCKHOLDERS' INVESTMENT** | | | |
| **CURRENT LIABILITIES:** | | | |
| Current maturities of debt | $ 646 | $ 2,291 | $ 8,627 |
| Current maturities of indebtedness to related party | — | 9,234 | |
| Current finance lease liability | 15,212 | 15,599 | 17,305 |
| Current operating lease liability | 29,267 | 31,716 | 28,831 |
| Accounts payable | 94,993 | 121,984 | 135,441 |
| Accrued expenses and other liabilities | 67,266 | 75,842 | 98,645 |
| Current liabilities held for sale | — | 17,470 | 27,855 |
| Total current liabilities | 207,384 | 274,136 | 316,704 |
| Long-term debt, net of current maturities | 33 | 131,540 | 150,530 |
| Long-term indebtedness to related party | 67,209 | 61,695 | — |
| Long-term finance lease liability | 47,539 | 51,310 | 55,368 |
| Long-term operating lease liability | 62,574 | 67,496 | 56,512 |
| Other long-term liabilities | 1,507 | 78,544 | 58,476 |
| Deferred tax liabilities | 824 | 940 | 3,938 |
| Noncurrent liabilities held for sale | — | 25,935 | 54,861 |
| Total liabilities | 387,070 | 691,596 | 696,389 |
| **STOCKHOLDERS' INVESTMENT** | | | |
| Common stock | 379 | 379 | 376 |
| Additional paid-in capital | 855,691 | 853,804 | 844,489 |
| Retained deficit | (702,230) | (798,351) | (484,413) |
| Total stockholders' investment | 153,840 | 55,832 | 360,452 |
| **TOTAL LIABILITIES AND STOCKHOLDERS' INVESTMENT** | $ 540,910 | $ 747,428 | $ 1,056,841 |

**ROADRUNNER TRANSPORTATION SYSTEMS, INC.**
**CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS**
**UNAUDITED**
*(in thousands)*

| | Three Months Ended March 31, | |
|---|---|---|
| | **2020** | **2019** |
| **Revenues** | $ 329,207 | $ 435,202 |
| **Operating expenses:** | | |
| Purchased transportation costs | 241,494 | 304,487 |
| Personnel and related benefits | 61,083 | 68,274 |
| Other operating expenses | 67,301 | 73,167 |
| Depreciation and amortization | 10,943 | 13,787 |
| Operations restructuring costs | 6,683 | — |
| Impairment charges | 718 | 778 |
| Total operating expenses | 388,222 | 460,493 |
| **Operating income (loss)** | (59,015) | (25,291) |
| Interest expense | 5,507 | 3,851 |
| Loss from debt restructuring | 3,385 | 2,270 |
| **Income (loss) from continuing operations before income taxes** | (67,907) | (31,412) |
| Income taxes | (44,761) | (1,230) |
| **Income (loss) from continuing operations** | (23,146) | (30,182) |
| Discontinued operations, net of tax | 119,267 | 3,183 |
| **Net income (loss)** | $ 96,121 | $ (26,999) |

**ROADRUNNER TRANSPORTATION SYSTEMS, INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**
**UNAUDITED**
(*in thousands*)

| | Three Months Ended March 31, | |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | **2020** | **2019** |
| Net Income (loss) | $ 96,121 | $ (26,999) |
| Adjustments to reconcile net income (loss) to net cash (used in) operating activities: | | |
| Depreciation and amortization | 11,432 | 15,756 |
| Loss from debt restructuring | 3,385 | 2,720 |
| Loss on disposal of property and equipment | 686 | 37 |
| Gain on sale of business | (147,608) | — |
| Share-based compensation | 1,901 | 1,599 |
| Provision for (recovery of) bad debts | 1,275 | (19) |
| Deferred tax provision (benefit) | (116) | (15) |
| Impairment charges | 2,179 | 778 |
| Changes in: | | |
| Accounts receivable | 22,856 | 1,228 |
| Income taxes receivable | (14,113) | 730 |
| Prepaid expenses and other assets | 11,977 | 12,879 |
| Accounts payable | (26,086) | (12,811) |
| Accrued expenses and other liabilities | (8,946) | (9,355) |
| Net cash (used in) operating activities | (45,057) | (13,922) |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | |
| Capital expenditures | (11,378) | (8,553) |
| Proceeds from sale of property and equipment | 1,107 | 768 |
| Proceeds from sale of business | 224,228 | — |
| Net cash provided by (used in) investing activities | 213,957 | (7,785) |
| **CASH FLOW FROM FINANCING ACTIVITIES:** | | |
| Borrowing under revolving credit facilities | 46,386 | 504,478 |
| Payments under revolving credit facilities | (148,351) | (526,643) |
| Term debt borrowings | — | 52,218 |
| Term debt payments | (36,860) | (38,878) |
| Debt issuance costs | (365) | (2,005) |
| Payments of debt extinguishment costs | (1,278) | (693) |
| Preferred stock payments | — | (402,884) |
| Proceeds from issuance of common stock | — | 450,000 |
| Common stock issuance costs | — | (10,514) |
| Issuance of restricted stock units net of taxes paid | (14) | (8) |
| Payments of finance lease application | (4,485) | (3,980) |
| Payments on insurance premium financing | (7,663) | (5,951) |
| Net cash provided by (used in) financing activities | (152,630) | 15,140 |
| **NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS** | $ 16,270 | $ (6,567) |

