

BlueLinx Holdings Inc.
Form DEF 14A
April 14, 2006

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
SCHEDULE 14A
PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES
EXCHANGE ACT OF 1934 (Amendment No.)**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

BLUELINX HOLDINGS INC.

(Name of Registrant as Specified In Its Charter)
N/A

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.
 - 1) Title of each class of securities to which transaction applies:
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 - 1) Amount Previously Paid:
 - 2) Form, Schedule or Registration Statement No.:
 - 3) Filing Party:

4) Date Filed:

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**BlueLinx Holdings Inc.
4300 Wildwood Parkway
Atlanta, Georgia 30339**

April 14, 2006

Dear Stockholder:

I am pleased to invite you to the 2006 Annual Meeting of Stockholders of BlueLinx Holdings Inc. The meeting will be held at our headquarters at 4300 Wildwood Parkway, Atlanta, Georgia 30339 on Friday, May 12, 2006 at 2:00 p.m. Eastern Daylight Savings Time. The matters to be voted upon at the meeting are listed in the accompanying notice of the Annual Meeting, and are described in more detail in the accompanying proxy statement and proxy card. Whether or not you plan to attend the Annual Meeting, please complete, date, sign and mail promptly the enclosed proxy card in the envelope provided to ensure that your vote will be counted. If you attend the meeting, you will, of course, have the right to revoke the proxy and vote your shares in person.

On behalf of the Board of Directors, management and employees of BlueLinx, I extend our appreciation for your continued support and look forward to meeting with you.

Very truly yours,

Stephen E. Macadam
Chief Executive Officer

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**BLUELINX HOLDINGS INC.
NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

To Our Stockholders:

NOTICE IS HEREBY GIVEN that the 2006 Annual Meeting of Stockholders of BlueLinx Holdings Inc. will be held at our headquarters at 4300 Wildwood Parkway, Atlanta, Georgia 30339 on Friday, May 12, 2006 at 2:00 p.m. Eastern Daylight Savings Time, for the following purposes:

1. to elect ten directors to hold office until the 2007 annual meeting of stockholders or until their successors are duly elected and qualified;
2. to consider and vote upon the approval of the BlueLinx Holdings Inc. 2006 Long-Term Equity Incentive Plan;
3. to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for fiscal year 2006; and
4. to transact such other business as may properly come before the meeting and any adjournment or postponement thereof.

Stockholders of record at the close of business on March 24, 2006 will be entitled to notice of and to vote at the meeting or any postponements or adjournments of the meeting.

The Board of Directors unanimously recommends voting **FOR** the above proposals.

Whether or not you expect to be present in person at the meeting, please sign and date the accompanying proxy and return it promptly in the enclosed postage-paid reply envelope. This will assist us in preparing for the meeting.

By Order of the Board of Directors,

Barbara V. Tinsley,
Secretary

April 14, 2006
Atlanta, Georgia

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The enclosed proxy is being solicited by the Board of Directors of BlueLinx Holdings Inc. (BlueLinx, us, we, ou or the Company) for the 2006 Annual Meeting of Stockholders or any postponement or adjournment of the meeting, for the purposes set forth in the accompanying Notice of Annual Meeting of Stockholders.

Copies of this proxy statement, the form of proxy and the annual report will be mailed to stockholders on or about April 14, 2006. The proxy statement and annual report are also available on the Company s web site at www.bluelinxco.com.

Attending the Annual Meeting

The annual meeting will be held at our headquarters at 4300 Wildwood Parkway, Atlanta, Georgia 30339 on Friday, May 12, 2006 at 2:00 p.m. Eastern Daylight Savings Time. Holders of our common stock as of the close of business on March 24, 2006 will be entitled to attend and vote at the meeting.

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**BLUELINX HOLDINGS INC.
4300 Wildwood Parkway
Atlanta, Georgia 30339
770-953-7000
GENERAL INFORMATION**

Why did I receive this proxy statement?

This proxy statement is furnished in connection with the solicitation of proxies on behalf of our Board of Directors (the Board) to be voted at the annual meeting of our stockholders to be held on May 12, 2006, and any adjournment thereof, for the purposes set forth in the accompanying Notice of Annual Meeting of Stockholders. The meeting will be held at our headquarters, 4300 Wildwood Parkway, Atlanta, Georgia 30339, on Friday, May 12, 2006 at 2:00 p.m. Eastern Daylight Saving Time. This proxy statement and accompanying form of proxy are being first sent or given to our stockholders on or about April 14, 2006. Our annual report on Form 10-K for the year ended December 31, 2005 accompanies this proxy statement.

Who is soliciting my vote?

Our Board is soliciting your vote at the 2006 Annual Meeting of BlueLinx Stockholders.

Who is entitled to vote?

Only our stockholders of record at the close of business on March 24, 2006, the Record Date, are entitled to receive notice of the meeting, attend the meeting and to vote the shares of our common stock that they held on that date at the meeting, or any adjournment thereof. Each outstanding share that you own as of the Record Date entitles you to cast one vote on each matter to be voted upon.

Who can attend the meeting?

All stockholders of record as of the close of business on the Record Date, or their duly appointed proxies, may attend the meeting. Each stockholder may be asked to present valid picture identification, such as a driver's license or passport.

Please note that if you hold your shares in street name (that is, through a broker or other nominee), you will need to bring a copy of a brokerage statement reflecting your stock ownership as of the Record Date. If you are a stockholder of record, your name will appear on our stockholder list.

What will I vote on?

Three items:

the election of ten directors to our Board;

the approval of the BlueLinx Holdings Inc. 2006 Long-Term Equity Incentive Plan; and

the ratification of Ernst & Young LLP as our independent registered public accounting firm for fiscal year 2006.

Will there be any other items of business on the agenda?

We do not expect any other items of business at the meeting. Nonetheless, if there is an unforeseen matter raised, your proxy will give discretionary authority to the persons named on the proxy to vote on any other matters that may be brought before the meeting. These persons will use their best judgment in voting your proxy.

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

The presence at the meeting, in person or by proxy, of the holders of a majority of the shares of our common stock outstanding on the Record Date will constitute a quorum, permitting business to be conducted at the meeting. As of the Record Date, we had 30,648,449 shares of common stock outstanding. Proxies received but marked as abstentions and broker non-votes will be included in the calculation of the number of shares considered to be present at the meeting. A broker non-vote occurs when a nominee holding shares for a beneficial owner does not vote on a particular proposal because the nominee does not have discretionary voting power with respect to that item and has not received instructions from the beneficial owner.

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How do I vote?

If you complete and properly sign the accompanying proxy card and return it to us, it will be voted as you direct. If you are a registered stockholder and attend the meeting, you may deliver your completed proxy card in person.

Street name stockholders who wish to vote at the meeting will need to obtain a proxy form from the institution that holds their shares.

Can I change my vote after I return my proxy card?

Yes. Even after you have submitted your proxy, you may change your vote at any time before the proxy is exercised by filing either a notice of revocation or a duly executed proxy bearing a later date with our secretary, Barbara V. Tinsley, at our principal executive offices, 4300 Wildwood Parkway, Atlanta, Georgia 30339. The powers of the proxy holder(s) will be suspended if you attend the meeting in person and so request, although attendance at the meeting will not by itself revoke a previously granted proxy.

What are the recommendations of our Board of Directors?

Unless you give other instructions on your proxy card, the persons named as proxy holders on the proxy card will vote in accordance with the recommendations of our Board. Our Board recommends a vote **FOR** election of the nominated slate of directors, **FOR** the approval of the BlueLinx Holdings Inc. 2006 Long-Term Equity Incentive Plan, and **FOR** the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for fiscal year 2006.

What vote is required to approve each item?

Election of Directors. A nominee will be elected as a director if he receives a plurality of the votes cast at the meeting. Plurality means that the nominees receiving the largest number of votes cast are elected as directors up to the maximum number of directors to be chosen at the meeting. In other words, the ten director nominees receiving the most votes will be elected. Broker non-votes and marking your proxy card to withhold authority for all or some nominees will not be counted either for or against a director nominee.

Approval of the BlueLinx Holdings Inc. 2006 Long-Term Equity Incentive Plan. Under the rules of the New York Stock Exchange (the NYSE), the affirmative vote of the holders of a majority of the votes cast is required for approval of the BlueLinx Holdings Inc. 2006 Long-Term Equity Incentive Plan. The total number of votes cast on the proposal must represent more than 50% of all the shares entitled to vote. Abstentions will have the effect of a vote AGAINST the proposal. Broker non-votes will not be counted either for or against this proposal (except that broker non-votes will not count toward the 50% of all shares entitled to vote on the proposal that must be cast for the proposal to be approved in accordance with the rules of the NYSE).

Ratification of Independent Registered Public Accounting Firm. The affirmative vote of the holders of a majority of the votes cast is required to ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for fiscal year 2006. Abstentions and broker non-votes will not be counted either for or against this proposal.

Are abstentions and broker non-votes part of the quorum?

Abstentions, broker non-votes and votes withheld for director nominees or the ratification of our independent registered public accounting firm count as shares present at the meeting for purposes of determining whether a quorum is present.

