REGENERON PHARMACEUTICALS INC
Form 4
December 18, 2012

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
McCorkle Douglas S

(Last) (First) (Middle)

777 OLD SAW MILL RIVER ROAD

(Street)

TARRYTOWN, NY 10591

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
REGENERON PHARMACEUTICALS INC [REGN]

3. Date of Earliest Transaction (Month/Day/Year)
12/14/2012

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
VP Controller & Asst Treasurer

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	12/17/2012		M		4,000	A	$ 16.8	4,000	D	
Common Stock	12/17/2012		M (1)		800	A	$ 16.8	4,800	D	
Common Stock	12/17/2012		S (1)		800	D	$ 179.45 (2)	4,000	D	
Common Stock	12/17/2012		M (1)		200	A	$ 16.8	4,200	D	

Common Stock	12/17/2012		S(1)		200	D	$ 178.19 (3)	4,000	D	
Common Stock								4,008	I	By 401(k) Plan

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and An Underlying Sec (Instr. 3 and 4)
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title
Incentive Stock Option (right to buy)	$ 16.8	12/17/2012		M			4,000	(4)	12/17/2018	Common Stock
Incentive Stock Option (right to buy)	$ 16.8	12/17/2012		M(1)			800	(4)	12/17/2018	Common Stock
Incentive Stock Option (right to buy)	$ 16.8	12/17/2012		M(1)			200	(4)	12/17/2018	Common Stock
Non-Qualified Stock Option (right to buy)	$ 179.13	12/14/2012		A		26,000		(6)	12/14/2022	Common Stock

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
McCorkle Douglas S 777 OLD SAW MILL RIVER ROAD TARRYTOWN, NY 10591			VP Controller & Asst Treasurer	

Signatures

/s/**Douglas McCorkle	12/18/2012
**Signature of Reporting Person	Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- **(1)** Disposition/acquisition made pursuant to a plan intended to comply with Rule 10b5-1(c).
- **(2)** Represents volume-weighted average price of sales of 800 shares of Company stock on December 17, 2012 at prices ranging from $179.02 to $179.94. Upon request by the Commission staff, the Company, or a security holder of the Company, the reporting person will provide full information regarding the number of shares sold by the reporting person on December 17, 2012 at each separate price.
- **(3)** Represents volume-weighted average price of sales of 200 shares of Company stock on December 17, 2012 at prices ranging from $178.06 to $178.32. Upon request by the Commission staff, the Company, or a security holder of the Company, the reporting person will provide full information regarding the number of shares sold by the reporting person on December 17, 2012 at each separate price.
- **(4)** The stock option award (combined incentive stock option and non-qualified stock option) vests in four equal annual installments, commencing one year after the date of grant.
- **(5)** Exercisable date, exercise date, exercise price, purchase price, sales price, and/or expiration date is/are not applicable in this case.
- **(6)** The stock option award vests in four equal annual installments, commencing one year after the date of grant.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. ied public accountant with Crowe, Chizek and Company. Mr. Yoder received a Bachelor of Science in Industrial Management degree from Purdue University in 1979.

Mr. Yoder has three year employment agreement with the Company which provides for a base salary and potential annual performance bonuses.

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

Forward-Looking Statements. This Form 10-Q includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical facts, included or incorporated by reference in this Form 10-Q which address activities, events or developments that the Company expects or anticipates will or may occur in the future, including such things as future capital expenditures (including the amount and nature thereof), finding suitable merger or acquisition candidates, expansion and growth of the Company s business and operations, and other such matters are forward-looking statements. These statements are based on certain assumptions and analyses made by the Company in light of its experience and its perception of historical trends, current conditions and expected future developments as well as other factors it believes are appropriate in the circumstances.

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

Critical Accounting Policies

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions. In certain circumstances, those estimates and assumptions can affect amounts reported in the accompanying consolidated financial statements. We have made our best estimates and judgments of certain amounts included in the financial statements, giving due consideration to materiality. We do not believe there is a great likelihood that materially different amounts will be reported related to the accounting policies described below. However, application of these accounting policies involves the exercise of judgment and use of assumptions as to future uncertainties and, as a result, actual results could differ from these estimates. Note 1 of the Notes to Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2008, includes a summary of the significant accounting policies and methods used in the preparation of our consolidated financial statements. Following is a brief discussion of the changes that occurred during 2009 to the significant accounting policies and estimates disclosed in Note 1 of the Notes to Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2008. For the period ended September 30, 2009, there were no significant changes to our critical accounting policies.

New Pronouncements

Please refer to **Footnote 2- Recent Accounting Pronouncements** accompanying our financial statements in this report.

Executive Summary

Express-1 Expedited Solutions, Inc. (the Company, we, our and us), a Delaware corporation, is a transportation services organization focused upon premium logistics solutions provided through its non-asset based or asset-light operating units. The Company s operations are provided through three distinct but complementary reporting units, each with its own President. Our wholly owned subsidiaries include; Express-1, Inc. (Express-1), Concert Group Logistics, Inc. (Concert Group Logistics or CGL) and Bounce Logistics, Inc. (Bounce Logistics , or Bounce). These operating units are more fully outlined in the following table.

