

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2019

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number: 001-32172

XPOLogistics
XPO Logistics, Inc.

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

Five American Lane

Greenwich, CT

(Address of principal executive offices)

03-0450326

(I.R.S. Employer
Identification No.)

06831

(Zip Code)

(855) 976-6951

(Registrant's telephone number, including area code)

Securities registered or to be registered pursuant to section 12(b) of the Act.

Title of each class

Trading symbol(s)

Name of each exchange on which registered

Common stock, par value \$0.001 per share

XPO

New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Emerging growth company
Non-accelerated filer Smaller reporting company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of July 26, 2019, there were 92,181,297 shares of the registrant's common stock, par value \$0.001 per share, outstanding.

XPO Logistics, Inc.
Quarterly Report on Form 10-Q
For the Quarterly Period Ended June 30, 2019
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Part I—Financial Information

Item 1. Financial Statements.

XPO Logistics, Inc.
Condensed Consolidated Balance Sheets
(Unaudited)

<i>(In millions, except per share data)</i>	June 30, 2019	December 31, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 497	\$ 502
Accounts receivable, net of allowances of \$57 and \$52, respectively	2,723	2,596
Other current assets	570	590
Total current assets	3,790	3,688
Property and equipment, net of \$1,855 and \$1,585 in accumulated depreciation, respectively	2,551	2,605
Operating lease assets	2,074	—
Goodwill	4,451	4,467
Identifiable intangible assets, net of \$775 and \$706 in accumulated amortization, respectively	1,168	1,253
Other long-term assets	280	257
Total long-term assets	10,524	8,582
Total assets	\$ 14,314	\$ 12,270
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 1,176	\$ 1,258
Accrued expenses	1,491	1,480
Short-term borrowings and current maturities of long-term debt	340	367
Short-term operating lease liabilities	481	—
Other current liabilities	183	208
Total current liabilities	3,671	3,313
Long-term debt	5,134	3,902
Deferred tax liability	463	444
Employee benefit obligations	145	153
Operating lease liabilities	1,611	—
Other long-term liabilities	378	488
Total long-term liabilities	7,731	4,987
Stockholders' equity:		
Convertible perpetual preferred stock, \$0.001 par value; 10 shares authorized; 0.07 of Series A shares issued and outstanding as of June 30, 2019 and December 31, 2018, respectively	41	41
Common stock, \$0.001 par value; 300 shares authorized; 92 and 116 shares issued and outstanding as of June 30, 2019 and December 31, 2018, respectively	—	—
Additional paid-in capital	2,054	3,311
Retained earnings	563	377
Accumulated other comprehensive loss	(153)	(154)
Total stockholders' equity before noncontrolling interests	2,505	3,575
Noncontrolling interests	407	395
Total equity	2,912	3,970
Total liabilities and equity	\$ 14,314	\$ 12,270

See accompanying notes to condensed consolidated financial statements.

XPO Logistics, Inc.
Condensed Consolidated Statements of Income
(Unaudited)

<i>(In millions, except per share data)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Revenue	\$ 4,238	\$ 4,363	\$ 8,358	\$ 8,555
Operating expenses				
Cost of transportation and services	2,108	2,274	4,204	4,499
Direct operating expense	1,417	1,406	2,823	2,782
Sales, general and administrative expense	455	455	941	905
Total operating expenses	3,980	4,135	7,968	8,186
Operating income	258	228	390	369
Other expense (income)	(13)	(30)	(30)	(49)
Foreign currency loss (gain)	8	(10)	10	2
Debt extinguishment loss	—	—	5	10
Interest expense	72	55	143	114
Income before income tax provision	191	213	262	292
Income tax provision	46	54	65	54
Net income	145	159	197	238
Net income attributable to noncontrolling interests	(10)	(10)	(15)	(16)
Net income attributable to XPO	\$ 135	\$ 149	\$ 182	\$ 222
Earnings per share data:				
Net income attributable to common shareholders	\$ 122	\$ 138	\$ 165	\$ 205
Basic earnings per share	\$ 1.32	\$ 1.14	\$ 1.66	\$ 1.70
Diluted earnings per share	\$ 1.19	\$ 1.03	\$ 1.51	\$ 1.53
Weighted-average common shares outstanding				
Basic weighted-average common shares outstanding	92	121	100	120
Diluted weighted-average common shares outstanding	102	134	110	134

See accompanying notes to condensed consolidated financial statements.

XPO Logistics, Inc.
Condensed Consolidated Statements of Comprehensive Income
(Unaudited)

<i>(In millions)</i>	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Net income	\$ 145	\$ 159	\$ 197	\$ 238
Other comprehensive income (loss), net of tax				
Foreign currency translation loss, net of tax effect of \$-, \$13, \$(6) and \$32	\$ (1)	\$ (114)	\$ (2)	\$ (69)
Unrealized gain (loss) on financial assets/liabilities designated as hedging instruments, net of tax effect of \$(1), \$3, \$- and \$(1)	4	(8)	1	(8)
Defined benefit plans adjustments, net of tax effect of \$- in all periods	—	(1)	—	(1)
Other comprehensive income (loss)	<u>3</u>	<u>(123)</u>	<u>(1)</u>	<u>(78)</u>
Comprehensive income	\$ 148	\$ 36	\$ 196	\$ 160
Less: Comprehensive income (loss) attributable to noncontrolling interests	13	(15)	13	3
Comprehensive income attributable to XPO	<u>\$ 135</u>	<u>\$ 51</u>	<u>\$ 183</u>	<u>\$ 157</u>

See accompanying notes to condensed consolidated financial statements.

XPO Logistics, Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

<i>(In millions)</i>	Six Months Ended June 30,	
	2019	2018
Operating activities		
Net income	\$ 197	\$ 238
Adjustments to reconcile net income to net cash from operating activities		
Depreciation and amortization	360	348
Stock compensation expense	31	45
Accretion of debt	9	8
Deferred tax expense	12	8
Debt extinguishment loss	5	10
Unrealized loss (gain) on foreign currency option and forward contracts	9	(12)
Gains on sale of property and equipment	(40)	(2)
Other	23	(42)
Changes in assets and liabilities:		
Accounts receivable	(289)	(179)
Other assets	(23)	(103)
Accounts payable	(81)	(44)
Accrued expenses and other liabilities	(49)	(27)
Net cash provided by operating activities	164	248
Investing activities		
Payment for purchases of property and equipment	(236)	(268)
Proceeds from sale of property and equipment	85	62
Cash collected on deferred purchase price receivable	137	—
Other	—	10
Net cash used in investing activities	(14)	(196)
Financing activities		
Proceeds from issuance of debt	1,758	894
Repurchase of debt	—	(812)
Proceeds from borrowings on ABL facility	1,355	680
Repayment of borrowings on ABL facility	(1,355)	(780)
Repayment of debt and capital leases	(565)	(59)
Payment for debt issuance costs	(27)	(6)
Repurchase of common stock	(1,347)	—
Change in bank overdrafts	30	8
Payment for tax withholdings for restricted shares	(5)	(46)
Dividends paid	(2)	(2)
Other	5	4
Net cash used in financing activities	(153)	(119)
Effect of exchange rates on cash, cash equivalents and restricted cash	(2)	(7)
Net decrease in cash, cash equivalents and restricted cash	(5)	(74)
Cash, cash equivalents and restricted cash, beginning of period	514	449
Cash, cash equivalents and restricted cash, end of period	\$ 509	\$ 375
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 125	\$ 125
Cash paid for income taxes	\$ 58	\$ 27

See accompanying notes to condensed consolidated financial statements.