Abstentions and votes withheld for the approval of the BlueLinx Holdings Inc. 2006 Long-Term Equity Incentive Plan count as shares present at the meeting for purposes of determining whether a quorum is present but broker non-votes will not be counted as voted or as present with respect to this proposal.

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What if I don't vote for some or all of the matters listed on my proxy card?

If you are a registered stockholder and you return a signed proxy card without indicating your vote for some or all of the matters, your shares will be voted as follows for any matter you did not indicate a vote on:

FOR the director nominees to the Board listed on the proxy card;

FOR approval of the BlueLinx Holdings Inc. 2006 Long-Term Equity Incentive Plan; and

FOR the ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for fiscal year 2006.

How will proxies be solicited?

Proxies will be solicited by mail. Proxies may also be solicited by our officers and regular employees personally or by telephone or facsimile, but such persons will not be specifically compensated for such services. Banks, brokers, nominees and other custodians and fiduciaries will be reimbursed for their reasonable out-of-pocket expenses in forwarding soliciting material to their principals, the beneficial owners of our common stock. We will pay the expense of preparing, assembling, printing, mailing and soliciting proxies.

Is there electronic access to the proxy materials and annual report?

Yes. This proxy statement and our annual report on Form 10-K are available on our web site, www.bluelinxco.com.

Who are our largest stockholders?

As of the date of this proxy statement, Cerberus ABP Investor LLC, an affiliate of Cerberus Capital Management, L.P., or Cerberus, owned 18,100,000 shares of our common stock, representing approximately 59% of the then outstanding shares of common stock of BlueLinx.

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**ITEMS OF BUSINESS TO BE ACTED ON AT THE MEETING
PROPOSAL 1:
ELECTION OF DIRECTORS**

Our Board currently consists of ten members. Each of our current directors has been nominated for reelection and has consented to stand for reelection.

The terms of all of the members of our Board will expire at the next annual meeting after their election, or until their successors, if any, are elected and appointed. If you do not wish your shares of common stock to be voted for particular nominees, you may so indicate on the enclosed proxy card. If, for any reason, any of the nominees become unavailable for election, the individuals named in the enclosed proxy card may exercise their discretion to vote for any substitutes proposed by the Board. At this time, the Board knows of no reason why any nominee might be unavailable to serve.

Our Board unanimously recommends a vote FOR each of the following nominees:

Jeffrey J. Fenton
Richard S. Grant
Stephen E. Macadam
Richard B. Marchese
Steven F. Mayer

Charles H. McElrea
Alan H. Schumacher
Mark A. Suwyn
Lenard B. Tessler
Robert G. Warden

Biographical information about these nominees can be found under Identification of Executive Officers and Directors elsewhere in this proxy statement.

PROPOSAL 2:

APPROVAL OF THE BLUELINX HOLDINGS INC. 2006 LONG-TERM EQUITY INCENTIVE PLAN

General

The Board is seeking stockholder approval of the BlueLinx Holdings Inc. 2006 Long-Term Equity Incentive Plan (the Plan). The purpose of the Plan is to provide a means whereby employees and directors of the Company develop a sense of proprietorship and personal involvement in the development and financial success of the Company, and to encourage them to devote their best efforts to the business of the Company, thereby advancing the interests of the Company and its shareholders. A further purpose of the Plan is to provide a means through which the Company may attract able individuals to become employees or serve as directors of the Company and to align the interests of individuals who are responsible for the successful administration and management of the Company with those of our stockholders. Under the Plan, the Company may grant non-qualified stock options, incentive stock options (within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the Code)), stock appreciation rights (SARs), restricted stock, restricted stock units, performance shares, performance units, cash-based awards, and other stock-based awards. The following general summary of the Plan is not intended to be complete and is qualified in its entirety by reference to the Plan set forth in **Appendix A** to this proxy statement.

Summary of Plan

Administration. The Plan will be administered by the Compensation Committee of the Board of Directors (the Committee).

Subject to the express provisions of the Plan, the Committee will have the authority to select eligible persons to receive awards and determine all of the terms and conditions of each award. All awards will be evidenced by a written agreement containing such provisions not inconsistent with the Plan as the

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Committee shall approve. The Committee will also have authority to establish rules and regulations for administering the Plan and to decide questions of interpretation or application of any provision of the Plan.

Available Shares. Under the Plan, 1,700,000 shares of common stock will be available for awards, subject to adjustment in the event of any corporate event or transaction (including, but not limited to, a change in the shares of the Company or the capitalization of the Company) such as a merger, consolidation, reorganization, recapitalization, separation, partial or complete liquidation, stock dividend, stock split, reverse stock split, split up, spin-off, or other distribution of stock or property of the Company, combination of shares, exchange of shares, dividend in kind, or other like change in capital structure, number of outstanding shares or distribution (other than normal cash dividends) to shareholders of the Company, or any similar corporate event or transaction. Shares covered by an award shall be counted as used as of the date of grant. Under the Plan, any shares related to awards under the Plan which terminate by expiration, forfeiture, cancellation, or otherwise without the issuance of such shares, are settled in cash in lieu of shares, or are exchanged with the Committee's permission, prior to the issuance of shares, for awards not involving shares, shall be available again for grant under the Plan.

Eligibility. All of the Company's employees and directors are eligible to participate in the Plan. Pursuant to the terms of his employment agreement, Mr. Macadam will receive a minimum annual targeted bonus equivalent of \$750,000 in value payable in the form of restricted stock and/or stock options. Any and all awards to Mr. Macadam and the other executive officers will be formally approved by the Committee in the form of individual award agreements to each employee.

Change in Control. In the event of certain acquisitions of 30% or more of the common stock, certain changes in a majority of the Board, or the consummation of a reorganization, merger or consolidation or sale or disposition of all or substantially all of the assets of the Company (unless, among other conditions, the Company's stockholders receive 60% or more of the stock of the surviving company) or the liquidation or dissolution of the Company, all outstanding options and SARs will be exercisable in full, and the restricted stock and restricted stock units will become immediately vested and payable. The performance period applicable to performance shares and performance units shall lapse and the performance goals associated with such awards shall be deemed to have been met at their target level. Such awards shall vest on a pro rata basis based on the portion of the vesting period completed as of the change in control.

Effective Date, Termination and Amendment. If approved by stockholders, the Plan will become effective as of the date of such approval. The Plan will terminate ten years thereafter unless terminated earlier by the Board. The Committee may, at any time and from time to time, alter, amend, modify, suspend, or terminate the Plan and any award agreement in whole or in part; provided, however, that, without the prior approval of the Company's shareholders and except as provided in the Plan, options or SARs issued under the Plan will not be repriced, replaced, or regranted through cancellation, or by lowering the option price of a previously granted option or the grant price of a previously granted SAR, and no amendment of the Plan shall be made without shareholder approval if shareholder approval is required by law, regulation, or stock exchange rule.

Stock Options-General. The Committee will determine the conditions to the exercisability of each option. Upon exercise of an option, the purchase price may be paid in cash, by delivery of previously owned shares of common stock, by a cashless (broker-assisted) exercise or by any other method approved or accepted by the Committee.

Non-Qualified Stock Options and Incentive Stock Options. The period for the exercise of a non-qualified stock option or incentive stock option will be determined by the Committee. The exercise price of a non-qualified stock option or incentive stock option will not be less than the fair market value of the Common Stock on its date of grant. The Committee may impose restrictions on any shares acquired pursuant to the exercise of a non-qualified stock option or incentive stock option granted under the Plan.

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The award agreement shall set forth the extent to which the participant shall have the right to exercise the non-qualified stock option or incentive stock option in the event of participant's termination of employment or service. Such provisions will be determined by the Committee.

Stock Appreciation Rights. The period for the exercise of a SAR will be determined by the Committee. The base price of a SAR will not be less than 100% of the fair market value of the Common Stock on the date of grant. A SAR entitles the holder to receive upon exercise (subject to withholding taxes) shares of common stock (which may be restricted stock), cash or combination thereof with a value equal to the difference between the fair market value of the common stock on the exercise date and the base price of the SAR. The Committee may impose restrictions upon exercise of a SAR granted under the Plan.

The award agreement shall set forth the extent to which the participant shall have the right to exercise the SAR in the event of participant's termination of employment or service. Such provisions will be determined by the Committee.

Restricted Stock and Restricted Stock Units. The Plan provides for the grant of (i) restricted stock awards which may be subject to a restriction period, and (ii) restricted stock units which are similar to restricted stock except no shares are actually awarded. An award of restricted stock or restricted stock units may be subject to specified performance measures during the applicable restriction period. Shares of restricted stock will be freely transferable after all conditions and restrictions have been satisfied or lapse. The award agreement shall set forth the extent to which the participant shall have the right to retain restricted stock and/or restricted stock units in the event of participant's termination of employment or service. Such provisions will be determined by the Committee. Unless otherwise set forth in a restricted stock award agreement, the holder of a restricted stock award will have rights as a stockholder of the Company, including the right to vote and receive dividends with respect to the shares of restricted stock. A participant shall have no voting rights with respect to any restricted stock units granted under the Plan.