Business Unit	**Primary Office Location**	**Premium Industry Niche**	**Initial Date**
Express-1	Buchanan, Michigan	Expedited Transportation	August 2004
Concert Group Logistics	Downers Grove, Illinois	Freight Forwarding	January 2008
Bounce Logistics	South Bend, Indiana	Premium Truckload Brokerage	March 2008

Express-1 and Concert Group Logistics were both existing companies acquired as part of two separate acquisitions. Express-1, Inc. was formed in 1989, while Concert Group Logistics, LLC was formed in 2001. Bounce Logistics was a start-up operation formed in March 2008.

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Our business units serve a diverse client base within North America. Our Concert Group Logistics business unit also provides international freight forwarding services to customers within other regions of the world. Our premium services are focused on the needs of shippers for reliable same-day, time-critical, special handling, premium truckload brokerage or customized logistics solutions. We also provide aircraft charter services through third-party providers, in support of our customers critical shipments.

During the fourth quarter of 2008, the Company discontinued its Express-1 Dedicated business unit. The Company had operated this unit under the terms of a dedicated contract to supply transportation services to a domestic automotive manufacturer. The automotive manufacturer did not renew the contract and Express-1 Dedicated ceased operations in February of 2009. The financial results of this discontinued business unit for all reported periods are included as discontinued operations for reporting purposes.

Background

Historically, our revenue growth has been generated through two primary means:

Organic activity which is activity attributable to our existing operating segments, and

Acquisition activity which is activity attributable to mergers, acquisitions and start-up activities.

For the purposes of this report we refer to Express-1 and Concert Group Logistics as organic activity since both have mature operations for the periods compared in 2008 and 2009, while we are continuing to refer to Bounce Logistics as acquisition activity since the start-up of Bounce Logistics didn t occur until March of 2008.

Throughout our reports, we refer to the impact of fuel on our business. For purposes of these references, we have considered the impact of fuel surcharge revenues, and the related fuel surcharge expenses only as they relate to our Express-1 business unit. The expediting transportation industry commonly negotiates both fuel surcharges charged to its customers as well as fuel surcharges paid to its carriers. Therefore, we feel that this approach, most readily conveys the impact of fuel revenues, costs, and the resulting gross margin within this business unit.

Alternatively, within our other two units, Concert Group Logistics and Bounce Logistics, fuel charges to our customers are not commonly negotiated and identified separately from total revenue and the associated cost of transportation. We therefore, have not included an analysis of fuel surcharges for these two operating units. We believe this is a common practice within the freight forwarding and freight brokerage business sectors.

We often refer to the costs of our Board of Directors, our executive team and certain operating costs associated with operating as a public company as corporate charges. In addition to the aforementioned items, we also record items such as our income tax provision and other charges that are reported on a consolidated basis within the corporate line items of the following tables.

For the three months ended September 30, 2009 compared to the three months ended September 30, 2008

The following table is provided to allow users to visualize quarterly results within our major reporting classifications. The table does not replace the financial statements, notes thereto, or management discussion contained within this report on Form 10-Q. We encourage users to review these items for a more complete understanding of our financial position and results of operations.

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Express-1 Expedited Solutions, Inc.
Summary Financial Table
For the Three Months Ended September 30,
(Unaudited)

	Quarter to Date		Quarter to Quarter Change		Percent of Business Unit Revenue	
	2009	2008	In Dollars	In Percentage	2009	2008
Revenues						
Express-1	$ 14,704,000	$ 14,187,000	$ 517,000	3.6%	56.1%	45.6%
Concert Group Logisitcs	8,945,000	14,341,000	(5,396,000)	-37.6%	34.1%	46.1%
Bounce Logistics	3,077,000	3,013,000	64,000	2.1%	11.7%	9.7%
Intercompany eliminations	(515,000)	(424,000)	(91,000)	-21.5%	-1.9%	-1.4%
Total revenues	26,211,000	31,117,000	(4,906,000)	-15.8%	100.0%	100.0%
Direct expenses						
Express-1	11,430,000	10,840,000	590,000	5.4%	77.7%	76.4%
Concert Group Logisitcs	8,026,000	13,127,000	(5,101,000)	-38.9%	89.7%	91.5%
Bounce Logistics	2,541,000	2,621,000	(80,000)	-3.1%	82.6%	87.0%
Intercompany eliminations	(515,000)	(424,000)	(91,000)	-21.5%	100.0%	100.0%
Total direct expenses	21,482,000	26,164,000	(4,682,000)	-17.9%	82.0%	84.1%
Gross margin						
Express-1	3,274,000	3,347,000	(73,000)	-2.2%	22.3%	23.6%
Concert Group Logisitcs	919,000	1,214,000	(295,000)	-24.3%	10.3%	8.5%
Bounce Logistics	536,000	392,000	144,000	36.7%	17.4%	13.0%
Total gross margin	4,729,000	4,953,000	(224,000)	-4.5%	17.9%	15.9%
Selling, general & administrative						
Express-1	1,867,000	1,610,000	257,000	16.0%	12.7%	11.3%
Concert Group Logisitcs	632,000	714,000	(82,000)	-11.5%	7.1%	5.0%
Bounce Logistics	355,000	390,000	(35,000)	-9.0%	11.5%	12.9%
Corporate	430,000	434,000	(4,000)	-0.9%	1.6%	1.4%