XPO Logistics, Inc.
Condensed Consolidated Statements of Changes in Equity
(Unaudited)

<i>(Shares in thousands, dollars in millions)</i>	Series A Preferred Stock		Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total XPO Stockholders' Equity	Non-controlling Interests	Total Equity
	Shares	Amount	Shares	Amount						
Balance as of March 31, 2019	72	\$ 41	93,207	\$ —	\$ 2,122	\$ 428	\$ (153)	\$ 2,438	\$ 395	\$ 2,833
Net income	—	—	—	—	—	135	—	135	10	145
Other comprehensive income	—	—	—	—	—	—	—	—	3	3
Exercise and vesting of stock compensation awards	—	—	87	—	—	—	—	—	—	—
Tax withholdings related to vesting of stock compensation awards	—	—	—	—	(2)	—	—	(2)	—	(2)
Retirement of common stock	—	—	(1,362)	—	(80)	—	—	(80)	—	(80)
Dividend declared	—	—	—	—	—	—	—	—	(1)	(1)
Stock compensation expense	—	—	—	—	11	—	—	11	—	11
Other	—	—	60	—	3	—	—	3	—	3
Balance as of June 30, 2019	72	\$ 41	91,992	\$ —	\$ 2,054	\$ 563	\$ (153)	\$ 2,505	\$ 407	\$ 2,912

<i>(Shares in thousands, dollars in millions)</i>	Series A Preferred Stock		Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total XPO Stockholders' Equity	Non-controlling Interests	Total Equity
	Shares	Amount	Shares	Amount						
Balance as of December 31, 2018	72	\$ 41	115,683	\$ —	\$ 3,311	\$ 377	\$ (154)	\$ 3,575	\$ 395	\$ 3,970
Net income	—	—	—	—	—	182	—	182	15	197
Other comprehensive income (loss)	—	—	—	—	—	—	1	1	(2)	(1)
Exercise and vesting of stock compensation awards	—	—	181	—	—	—	—	—	—	—
Tax withholdings related to vesting of stock compensation awards	—	—	—	—	(4)	—	—	(4)	—	(4)
Retirement of common stock	—	—	(23,932)	—	(1,275)	—	—	(1,275)	—	(1,275)
Dividend declared (\$10.00 per share)	—	—	—	—	—	(1)	—	(1)	(1)	(2)
Stock compensation expense	—	—	—	—	19	—	—	19	—	19
Adoption of new accounting standard	—	—	—	—	—	6	—	6	—	6
Other	—	—	60	—	3	(1)	—	2	—	2
Balance as of June 30, 2019	72	\$ 41	91,992	\$ —	\$ 2,054	\$ 563	\$ (153)	\$ 2,505	\$ 407	\$ 2,912

XPO Logistics, Inc.
Condensed Consolidated Statements of Changes in Equity (continued)
(Unaudited)

<i>(Shares in thousands, dollars in millions)</i>	Series A Preferred Stock		Common Stock		Additional Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total XPO Stockholders' Equity	Non-controlling Interests	Total Equity
	Shares	Amount	Shares	Amount						
Balance as of March 31, 2018	72	\$ 41	120,598	\$ —	\$ 3,558	\$ 33	\$ 49	\$ 3,681	\$ 424	\$ 4,105
Net income	—	—	—	—	—	149	—	149	10	159
Other comprehensive loss	—	—	—	—	—	—	(98)	(98)	(25)	(123)
Exercise and vesting of stock compensation awards	—	—	194	—	—	—	—	—	—	—
Tax withholdings related to vesting of stock compensation awards	—	—	—	—	(5)	—	—	(5)	—	(5)
Dividend declared	—	—	—	—	—	—	—	—	(1)	(1)
Stock compensation expense	—	—	—	—	9	—	—	9	—	9
Other	—	—	57	—	—	(4)	—	(4)	—	(4)
Balance as of June 30, 2018	72	\$ 41	120,849	\$ —	\$ 3,562	\$ 178	\$ (49)	\$ 3,732	\$ 408	\$ 4,140

<i>(Shares in thousands, dollars in millions)</i>	Series A Preferred Stock		Common Stock		Additional Paid-In Capital	(Accumulated Deficit)/Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total XPO Stockholders' Equity	Non-controlling Interests	Total Equity
	Shares	Amount	Shares	Amount						
Balance as of December 31, 2017	72	\$ 41	119,920	\$ —	\$ 3,590	\$ (43)	\$ 16	\$ 3,604	\$ 406	\$ 4,010
Net income	—	—	—	—	—	222	—	222	16	238
Other comprehensive loss	—	—	—	—	—	—	(65)	(65)	(13)	(78)
Exercise and vesting of stock compensation awards	—	—	872	—	1	—	—	1	—	1
Tax withholdings related to vesting of stock compensation awards	—	—	—	—	(45)	—	—	(45)	—	(45)
Dividend declared (\$10.00 per share)	—	—	—	—	—	(1)	—	(1)	(1)	(2)
Stock compensation expense	—	—	—	—	16	—	—	16	—	16
Other	—	—	57	—	—	—	—	—	—	—
Balance as of June 30, 2018	72	\$ 41	120,849	\$ —	\$ 3,562	\$ 178	\$ (49)	\$ 3,732	\$ 408	\$ 4,140

See accompanying notes to condensed consolidated financial statements.

XPO Logistics, Inc.

Notes to Condensed Consolidated Financial Statements

(Unaudited)

1. Organization, Description of Business and Basis of Presentation

XPO Logistics, Inc., together with its subsidiaries (“XPO,” “XPO Logistics” or the “Company”), is a top ten global provider of cutting-edge supply chain solutions to the most successful companies in the world. XPO uses its integrated network of people, technology and physical assets to help customers manage their goods most efficiently throughout their supply chains.

The Company has two reportable segments: Transportation and Logistics. Within each segment, the Company has robust service offerings that are positioned to capitalize on fast-growing areas of customer demand. See Note 2—Segment Reporting for further information on the Company’s operations.

The Company has prepared the accompanying unaudited Condensed Consolidated Financial Statements in accordance with the accounting policies described in its annual report on Form 10-K for the year ended December 31, 2018 (the “2018 Form 10-K”), except as described herein, and the interim reporting requirements of Form 10-Q. Accordingly, certain information and note disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) have been condensed or omitted. These unaudited Condensed Consolidated Financial Statements should be read in conjunction with the 2018 Form 10-K.

In the opinion of management, all adjustments, consisting only of normal recurring adjustments that are necessary for a fair presentation of financial condition, operating results and cash flows for the interim periods presented, have been made. Interim results of operations are not necessarily indicative of full year results.

Restricted Cash

As of June 30, 2019, and December 31, 2018, the total amount of restricted cash included in Other long-term assets on the Condensed Consolidated Balance Sheets was \$12 million, in both cases.

Receivables Securitization and Factoring

The Company uses trade accounts receivables securitization and factoring programs in the normal course of business to help manage its cash flows. The following table provides information related to the Company’s receivables securitization and factoring programs:

<i>(In millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Securitization program				
Receivables sold	\$ 338	\$ —	\$ 661	\$ —
Cash consideration	269	—	529	—
Deferred purchase price	69	—	132	—
Factoring programs				
Receivables sold	235	128	419	269
Cash consideration	234	128	417	269

In addition to the cash consideration referenced above, the Company received \$66 million and \$137 million, respectively, in the three and six months ended June 30, 2019, for the realization of cash on a deferred purchase price receivable related to the securitization program. These amounts are reflected as cash collected on deferred purchase price receivable within Net cash used in investing activities. See Note 7—Debt for additional information related to the Company’s receivables securitization borrowing program.