Performance Units and Performance Shares. The Plan also provides for the grant of performance units and performance share awards. Each performance unit and each performance share is a right, contingent upon the attainment of performance measures within a specified performance period. The Committee will determine the form of payout of cash or in shares (or in a combination thereof) equal to the value of earned performance units/performance shares at the close of the applicable performance period. The award agreement shall set forth the extent to which the participant shall have the right to retain the performance units and/or performance shares in the event of participant's termination of employment or service, as determined by the Committee. If the Committee desires to qualify performance-based awards under Section 162(m) of the Code, the performance goals will consist of any of the following:

- (a) Net earnings or net income (before or after taxes, depreciation or amortization);
- (b) Earnings per share;
- (c) Net sales or revenue growth;
- (d) Net operating profit;
- (e) Return measures (including, but not limited to, return on net assets, capital, working capital, equity, sales, or revenue);
- (f) Cash flow (including, but not limited to, operating cash flow, free cash flow, cash flow return on equity, and cash flow return on investment);
- (g) Earnings before or after taxes, interest, depreciation, and/or amortization;
- (h) Gross or operating margins;

(i) Productivity ratios;

(j) Share price (including, but not limited to, growth measures and total shareholder return);

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(k) Expense targets;

(l) Margins;

(m) Operating efficiency;

(n) Market share;

(o) Customer satisfaction;

(p) Working capital targets; and

(q) Economic value added or EVA[®] (net operating profit after tax minus the sum of capital multiplied by the cost of capital).

Cash-Based Awards and Other Stock-Based Awards. The Plan also provides for the grant of cash-based awards and other types of equity-based or equity-related awards not otherwise described by the Plan as determined by the Committee. The Committee will determine the value of the cash-based awards and other stock-based awards and may establish performance goals. In the event the Committee establishes performance goals, the number and/or value of cash-based awards or other stock-based awards that will be paid out will depend on the extent to which performance goals are met. The Committee shall determine the extent to which the participant shall have the right to receive cash-based awards or other stock-based awards in the event of participant's termination of employment or service.

Non-Employee Director Awards. The Board or Committee shall determine all awards to non-employee directors. The terms of any such awards shall be set forth in an award agreement.

Maximum Awards for Employees. Generally, the Plan limits the annual awards to any individual employee or director as follows:

(a) 1,000,000 options;

(b) 1,000,000 SARs;

(c) 500,000 shares of restricted stock or restricted stock units;

(d) 500,000 performance shares or performance units; and

(e) \$7,500,000 or 500,000 shares of cash-based or other stock-based awards.

Certain Federal Income Tax Consequences

The following is a brief summary of certain U.S. federal income tax consequences generally arising with respect to awards under the Plan.

A participant generally will not recognize taxable income at the time an option is granted and the Company will not be entitled to a tax deduction at such time. A participant will recognize compensation taxable as ordinary income (and subject to income tax withholding in respect of an employee) upon exercise of a non-qualified stock option equal to the excess of the fair market value of the shares purchased over their exercise price, and the Company generally will be entitled to a corresponding deduction. A participant will not recognize income (except for purposes of the alternative minimum tax) upon exercise of an incentive stock option. If the shares acquired by exercise of an incentive stock option are held for the longer of two years from the date the option was granted and one year from the date it was exercised, any gain or loss arising from a subsequent disposition of such shares will be taxed as long-term capital gain or loss, and the Company will not be entitled to any deduction. If, however, such shares are disposed of within the above-described period, then in the year of disposition, the participant will recognize compensation taxable as ordinary income equal to the excess of the lesser of (i) the amount realized upon disposition and (ii) the fair market value of the shares on the date of exercise over the exercise price, and the Company generally will be entitled to a

corresponding deduction.

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A participant generally will not recognize taxable income at the time SARs are granted and the Company will not be entitled to a tax deduction at such time. Upon exercise, the participant will recognize compensation taxable as ordinary income (and subject to income tax withholding in respect of an employee) in an amount equal to the fair market value of any shares delivered and the amount of any cash paid by the Company. This amount generally is deductible by the Company as compensation expense.

A participant will not recognize taxable income at the time restricted stock is granted and the Company will not be entitled to a tax deduction at such time, unless the participant makes an election to be taxed at such time. If such election is not made, the participant will recognize compensation taxable as ordinary income (and subject to income tax withholding in respect of an employee) at the time the restrictions lapse in an amount equal to the excess of the fair market value of the shares at such time over the amount, if any, paid for such shares. The amount of ordinary income recognized generally is deductible by the Company as compensation expense, except to the extent the deduction limits of Section 162(m) of the Code apply. Restricted stock units generally will also be taxed as ordinary income upon vesting unless structured in compliance with applicable tax rules to defer taxation until settlement.

Our Board unanimously recommends a vote FOR the approval of the BlueLinx Holding Inc. 2006 Long-Term Equity Incentive Plan.

PROPOSAL 3:**RATIFICATION OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

The Audit Committee of our Board has selected Ernst & Young LLP to serve as our independent registered public accounting firm for fiscal year 2006. Ernst & Young LLP has served as our independent registered public accounting firm since our inception. While stockholder ratification of the selection of Ernst & Young LLP as our independent registered public accounting firm is not required by our bylaws or otherwise, our Board is submitting the selection of Ernst & Young LLP to our stockholders for ratification. If our stockholders fail to ratify the selection, the Audit Committee may, but is not required to, reconsider whether to retain that firm. Even if the selection is ratified, the Audit Committee, in its discretion, may direct the appointment of a different independent auditing firm at any time during the fiscal year if it determines that such a change would be in our best interests and that of our stockholders.

Ernst & Young LLP has advised us that it has no direct, nor any material indirect, financial interest in us or any of our subsidiaries. We expect that representatives of Ernst & Young LLP will be present at the meeting to make any statement they may desire and to respond to appropriate questions from our stockholders.

Fees Paid To Independent Registered Public Accounting Firm

The following table presents the aggregate fees billed by Ernst & Young LLP for professional services for fiscal years 2005 and 2004, by category as described in the notes to the table:

	2005	2004
Audit Fees(1)	\$ 3,617,655	\$ 3,059,440
Audit-Related Fees(2)	264,202	400,000
Tax Fees		
All Other Fees		
TOTAL	\$ 3,881,857	\$ 3,459,400

- (1) Primarily includes fees related to audits of our consolidated financial statements, reviews of interim financial statements and disclosures in filings with the Securities and Exchange Commission (SEC), as well as comfort letters and consents in conjunction with our initial public offering in

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December 2004. In 2005, audit fees also included fees related to the audit of internal control over financial reporting, as required by Section 404 of the Sarbanes-Oxley Act of 2002.

- (2) Primarily consists of fees billed for assurance and services reasonably related to the performance of the audit or review of our financial statements, including consultations on accounting matters, services related to certain SEC filings and benefit plan audits performed in 2005. In 2004, audit-related fees consisted of fees related to a working capital audit performed in 2004.

Pre-Approval of Audit and Non-Audit Services

The charter of the Audit Committee provides that the committee is responsible for the pre-approval of all material audit services and non-audit services to be performed for us by our independent registered public accounting firm. There were no non-audit related services performed by Ernst & Young LLP for us during either fiscal year 2005 or fiscal year 2004. To the extent required by applicable law, the fees paid to the independent registered public accounting firm described above for fiscal years 2005 and 2004 were pre-approved by the Audit Committee. The Audit Committee may delegate to one or more of its members the authority to grant such pre-approvals. The decisions of any such member shall be presented to the full Audit Committee at each of its scheduled meetings.

Our Board unanimously recommends a vote FOR the ratification of Ernst & Young LLP as our independent registered public accounting firm for fiscal year 2006.

INFORMATION ABOUT THE BOARD OF DIRECTORS

Our Board met eight times during our 2005 fiscal year. Each incumbent director attended at least 75% of the total of all board and committee meetings he was entitled to attend during the 2005 fiscal year.

Our Board has reviewed the independence of each of its members based on the criteria for independence set forth under applicable securities laws, including the Securities Exchange Act of 1934, as amended, (the Exchange Act) applicable rules and regulations of the SEC and applicable rules and regulations of the NYSE. The NYSE Listed Company Manual and corresponding listing standards provide that, in order to be independent, the Board must determine that a director has no material relationship with the Company other than as a director. The Board has reviewed the relationships between each Board member and the Company. Based on its review, the Board has affirmatively determined, by resolution of the Board as a whole, that the following directors have no material relationship with us and satisfy the requirements to be considered independent under the NYSE listing standards applicable to audit committee membership: Richard S. Grant, Richard B. Marchese and Alan H. Schumacher. The Board determined that Messrs. Grant and Marchese have no relationship with us or any other matter of any kind that would impair their independence for purposes of serving on our Board. With respect to Mr. Schumacher, the Board considered the fact that Mr. Schumacher serves on the board of another Cerberus controlled public company. The Board affirmatively determined Mr. Schumacher serving on the board of directors of two Cerberus portfolio companies is not a material relationship and does not preclude Mr. Schumacher from exercising independent judgment in carrying out his responsibilities.