Total selling, general & administrative	3,284,000	3,148,000	136,000	4.3%	12.4%	10.1%
Operating income from continuing operations						
Express-1	1,407,000	1,737,000	(330,000)	-19.0%	9.6%	12.2%
Concert Group Logisitcs	287,000	500,000	(213,000)	-42.6%	3.2%	3.5%
Bounce Logistics	181,000	2,000	179,000	8950.0%	5.9%	0.1%
Corporate	(430,000)	(434,000)	4,000	0.9%	-1.6%	-1.4%
Operating income from continuing operations	1,445,000	1,805,000	(360,000)	-19.9%	5.5%	5.8%
Interest expense	26,000	94,000	(68,000)	-72.3%	0.1%	0.3%
Other expense	19,000	21,000	(2,000)	-9.5%	0.1%	0.1%
Income from continuing operations before tax	1,400,000	1,690,000	(290,000)	-17.2%	5.3%	5.4%
Tax provision	599,000	672,000	(73,000)	-10.9%	2.3%	2.2%
Income from continuing operations	801,000	1,018,000	(217,000)	-21.3%	3.0%	3.3%
Income from discontinued operations, net of tax	10,000	134,000	(124,000)	-92.5%	0.0%	0.4%
Net income	$ 811,000	$ 1,152,000	$ (341,000)	-29.6%	3.1%	3.7%

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Consolidated Results

Although the current economic recession continues to hinder our growth, 2 of our 3 operating segments saw growth as compared to the 3rd quarter of 2008. Quarterly revenues increased by 4% for Express-1 and 2% for Bounce Logistics as compared to the same period in 2008. These gains were offset by Concert Group Logistics (CGL) 38% decrease in revenue and resulted in an overall reduction of 16%
company-wide for the current quarter as compared to the same quarter in 2008. We continue to believe that each operating segment is poised for growth in the 4th quarter of 2009. Historically, Express-1 has rebounded quickly from recessions as lower inventory levels and capacity shortages increase the demand for expedited services as the economy begins to recover. Additionally, Bounce which is still in a start-up growth mode has found it somewhat easier to regain traction as the economic recovery begins. Although CGL revenues were somewhat depressed in the 3rd quarter, we have seen signs of increased demand in the month of September and believe that these demands will increase as we enter the 4th quarter of 2009.

Direct expenses represent expenses attributable to freight transportation. During the third quarter of 2009, these expenses continued to maintain a direct relationship to our operating revenues. Our asset light operating model provides transportation capacity through variable cost transportation alternatives, and therefore enables us to control our operating costs as our volumes fluctuate. Our primary means of providing capacity are through our fleet of independent contractors and brokerage relationships. We view this operating model as a strategic advantage particularly in difficult economic times. Our overall gross margin increased to 18% for the third quarter of 2009 as compared to 16% for the third quarter of 2008 thanks in large part to improved brokerage margins at Bounce Logistics. We believe that this is also a positive sign for the economy as overall industry capacity shortages coupled with slight economic improvements have put upward pressure on margins.

Although, selling, general, and administrative (SG&A) expenses increased by $136,000 in the third quarter of 2009 compared to the same period in 2008, we are encouraged that as a percentage to total revenue our SG&A costs have dropped during the third quarter to 12% as compared to our year to date percentage of 14%. Additionally, 2 of our 3 operating units, CGL and Bounce Logistics have actually held costs for the quarter under 2008 levels. The overall increase on a quarter to quarter basis has resulted from:

- Operating costs incurred with the acquisition of First Class Expediting,
- Greater than expected health care cost associated with our self insured plan, and
- Additional labor costs associated with the pick-up of business at Express-1 in the third quarter of 2009.

We anticipate our SG&A percentage to revenue being further reduced as the economy improves and we gain additional efficiencies. Our ability to manage our SG&A costs will continue to be a critical component of our financial strategy.

We have reported all revenue and expenses, including income tax expense for Express-1 Dedicated as discontinued operations as the reporting unit lost its primary operating contract in the fourth quarter of 2008. Express-1 Dedicated disbanded all operations in February 2009 resulting in a gain of $10,000 in the third quarter of 2009 compared to a gain of $134,000 in the third quarter of 2008.

Net income for the quarter ended September 30, 2009, totaled $811,000 compared to $1,152,000 for the same quarter in 2008. The continued economic recession and related slowdown in demand for transportation services contributed to the reduction in overall profitability compared to 2008, however, we do anticipate continued profitability for the remainder of the year due to the Company s expense reductions and our belief that transportation volumes will continue to make a modest recovery for the remainder of the year.

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Express-1

Express-1 generated record quarterly revenues in the third quarter as revenue grew by 4% compared to the same period in 2008. As mentioned previously, Express-1 has historically rebounded quickly from recessions as the expediting industry in general is typically one of the first benefactors of a recovering economy. In addition, Express-1 s continued investment in sales has paid off handsomely as it has expanded its presence into other markets. Overall, Express-1 third quarter revenues increased by 46% as compared to revenues in the second quarter of 2009.

Fuel prices have declined resulting in a corresponding drop in fuel surcharge revenues in 2009. For the three month period ended September 30, 2009, fuel surcharge revenues represented only 10% of our revenue as compared to 20% in the same period in 2008. This is a favorable trend for Express-1 and the industry since fuel surcharge revenues are substantially passed through to our owner operators and don t flow to our margin or bottom line. The auto industry also showed increased activity during the quarter and represented 30% of our revenue in the 3rd quarter of 2009 vs. 27% of our revenue in the 3rd quarter of 2008.

The purchase of certain assets and operations of First Class Expediting Services, Inc. that occurred in January of 2009, also served to further diversify Express-1 s operations in the third quarter of 2009 as compared to 2008. This acquisition enabled the Company to enter a new geographic area specializing in short haul expedites. As a division of Express-1, First Class contributed $967,000 of revenue in the third quarter of 2009.