Fair Value Measurements

Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 820, “Fair Value Measurements and Disclosures,” defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, and classifies the inputs used to measure fair value into the following hierarchy:

- Level 1—Quoted prices for identical instruments in active markets;
- Level 2—Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable in active markets; and
- Level 3—Valuations based on inputs that are unobservable, generally utilizing pricing models or other valuation techniques that reflect management’s judgment and estimates.

The fair value estimates are based on certain market assumptions and information available to management. The carrying values of cash and cash equivalents, accounts receivable, deferred purchase price related to accounts receivables sold, accounts payable, accrued expenses and current maturities of long-term debt approximated their fair values as of June 30, 2019 and December 31, 2018 due to their short-term nature or because they were receivable or payable on demand. The Level 1 cash equivalents include money market funds valued using quoted prices in active markets. The Level 2 cash equivalents include short-term investments valued using published interest rates for instruments with similar terms and maturities. For information regarding the fair value hierarchy of the Company’s derivative instruments and financial liabilities, refer to Note 6—Derivative Instruments and Note 7—Debt, respectively.

The following table summarizes the fair value hierarchy of cash equivalents:

<i>(In millions)</i>	Carrying Value		Fair Value		Level 1		Level 2	
June 30, 2019	\$	135	\$	135	\$	118	\$	17
December 31, 2018		237		237		236		1

Adoption of New Accounting Standards

In February 2016, the FASB issued Accounting Standards Update (“ASU”) 2016-02, Leases (Topic 842). The core principle of Topic 842 is that a lessee should recognize on its Condensed Consolidated Balance Sheets the assets and liabilities that arise from leases, including operating leases. Under the new requirements, a lessee recognizes on the balance sheet the right-of-use asset, representing the right to use the underlying asset, and the lease liability, representing the present value of future lease payments.

The Company utilized a comprehensive approach to assess the impact of Topic 842 on its financial statements and related disclosures. In particular, the Company completed a comprehensive review of its lease portfolio and enhanced its internal controls, including those related to the identification, measurement and disclosure of its lease portfolio. In addition, the Company implemented a new software solution to facilitate compliance with the new guidance. For further information on the Company’s leases, refer to Note 5—Leases.

Accounting Pronouncements Issued but Not Yet Effective

In June 2016, the FASB issued ASU 2016-13 “Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments,” as modified by subsequently issued ASUs. The ASU amends the current incurred losses impairment method with a method that reflects expected credit losses on certain types of financial instruments, including trade receivables. The ASU is effective for fiscal years beginning after December 15, 2019, including interim periods within that reporting period; however, early adoption is permitted. While the Company is currently evaluating the impact of this standard on its consolidated financial statements, it believes it may impact the allowance for doubtful accounts on trade accounts receivable as credit losses may be recognized earlier under the expected loss model.

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In August 2018, the FASB issued ASU 2018-15, Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): “Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract.” The ASU aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. Under the guidance, any capitalized implementation costs would be included in prepaid expenses, amortized over the term of the hosting arrangement on a straight-line basis and presented in the same line items in the Consolidated Statement of Income as the expense for fees of the associated hosting arrangements. This ASU is effective for fiscal years beginning after December 15, 2019, including interim periods within that reporting period, however, early adoption is permitted. The Company does not expect the adoption of this standard to have a material effect on its consolidated financial statements.

2. Segment Reporting

The Company is organized into two reportable segments: Transportation and Logistics.

In the Transportation segment, the Company provides multiple services to facilitate movements of raw materials, parts and finished goods. The Company accomplishes this by using its proprietary technology, third-party independent carriers and Company-owned transportation assets and service centers. XPO’s transportation services include: freight brokerage, last mile, less-than-truckload (“LTL”), full truckload, global forwarding and managed transportation. Freight brokerage, last mile, global forwarding and managed transportation are non-asset or asset-light operations; LTL and full truckload are primarily asset-based operations.

The Logistics segment, which the Company also refers to as supply chain, provides differentiated contract logistics services. These services are facilitated by the Company’s proprietary technology and include value-added warehousing and distribution, inventory management, omnichannel and e-commerce fulfillment, cold chain solutions, reverse logistics, packaging and labeling, factory support, aftermarket support and order personalization services. In addition, the Logistics segment provides highly engineered, customized solutions and supply chain optimization services, such as advanced automation and predictive volume flow management.

Certain of the Company’s operating units provide services to other Company operating units outside of their reportable segment. Billings for such services are based on negotiated rates and are reflected as revenue of the billing segment. These rates are adjusted from time to time based on market conditions. Such intersegment revenues and expenses are eliminated in the Company’s consolidated results.

Corporate costs and credits include corporate headquarters costs for executive officers and certain legal and financial functions, as well as certain other costs and credits not attributed to the Company’s core business. These costs and credits are not allocated to the business segments.

The Company’s chief operating decision maker (“CODM”) regularly reviews financial information at the reporting segment level in order to make decisions about resources to be allocated to the segments and to assess performance. Segment results that are reported to the CODM include items directly attributable to a segment, as well as those that can be allocated on a reasonable basis. Asset information by segment is not provided to the Company’s CODM, as the majority of the Company’s assets are managed at the corporate level.

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The Company evaluates performance based on the various financial measures of its two reporting segments. The following table shows select financial data for the three and six months ended June 30, 2019 and 2018:

<i>(In millions)</i>	Transportation	Logistics	Corporate	Eliminations	Total
Three months ended June 30, 2019					
Revenue	\$ 2,747	\$ 1,526	\$ —	\$ (35)	\$ 4,238
Operating income (loss)	243	61	(46)	—	258
Depreciation and amortization	108	67	5	—	180
Three months ended June 30, 2018					
Revenue	\$ 2,888	\$ 1,508	\$ —	\$ (33)	\$ 4,363
Operating income (loss)	205	67	(44)	—	228
Depreciation and amortization	116	58	3	—	177
Six months ended June 30, 2019					
Revenue	\$ 5,406	\$ 3,020	\$ —	\$ (68)	\$ 8,358
Operating income (loss)	371	107	(88)	—	390
Depreciation and amortization	224	128	8	—	360
Six months ended June 30, 2018					
Revenue	\$ 5,662	\$ 2,956	\$ —	\$ (63)	\$ 8,555
Operating income (loss)	344	115	(90)	—	369
Depreciation and amortization	230	113	5	—	348

3. Revenue Recognition

Disaggregation of Revenues

The Company disaggregates its revenue by geographic area and service offering. The following tables present the Company's revenue disaggregated by geographic area based on sales office location:

<i>(In millions)</i>	Three Months Ended June 30, 2019			
	Transportation	Logistics	Eliminations	Total
Revenue				
United States	\$ 1,924	\$ 570	\$ (7)	\$ 2,487
North America (excluding United States)	73	15	—	88
France	351	172	(6)	517
United Kingdom	186	350	(18)	518
Europe (excluding France and United Kingdom)	207	397	(4)	600
Other	6	22	—	28
Total	\$ 2,747	\$ 1,526	\$ (35)	\$ 4,238

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Three Months Ended June 30, 2018