As further described under Controlled Company, below, because we are a controlled company, we are exempt from the requirement that our Board be comprised of a majority of independent directors. Five members of our current Board are employees of, or advisors to, Cerberus Capital Management, L.P., or Cerberus, the indirect holder of a majority of the outstanding shares of our common stock, and as such are not independent.

Our business and affairs are managed by our Board. To assist it in carrying out its responsibilities, our Board has established the two standing committees described below, under Committees of the Board of Directors. The charter for each of these committees, as in effect from time to time, may be found on our web site, www.bluelinxco.com. Each of these committees has the right to retain its own legal counsel and other advisors. All directors are expected to attend the annual meeting of stockholders. On the date of the

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2005 annual meeting of stockholders there were nine members of the Board and seven members were present at the meeting.

Lead Director

The lead director's duties generally include serving as the chairperson for all executive sessions of the non-management directors and communicating to the Chief Executive Officer the results of non-management executive board sessions. Mr. Fenton, the Chairman of the Board, currently serves as the Company's lead director. Any interested party may contact the lead director by directing such communications to the lead director c/o Barbara V. Tinsley, Secretary, 4300 Wildwood Parkway, Atlanta, Georgia 30339. Any such correspondence received by the Company will be forwarded to the lead director.

Committees of the Board of Directors

The Audit Committee

Our Board established a separately-designated standing Audit Committee in accordance with Section 3(a)(58)(A) of the Exchange Act. The purpose of the Audit Committee is to assist our Board in fulfilling its responsibilities to oversee our financial reporting process, including monitoring the integrity of our financial statements and the independence and performance of our internal and external auditors. The Audit Committee is directly responsible for the appointment, compensation, retention and oversight of our independent registered public accounting firm.

The Audit Committee met sixteen times in fiscal 2005. The Audit Committee currently consists of Messrs. Grant, Marchese and Schumacher. As discussed above, our Board has affirmatively determined that Messrs. Grant, Marchese and Schumacher are each independent, as such term is defined under the rules of the SEC and the listing standards of the NYSE applicable to audit committee membership, and each meet the NYSE's financial literacy requirements. Pursuant to its charter, the Audit Committee is comprised of at least three members appointed by our Board. Our Board has determined that Mr. Schumacher is an audit committee financial expert, as such term is defined under the applicable rules of the SEC.

The Audit Committee operates pursuant to a written charter, a copy of which can be found on our web site at www.bluelinxco.com and is attached hereto as **Appendix B**.

The Audit Committee has adopted a procedure to receive allegations on any fraudulent accounting issues through a toll-free telephone number as set out in our code of conduct and ethics. See Corporate Governance Guidelines and Code of Ethics, below.

The Compensation Committee

The Compensation Committee oversees the determination of all matters relating to employee compensation and benefits and is empowered to: (1) establish a compensation policy for executive officers, including setting base salaries and incentive compensation; (2) review compensation practices and trends; (3) make recommendations as to compensation levels for executive officers; (4) approve employment contracts; (5) administer our stock option and other incentive plans; and (6) undertake administration of other employee benefit plans. The Compensation Committee currently consists of Messrs. Fenton, Schumacher and Suwyn, and met seven times during 2005. As further described under Controlled Company, below, because we are a controlled company, we are exempt from the requirement that the Compensation Committee be comprised solely of independent directors. Messrs. Fenton and Suwyn are senior advisors to Cerberus, and as such are not independent.

Controlled Company

We are a controlled company for purposes of the NYSE listing requirements. Our basis for this determination is that Cerberus ABP Investor LLC, an affiliate of Cerberus, owns 18,100,000, or approximately 59% of the outstanding shares of our common stock as of the date of this proxy statement.

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Accordingly, we are exempt from the NYSE listing requirements that would otherwise mandate (1) a majority of independent directors on our Board, (2) a nominating committee of our Board, comprised solely of independent directors, to select or recommend nominees to our Board, and (3) a compensation committee of our Board, comprised solely of independent directors, to determine the compensation of our executive officers.

Nomination Process

Because we are a controlled company, we do not have a standing nominating committee comprised solely of independent directors or any other committee performing similar functions. Such matters are considered at meetings of our full Board. Due to the size of our Board, we do not foresee an immediate need to establish a separate nominating committee or adopt a charter to govern the nomination process.

Our Board has generally used an informal process to identify and evaluate director candidates. We believe that identifying and nominating highly skilled and experienced director candidates is critical to our future. Our Board has previously engaged third parties to assist it in identifying qualified independent director candidates. Our Board encourages all directors, independent or otherwise, to identify potential director nominees. As a result, our Board believes that it is presented with a diverse and experienced group of candidates for discussion and consideration.

During the evaluation process, our Board seeks to identify director candidates with the highest personal and professional ethics, integrity and values. In the context of the needs of our Board at any given point in time, our Board will seek candidates with diverse experience in business, finance and other matters relevant to a company such as ours, prominence in their profession, concern for the interests of our stockholders and an understanding of our business. Additionally, our Board requires that director nominees have sufficient time to devote to our business and affairs.

IDENTIFICATION OF EXECUTIVE OFFICERS AND DIRECTORS

The following table contains the name, age and position with our company of each of our executive officers and directors. Their respective backgrounds are described in the text following the table.

Name	Age	Position
Stephen E. Macadam	45	Chief Executive Officer and Director (Director since 2004)
George R. Judd	45	President and Chief Operating Officer
David J. Morris	50	Chief Financial Officer and Treasurer
Barbara V. Tinsley	55	General Counsel and Secretary
Duane G. Goodwin	47	Senior Vice President, Supply Chain
Steven G. Skinner	43	Senior Vice President, Strategy & Business Development
David J. Dalton	48	Senior Vice President, West
Dean A. Adelman	41	Vice President, Human Resources
Jeffrey J. Fenton	49	Chairman of the Board of Directors (since 2004)
Richard S. Grant	59	Director (since December 2005)
Richard B. Marchese	64	Director (since 2005)
Steven F. Mayer	46	Director (since 2004)
Charles H. McElrea	55	Director (since 2004)
Alan H. Schumacher	59	Director (since 2004)
Mark A. Suwyn	63	Director (since 2005)
Lenard B. Tessler	53	Director (since 2004)
Robert G. Warden	33	Director (since 2004)

Table of Contents**Executive Officers**

Stephen E. Macadam has served as our Chief Executive Officer since October 2005, and as a member of our Board since June 2004. Prior to his joining our Company, Mr. Macadam was the President and Chief Executive Officer and has been a member of the management committee of Consolidated Container Company LLC since August 2001. He served previously with Georgia-Pacific where he held the position of Executive Vice President, Pulp & Paperboard from July 2000 until August 2001, and the position of Senior Vice President, Containerboard & Packaging from March 1998 until July 2000. Mr. Macadam held positions of increasing responsibility with McKinsey and Company, Inc. from 1988 until 1998, culminating in the role of Principal in charge of McKinsey's Charlotte, North Carolina operation. Mr. Macadam received a B.S. in mechanical engineering from the University of Kentucky, an M.S. in finance from Boston College and a Masters of Business Administration from Harvard Business School, where he was a Baker Scholar.

George R. Judd has served as our President and Chief Operating Officer since May 2004. Prior to that time, he worked for Georgia-Pacific Corporation in a variety of positions managing both inside and outside sales, national accounts and most recently as Vice President of Sales and Eastern Operations since 2002. From 2000 until 2002, Mr. Judd worked as Vice President of the North and Midwest regions of the Distribution Division. He served as Vice President of the Southwest region from 1999 to 2000. Mr. Judd is past Chair of the National Lumber & Building Material Dealers Association. He graduated from Western Connecticut State University in 1984 with a Bachelor's degree in Marketing.

David J. Morris has served as our Chief Financial Officer and Treasurer since May 2004. Prior to that time, Mr. Morris spent 14 years with Georgia-Pacific Corporation, most recently as Vice President of Finance for the distribution division since 1999. Prior to joining Georgia-Pacific Corporation, he was with Kimberly-Clark Corporation for seven years serving in analyst roles in cost, treasury, projects and finance, eventually serving as a financial manager. Mr. Morris received a Bachelor's of Business Administration in Economics from Georgia State University in 1979 and a Masters of Business Administration degree from the University of Michigan in 1982.

Barbara V. Tinsley has served as our General Counsel and Secretary since May 2004. Prior to that time, Ms. Tinsley served as Associate General Counsel for Cendian Corporation since September 2002, and as Assistant General Counsel for Mitsubishi Electric and Electronics USA, Inc. from October 2000 until September 2002. From August 1998 until August 2000, Ms. Tinsley served as Corporate Compliance Officer for The Home Depot. She was Chief Counsel to Georgia-Pacific Corporation's Distribution Division from 1992 to 1998 and represented a number of other divisions of Georgia-Pacific from 1987 to 1992. Prior to that, Ms. Tinsley was an Assistant United States Attorney with the Department of Justice for five years. Ms. Tinsley previously served as Chairman of the Antitrust Section of the State Bar of Georgia. Ms. Tinsley received a Bachelor of Arts degree, magna cum laude, in 1971 from Emory University and a Juris Doctor degree, with distinction, from Emory in 1975.