Express-1 s gross margin percentage was 22% for the third quarter of 2009 compared to 24% for the same quarter in 2008. In the face of a soft and competitive expediting market, our asset light model continues to perform well, by protecting its gross margin percentage. We believe that our margin percentage will increase slightly in the 4th quarter as the economy continues to improve and available trucking capacity tightens.

Although, selling, general, and administrative (SG&A) expenses increased by $257,000 in the third quarter of 2009 compared to the same period in 2008, we are encouraged that as a percentage to total revenue our SG&A costs have dropped during the third quarter to 12.7% as compared to our year to date percentage of 15.8%. The increase on a quarter to quarter basis has resulted from: 1) operating costs incurred with the acquisition of First Class, 2) greater than expected health care cost associated with our self insured plan, and 3) additional labor costs associated with the pick-up of business in the third quarter of 2009.

For the quarter ended September 30, 2009, Express-1 generated income from operations before tax of $1,407,000 compared to $1,737,000 in the same quarter in 2008. Management remains optimistic about the remainder of the year and is committed to avoiding long-term, low margin solutions that would jeopardize future profitability as the economy and Company recovers from the recession.

Concert Group Logistics (CGL)

Although CGL isn t dependent on any specific industry sector, it continues to feel the impact of the overall economic recession. Revenue for CGL was $8.9 million for the third quarter of 2009, compared to $14.3 million in the same period in 2008. Management continues to develop the international freight forwarding market with revenue derived from international shipments increasing from 23% of total revenue in the third quarter of 2008 to 30% for the third quarter of 2009.

On October 1, 2009, the Company completed the purchase of certain assets and liabilities of Tampa, Florida based LRG International, Inc. (LRG). LRG will become a reporting division of the Company s fully owned subsidiary, Concert Group Logistics. LRG s primary focus relates to international freight. We believe that this will create significant growth opportunities for CGL and all of Express-1 Expedited Solutions as we solidify our international freight capabilities. We anticipate this new division will generate approximately $1.7 million of revenue in the 4th quarter of 2009.

Direct expenses consist primarily of payments for purchased transportation in addition to payments to CGL s independent station owners who control the overall operation of the freight move. As a percentage of CGL revenue, direct expenses represented 90% for the third quarter of 2009 compared to 92% for the same quarter in 2008. This overall gain in efficiency resulted in CGL s gross margin percentage improving from 9% in the third quarter of 2008 to 10% in the same quarter in 2009. We believe that the improved margin will be sustainable for the remainder of the year.

Selling, general, and administrative expenses decreased in the third quarter of 2009 by $82,000 as compared to the same period in 2008. These savings are a direct result of the restructuring program adopted by the Company in the first quarter of 2009. Our savings for the quarter were partially offset by $65,000 of additional expense related to severance payments accrued for the departure of a company executive.

For the quarter ended September 30, 2009, Concert Group Logistics generated income from operations before tax of $287,000 representing a decrease of 43% from the comparable prior period. This is due primarily to the reduction in volume resulting from the economic recession. We are optimistic that with the addition of LRG, continued tight controls on operating expenses, and an improving overall economy we will be able to improve our bottom line in the 4th quarter of 2009.

Management continues to focus on the expansion of its independent station network, and is actively pursuing strategic opportunities. As of September 30, 2009, the Company maintained a network of 26 independent station owners as compared to 25 network stations as of September 30, 2008.

Bounce Logistics

Bounce continues to mature as we have completed its 7th quarter of existence since our inception. It is important to keep in mind that operating results and any comparisons between the years should factor in the start-up nature of the Company in 2008.

Bounce continues to gain traction in the brokerage industry. Revenues for the third quarter of 2009 increased by $64,000 or 2% compared to the same quarter in 2008. Additionally, Bounce has been able to improve its gross margin percentage by developing a more competitive carrier network which has resulted in a gross margin percentage of 17% in the third quarter of 2009 compared to a 13% margin percentage in the same period in 2008. We believe that this margin is sustainable and represents a margin percentage that is more in line with a more mature brokerage operation.

Selling, general, and administrative expenses decreased by $35,000 in the third quarter of 2009 compared to the same period in 2008. The decrease on a quarter to quarter basis has resulted from cost adjustments made in the first quarter along with efficiencies gained with a more mature business model.

The above items have resulted in Bounce generating operating income of $181,000 in the third quarter of 2009 compared to $2,000 in the same period in 2008. Management continues to be optimistic regarding the future growth and profitability potential of Bounce moving forward in the 4th quarter of 2009.

Corporate

Corporate costs for the third quarter of 2009 decreased as compared to the same quarter in 2008 by $4,000. Cost reductions made in the first quarter have been offset by costs associated with increased efforts to identify potential acquisition candidates that will complement our existing operation. Additional costs in the third quarter of 2009 have also been incurred in relation to fees associated with our initial Sarbanes Oxley audit.

For the nine months ended September 30, 2009 compared to the nine months ended September 30, 2008

The following table is provided to allow users to visualize year-to-date results within our major reporting classifications. The table does not replace the financial statements, notes thereto, or management discussion contained within this report on Form 10-Q. We encourage users to review these items for a more complete understanding of our financial position and results of operations.