<i>(In millions)</i>	Transportation	Logistics	Eliminations	Total
Revenue				
United States	\$ 2,046	\$ 533	\$ (5)	\$ 2,574
North America (excluding United States)	67	16	—	83
France	385	177	(5)	557
United Kingdom	181	357	(18)	520
Europe (excluding France and United Kingdom)	203	400	(5)	598
Other	6	25	—	31
Total	<u>\$ 2,888</u>	<u>\$ 1,508</u>	<u>\$ (33)</u>	<u>\$ 4,363</u>

Six Months Ended June 30, 2019

<i>(In millions)</i>	Transportation	Logistics	Eliminations	Total
Revenue				
United States	\$ 3,760	\$ 1,127	\$ (12)	\$ 4,875
North America (excluding United States)	140	33	—	173
France	715	341	(11)	1,045
United Kingdom	374	685	(36)	1,023
Europe (excluding France and United Kingdom)	408	789	(8)	1,189
Other	9	45	(1)	53
Total	<u>\$ 5,406</u>	<u>\$ 3,020</u>	<u>\$ (68)</u>	<u>\$ 8,358</u>

Six Months Ended June 30, 2018

<i>(In millions)</i>	Transportation	Logistics	Eliminations	Total
Revenue				
United States	\$ 4,000	\$ 1,035	\$ (10)	\$ 5,025
North America (excluding United States)	129	29	—	158
France	774	356	(9)	1,121
United Kingdom	351	696	(34)	1,013
Europe (excluding France and United Kingdom)	399	790	(9)	1,180
Other	9	50	(1)	58
Total	<u>\$ 5,662</u>	<u>\$ 2,956</u>	<u>\$ (63)</u>	<u>\$ 8,555</u>

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The following table presents the Company's revenue disaggregated by service offering:

(In millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Transportation segment:				
Freight brokerage and truckload	\$ 1,094	\$ 1,211	\$ 2,186	\$ 2,390
LTL	1,261	1,247	2,440	2,420
Last mile ⁽¹⁾	212	269	436	507
Managed transportation	142	114	266	251
Global forwarding	78	85	155	167
Transportation eliminations	(40)	(38)	(77)	(73)
Total Transportation segment revenue	2,747	2,888	5,406	5,662
Total Logistics segment revenue	1,526	1,508	3,020	2,956
Intersegment eliminations	(35)	(33)	(68)	(63)
Total revenue	\$ 4,238	\$ 4,363	\$ 8,358	\$ 8,555

(1) Comprised of the Company's North American last mile operations.

Transaction Price Allocated to Remaining Performance Obligation

The Company's remaining performance obligation represents the aggregate amount of transaction price yet to be recognized as of the end of the reporting period. As permitted in determining the remaining performance obligation, the Company omits obligations that either: (i) have original expected durations of one year or less, or (ii) contain variable consideration. On June 30, 2019, the fixed consideration component of the Company's remaining performance obligation was approximately \$1.5 billion, of which the Company expects to recognize approximately 80% over the next three years and the remainder thereafter. The majority of the remaining performance obligation relates to the Logistics reportable segment. Remaining performance obligations are based on estimates made at a point in time and actual amounts may differ from these estimates due to changes in foreign currency exchange rates, contract revisions or terminations.

4. Restructuring Charges

The Company engages in restructuring actions as part of its ongoing efforts to best utilize its resources and infrastructure. In 2019, management approved restructuring plans that included severance and facility-related costs. A portion of the charge recorded under these plans related to the Company's largest customer downsizing its business with the Company. The following table sets forth the restructuring-related activity:

(In millions)	Reserve Balance as of December 31, 2018	Six Months Ended June 30, 2019		Reserve Balance as of June 30, 2019
		Charges Incurred	Payments	
Severance:				
Transportation	\$ 9	\$ 11	\$ (15)	\$ 5
Logistics	5	2	(4)	3
Corporate	2	1	(2)	1
Total severance	16	14	(21)	9
Facilities:				
Transportation	—	3	—	3
Total	\$ 16	\$ 17	\$ (21)	\$ 12

With respect to the \$17 million charge taken in the first six months of 2019, \$3 million was recorded in Cost of transportation and services and \$14 million was recorded in Sales, general and administrative expense in the

Condensed Consolidated Statements of Income. The Company expects that the majority of the cash payments related to this charge will be made within 12 months.

5. Leases

Adoption of Topic 842, “Leases”

On January 1, 2019, the Company adopted Topic 842 prospectively through a cumulative-effect adjustment with no restatement of prior period financial statements. Upon adoption, the Company elected the package of practical expedients to retain the lease identification, classification and initial direct costs for existing leases. Additionally, the Company elected to not recognize on the Consolidated Balance Sheets any lease with an initial term of 12 months or less and to not separate lease and non-lease components within a contract. Adoption of this new standard as of January 1, 2019 resulted in the recognition of \$2.1 billion of Operating lease assets and liabilities on the Condensed Consolidated Balance Sheets, as well as an increase to Retained earnings of \$6 million related to a deferred gain from a prior sale-leaseback transaction. The adoption of Topic 842 did not have a material impact on the Condensed Consolidated Statements of Income and the Condensed Consolidated Statements of Cash Flows.

Nature of Leases

Most of the Company’s leases are comprised of real estate leases. In addition, the Company leases trucks, trailers, containers and material handling equipment. Operating lease right-of-use assets and liabilities are recognized at the lease commencement date based on the estimated present value of the lease payments over the lease term. As most of the Company’s leases do not provide an implicit rate, incremental borrowing rates were used based on the Company’s outstanding debt to determine the present value of future lease payments. The Company includes options to extend or terminate a lease in the lease term when the Company is reasonably certain to exercise such options. The Company excludes variable lease payments (such as payments based on an index or reimbursements of lessor costs) from its initial measurement of lease liability.

The components of lease expense and gain realized on sale-leaseback transactions were as follows:

<i>(In millions)</i>	Three Months Ended June 30, 2019	Six Months Ended June 30, 2019
Operating lease cost	\$ 178	\$ 353
Short-term lease cost	31	77
Variable lease cost	18	36
Total operating lease cost	<u>\$ 227</u>	<u>\$ 466</u>
Finance lease cost:		
Amortization of leased assets	\$ 14	\$ 25
Interest on lease liabilities	1	3
Total finance lease cost	<u>\$ 15</u>	<u>\$ 28</u>
Total lease cost	<u>\$ 242</u>	<u>\$ 494</u>
Gain recognized on sale-leaseback transactions	\$ 17	\$ 36

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Supplemental balance sheet information related to leases was as follows:

<i>(In millions)</i>	June 30, 2019
Operating leases:	
Operating lease assets	\$ 2,074
Short-term operating lease liabilities	481
Operating lease liabilities	1,611
Total operating lease liabilities	\$ 2,092
Finance leases:	
Property and equipment, gross	\$ 413
Accumulated depreciation	(111)
Property and equipment, net	\$ 302
Short-term borrowings and current maturities of long-term debt	55
Long-term debt	232
Total finance lease liabilities	\$ 287
Weighted-average remaining lease term	
Operating leases	7 years
Finance leases	6 years
Weighted-average discount rate	
Operating leases	5.12%
Finance leases	2.53%

Supplemental cash flow information related to leases was as follows:

<i>(In millions)</i>	Six Months Ended June 30, 2019
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows for operating leases	\$ 347
Operating cash flows for finance leases	3
Financing cash flows for finance leases	30
Leased assets obtained in exchange for new lease obligations:	
Operating leases	327
Finance leases	30

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Maturities of lease liabilities as of June 30, 2019 were as follows:

<i>(In millions)</i>	Finance Leases	Operating Leases
Remainder of 2019	\$ 47	\$ 275
2020	59	548
2021	58	429
2022	55	332
2023	45	253
Thereafter	42	648
Total lease payments	\$ 306	\$ 2,485
Less: interest	(19)	(393)
Present value of lease liabilities	\$ 287	\$ 2,092

Disclosures Related to Topic 840

Future minimum lease payments with initial or remaining non-cancelable lease terms in excess of one year as of December 31, 2018 were as follows:

<i>(In millions)</i>	Capital Leases	Operating Leases
Year ending December 31:		
2019	\$ 61	\$ 577
2020	60	460
2021	55	367
2022	52	288
2023	43	221
Thereafter	39	523
Total minimum lease payments	\$ 310	\$ 2,436
Amount representing interest	(21)	
Present value of minimum lease payments	\$ 289	

6. Derivative Instruments

In the normal course of business, the Company is exposed to certain risks arising from business operations and economic factors, including fluctuations in interest rates and foreign currencies. To manage the volatility related to these exposures, the Company uses derivative instruments. The objective of these derivative instruments is to reduce fluctuations in the Company's earnings and cash flows associated with changes in foreign currency exchange rates and interest rates. These financial instruments are not used for trading or other speculative purposes. Historically, the Company has not incurred, and does not expect to incur in the future, any losses as a result of counterparty default.

The Company formally documents all relationships between hedging instruments and hedged items, as well as the risk management objective and strategy for undertaking various hedge transactions. This process includes linking cash flow hedges to specific forecasted transactions or variability of cash flow to be paid. The Company also formally assesses, both at the hedge's inception and on an ongoing basis, whether the designated derivative instruments that are used in hedging transactions are highly effective in offsetting changes in the cash flows of the hedged items. When a derivative instrument is determined not to be highly effective as a hedge or the underlying hedged transaction is no longer probable, hedge accounting is discontinued prospectively.

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The following table presents the account on the Condensed Consolidated Balance Sheets in which the Company's derivative instruments have been recognized and the related notional amounts and fair values:

June 30, 2019					
<i>(In millions)</i>	Notional Amount	Derivative Assets		Derivative Liabilities	
		Balance Sheet Caption	Fair Value	Balance Sheet Caption	Fair Value
Derivatives designated as hedges:					
Cross-currency swap agreements	\$ 1,261	Other long-term assets	\$ —	Other long-term liabilities	\$ (47)
Interest rate swap	2,003	Other current assets	—	Other current liabilities	(12)
Derivatives not designated as hedges:					
Foreign currency option contracts	500	Other current assets	2	Accrued expenses	(5)
Total			\$ 2		\$ (64)

December 31, 2018					
<i>(In millions)</i>	Notional Amount	Derivative Assets		Derivative Liabilities	
		Balance Sheet Caption	Fair Value	Balance Sheet Caption	Fair Value
Derivatives designated as hedges:					
Cross-currency swap agreements	\$ 1,270	Other long-term assets	\$ —	Other long-term liabilities	\$ (81)
Derivatives not designated as hedges:					
Foreign currency option contracts	473	Other current assets	7	Other current liabilities	—
Total			\$ 7		\$ (81)

The derivatives are classified as Level 2 within the fair value hierarchy. The derivatives are valued using inputs other than quoted prices, such as foreign exchange rates and yield curves.

The effect of derivative instruments designated as hedges in the Condensed Consolidated Statements of Income are as follows:

<i>(In millions)</i>	Amount of (Loss) Gain Recognized in Other Comprehensive Income on Derivative		Amount of (Loss) Gain Reclassified from AOCI into Net Income		Amount of Gain Recognized in Income on Derivative (Amount Excluded from Effectiveness Testing)	
	Three Months Ended June 30,					
	2019	2018	2019	2018	2019	2018
Derivatives designated as cash flow hedges:						
Cross-currency swap agreements	\$ (1)	\$ 17	\$ (3)	\$ 15	\$ —	\$ —
Interest rate swaps	5	(1)	—	—	—	—
Derivatives designated as net investment hedges:						
Cross-currency swap agreements	(7)	67	—	—	3	2
Total	\$ (3)	\$ 83	\$ (3)	\$ 15	\$ 3	\$ 2

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(In millions)	Amount of Gain (Loss) Recognized in Other Comprehensive Income on Derivatives		Amount of Gain Reclassified from AOCI into Net Income		Amount of Gain (Loss) Recognized in Income on Derivative (Amount Excluded from Effectiveness Testing)	
	Six Months Ended June 30,					
	2019	2018	2019	2018	2019	2018
Derivatives designated as cash flow hedges:						
Cross-currency swap agreements	\$ 5	\$ 6	\$ 2	\$ 13	\$ —	\$ —
Interest rate swaps	(1)	(1)	—	—	—	—
Derivatives designated as net investment hedges:						
Cross-currency swap agreements	28	20	—	—	5	(1)
Total	\$ 32	\$ 25	\$ 2	\$ 13	\$ 5	\$ (1)

The amounts excluded from effectiveness testing for the cross-currency swap agreements were \$2 million and \$3 million of loss in Accumulated other comprehensive loss (“AOCI”) for derivatives designated as cash flow hedges as of June 30, 2019 and 2018, respectively; and \$28 million and \$37 million of loss in AOCI for derivatives designated as net investment hedges as of June 30, 2019 and 2018, respectively.

The pre-tax (loss) gain recognized in earnings for foreign currency option and forward contracts not designated as hedging instruments was losses of \$8 million and \$10 million for the three and six months ended June 30, 2019, respectively; and gains of \$16 million and \$4 million for the three and six months ended June 30, 2018, respectively. These amounts are recorded in Foreign currency loss (gain) in the Condensed Consolidated Statements of Income.

Cross-Currency Swap Agreements

The Company enters into cross-currency swap agreements that manage the foreign currency exchange risk related to the Company’s international operations by effectively converting its fixed-rate U.S. Dollar (“USD”)-denominated debt, including the associated interest payments, to fixed-rate, euro (“EUR”)-denominated debt. The risk management objective of these transactions is to manage foreign currency risk relating to net investments in subsidiaries denominated in foreign currencies and reduce the variability in the functional currency equivalent cash flows of this debt.

During the term of the swap contracts, the Company will receive interest payments, either on a quarterly or semi-annually basis, from the counterparties based on USD fixed interest rates, and the Company will make interest payments, also on a quarterly or semi-annual basis, to the counterparties based on EUR fixed interest rates. At maturity, the Company will repay the original principal amount in EUR and receive the principal amount in USD.

The Company has designated the cross-currency swap agreements as qualifying hedging instruments and is accounting for these as net investment hedges. The Company applies the simplified method of assessing the effectiveness of its net investment hedging relationships. Under this method, for each reporting period, the change in the fair value of the cross-currency swaps is initially recognized in AOCI. The change in the fair value due to foreign exchange remains in AOCI and the initial component excluded from effectiveness testing will initially remain in AOCI and then will be reclassified from AOCI to Interest expense each period in a systematic manner. For net investment hedges that were de-designated prior to their maturity, the amounts in AOCI will remain in AOCI until the subsidiary is sold or substantially liquidated. Cash flows related to the periodic exchange of interest payments for these net investment hedges are included in Operating activities on the Condensed Consolidated Statements of Cash Flows.

Additionally, the Company has cross-currency swap agreements accounted for as a cash flow hedge. This cash flow hedge was entered into to manage the related foreign currency exposure from intercompany loans. For the cash flow hedge, the Company reclassifies a portion of AOCI to Foreign currency loss (gain) to offset the foreign exchange impact in earnings created by the intercompany loans. The Company also amortizes a portion of AOCI to Interest expense related to the initial portion of a loss excluded from the assessment of effectiveness of the cash flow hedge. Cash flows related to this cash flow hedge are included in Financing activities on the Condensed Consolidated Statements of Cash Flows.