Duane G. Goodwin has served as our Senior Vice President, Supply Chain since December 2005. Prior to that time, Mr. Goodwin was with The Home Depot since April 1994, where he served in a variety of positions including Vice President/ Merchandising - Hardware from July 2003 to February 2005, Vice President Global Sourcing from July 2000 to July 2003, and Divisional Merchandise Manager from April 1999 to July 2000. Before this Mr. Goodwin was with Wal-Mart Stores, Inc., where he served in a variety of roles from 1985 through April 1994. Prior to joining our Company, Mr. Goodwin also served as an outside consultant to Cerberus beginning in June 2005.

Steven G. Skinner has served as our Senior Vice President, Strategy & Business Development since December 2005. Prior to that time, Mr. Skinner served as President and CEO of Peppers & Rogers Group/ Carlson Marketing Group, a management consulting and marketing services company, since 2000. Before this, Mr. Skinner was a Principal with McKinsey & Company, where he was a leader of its transportation and marketing practices. From 1985 to 1989 Mr. Skinner was Manager of Construction Sales at Johnson Controls, Inc. Mr. Skinner received a Bachelor of Mechanical Engineering degree, summa cum laude, from Georgia Institute of Technology, and a Masters of Business Administration

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degree from Harvard Business School. Prior to joining our Company, Mr. Skinner also served as an outside consultant to Cerberus beginning in July 2005.

David J. Dalton has served as our Senior Vice President, West since January 2006. Prior to that time, Mr. Dalton served as Vice President of the Mid-Atlantic region since May 2004. Previously, he worked for Georgia-Pacific Corporation in a variety of positions managing both inside and outside sales, national accounts and most recently as Vice President/ General Manager of the Mid-Atlantic region of the Distribution Division since 1995. He graduated from the University of Massachusetts in 1980 with a Bachelor of Science degree in Wood Science and Technology.

Dean A. Adelman has served as our Vice President, Human Resources since October 2005. Prior to that time, since 2003, he served as Vice President Human Resources, Staff Development & Training for Corrections Corporation of America. Previously, Mr. Adelman served as Vice President Human Resources for RTM Restaurant Group from 1998 to 2002. Mr. Adelman received a Bachelor of Arts degree from the University of Georgia in 1987 and a Juris Doctor degree, cum laude, from the University of Georgia in 1990.

Nominees for Election as Director

Jeffrey J. Fenton has served as a member of our Board since June 2004 and as the Chairman of our Board since August 2004. Mr. Fenton currently serves as Chief Executive Officer and Principal of Devonshire Advisors LLC. Prior to that time, from 2000 to October 2002, Mr. Fenton served as the Chief Executive Officer of Maxim Crane Works. Mr. Fenton served as the Chief Executive Officer of GE Capital Modular Space and as an officer of GE Capital Corporation from 1998 to 1999. Mr. Fenton also serves as a senior member of the operations team of Cerberus and as an advisor to Cerberus.

Richard S. Grant has served as a member of our Board since December 2005. Previously, Mr. Grant served as a Director of The BOC Group plc, until his retirement in 2002. Over thirty years of service with The BOC Group, Mr. Grant held various management positions, most recently as Chief Executive of BOC Process Gas Solutions, Chairman of CNC sa, a Mexican joint venture company, and he had group responsibility for Technology, Latin America and Continental Europe. Previous responsibilities included service as the BOC Regional Director for South Pacific/ South Asia, Chairman of Elgas Ltd, an Australian LPG distributor, and before that as President of Ohmeda Medical Devices and Chief Executive Officer of Glasrock Home Healthcare Inc. Mr. Grant currently serves on the Board of Compass Minerals International Inc, where he is lead director, a member of the audit committee, and Chair of the nominating corporate governance committee.

Stephen E. Macadam has served as our Chief Executive Officer since October 2005, and as a member of our Board since June 2004. As an executive officer of our Company, Mr. Macadam's background is described above.

Richard B. Marchese has served as a member of our Board since May 2005. He served as Vice President Finance, Chief Financial Officer and Treasurer of Georgia Gulf Corporation since 1989 before retiring at the end of 2003. Prior to 1989, Mr. Marchese served as the Controller of Georgia Gulf Corporation, and prior to that he served as the Controller of the Resin Division of Georgia-Pacific Corporation. Mr. Marchese is a member of the board of directors of Nalco Holding Company and Quality Distribution Inc. and a member of the board of managers of Quality Distribution LLC.

Steven F. Mayer has served as a

right">- (1,249) - - (1,249) (222) (1,471)	Share-based payment to employees and
others - - 196 - - 196 6 202	Share-based payment to vendor *) 37 - - - 37 - 37
shares - (197) - 590 - 393 (163) 230	Sale of treasury
shares 87 (21) - - - 66 - 66	Balance as of June 30, 2014
(unaudited) 6,180 148,146 (147,126) (1,501) 9 5,708 141 5,849	

*) Represents an amount lower than USD 1 thousand.

The accompanying notes are an integral part of the financial statements.

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XTL BIOPHARMACEUTICALS LTD.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Six months ended June 30, 2013

Attributable to equity holders of the Company

	Share capital	Share premium and options	Accumulated deficit	Treasury shares	Foreign currency translation adjustments of foreign operations	Reserve from transactions with non- controlling interests	Total	Non- controlling interests	Total equity
U.S. dollars in thousands									
Balance as of January 1, 2013 (audited)	5,997	147,475	(143,560)	(2,469)	114	(204)	7,353	2,071	9,424
Loss for the period	-	-	(1,875)	-	-	-	(1,875)	(471)	(2,346)
Other comprehensive income	-	-	-	-	68	-	68	-	68
Total comprehensive loss	-	-	(1,875)	-	68	-	(1,807)	(471)	(2,278)
Share-based payment to employees and others	-	-	500	-	-	-	500	335	835
Conversion of convertible loan into capital in subsidiary	-	-	-	-	-	213	213	(213)	-
Exercise and expiration of stock options in associate	-	-	-	-	(1)	-	(1)	-	(1)
Exercise of warrants and stock options into shares	4	14	-	-	-	-	18	-	18
Balance as of June 30, 2013 (unaudited)	6,001	147,489	(144,935)	(2,469)	181	9	6,276	1,722	7,998

The accompanying notes are an integral part of the financial statements.

XTL BIOPHARMACEUTICALS LTD.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Three months ended June 30, 2014							
	Attributable to equity holders of the Company							
	Share capital	Share premium and options	Accumulated deficit	Treasury shares	Reserve from transactions with non-controlling interests	Total	Non-controlling interests	Total equity
	U.S. dollars in thousands							
Balance as of April 1, 2014 (unaudited)	6,093	148,167	(146,626)	(1,501)	9	6,142	286	6,428
Loss for the period	-	-	(563)	-	-	(563)	(147)	(710)
Other comprehensive loss	-	-	-	-	-	-	-	-
Total comprehensive loss	-	-	(563)	-	-	(563)	(147)	(710)
Share-based payment to employees and others	-	-	63	-	-	63	2	65
Issuance of shares	-	-	-	-	-	-	-	-
Sale of treasury shares	-	-	-	-	-	-	-	-
Exercise of warrants and stock options into shares	87	(21)	-	-	-	66	-	66
Balance as of June 30, 2014 (unaudited)	6,180	148,146	(147,126)	(1,501)	9	5,708	141	5,849

The accompanying notes are an integral part of the financial statements.

XTL BIOPHARMACEUTICALS LTD.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Three months ended June 30, 2013

Attributable to equity holders of the Company

	Share capital	Share premium and options	Accumulated deficit	Treasury shares	Foreign currency translation adjustments of foreign operations	Reserve from transactions with non- controlling interests	Total	Non- controlling interests	Total equity
U.S. dollars in thousands									
Balance as of April 1, 2013 (unaudited)	5,998	147,483	(144,146)	(2,469)	164	(204)	6,826	2,001	8,827
Loss for the period	-	-	(1,003)	-	-	-	(1,003)	(241)	(1,244)
Other comprehensive income	-	-	-	-	17	-	17	-	17
Total comprehensive loss	-	-	(1,003)	-	17	-	(986)	(241)	(1,227)
Share-based payment to employees and others	-	-	214	-	-	-	214	175	389
Conversion of convertible loan into capital in subsidiary	-	-	-	-	-	213	213	(213)	-
Exercise of warrants and stock options into shares	3	6	-	-	-	-	9	-	9
Balance as of June 30, 2013 (unaudited)	6,001	147,489	(144,935)	(2,469)	181	9	6,276	1,722	7,998

The accompanying notes are an integral part of the financial statements.

XTL BIOPHARMACEUTICALS LTD.