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Express-1 Expedited Solutions, Inc.
Summary Financial Table
For the Nine Months Ended September 30,
(Unaudited)

	Year to Date		Year to Year Change		Percent of Business Unit Revenue	
	2009	2008	In Dollars	In Percentage	2009	2008
Revenues						
Express-1	$ 33,682,000	$ 41,964,000	$ (8,282,000)	-19.7%	49.0%	49.7%
Concert Group Logisitcs	28,739,000	39,304,000	(10,565,000)	-26.9%	41.8%	46.5%
Bounce Logistics	7,089,000	4,241,000	2,848,000	67.2%	10.3%	5.0%
Intercompany eliminations	(984,000)	(1,001,000)	17,000	1.7%	-1.4%	-1.2%
Total revenues	68,526,000	84,508,000	(15,982,000)	-18.9%	100.0%	100.0%
Direct expenses						
Express-1	26,099,000	32,145,000	(6,046,000)	-18.8%	77.5%	76.6%
Concert Group Logisitcs	25,952,000	35,843,000	(9,891,000)	-27.6%	90.3%	91.2%
Bounce Logistics	5,877,000	3,708,000	2,169,000	58.5%	82.9%	87.4%
Intercompany eliminations	(984,000)	(1,001,000)	17,000	1.7%	100.0%	100.0%
Total direct expenses	56,944,000	70,695,000	(13,751,000)	-19.5%	83.1%	83.7%
Gross margin						
Express-1	7,583,000	9,819,000	(2,236,000)	-22.8%	22.5%	23.4%
Concert Group Logisitcs	2,787,000	3,461,000	(674,000)	-19.5%	9.7%	8.8%
Bounce Logistics	1,212,000	533,000	679,000	127.4%	17.1%	12.6%
Total gross margin	11,582,000	13,813,000	(2,231,000)	-16.2%	16.8%	16.3%
Selling, general & administrative						
Express-1	5,319,000	5,388,000	(69,000)	-1.3%	15.8%	12.8%
Concert Group Logisitcs	1,949,000	2,322,000	(373,000)	-16.1%	6.8%	5.9%
Bounce Logistics	904,000	724,000	180,000	24.9%	12.8%	17.1%
Corporate	1,361,000	1,253,000	108,000	8.6%	2.0%	1.5%

Total selling, general & administrative	9,533,000	9,687,000	(154,000)	-1.6%	13.9%	11.5%
Operating income from continuing operations						
Express-1	2,264,000	4,431,000	(2,167,000)	-48.9%	6.7%	10.6%
Concert Group Logisitcs	838,000	1,139,000	(301,000)	-26.4%	2.9%	2.9%
Bounce Logistics	308,000	(191,000)	499,000	261.3%	4.3%	-4.5%
Corporate	(1,361,000)	(1,253,000)	(108,000)	-8.6%	-2.0%	-1.5%
Operating income from continuing operations	2,049,000	4,126,000	(2,077,000)	-50.3%	3.0%	4.9%
Interest expense	74,000	273,000	(199,000)	-72.9%	0.1%	0.3%
Other expense	28,000	36,000	(8,000)	-22.2%	0.0%	0.0%
Income from continuing operations before tax	1,947,000	3,817,000	(1,870,000)	-49.0%	2.8%	4.5%
Tax provision	858,000	1,528,000	(670,000)	-43.8%	1.2%	1.8%
Income from continuing operations	1,089,000	2,289,000	(1,200,000)	-52.4%	1.6%	2.7%
Income from discontinued operations, net of tax	15,000	280,000	(265,000)	-94.6%	0.0%	0.3%
Net income	$ 1,104,000	$ 2,569,000	$ (1,465,000)	-57.0%	1.6%	3.0%

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Consolidated Results

On a year to date basis the economic recession continues to be the overriding factor that has resulted in the Company s operating revenue decrease. On a comparative basis, the Company recorded an overall reduction of revenue of 19% for the first nine months of 2009 compared to the same period in 2008. Organic revenues generated by Express-1 and CGL declined by $19 million (23%) while Bounce generated acquisition revenue increases of $2.8 million in the first nine months of 2009 compared to the same period in 2008. Moving forward in 2009, the Company believes that with the turnaround at Express-1 in the 3rd quarter and the addition of the LRG station at CGL, fourth quarter revenues should show an overall improvement as compared with 2008.

Direct expenses represent expenses attributable to freight transportation. During the third quarter of 2009, these expenses continued to decrease in direct relationship to our operating revenues. Our asset light operating model provides transportation capacity through variable cost transportation alternatives, and therefore enables us to control our operating costs as our volumes fluctuate. Our primary means of providing capacity are through our fleet of independent contractors and brokerage relationships. We view this operating model as a strategic advantage particularly in continued difficult economic times. Our overall gross margin increased to 17% for the nine month period ended September 30, 2009 as compared to 16% for the same period in 2008. We believe that our margin percentage will increase slightly in the 4th quarter as the economy continues to improve and available trucking capacity tightens.

Selling, general, and administrative expenses decreased by $154,000 in 2009 versus the same period in 2008. The decrease was primarily attributable to the following adjustments which were implemented during the first nine months of 2009:

- Reduction of staff.
- Reduction of hours for certain staff.
- Salary and wage freeze for all employees.
- Salary reduction for Senior Management and other selected employees.
- Elimination of Employee Benefit Plans such as the: Bonus Plan, 401(K) match, and ESOP contributions.
- Reduction of compensation paid to the Board of Directors.
- Reduction of travel and entertainment activities.