Interest Rate Hedging

In March 2019, the Company executed short-term interest rate swaps to mitigate variability in forecasted interest payments on the Company’s senior secured term loan credit agreement, as amended (the “Term Loan Facility”). The interest rate swaps convert floating-rate interest payments into fixed rate interest payments. The company designated the interest rate swaps as qualifying hedging instruments and accounted for these derivatives as cash flow hedges. The interest rate swaps mature on various dates within 2019. In 2018, the Company utilized a short-term interest rate swap to mitigate variability in forecasted interest payments on the Company’s Term Loan Facility.

Gains and losses resulting from fair value adjustments to the designated portion of interest rate swaps are recorded in AOCI and reclassified to Interest expense on the dates that interest payments accrue. Cash flows related to the interest rate swaps are included in Operating activities on the Condensed Consolidated Statements of Cash Flows.

Foreign Currency Option and Forward Contracts

In order to mitigate the risk of a reduction in the value of earnings from the Company’s operations that use the EUR or the British pound sterling as their functional currency, the Company uses foreign currency option contracts. Additionally, the Company uses foreign currency forward contracts to mitigate exposure from intercompany loans that are not designated as permanent and thus create volatility in earnings. These foreign currency contracts (both option and forward contracts) were not designated as qualifying hedging instruments as of June 30, 2019. The contracts are not speculative; rather, they are used to economically hedge the Company’s exposure to exchange rate fluctuations. The contracts expire in 12 months or less. Gains or losses on the contracts are recorded in Foreign currency loss (gain) in the Condensed Consolidated Statements of Income.

In the third quarter of 2018, the Company changed its policy related to the cash flow presentation of foreign currency option contracts, as the Company believes cash receipts and payments related to economic hedges should be classified based on the nature and purpose for which these derivatives were acquired and, given that the Company did not elect to apply hedge accounting to these derivatives, the Company believes it is preferable to reflect these cash flows as Investing activities. Prior to this change, these cash flows were reflected within Operating activities. Net cash provided by operating activities for the six months ended June 30, 2018 included \$13 million of cash usage related to these foreign currency option contracts.

7. Debt

The following table summarizes the Company’s debt:

<i>(In millions)</i>	June 30, 2019		December 31, 2018	
	Principal Balance	Carrying Value	Principal Balance	Carrying Value
ABL facility	\$ —	\$ —	\$ —	\$ —
Term loan facility	2,003	1,966	1,503	1,474
6.125% Senior notes due 2023	535	530	535	529
6.50% Senior notes due 2022	1,200	1,191	1,200	1,190
6.70% Senior debentures due 2034	300	206	300	205
6.75% Senior notes due 2024	1,000	986	—	—
Trade securitization program	261	259	283	281
Unsecured credit facility	—	—	250	246
Finance leases	287	287	289	289
Asset financing and other	48	49	55	55
Total debt	5,634	5,474	4,415	4,269
Short-term borrowings and current maturities of long-term debt	340	340	371	367
Long-term debt	\$ 5,294	\$ 5,134	\$ 4,044	\$ 3,902

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The following table summarizes the fair value of the Company's debt:

<i>(In millions)</i>	Fair Value	Level 1	Level 2
June 30, 2019	\$ 5,718	\$ 3,145	\$ 2,573
December 31, 2018	4,305	2,020	2,285

The Level 1 debt was valued using quoted prices in active markets. The Level 2 debt was valued using bid evaluation pricing models or quoted prices of securities with similar characteristics. The fair value of the asset financing arrangements approximates carrying value as the debt: (i) is primarily issued at a floating rate; (ii) may be prepaid at any time at par without penalty; and (iii) the remaining life of the debt is short-term in nature.

ABL Facility

In April 2019, the Company entered into Amendment No. 3 (the "Amendment") to the Second Amended and Restated Revolving Loan Credit Agreement (the "ABL Facility"), by and among the Company, certain subsidiaries signatory thereto, the lenders party thereto and Morgan Stanley Senior Funding, Inc., in its capacity as agent.

The Amendment amends the ABL Facility to, among other things: (i) extend the maturity date thereof to April 30, 2024 (subject, in certain circumstances, to a springing maturity if more than \$200 million of the Company's 6.50% senior notes due 2022, 6.125% senior notes due 2023 or certain refinancings thereof remain outstanding 91 days prior to their respective maturity); (ii) increase the aggregate principal amount of the commitments thereunder to \$1.1 billion; (iii) reduce the interest rate margin and commitment fees thereunder; and (iv) make certain other changes to the covenants and other provisions therein.

Loans under the ABL Facility are secured on a first lien basis by the assets of the credit parties which constitute ABL Priority Collateral (as defined therein), and on a second lien basis by certain other assets.

Loans under the ABL Facility will bear interest at a rate equal to London Interbank Offered Rate ("LIBOR") or base rate plus an applicable margin of 1.25% to 1.50%, in the case of LIBOR loans, and 0.25% to 0.50%, in the case of base rate loans.

As of June 30, 2019, the Company had a borrowing base of \$1,046 million and availability under the ABL Facility of \$838 million after considering outstanding letters of credit on the ABL Facility of \$208 million. As of June 30, 2019, the Company was in compliance with the ABL Facility's financial covenants.

Term Loan Facility

2019 Amendments

In March 2019, the Company entered into Amendment No. 4 to Credit Agreement (the "Fourth Amendment"), which permits the Company to incur up to \$500 million of incremental term loans under the existing credit agreement on or prior to June 5, 2019 without adjusting the interest rate margin applicable to existing loans outstanding, as long as the yield on the incremental term loan does not exceed the yield on the existing loans by 0.75%. Also in March 2019, the Company entered into an Incremental Amendment (Amendment No. 5 to Credit Agreement) (the "Fifth Amendment"), by and among the Company, its subsidiaries signatory thereto, as guarantors, the lenders party thereto and Morgan Stanley Senior Funding, Inc., in its capacity as administrative agent, amending the Senior Secured Term Loan Credit Agreement dated as of October 30, 2015 (as previously amended, amended and restated, supplemented or otherwise modified, the "Term Loan Credit Agreement").

Pursuant to the Fifth Amendment, the Company borrowed an additional \$500 million of incremental loans under a new tranche of term loans (the "Incremental Term Loan Facility"). The terms of the loans under the Incremental Term Loan Facility are substantially similar to the terms relating to the loans outstanding under the Term Loan Credit Agreement prior to giving effect to the amendment, except with respect to issue price, the interest rate applicable to the Company's borrowings under the Incremental Term Loan Facility, prepayment premiums in connection with certain voluntary prepayments thereof, and certain other provisions.

The interest rate margin applicable to the Incremental Term Loan Facility is 1.50%, in the case of base rate loans, and 2.50%, in the case of LIBOR loans. Proceeds from borrowings under the Incremental Term Loan Facility will be

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used: (i) for general corporate purposes, including to fund purchases of equity interests of the Company described in Note 8—Stockholders' Equity; and (ii) to pay fees and expenses relating to, or in connection with, the transactions contemplated by the amendment. The incremental loans under the Incremental Term Loan Facility were issued at a price of 99.50% of par.

The interest rates on the Term Loan Facility and the Incremental Term Loan Facility were 4.40% and 4.88%, respectively, as of June 30, 2019.

