

Non-GAAP Financial Measures – Logistics Adjusted EBITDA Excluding the Impact of Downsizing of our Largest Customer and Foreign Exchange

The schedule below presents adjusted EBITDA excluding the impact of downsizing of our largest customer and foreign exchange rate fluctuations for our Logistics segment, which represents a non-GAAP financial measure. We provide a reconciliation of this measure to operating income. We believe that presenting adjusted EBITDA improves the comparability of our operating results from period to period by excluding the impact of the following items: downsizing of our largest customer and foreign currency exchange rate fluctuations. We believe comparability is improved because these items are not reflective of our normalized operating activities. Other companies may calculate adjusted EBITDA differently and, therefore, our measure may not be comparable to similarly titled measures of other companies. Adjusted EBITDA is not a measure of financial performance or liquidity under GAAP and should not be considered in isolation or as an alternative to operating income or other similar measures determined in accordance with GAAP. Items excluded from adjusted EBITDA are significant and necessary components of the operations of our business, and, therefore, adjusted EBITDA should only be used as a supplemental measure of our operating performance.

XPO Logistics, Inc.
Reconciliation of Operating Income to Adjusted EBITDA Excluding Impact of Downsizing of Largest Customer and Foreign Exchange for Logistics Segment
(Unaudited)
(In millions)

	Logistics	
	Three Months Ended September 30,	
	2019	2018
Operating Income	\$ 61	\$ 59
Other income (expense)	5	8
Total depreciation and amortization	73	59
EBITDA	\$ 139	\$ 126
Transaction, integration and rebranding costs	-	1
Restructuring costs	3	1
Adjusted EBITDA	\$ 142	\$ 128
Downsizing of largest customer	(4)	(11)
Foreign Exchange Rates	4	-
Adjusted EBITDA excluding impact of downsizing of largest customer and foreign exchange	\$ 142	\$ 117