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2013

Attributable to equity holders of the Company

	Share capital	Share premium and options	Accumulated deficit	Treasury shares	Foreign currency translation adjustments of foreign operations	Reserve from transactions with non- controlling interests	Total	Non- controlling interests	Total equity
U.S. dollars in thousands									
Balance as of January 1, 2013 (audited)	5,997	147,475	(143,560)	(2,469)	114	(204)	7,353	2,071	9,424
Loss for the year	-	-	(2,476)	-	-	-	(2,476)	(1,237)	(3,713)
Other comprehensive loss	-	-	-	-	(113)	-	(113)	-	(113)
Total comprehensive loss	-	-	(2,476)	-	(113)	-	(2,589)	(1,237)	(3,826)
Share-based payment to employees and others	-	-	(7)	-	-	-	(7)	(58)	(65)
Issuance of shares and warrants	90	876	-	-	-	-	966	-	966
Exercise of options in associate	-	-	-	-	(1)	-	(1)	-	(1)
Sale of treasury shares	-	(52)	-	378	-	-	326	(43)	283
Conversion of convertible loan into capital in subsidiary	-	-	-	-	-	213	213	(213)	-
Other	-	-	(30)	-	-	-	(30)	-	(30)
Exercise of warrants into shares	6	28	-	-	-	-	34	-	34
Balance as of December 31, 2013 (audited)	6,093	148,327	(146,073)	(2,091)	-	9	6,265	520	6,785

The accompanying notes are an integral part of the financial statements.

XTL BIOPHARMACEUTICALS LTD.**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Six months ended June 30, 2014		Three months ended June 30, 2014		Year ended December 31, 2013
	2014	2013	2014	2013	2013
	Unaudited				Audited
	U.S. dollars in thousands				
Cash flows from operating activities:					
Loss for the period	(1,471)	(2,346)	(710)	(1,244)	(3,713)
Adjustments to reconcile loss to net cash used in operating activities (a)	130	1,125	166	576	1,214
Net cash used in operating activities	(1,341)	(1,221)	(544)	(668)	(2,499)
Cash flows from investing activities:					
Proceeds from sale of investment in associate	291	-	-	-	3,054
Increase in restricted deposit	(165)	-	(165)	-	-
Decrease (increase) in short-term bank deposits	701	582	703	(1)	366
Purchase of property, plant and equipment	(10)	(10)	(4)	(2)	-
Purchase of intangible assets	-	(73)	-	-	(84)
Other investments	-	-	4	-	-
Net cash provided by (used in) investing activities	817	499	538	(3)	3,336
Cash flows from financing activities:					
Sale of treasury shares	230	-	-	-	283
Proceeds from exercise of stock options into shares	66	18	66	9	34
Net cash provided by financing activities	296	18	66	9	317
Increase (decrease) in cash and cash equivalents	(228)	(704)	60	(662)	1,154
Gains (losses) from exchange rate differences on cash and cash equivalents	17	3	21	(12)	37
Cash and cash equivalents at the beginning of the period	2,887	1,696	2,595	1,669	1,696
Cash and cash equivalents at the end of the period	2,676	995	2,676	995	2,887

The accompanying notes are an integral part of the financial statements.

XTL BIOPHARMACEUTICALS LTD.**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Six months ended June 30, 2014		Three months ended June 30, 2014		Year ended December 31, 2013	
	2013		2013		2013	Audited
	Unaudited		Unaudited		Unaudited	Audited
	U.S. dollars in thousands					
(a) Adjustments to reconcile loss to net cash used in operating activities:						
Income and expenses not involving cash flows:						
Depreciation and amortization	32	157	11	79	313	
Loss from disposal of property, plant and equipment	-	-	-	-	2	
Impairment of fixed and intangible assets in subsidiary	141	-	141	-	-	
Share-based payment transactions to employees and others	202	835	65	389	(65))
Revaluation of short-term deposits	(7)	(24)	(12)	(6)	(29))
Exchange rate differences on operating activities	(17)	(3)	(21)	12	(37))
Change in employee benefit liabilities, net	16	-	17	-	(2))
Loss (gain) from change in holding rate in associate	-	(10)	-	(3)	(10))
Losses from investment in associate	-	449	-	259	845	
Impairment of intangible assets	-	-	-	-	1,729	
Gain from sale of investment in associate	-	-	-	-	(1,051))
	367	1,404	202	730	1,695	
Changes in operating asset and liability items:						
Decrease (increase) in trade receivables	(18)	(21)	(29)	2	(50))
Decrease (increase) in other accounts receivable	(349)	(15)	42	(2)	30)
Decrease (increase) in inventories	1	(36)	(93)	58	(73))
Increase (decrease) in trade payables	(90)	(8)	147	(141)	(86))
Increase (decrease) in other accounts payable	219	(199)	(103)	(71)	(302))
	(237)	(279)	(36)	(154)	(481))
	130	1,125	166	576	1,214	
(b) Additional information on cash flows from operating activities:						

Interest received	3	18	3	2	24
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The accompanying notes are an integral part of the financial statements.

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XTL BIOPHARMACEUTICALS LTD.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Six months ended June 30, 2014		Three months ended June 30, 2014		Year ended December 31, 2013
	2014	2013	2014	2013	2013
	U.S. dollars in thousands				
	Unaudited				
	Audited				
(c) Non-cash activities:					
Purchase of property, plant and equipment and intangible assets on suppliers' credit	-	-	-	-	73
Allotment of shares to Aurum	-	-	-	-	913
Conversion of convertible loan into capital in subsidiary	-	377	-	377	377
Share-based payment for intangible assets	37	-	-	-	49
Receivables from sale of investment in associate	-	-	-	-	297

The accompanying notes are an integral part of the financial statements.

XTL BIOPHARMACEUTICALS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2014 (UNAUDITED)

NOTE 1:-GENERAL

a. A general description of the Company and its activity:

XTL Biopharmaceuticals Ltd. (the “**Company**”) is engaged in the development of therapeutics for the treatment of unmet medical needs. The Company was incorporated under the Israeli Companies Law on March 9, 1993. The registered office of the Company is located at 85 Medinat Hayehudim Street, Herzliya 46766. The Company owns 54.72% of the issued and outstanding share capital of InterCure Ltd. (“**InterCure**”), a public company whose shares are traded on the Tel-Aviv Stock Exchange (“**TASE**”). The Company also owns 100% of Xtepo Ltd. (“**Xtepo**”).

The Company's American Depositary Shares (“**ADSs**”) are traded on the Nasdaq Capital Market and its securities are traded on the TASE.

On January 7, 2014, the Company signed a licensing agreement with Yeda Research and Development Company Ltd. (“**Yeda**”) to develop hCDR1, a Phase II-ready asset for the treatment of Systemic Lupus Erythematosus (“**SLE**”). The terms of the licensing agreement include, among other things, expense reimbursement for patent expenses, certain milestone payments to Yeda, low single-digit royalties based on net sales, and additional customary royalties to the Office of the Chief Scientist. For additional information, see Note 4 below.

On July 25, 2012, the Company completed the acquisition of approximately 50.79% of the issued and outstanding share capital of InterCure Ltd., a public company whose shares are traded on the TASE and is engaged in the research, development, marketing and sale of home medical devices for the non-medicinal and non-invasive treatment of various diseases such as hypertension, congestive cardiac failure, insomnia and stress. In the context of the acquisition, the Company provided InterCure a loan that was convertible into shares of InterCure. On May 16, 2013, the Company informed InterCure of its decision to convert the entire convertible loan which had been extended by the Company in the context of the acquisition into 7,620,695 ordinary shares of InterCure as predetermined in the acquisition agreement. Following the conversion and as of June 30, 2014, the Company holds approximately 54.72% of InterCure's issued and outstanding share capital. For additional information regarding the Company's investment in InterCure, see Note 6a below.

On November 21, 2012, the Company acquired approximately 31.35% of the shares of Proteologics Ltd. (“**Proteologics**”), a public company whose shares are traded on the TASE in consideration of approximately NIS 6.5 million (approximately \$ 1.7 million) paid in cash. On September 12, 2013, the Company sold its entire investment in Proteologics (representing 44.95% of Proteologics issued and outstanding capital at the time) in consideration of approximately \$3.4 million after having acquired an additional 14.13% of Proteologics' shares on September 11, 2013. As of June 30, 2014, the Company no longer holds any shares of Proteologics (for additional details, see also Note 12 to the 2013 annual financial statements).

As of the date of the report, the Company is in the planning stages for the implementation of a Phase II clinical trial of the recombinant EPO (“**rHuEPO**”) drug for treating Multiple Myeloma patients. As part of said preparations, the Company previously conducted a study which consists of collecting preliminary data on the existence of specific proteins in the blood of a group of Multiple Myeloma patients and is preparing market analyses and regulatory activities. The data collected in the preliminary study will be combined in the plans and preparations for the implementation of the Phase II clinical trial, as needed. Based on the Company's current business plans and estimates, the approval for commencing the clinical trial is expected to be obtained before the end of 2014.

XTL BIOPHARMACEUTICALS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2014 (UNAUDITED)

NOTE 1:- GENERAL (Cont.)

On November 30, 2011, the Company completed the MinoGuard transaction in which it acquired the activity of MinoGuard Ltd. (“**MinoGuard**”), founded by Mor Research Applications Ltd. (“**Mor**”) by way of receiving an exclusive license to use MinoGuard's entire technology, including SAM-101, a combination drug for treating psychotic diseases, focusing on schizophrenia, in return for sales royalties and milestone payments to be made over the clinical development period. The drug is based on a combination of existing antipsychotic drugs and a recognized medicinal compound (Minocycline).