2018 Amendments

In February 2018, the Company amended the Term Loan Facility, which reduced the interest rate under the facility and extended the maturity date to February 23, 2025. The refinancing resulted in a debt extinguishment charge of \$10 million in the first quarter of 2018.

Senior Notes due 2024

In February 2019, the Company completed its private placement of \$1.0 billion aggregate principal amount of senior notes ("Senior Notes due 2024"). The Senior Notes due 2024 bear interest at a rate of 6.75% per annum, payable semiannually in cash in arrears, commencing August 15, 2019. The Senior Notes due 2024 will mature on August 15, 2024. The Senior Notes due 2024 are guaranteed by each of the Company's direct and indirect wholly owned restricted subsidiaries (other than certain excluded subsidiaries) that guarantees or is or becomes a borrower under the Company's ABL Facility or existing secured term loan facility (or certain replacements thereof) or that guarantees certain capital markets indebtedness of the Company or any guarantor of the Senior Notes due 2024. The Senior Notes due 2024 and the guarantees thereof are unsecured, unsubordinated indebtedness of the Company and the guarantors. Proceeds from the Senior Notes due 2024 were used to repay the Company's outstanding obligation under the Unsecured Credit Facility described below and to finance a portion of its share repurchases described in Note 8—Stockholders' Equity.

Trade Securitization Program

In October 2017, XPO Logistics Europe SA ("XPO Logistics Europe"), in which the Company holds an 86.25% controlling interest, entered into a trade receivables securitization program for a term of three years co-arranged by Crédit Agricole and HSBC. The aggregate maximum amount available under the program is €350 million (approximately \$398 million as of June 30, 2019). As of June 30, 2019, the remaining borrowing capacity, which considers receivables that are collateral and receivables that have been sold, was €24 million (approximately \$27 million) and the weighted-average interest rate was 1.10%. Charges for administrative fees and commitment fees, the latter of which is based on a percentage of the unused amounts available, were not material to the Company's results of operations for the six months ended June 30, 2019 and 2018.

In July 2019, XPO Logistics Europe terminated the above described trade receivables securitization program and entered into a new trade receivables securitization program for a term of three years co-arranged by Crédit Agricole, BNP Paribas and HSBC. Under the terms of the new program, a wholly-owned bankruptcy remote special purpose entity of XPO Logistics Europe incorporated in Ireland will sell the trade receivables originated by the wholly-owned subsidiaries of XPO Logistics Europe in the United Kingdom and France to unaffiliated entities being managed by Crédit Agricole, BNP Paribas and HSBC. Under this new program, the maximum amount of net cash proceeds that will be available at any one time will be €400 million (approximately \$450 million as of July 1, 2019). In this new program, there will be no deferred purchase price mechanism which had existed in the prior program.

Unsecured Credit Facility

In December 2018, the Company entered into a \$500 million unsecured credit agreement ("Unsecured Credit Agreement") with Citibank, N.A., with a maturity date of December 23, 2019. As of December 31, 2018, the Company had borrowed \$250 million under the Unsecured Credit Agreement and made a second borrowing of \$250 million in January 2019. The proceeds of both borrowings were used to finance a portion of its share repurchases described in Note 8—Stockholders' Equity. In connection with the issuance of the Senior Notes due 2024 described above, the Company repaid its outstanding obligations under the Unsecured Credit Agreement and terminated the facility in February 2019.

8. Stockholders' Equity

Share Repurchases

On December 14, 2018, the Company's Board of Directors authorized the repurchase of up to \$1 billion of the Company's common stock (the "2018 Repurchase Program"). Through December 31, 2018, based on the settlement date, the Company purchased and retired 10 million shares of its common stock having an aggregate value of \$536 million at an average price of \$53.46 per share. In the first quarter of 2019, based on the settlement date, the Company purchased and retired 8 million shares of its common stock having an aggregate value of \$464 million at an average price of \$59.47 per share, which completed the 2018 Repurchase Program. The share purchases were funded by the Unsecured Credit Facility and available cash.

On February 13, 2019, the Company's Board of Directors authorized additional repurchases of up to \$1.5 billion of the Company's common stock (the "2019 Repurchase Program"). The authorization permits the Company to purchase shares in both open market and private transactions, with the timing and number of shares dependent on a variety of factors, including price, general business conditions, market conditions, alternative investment opportunities and funding considerations. In the second quarter of 2019, based on the settlement date, the Company purchased and retired 2 million shares of its common stock having an aggregate value of \$120 million at an average price of \$56.78 per share under the 2019 Repurchase Program. In the first six months of 2019, based on the settlement date, the Company purchased and retired 17 million shares of its common stock having an aggregate value of \$883 million at an average price of \$50.70 per share, under the 2019 Repurchase Program. The share purchases were funded by available cash and proceeds from new debt offerings. As of June 30, 2019, \$617 million remained available to be used for share purchases under the 2019 Repurchase Program. However, the Company is not obligated to repurchase any specific number of shares and may suspend or discontinue the program at any time.

Dividends

The Series A Convertible Perpetual Preferred Stock pays quarterly cash dividends equal to the greater of: (i) the "as-converted" dividends on the underlying Company common stock for the relevant quarter; and (ii) 4% of the then-applicable liquidation preference per annum.

9. Earnings per Share

Basic and diluted earnings per share are computed using the two-class method, which is an earnings allocation method that determines earnings per share for common shares and participating securities. The participating securities consist of the Company's Series A Convertible Perpetual Preferred Stock. The undistributed earnings are allocated between common shares and participating securities as if all earnings had been distributed during the period. In periods of loss, no allocation is made to the preferred shares.

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The computations of basic and diluted earnings per share are as follows:

<i>(In millions, except per share data)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Basic earnings per common share				
Net income attributable to XPO	\$ 135	\$ 149	\$ 182	\$ 222
Series A preferred stock dividends	—	—	(1)	(1)
Non-cash allocation of undistributed earnings	(13)	(11)	(16)	(16)
Net income attributable to common shares, basic	\$ 122	\$ 138	\$ 165	\$ 205
Basic weighted-average common shares	92	121	100	120
Basic earnings per share	\$ 1.32	\$ 1.14	\$ 1.66	\$ 1.70
Diluted earnings per common share				
Net income attributable to common shares, diluted	\$ 122	\$ 138	\$ 165	\$ 205
Basic weighted-average common shares	92	121	100	120
Dilutive effect of non-participating stock-based awards and equity forward	10	13	10	14
Diluted weighted-average common shares	102	134	110	134
Diluted earnings per share	\$ 1.19	\$ 1.03	\$ 1.51	\$ 1.53
Potential common shares excluded	10	10	10	10

Certain shares were not included in the computation of diluted earnings per share because the effect was anti-dilutive.

10. Legal and Regulatory Matters

The Company is involved, and will continue to be involved, in numerous proceedings arising out of the conduct of its business. These proceedings may include, among other matters, claims for property damage or personal injury incurred in connection with the transportation of freight, claims regarding anti-competitive practices, and employment-related claims, including claims involving asserted breaches of employee restrictive covenants and tortious interference with contracts. These matters also include numerous purported class action, multi-plaintiff and individual lawsuits, and administrative proceedings that claim either that the Company's owner-operators or contract carriers should be treated as employees, rather than independent contractors, or that certain of the Company's drivers were not paid for all compensable time or were not provided with required meal or rest breaks. These lawsuits and proceedings may seek substantial monetary damages (including claims for unpaid wages, overtime, failure to provide meal and rest periods, unreimbursed business expenses and other items), injunctive relief, or both.