We have reported all revenue and expenses, including income tax expense for Express-1 Dedicated as discontinued operations as the reporting unit lost its primary operating contract in the fourth quarter of 2008. Express-1 Dedicated disbanded all operations in February 2009 resulting in income of $15,000 for the first nine months of 2009 compared to income of $280,000 for the same period in 2008. Management doesn t expect any additional material financial activity from this business unit for the remainder of 2009.

Net income for the nine months period ended September 30, 2009 was $1,104,000 as compared to $2,569,000 for the nine months ended September 30, 2008. Despite the year over year decline, the Company is cautiously optimistic that volumes will increase modestly and that expenses can be held at their current levels resulting in profitable operations for the remainder of 2009.

Express-1

Our Express-1 business unit experienced a 20% decrease in operating revenue during the first three quarters of 2009 compared to the first three quarters of 2008. Approximately 56% of the decrease in revenue relates to lower fuel surcharge revenues. Although this resulted in a revenue loss, it also resulted in a corresponding reduction in fuel costs paid to owner operators, and overall is viewed as a positive trend for the industry and our Company. We anticipate modest overall revenue growth in the fourth quarter while maintaining this fuel surcharge trend.

The current restructuring of the automobile industry and the related transportation volume reductions have caused Express-1 to become less reliant on the automobile industry during 2009. Direct automotive industry business represented 31% of our business during the first nine months of 2008 and now represents only 26% in the same period of 2009. This represents quite a shift for the company particularly when considering the 2009 percentage includes First Class Expediting which was added during the year and handles primarily automotive business. Of course, this has been a painful process and has required Express-1 to adjust its operating costs to account for the volume reductions; however, we believe that Express-1 is now coming out of this transition as a more balanced company that has less exposure to any one industry. Other industries or sectors that are currently making up a larger percentage of our business include: home appliance, aerospace, printing, and international freight. Additionally, management continues to diversify our customer mix by contracting business through third party logistics firms that represent a wide array of industries. We have experienced a slight improvement in our automotive business in the 3rd quarter and anticipate this trend to continue for the remainder of the year.

The purchase of certain assets and operations of First Class Expediting Services, Inc. that occurred in January of 2009, also served to further diversify Express-1 s operations in the first nine months of 2009. This enabled the Company to enter a new geographic area specializing in short haul expedites. As a division of Express-1, First Class has contributed $2.0 million of revenue in the first nine months of 2009.

Express-1 s gross margin percentage remained at 23% for the first nine months of 2009 compared to the same period in 2008. In the face of a soft and competitive expediting market, our asset light model continues to perform well, by protecting its gross margin percentage. We believe that our margin percentage will increase slightly in the 4th quarter as the economy continues to improve and available trucking capacity tightens.

Selling, general, and administrative expenses decreased by $69,000 for the first nine months of 2009 compared to the same period in 2008. We believe this represents the company s ability to not only manage its variable costs, but also its fixed costs and subsequently its bottom line. Express-1 will continue to efficiently manage operations and look for ways to further reduce costs without sacrificing customer service. Although costs have increased more recently with Express-1 s increased business, we believe that our overall SG&A percentage to revenue will decrease for the remainder of the year.

For the first nine months ended September 30, 2009, Express-1 generated income from operations before tax of $2,264,000 compared to $4,431,000 in the same quarter in 2008. Management continues to be optimistic about the remainder of the year and is committed to avoiding long-term, low margin solutions that would jeopardize future profitability as the economy and Company recovers from the recession. We believe that this will result in profitability that is more in line with historical levels for the remainder of the year.

Concert Group Logistics (CGL)

Concert Group Logistics generated revenue of $28.7 million for the first nine months of 2009 which accounted for 42% of our consolidated revenue. CGL continues to develop its international freight forwarding markets with revenue derived for international shipments increasing from 23% in the nine months ended September 30, 2008 to 28% in the comparable period in 2009. Management continues to emphasize its strategic focus on diversification of domestic and international transportation services offerings within its independent station network.

On October 1, 2009, the Company completed the purchase of certain assets and liabilities of Tampa, Florida based LRG International, Inc. (LRG). LRG will become a reporting division of the Company s fully owned subsidiary, Concert Group Logistics. LRG s primary focus relates to international freight. We believe that this will create significant growth opportunities for CGL and all of Express-1 Expedited Solutions as we solidify our international freight capabilities. We anticipate this new division will generate approximately $1.7 million of revenue in the 4th quarter of 2009.

Direct expenses consist primarily of payments for purchased transportation in addition to payments to CGL s independent station owners who control the overall operation of the freight move. As a percentage of CGL revenue, direct expenses represented 90% for the first nine months of 2009 compared to 91% for the same period in 2008. This resulted in CGL s gross margin percentage increasing to 10% for the first nine months of 2009 compared to 9% for the same period in 2008. We believe that the improved margin will be sustainable for the remainder of the year.

Selling, general, and administrative expenses decreased in the first nine months of 2009 by $373,000 as compared to the same period in 2008. These savings are a direct result of the restructuring program adopted by the Company in the first quarter of 2009. Our annual savings have been partially offset by $65,000 of additional expense related to severance payments accrued for the departure of a company executive.

For the nine months ended September 30, 2009, Concert Group Logistics generated income from operations before tax of $838,000 representing a decrease of 26% from the comparable prior period. This is due in large part to the reduction in volume resulting from the economic recession. We are optimistic that with the addition of LRG, continued tight controls on operating expenses, and an improving overall economy we will be able to improve our bottom line in the 4th quarter of 2009.