The following are the Company's subsidiaries as of June 30, 2014:

InterCure - a publicly traded company on the TASE. InterCure has two subsidiaries - InterCure Inc., incorporated in the U.S., and InterCure UK (inactive), incorporated in the UK.

Xtepo - a private company incorporated in Israel in November 2009 which holds a license for the exclusive use of the patent for the rHuEPO drug for treating Multiple Myeloma patients.

XTL Development Inc. (“**XTL Development**”), which was incorporated in 2007 under the laws of the State of Delaware, USA.

As of the date of the approval of the financial statements, XTL Development is inactive.

b. The Company has incurred continuing losses and depends on outside financing resources to continue its activities. The Company's only source of income at this stage originates from InterCure, a subsidiary in which control was acquired on July 25, 2012. Based on existing business plans, the Company's management estimates that its outstanding cash and cash equivalent balances, including short-term deposits, will allow the Company to finance its

activities until the fourth quarter of 2015 (independently of InterCure, which is 54.72% held). However, the amount of cash which the Company will need in practice to finance its activities depends on numerous factors which include, but are not limited to, the timing, planning and execution of clinical trials of existing drugs and future projects which the Company might acquire or other business development activities such as acquiring new technologies and/or changes in circumstances which are liable to cause significant expenses to the Company in excess of management's current and known expectations as of the date of these financial statements and which will require the Company to reallocate funds against plans, also due to circumstances beyond its control. The Company's ability to continue operating and finalizing the development of the above mentioned drugs will require obtaining additional financial resources.

The Company expects to incur additional losses in 2014 arising from research and development activities and testing additional technologies and operating activities, which will be reflected in negative cash flows from operating activities. Accordingly, in order to perform the clinical trials aimed at developing a product until obtaining its marketing approval, the Company will be forced to raise additional funds in the future by issuing securities. Should the Company fail to raise additional capital in the future under standard terms, it will be required to dispose of marketable securities held by it or minimize its activities or sell or grant a sublicense to third parties to use all or part of its technologies.

XTL BIOPHARMACEUTICALS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2014 (UNAUDITED)

NOTE 1:- GENERAL (Cont.)

InterCure has noted in its consolidated financial statements for the year ended December 31, 2013, that there is substantial doubt regarding its ability to continue as a going concern. As of December 31, 2013, the Company has impaired its assets accordingly (see Note 14f to the 2013 annual financial statements with regard to the impairment). These financial statements of the Company include no further adjustments of the value of assets and liabilities, if any, that will apply if InterCure is unable to continue operating as a going concern. InterCure's management believes that it has sufficient cash and other resources to meet its future plans through July 2015.

NOTE 2:- BASIS OF PREPARATION OF THE CONDENSED FINANCIAL STATEMENTS

The condensed consolidated financial information of the Company and its subsidiaries (the “**Group**”) as of June 30, 2014 and 2013 and for the interim periods of six and three months then ended (“**Interim Financial Information**”) has been prepared in accordance with IAS 34, “Interim Financial Reporting” (“**IAS 34**”) and includes the additional disclosure requirements in accordance with Chapter D of the Securities Regulations (Periodic and Immediate a. Reports), 1970. This Interim Financial Information does not contain all the information and disclosures that are required in the framework of the annual financial statements. This Interim Financial Information should be read in conjunction with the annual financial statements for 2013 and the accompanying notes which have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) and included the additional disclosure requirements in accordance with the Israeli Securities Regulations (Annual Financial Statements), 2010.

Estimates – the preparation of the interim financial statements requires the Group's management to make judgments and to use accounting estimates and assumptions that have an effect on the application of the Group's accounting b. policies and on the reported amounts of assets, liabilities and expenses. Actual results could differ from those estimates.

In the preparation of these condensed consolidated interim financial statements, the significant judgment exercised by management in applying the Group's accounting policies and the uncertainties involved in the key sources of the estimates were identical to those in the annual consolidated financial statements for the year ended December 31, 2013.

XTL BIOPHARMACEUTICALS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2014 (UNAUDITED)

NOTE 3: SIGNIFICANT ACCOUNTING POLICIES

The Group's significant accounting policies and methods of computation adopted in the preparation of the interim financial information are consistent with those followed in the preparation of the annual financial statements for 2013, except for standards, amendments or interpretations to existing standards that became effective and that are mandatory for the accounting periods beginning January 1, 2014 as described below:

a. IAS 34 (Revised), “Interim Financial Reporting” (“**IAS 34R**”):

IAS 34R, which forms part of the Annual Improvements document issued in May 2012, clarifies the disclosure requirements in interim financial reporting regarding segment assets and segment liabilities. According to IAS 34R, disclosure must be provided in the interim financial statements for the measure of total assets and total liabilities attributed to a certain reporting segment if these amounts are regularly provided to the Chief Operating Decision Maker (“**CODM**”) and in the event of a material change in the measures already disclosed in respect of said reporting segment in the latest annual financial statements.

The Group has adopted IAS 34R for the first time for the annual period commencing on January 1, 2013. The initial adoption of IAS 34R did not have a material impact on the Group's consolidated financial statements.

b. IAS 36, “Impairment of Assets” (“**IAS 36**”):

These amendments remove the unintended consequences of IFRS 13 Fair Value Measurement on the disclosures required under IAS 36 Impairment of Assets. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which an impairment loss has been recognized or reversed during the period. The Group early adopted these disclosure requirements in the annual consolidated financial statements for the year ended December 31, 2013.

XTL BIOPHARMACEUTICALS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2014 (UNAUDITED)

NOTE 4: SIGNIFICANT EVENTS DURING THE PERIOD

On January 5, 2014, Mr. David Kestenbaum entered his position as CFO of the Company in place of the former CFO and Deputy CEO of the Company, Mr. Ronen Twito, following Mr. Twito's notice that he wished to terminate his employment with the Company. Mr. Kestenbaum's appointment and employment terms as CFO of the Company were approved by the Company's Board on December 30, 2013.

On January 7, 2014, the Company signed a licensing agreement with Yeda to develop hCDR1, a Phase II-ready asset for the treatment of Systemic Lupus Erythematosus. The terms of the licensing agreement include, among other things, expense reimbursement for patent expenses, certain milestone payments to Yeda, low single-digit royalties based on net sales, and additional customary royalties to the Office of the Chief Scientist.

On January 20, 2014, InterCure announced it had entered into an agreement with Giboov Ltd. ("**Giboov**") to terminate a Strategic Service Agreement the parties entered into on September 14, 2012, effective as of January 31, 2014 (the "**Arrangement**"). According to the Arrangement, all 20,185,184 non-marketable stock options for the purchase of InterCure shares which were granted to Giboov under the Strategic Service Agreement expired on March 1, 2014. Following the expiration, Giboov holds no such non-marketable stock options.

Further, on January 23, 2014, InterCure announced that it had agreed to retain the services of Universal McCann Israel, Ltd. ("**McCann**") in which McCann will provide professional services relating to the promotion and marketing of InterCure's products via the internet for a period of three years effective February 1, 2014. According to the new agreement, InterCure shall pay McCann a monthly fee in exchange for online marketing services, ranging between \$8,000 and \$13,000, and contingent upon achievement of sales targets. In August 2014 InterCure terminated the agreement with McCann.

On January 28, 2014, following the resolution of the Company's Board to file a petition with the Tel-Aviv-Jaffa District Court (the "**Court**") and to convene a meeting of shareholders and a meeting of warrant (series 2) holders in order to extend the term of warrants (series 2) of the Company, and in light of the approval by those general meetings of the Board resolution, the Court granted the request to extend the term of warrants (series 2) of the Company until October 28, 2014.

e.

On March 17, 2014, the Company's extraordinary general meeting of shareholders decided to approve the terms of an employment agreement between the Company and Mr. Joshua Levine, pursuant to which Mr. Levine will serve as the Company's CEO in a fulltime position, in accordance with the resolution of the Company's Compensation Committee and Board of Directors dated January 30, 2014, and in accordance with the Israeli Companies Law – 1999.

Mr. Levine's employment terms include an allocation of 1,500,000 stock options exercisable into 1,500,000 Ordinary shares of NIS 0.1 par value each of the Company, as follows: 600,000 stock options are exercisable into 600,000 ordinary shares of the Company for an exercise price of NIS 0.6 per stock option, and an additional 900,000 stock options are exercisable into 900,000 ordinary shares of the Company for an exercise price of NIS 0.9 per stock option. The fair value of all the stock options according to the Black-Scholes model pursuant to IFRS 2 as of the date of grant (the date of the Company's Board's decision – namely January 30, 2014) was approximately \$244,000.

XTL BIOPHARMACEUTICALS LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2014 (UNAUDITED)

NOTE 4: SIGNIFICANT EVENTS DURING THE PERIOD (Cont.)

The exercise period of the stock options is a maximum of ten years from the grant date. The stock options vest in twelve equal portions each quarter over a period of three years from the grant date. The value of each stock option is based on the following assumptions: expected dividend rate of 0%, expected standard deviation of 154.49%, risk-free interest rates of 2.60%-2.87% and expected life until exercise of 5-6.5 years.