| | | | | |
|---|---|---|---|---|
| **CASH AND CASH EQUIVALENTS** | | | | |
| Beginning of period | | 4,777 | | 11,179 |
| End of period | $ | 21,047 | $ | 4,612 |
| | | | | |
| **SUPPLEMENTAL CASH FLOW INFORMATION:** | | | | |
| Cash paid for interest | | 6,639 | | 3,567 |
| Cash (refunds from) income taxes, net | | (80) | | (698) |
| Non-cash finance leases and other obligations to acquire assets | | 311 | | 27,428 |
| Capital expenditures, not yet paid | | 1,430 | | 962 |
| Net cash provided by (used in) operating activities for discontinued operations | | (2,147) | | 1,457 |
| Net cash provided by (used in) operating activities for discontinued operations | | 223,153 | | (1,500) |
| Net cash provided by (used in) operating activities for discontinued operations | | (29) | | (127) |

**ASCENT GLOBAL LOGISTICS, INC.**
**UNAUDITED CONSOLIDATED BALANCE SHEETS**

*(in thousands)*

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| **ASSETS** | | |
| **CURRENT ASSETS:** | | |
| Cash and cash equivalents | $ 887 | $ 554 |
| Accounts receivable, net | 125,090 | 151,085 |
| Prepaid expenses and other current assets | 3,537 | 6,162 |
| Total current assets | 129,514 | 157,801 |
| **PROPERTY AND EQUIPMENT, NET** | 28,062 | 38,006 |
| **OTHER ASSETS:** | | |
| Right of use asset | 5,193 | — |
| Goodwill | 23,842 | 98,478 |
| Intangible assets, net | 24,809 | 28,943 |
| Other noncurrent assets | 175,628 | 149,098 |
| Total other assets | 229,472 | 276,519 |
| **TOTAL ASSETS** | $ 387,048 | $ 472,326 |
| **LIABILITIES AND STOCKHOLDERS' INVESTMENT** | | |
| **CURRENT LIABILITIES:** | | |
| Current finance lease liability | $ 153 | $ 782 |
| Current operating lease liability | 1,062 | — |
| Accounts payable | 85,460 | 100,217 |
| Accrued expenses and other liabilities | 9,277 | 13,432 |
| Total current liabilities | 95,952 | 114,431 |
| Long-term finance lease liability | — | 153 |
| Long-term operating lease liability | 4,152 | — |
| Total liabilities | 100,104 | 114,584 |
| Additional paid-in capital | 254,535 | 254,535 |
| Retained earnings | 32,409 | 103,207 |
| Total stockholders' investment | 286,944 | 357,742 |
| **TOTAL LIABILITIES AND STOCKHOLDERS' INVESTMENT** | $ 387,048 | $ 472,326 |

**ASCENT GLOBAL LOGISTICS, INC.**
**UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS**

*(in thousands)*

| | Year Ended December 31, | |
|---|---|---|
| | **2019** | **2018** |
| **Revenues** | $ 861,493 | $ 1,136,432 |
| **Operating expenses:** | | |
| Purchased transportation costs | 706,592 | 939,163 |
| Personnel and related benefits | 75,595 | 75,729 |
| Other operating expenses | 62,087 | 67,106 |
| Depreciation and amortization | 13,173 | 11,479 |
| Impairment charges | 74,636 | — |
| Total operating expenses | $ 932,083 | 1,093,477 |
| **Operating (loss) income** | (70,590) | 42,955 |
| Interest expense | 357 | 108 |
| (Loss) income before income taxes | (70,947) | 42,847 |
| (Benefit from) provision for income taxes | (149) | 131 |
| **Net (loss) income** | $ (70,798) | 42,716 |