Management continues to focus on the expansion of its independent station network, and is actively pursuing strategic opportunities. As of September 30, 2009, the Company maintained a network of 26 independent station owners as compared to 25 network stations as of September 30, 2008.

Bounce Logistics

Bounce continues to mature as it has completed its 7th quarter of existence. It is important to keep in mind that operating results and any comparisons between the years should factor in the start-up nature of the Company in 2008.

Bounce continues to gain traction in the brokerage industry. Revenues for the first nine months of 2009 increased by $2.8 million or 67% compared to the same period in 2008. Additionally, Bounce has been able to improve its gross margin percentage by developing a more competitive carrier network which has resulted in a gross margin percentage of 17% for the first nine months of 2009 compared to a 13% margin percentage in the same period in 2008. We believe that this margin is sustainable and represents a margin % that is more in line with a more mature brokerage operation.

Selling, general, and administrative expenses increased by $180,000 in the third quarter of 2009 compared to the same period in 2008. This increase is due primarily from the fact that Bounce was a start up operation in 2008 and represents only 7 months of operations. Moving forward we believe that the cost adjustments made in the first quarter along with efficiencies gained with a more mature business model will continue.

The above items have resulted in Bounce generating operating income before tax of $308,000 for the first nine months of 2009 compared to operating losses before tax of $191,000 in the same period in 2008. Management continues to be optimistic regarding the future growth and profitability potential of Bounce for the remainder of 2009.

Corporate

Corporate costs for the first nine months of 2009 exceeded costs for the same period in 2008 by $108,000. In 2009, the Company has increased its efforts and its related cost to identify potential acquisition candidates that might complement our existing operation. Additional costs in 2009 have also been incurred in relation to fees associated with our initial audit of Concert Group Logistics in addition to initial audit work performed related to the Sarbanes Oxley Act. Additionally, a portion of this increase represents costs incurred due to the set up of the corporate office in St. Joseph, MI that didn t exist in 2008.

Liquidity and Capital Resources

General

During the first nine months of 2009, the Company used $1.1 million in cash to pay the final earnout payment to the former owners of Concert Group Logistics, $250,000 was used to purchase certain assets and related liabilities of First Class Expediting Services, Inc., and $946,000 was used to pay off term debt. These transactions were primarily funded through a net draw on the Company s line of credit.

As of September 30, 2009, we had $2.3 million of working capital with associated cash of $683,000 compared with working capital of $4.4 million and cash of $1.1 million as of December 31, 2008. This represents a decrease of $2.1 million which resulted primarily from our line of credit being reclassified from a long term liability to a current liability based on its maturity date of May 31, 2010.

Cash Flow

During the nine months ended September 30, 2009, $884,000 in cash was used in operations. The primary use of cash was an increase in accounts receivable of $3.5 million, a decrease in accounts payable of $1.1 million and a decrease in other liabilities of $87,000. The primary source of cash for the nine month period was an increase of $1.1 million in accrued expenses. During the same period in 2008, $1.5 million was generated from operating activities. Net income of $2.6 million and increases of $2.0 million in

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accrued expenses and other liabilities were the primary sources of income while an increase in accounts receivable was the primary use of cash totaling $5.2 million.

Investing activities required approximately $1.4 million during the nine months ended September 30, 2009. During this period, cash was used to: 1) satisfy earn-out payments of $1.1 million to the former owners of Concert Group Logistics, LLC (CGL) and, 2) purchase $250,000 in net assets related to the purchase of First Class Expediting Service, LLC in January of 2009. During the same period in 2008, we: 1) satisfied an earn out payment related to the Express-1 and Dasher Express acquisitions in the amount of $2.2 million, 2) purchased CGL for $8.5 million, and 3) purchased fixed assets of $1.0 million.

Financing activities generated approximately $1.9 million for the nine months ended September 30, 2009, which were derived primarily from net draws on the company s line of credit. Additionally, $946,000 in payments on the Company s debt was made during the period. During the same period in 2008, net cash in the amount of $8.2 million from the Company s line of credit was received which was used primarily to fund the purchase of CGL. Additionally, the Company borrowed $3.6 million of term debt to complete the funding of the CGL purchase.

Line of Credit

To ensure that our Company has adequate near-term liquidity, we entered into a new credit facility with National City Bank in January, 2008. This $14.6 million facility provides for a receivables based line of credit of up to $11.0 million and a term debt component of $3.6 million. The Company may draw upon the receivables based line of credit the lesser of $11.0 million or 80% of eligible accounts receivable, less amounts outstanding under letters of credit. To fund the Concert Group Logistics, LLC purchase, the Company drew $3.6 million on the term facility and $5.4 million on the receivables based line of credit. Substantially all the assets of our Company and wholly owned subsidiaries (Express-1, Inc., Concert Group Logistics, Inc. and Bounce Logistics, Inc.) are pledged as collateral securing our performance under the line. The credit facility bears interest based upon a spread above thirty-day LIBOR with an initial increment of 125 basis points above thirty-day LIBOR for the receivables line and 150 basis points above thirty-day LIBOR for the term portion. The term loan is payable over a thirty-six month period and requires that monthly principal payments of $100,000 together with accrued interest be paid until retired. As of September 30, 2009, the weighted average rate of interest on the credit facility was approximately 1.57% and rates are adjusted monthly.

The line carries certain covenants related to the Company s financial performance. Included among the covenants are a fixed charge coverage ratio and a total funded debt to earnings before interest and taxes, plus depreciation and amortization ratio. As of September 30, 2009, the Company was in compliance with all terms under the credit facility and no events of default existed under the terms of this agreement.