On April 2, 2014, the Company filed a Registration Statement on Form F-3 under the Securities Act of 1933, as amended, relating to the offer and sale, from time to time of ADSs or warrants to purchase ADSs to be sold directly f. by the Company in one or more offerings. The proposed maximum aggregate offering price of the securities is \$40,000,000. On April 4, 2014, the Company's received a notice of effectiveness on the registration statement from the Securities and Exchange Commission.

In April 2014, 3,010,000 non-marketable stock options of the Company were exercised into 3,010,000 ordinary g. shares of the Company, and the aggregate exercise price paid to the Company was \$66,000.

h. On May 14, 2014, the Company issued 222,605 shares to Yeda in accordance with the licensing agreement described in note 4b.

i. On May 18, 2014, Mr. Marc Allouche, a director, resigned from the board of directors of the Company.

On June 15, 2014, following the resignation of Mr. Marc Allouche, the Board approved naming Mr. David Bassa the j. new chairman of the board of directors of the Company replacing Mr. Amit Yonay. Mr. Yonay, who remains a director, joined the audit committee of the board of directors. These changes resulted in the Company returning to compliance with the listing standards of the Nasdaq Stock Market and with the Israeli Companies Law.

On June 22, 2014, the Company signed an agreement with InterCure according to which the Company shall grant k. InterCure a loan in the amount of \$50,000 (the "Loan"). The Loan was to be repaid within 60 days of the Effective Grant Date, defined in the agreement as being the date of the transfer of funds to InterCure. Were a general meeting of InterCure's shareholders to approve a collateral to the Loan within 60 days of the Effective Grant Date, the loan was to become due within 12 months of the Effective Grant Date. For additional information, see Note 6c below.

NOTE 5: SEGMENT REPORTING

The Group's management has established operating segments in accordance with reports reviewed by the CODM and which are used to make strategic decisions. Until July 25, 2012, the Company had a single operating segment - drug development. Effective from said date, following the acquisition of InterCure, the CODM reviews the business activities both according to the nature of the activity and the geographical location of the activity. With respect to the nature of the activity, the CODM reviews the operating results of the drug development activity and of the medical device activity. From a geographical standpoint, the CODM reviews the performance of sales of medical devices in the U.S., the UK and the rest of the world.

Segment reporting data for the six and three month periods ended June 30, 2014 and 2013, and for the year ended December 31, 2013:

XTL BIOPHARMACEUTICALS LTD.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2014 (UNAUDITED)****NOTE 5: SEGMENT REPORTING (Cont.)**

	Six months ended June 30, 2014 (unaudited)					
	Medical devices	UK	Israel	Drug development	Adjustments	Total
	U.S.	UK	Israel	development	Adjustments	Total
	U.S. dollars in thousands					
Revenues:						
External customers	841	120	6	-	-	967
Inter-segment revenues	-	-	78	-	(78)	-
<u>Total</u> revenues	841	120	84	-	(78)	967
Segment results before current amortization of intangible assets identified in the acquisition	(109)	(13)	-	(253)	-	(375)
Current amortization of intangible assets identified in the acquisition	(17)	(2)	-	-	-	(19)
Segment results	(126)	(15)	-	(253)	-	(394)
Unallocated joint expenses						(1,082)
Other gains, net						-
Finance income (expense), net						5
Loss before taxes on income						(1,471)

	Six months ended June 30, 2013 (unaudited)					
	Medical devices	UK	Other	Drug development	Adjustments	Total
	U.S.	UK	Other	development	Adjustments	Total
	U.S. dollars in thousands					
Revenues:						
External customers	1,010	164	11	-	-	1,185
Inter-segment revenues	-	-	483	-	(483)	-
<u>Total</u> revenues	1,010	164	494	-	(483)	1,185
Segment results before current amortization of intangible assets identified in acquisition	5	3	2	(151)	-	(141)

Current amortization of intangible assets identified in acquisition	(111)	(17)	-	-	-	(128)
Segment results	(106)	(14)	2	(151)	-	(269)
Unallocated joint expenses						(1,664)
Other income, net						10
Financial income, net						26
Losses from investment in associate						(449)
Loss for the period						(2,346)

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XTL BIOPHARMACEUTICALS LTD.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2014 (UNAUDITED)****NOTE 5: SEGMENT REPORTING (Cont.)**

	Three months ended June 30, 2014 (unaudited)					Total
	Medical devices U.S.	UK	Israel	Drug development	Adjustments	
	U.S. dollars in thousands					
Revenues:						
External customers	333	45	2	-	-	380
Inter-segment revenues	-	-	78	-	(78)	-
<u>Total</u> revenues	333	45	80	-	(78)	380
Segment results before current amortization of intangible assets identified in the acquisition	(127)	5	-	(117)	-	(239)
Current amortization of intangible assets identified in the acquisition	(8)	(1)	-	-	-	(9)
Segment results	(135)	4	-	(117)	-	(248)
Unallocated joint expenses						(475)
Other gains, net						-
Finance income (expense), net						13
Loss before taxes on income						(710)
	Three months ended June 30, 2013 (unaudited)					
	Medical devices U.S.	UK	Other	Drug Development	Adjustments	Total
	U.S. dollars in thousands					
Revenues:						
External customers	436	73	3	-	-	512
Inter-segment revenues	-	-	(53)	-	53	-
<u>Total</u> revenues	-	-	(50)	-	53	512
Segment results before current amortization of intangible assets identified in the acquisition	(11)	(6)	(3)	(83)	-	(103)

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Current amortization of intangible assets identified in the acquisition	(55)	(8)	-	-	-	(63)
Segment results	(66)	(14)	(3)	(83)	-	(166)
Unallocated joint expenses						(837)
Other income, net						3
Financial income, net						15
Loss from investment in associate						(259)
Loss for the period						(1,244)

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XTL BIOPHARMACEUTICALS LTD.**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS AS OF JUNE 30, 2014 (UNAUDITED)****NOTE 5: SEGMENT REPORTING (Cont.)**

	Year ended December 31, 2013					Total
	Medical devices U.S.	UK	Israel	Drug development	Adjustments	
	U.S. dollars in thousands					
Revenues:						
External customers	2,076	278	15	-		2,369
Inter-segment revenues	-	-	1,041	-	(1,041)	-
<u>Total</u> revenues	2,076	278	1,056	-	(1,041)	2,369
Segment results before current amortization of intangible assets identified in the acquisition	128	24	1	(385)	-	(232)
Current amortization of intangible assets identified in the acquisition	(231)	(29)	(1)	-	-	(261)
Impairment of intangible assets	(1,532)	(189)	(8)	-	-	(1,729)
Segment results	(1,635)	(194)	(8)	(385)	-	(2,222)
Unallocated joint expenses						(1,731)
Other gains, net						1,059
Finance income (expense), net						26
Earnings from investment in associate						(845)
Loss before taxes on income						(3,713)

NOTE 6: EVENTS AFTER THE REPORTING PERIOD

On July 24, 2014, InterCure signed a memorandum of understanding (the “**MOU**”) with a third party, according to which the third party shall transfer its rights in a protected housing operation in consideration of an allotment of ^a85% of the issued and paid up capital of InterCure. According to the MOU, the transaction shall close no later than September 30, 2014.

On August 19, 2014, the Company informed InterCure by letter of its intention not to approve the transaction as proposed and presented in the MOU.

On August 25, 2014, InterCure announced its intention to sign an agreement with the third party, based on the MOU, and bring said agreement to the approval of a general meeting of InterCure shareholders.

b. In August 2014, 150,000 non-marketable stock options of the Company were exercised into 150,000 ordinary shares of the Company, for an aggregate exercise price of approximately \$13,000.

c. On August 25, 2014, the Company agreed to extend the repayment term of the Loan until October 19, 2014, pending the signing of an amendment to the Loan agreement. InterCure's Board of Directors approved the signing of the amendment and the extension of the Loan repayment term on August 31, 2014.

About XTL Biopharmaceuticals Ltd. (“XTL”)

XTL Biopharmaceuticals Ltd., a biopharmaceutical company, focuses on the acquisition and development of pharmaceutical products for the treatment of unmet clinical needs. XTL is focused on late stage clinical development of drugs for the treatment of multiple myeloma, schizophrenia and lupus.

XTL is a public company traded on the Nasdaq Capital Market (NASDAQ: XTLB) and the Tel-Aviv Stock Exchange (TASE: XTL). XTL shares are included in the following indices: Tel-Aviv Biomed, Tel-Aviv MidCap, and Tel-Aviv Bluetech-50.

Contact:

Investor Relations, XTL Biopharmaceuticals Ltd.

Tel: +972 9 955 7080, Email: ir@xtlbio.com, www.xtlbio.com

Cautionary Statement

Some of the statements included in this Form 6-K may be forward-looking statements that involve a number of risks and uncertainties. For those statements, we claim the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**XTL
BIOPHARMACEUTICALS
LTD.**

Date: September 2, 2014 By: /s/ Josh Levine
Josh Levine
Chief Executive Officer