**ASCENT GLOBAL LOGISTICS, INC.**
**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS**

*(in thousands)*

| | Year Ended December 31, | |
|---|---|---|
| | **2019** | **2018** |
| **Cash flows from operating activities** | | |
| Net (loss) income | $ (70,798) | $ 42,716 |
| Adjustments to reconcile net (loss) income to net cash provided by operating activities | | |
| Depreciation and amortization | 13,173 | 11,479 |
| Loss on disposal of property and equipment | 154 | 15 |
| (Recovery from) provision for bad debts | (108) | 1,393 |
| Impairment charges | 74,636 | — |
| Changes in: | | |
| Accounts receivable | 26,103 | 44,650 |
| Income tax receivable | — | 274 |
| Prepaid expenses and other assets | 4,247 | 918 |
| Accounts payable | (14,832) | (14,520) |
| Accrued expenses and other liabilities | (5,456) | (72,593) |
| Net cash provided by operating activities | 27,119 | 14,332 |
| **Cash flows from investing activities:** | | |
| Capital expenditures | (4,568) | (4,611) |
| Proceeds from sale of property and equipment | 88 | 3 |
| Net cash used in investing activities | (4,480) | (4,608) |
| **Cash flows from financing activities:** | | |
| Net payments to Roadrunner | (21,524) | (8,768) |
| Payments of finance lease obligation | (782) | (402) |
| Net cash used in financing activities | (22,306) | (9,170) |
| **Net increase in cash and cash equivalents** | 333 | 554 |
| **Cash and cash equivalents** | | |
| Beginning of period | 554 | — |
| End of period | $ 887 | $ 554 |

**ASCENT GLOBAL LOGISTICS, INC.**
**UNAUDITED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' INVESTMENT**

*(in thousands)*

| | Additional Paid-In-Capital | Retained Earnings | Total Stockholders' Investment |
|---|---|---|---|
| **Balance, December 31, 2017** | $ 254,535 | $ 60,648 | $ 315,183 |
| Cumulative effect of change in accounting principles | — | (157) | (157) |
| Net income | — | 42,716 | 42,716 |
| **Balance, December 31, 2018** | $ 254,535 | $ 103,207 | $ 357,742 |
| Net loss | — | (70,798) | (70,798) |
| **Balance, December 31, 2019** | $ 254,535 | $ 32,409 | $ 286,944 |

**ASCENT GLOBAL LOGISTICS, INC.**
**CONSOLIDATED BALANCE SHEETS**
**UNAUDITED**
(Dollars in thousands)

| | March 31, 2020 | December 31, 2019 | March 31, 2019 |
|---|---|---|---|
| **ASSETS** | | | |
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | $ — | $ 887 | $ 778 |
| Accounts receivable, net | 99,705 | 125,090 | 143,869 |
| Prepaid expenses and other current assets | 3,621 | 3,537 | 7,596 |
| Total current assets | 103,326 | 129,514 | 152,243 |
| **PROPERTY AND EQUIPMENT, NET** | 30,992 | 28,062 | 37,278 |
| **OTHER ASSETS:** | | | |
| Operating lease right-of-use-asset | 9,992 | 5,193 | 2,881 |
| Goodwill | 23,842 | 23,842 | 98,478 |
| Intangible assets, net | 23,775 | 24,809 | 27,910 |
| Other noncurrent assets | 177,499 | 175,628 | 156,950 |
| Total other assets | 235,108 | 229,472 | 286,219 |
| **TOTAL ASSETS** | $ 369,426 | $ 387,048 | $ 475,740 |
| **LIABILITIES AND STOCKHOLDERS' INVESTMENT** | | | |
| **CURRENT LIABILITIES** | | | |
| Current finance lease liability | $ 1,286 | $ 153 | $ 725 |
| Current operating lease liability | 2,535 | 1,062 | 1,121 |
| Accounts payable | 67,151 | 85,460 | 97,607 |
| Accrued expenses and other liabilities | 10,477 | 9,277 | 12,360 |
| Total current liabilities | 81,449 | 95,952 | 111,813 |
| Long-term finance lease liability | 2,390 | — | 79 |
| Long-term operating lease liability | 8,004 | 4,152 | 1,742 |
| Total liabilities | 91,843 | 100,104 | 113,634 |
| **STOCKHOLDERS' INVESTMENT** | | | |
| Additional paid-in capital | 254,535 | 524,535 | 254,535 |
| Retained earnings | 23,048 | 32,409 | 107,571 |
| Total stockholders' investment | 277,583 | 286,944 | 362,106 |
| **TOTAL LIABILITIES AND STOCKHOLDERS' INVESTMENT** | $ 369,426 | $ 387,048 | $ 475,740 |