We had outstanding standby letters of credit at September 30, 2009 of $335,000, related to insurance policies either continuing in force or recently canceled. Amounts outstanding for letters of credit reduce the amount available under our line of credit, dollar-for-dollar.

Available capacity in excess of outstanding borrowings under the line was approximately $5.5 million as limited by 80% of the Company s eligible receivables as of September 30, 2009. The credit facility carries a maturity date of May 31, 2010. The Company has changed the classification of the line of credit from a long-term liability to a current liability during the current quarter based on its maturity date.

Subsequent to the balance sheet date on October 1st, the Company purchased certain assets and liabilities of LRG International and paid the former owners $2 million dollars which was financed through a draw on the Company s line of credit. We believe that the credit facility provides adequate capacity to fund our operations, when combined with our anticipated cash generated from operations for the foreseeable future. In the event our operating performance deteriorates, we might find it necessary to seek additional funding sources in the future.

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Options and Warrants

The following schedule represents those options that the Company has outstanding as of September 30, 2009. The schedule also segregates the options by expiration date and exercise price to better identify their potential for exercise. Additionally, the total approximate potential proceeds by year have been identified.

During the nine month period ended September 30, 2009, 2,252,000 warrants expired unexercised, and currently there are no outstanding warrants.

	Exercise pricing					Total Outstanding Options	Approximate Potential Proceeds
	.50-.75	**.76-1.00**	**1.01-1.25**	**1.26-1.50**	**1.51 >**		
Option Expiration Dates							
2009			10,000		23,000	33,000	$ 52,000
2010			600,000			600,000	750,000
2011			125,000			125,000	130,000
2014		50,000		500,000		550,000	769,000
2015	500,000		200,000			700,000	603,000
2016		50,000	125,000	100,000		275,000	314,000
2017			50,000	322,000		372,000	518,000
2018		290,000	105,000			395,000	390,000
2019	25,000	75,000	25,000			125,000	112,000
Total Options	525,000	465,000	1,240,000	922,000	23,000	3,175,000	$ 3,638,000

Contractual Obligations

The following table reflects all contractual obligations of our Company as of September 30, 2009.

		Payments Due by Period			
Contractual Obligations	**Total**	**Less than 1 Year**	**1 to 3 Years**	**3 to 5 Years**	**More than 5 Years**
Term notes payable	$ 1,700,000	$ 1,200,000	$ 500,000	$	$
Capital leases payable	30,000	14,000	16,000		
Total note payable and capital leases	1,730,000	1,214,000	516,000		
Line of credit	5,116,000	5,116,000			
Operating leases	431,000	160,000	230,000	41,000	
Real estate commitments	639,000	235,000	377,000	27,000	
Employment contracts	1,993,000	1,015,000	978,000		
Total contractual cash obligations	$ 9,909,000	$ 7,740,000	$ 2,101,000	$ 68,000	$

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

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

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Interest Rate Risk

We have interest rate risk, as borrowings under our credit facility are based on variable market interest rates. As of September 30, 2009, we had $6.8 million of variable rate debt outstanding under our credit facility. As of this date, the weighted average variable interest rate on these obligations was 1.57%. A hypothetical 10% increase in our credit facility s weighted-average interest rate for the three months ended September 30, 2009, would correspondingly decrease our earnings and operating cash flows by approximately $2,000 in the period or $8,000 annually.

Intangible Asset Risk

We have a substantial amount of intangible assets and are required to perform goodwill impairment tests annually or whenever events or circumstances indicate that the carrying value may not be recoverable from estimated future cash flows. As a result of our periodic evaluations, we may determine that the intangible asset values need to be written down to their fair values, which could result in material charges that could be adverse to our operating results and financial position. Although at September 30, 2009, we believed our intangible assets were recoverable, changes in the economy, the business in which we operate and our own relative performance could change the assumptions used to evaluate intangible asset recoverability. We continue to monitor those assumptions and their effect on the estimated recoverability of our intangible assets.

Equity Price Risk

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

Commodity Price Risk

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

Item 4. *Controls and Procedures.*

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

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

PART II OTHER INFORMATION

Item 1. *Legal Proceedings.*

From time-to-time, the Company is involved in various civil actions as part of its normal course of business. The Company is not a party to any litigation that is material to ongoing operations as defined in Item 103 of Regulation S-K as of the period ended September 30, 2009.

Item 1A. *Risk Factors.*

Refer to Item 1A of our annual report (Form 10K) for the year ended December 31, 2008, under the caption RISK FACTORS for specific details on factors and events that are not within our control and could affect our financial results.

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

No unregistered equity securities were sold in the current reporting period.

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

The Company s line of credit contains various covenants pertaining to the maintenance of certain financial ratios. As of September 30, 2009, the Company was in compliance with the ratios required under its revolving credit agreement. No events of default exist on the credit facility as of the filing date.

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

None

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

None

Item 6. Exhibits

Exhibit No.	Description
31.1	Certification of the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (This exhibit shall not be deemed filed for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section. Further, this exhibit shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.)
32.2	Certification of the Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. (This exhibit shall not be deemed filed for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liability of that section. Further, this exhibit shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.)

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SIGNATURES

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

Express-1 Expedited Solutions, Inc.

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

/s/ David G. Yoder
David G. Yoder
Chief Financial Officer

Date: November 9, 2009

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Exhibit Index

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