**ASCENT GLOBAL LOGISTICS, INC.**
**CONSOLIDATED STATEMENTS OF OPERATIONS**
**UNAUDITED**
(Dollars in thousands)

| | Three Months Ended March 31, | |
|---|---|---|
| | **2020** | **2019** |
| **Revenues** | $ 178,966 | $ 247,422 |
| **Operating expenses:** | | |
| Purchased transportation costs | 151,770 | 204,412 |
| Personnel and related benefits | 17,901 | 19,865 |
| Other operating expenses | 15,218 | 15,365 |
| Depreciation and amortization | 3,394 | 3,311 |
| Total operating expenses | 188,283 | 242,953 |
| **Operating (loss) income** | (9,317) | 4,469 |
| Interest expense | 44 | 92 |
| **(Loss income before income taxes** | (9,361) | 4,377 |
| Income taxes | — | 13 |
| **Net (loss) income** | $ (9,361) | $ 4,364 |

**ASCENT GLOBAL LOGISTICS, INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**
**UNAUDITED**
(Dollars in thousands)

| | Three Months Ended March 31, | |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES:** | **2020** | **2019** |
| Net (loss) income | $ (9,361) | $ 4,364 |
| Adjustments to reconcile net (loss) income to net cash provided by operating activities: | | |
| Depreciation and amortization | 3,394 | 3,311 |
| Loss on disposal of property and equipment | 75 | — |
| Provision for (recovery of) bad debts | 19 | (25) |
| Changes in: | | |
| Accounts receivable | 25,366 | 7,241 |
| Prepaid expenses and other assets | 2,656 | (939) |
| Accounts payable | (18,242) | (2,624) |
| Accrued expenses and other liabilities | (1,381) | (1,400) |
| Net cash provided by operating activities: | 2,526 | 9,928 |
| **CASH FLOWS FROM INVESTING ACTIVITIES:** | | |
| Capital expenditures | (1,523) | (1,166) |
| Net cash used in investing activities | (1,523) | (1,166) |
| **CASH FLOWS FROM FINANCING ACTIVITIES:** | | |
| Net payments to Roadrunner | (1,785) | (8,407) |
| Payments of finance lease obligation | (105) | (131) |
| Net cash used in financing activities | (1,890) | (8,538) |
| **NET (DECREASE) INCREASE IN CASH AND CASH** | $ (887) | $ 224 |
| **CASH AND CASH EQUIVALENTS:** | | |
| Beginning of period | 887 | 554 |
| End of period | $ — | $ 778 |
| | | |
| **Supplemental cash flow information** | | |
| Cash paid for interest | 7 | 20 |
| Non-cash finance leases and other obligations to acquire assets | 311 | — |
| Capital expenditures, not yet paid | 36 | 42 |

**ASCENT GLOBAL LOGISTICS, INC.**
**CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' INVESTMENT**
**UNAUDITED**
(Dollars in thousands)

| | Additional Paid-In-Capital | Retained Earnings | Total Stockholders' Investment |
|---|---|---|---|
| **Balance, December 31, 2019** | $ 254,535 | $ 32,409 | $ 286,944 |
| Net income | — | (9,361) | (9,361) |
| **Balance, March 31, 2020** | $ 254,535 | $ 23,048 | $ 277,583 |

| | Additional Paid-In-Capital | Retained Earnings | Total Stockholders' Investment |
|---|---|---|---|
| **Balance, December 31, 2018** | $ 254,535 | $ 103,207 | $ 357,742 |
| Net income | — | 4,364 | 4,364 |
| **Balance, March 31, 2019** | $ 254,535 | $ 107,571 | $ 362,106 |