The Company establishes accruals for specific legal proceedings when it is considered probable that a loss has been incurred and the amount of the loss can be reasonably estimated. Accruals for loss contingencies are reviewed quarterly and adjusted as additional information becomes available. If a loss is not both probable and reasonably estimable, or if an exposure to loss exists in excess of the amount accrued therefor, the Company assesses whether there is at least a reasonable possibility that a loss, or additional loss, may have been incurred. If there is a reasonable possibility that a loss, or additional loss, may have been incurred, the Company discloses the estimate of the possible loss or range of loss if it is material and an estimate can be made, or states that such an estimate cannot be made. The determination as to whether a loss can reasonably be considered to be possible or probable is based on the Company's assessment, in conjunction with legal counsel, regarding the ultimate outcome of the matter.

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The Company believes that it has adequately accrued for the potential impact of loss contingencies that are probable and reasonably estimable. The Company does not believe that the ultimate resolution of any matters to which the Company is presently a party will have a material adverse effect on its results of operations, financial condition or cash flows. However, the results of these matters cannot be predicted with certainty, and an unfavorable resolution of one or more of these matters could have a material adverse effect on the Company's financial condition, results of operations or cash flows. Legal costs incurred related to these matters are expensed as incurred.

The Company carries liability and excess umbrella insurance policies that it deems sufficient to cover potential legal claims arising in the normal course of conducting its operations as a transportation and logistics company. The liability and excess umbrella insurance policies generally do not cover the misclassification claims described in this note. In the event the Company is required to satisfy a legal claim outside the scope of the coverage provided by insurance, the Company's financial condition, results of operations or cash flows could be negatively impacted.

Intermodal Drayage Classification Claims

Certain of the Company's intermodal drayage subsidiaries received notices from the California Labor Commissioner, Division of Labor Standards Enforcement (the "DLSE"), that a total of approximately 150 owner-operators contracted with these subsidiaries filed claims in 2012 with the DLSE in which they assert that they should be classified as employees, rather than independent contractors. These claims seek reimbursement for the owner-operators' business expenses, including fuel, tractor maintenance and tractor lease payments. Decisions were rendered in June 2015 by a DLSE hearing officer with respect to claims of five plaintiffs, resulting in awards in an aggregate amount of approximately \$1 million, following which the Company appealed the decisions in the U.S. District Court for the Central District of California ("Central District Court"). On May 16, 2017, the Central District Court issued judgment finding that the five claimants were employees rather than independent contractors and awarding an aggregate of approximately \$1 million plus post-judgment interest and attorneys' fees to the claimants. The Company appealed this judgment, but on February 20, 2019, the United States Court of Appeals for the Ninth Circuit declined to consider the appeal on technical grounds. In addition, separate decisions were rendered in April 2017 by a DLSE hearing officer in claims involving four additional plaintiffs, resulting in an award for the plaintiffs in an aggregate amount of approximately \$1 million, which the Company has appealed to the California Superior Court, Long Beach. The remaining DLSE claims (the "Pending DLSE Claims") were transferred to California Superior Court in three separate actions involving approximately 170 claimants, including the claimants mentioned above who originally filed claims in 2012. The Company has reached an agreement to settle the majority of the Pending DLSE Claims, the settlement payment has been made, and the settled claims have been dismissed. In addition, certain of the Company's intermodal drayage subsidiaries are party to putative class action litigations and other administrative claims in California brought by independent contract carriers who contracted with these subsidiaries. In these litigations, the contract carriers assert that they should be classified as employees, rather than independent contractors. The Company believes that it has adequately accrued for the potential impact of loss contingencies that are probable and reasonably estimable relating to the claims referenced above. The Company is unable at this time to estimate the amount of the possible loss or range of loss, if any, in excess of its accrued liability that it may incur as a result of these claims given, among other reasons, that the range of potential loss could be impacted substantially by future rulings by the courts involved, including on the merits of the claims.

Last Mile Logistics Classification Claims

Certain of the Company's last mile logistics subsidiaries are party to several putative class action litigations brought by independent contract carriers who contracted with these subsidiaries. In these litigations, the contract carriers, and in some cases the contract carriers' employees, assert that they should be classified as employees, rather than independent contractors. The particular claims asserted vary from case to case, but the claims generally allege unpaid wages, unpaid overtime, or failure to provide meal and rest periods, and seek reimbursement of the contract carriers' business expenses. The cases include four related matters pending in the Federal District Court, Northern District of California: *Ron Carter, Juan Estrada, Jerry Green, Burl Malmgren, Bill McDonald and Joel Morales v. XPO Logistics, Inc.* ("Carter"), filed in March 2016; *Ramon Garcia v. Macy's and XPO Logistics Inc.* ("Garcia"), filed in July 2016; *Kevin Kramer v. XPO Logistics Inc.* ("Kramer"), filed in September 2016; and *Hector Ibanez v. XPO Last Mile, Inc.* ("Ibanez"), filed in May 2017. The Company has reached agreements to settle the *Carter, Garcia, Kramer* and *Ibanez* matters and has accrued the full amount of the settlements. The settlements will require court approval. With respect to other pending claims, the Company believes that it has adequately accrued for the

potential impact of loss contingencies that are probable and reasonably estimable. The Company is unable at this time to estimate the amount of the possible loss or range of loss, if any, in excess of its accrued liability that it may incur as a result of these claims given, among other reasons, that the number and identities of plaintiffs in these lawsuits are uncertain and the range of potential loss could be impacted substantially by future rulings by the courts involved, including on the merits of the claims.

Shareholder Litigation

On December 14, 2018, two putative class actions were filed in the U.S. District Court for the District of Connecticut and the U.S. District Court for the Southern District of New York against the Company and certain of its current and former executives, alleging violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, as well as Section 20(a) of the Exchange Act, based on alleged material misstatements and omissions in the Company's public filings with the U.S. Securities and Exchange Commission. On January 7, 2019, the plaintiff in one of the class actions, *Leeman v. XPO Logistics, Inc. et al.*, No. 1:18-cv-11741 (S.D.N.Y.), voluntarily dismissed the action without prejudice. In the other putative class action, *Labul v. XPO Logistics, Inc. et al.*, No. 3:18-cv-02062 (D. Conn.), which is pending in the U.S. District Court for the District of Connecticut, on April 2, 2019, the court appointed Local 817 IBT Pension Fund, Local 272 Labor-Management Pension Fund, and Local 282 Pension Trust Fund and Local 282 Welfare Trust Fund (together, the "Pension Funds") as lead plaintiffs. On June 3, 2019, the Pension Funds, with additional plaintiff Norfolk County Retirement System, filed a consolidated class action complaint against the Company and certain of its current and former executives, alleging violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, Section 20(a) of the Exchange Act, and Sections 11 and 15 of the Securities Act, based on alleged material misstatements and omissions in the Company's public filings with the U.S. Securities and Exchange Commission. Defendants' motions to dismiss are due on August 2, 2019.

In addition, on May 13, 2019, Adriana Jez filed a purported shareholder derivative action captioned *Jez v. Jacobs, et al.*, No. 19-cv-889-RGA (D. Del.), in the U.S. District Court for the District of Delaware, alleging breaches of fiduciary duty, unjust enrichment, waste of corporate assets, and violations of the Exchange Act against certain current and former directors and officers of the Company, with the Company as a nominal defendant. On May 24, 2019, Erin Candler filed a purported shareholder derivative action with substantially similar claims and allegations against the same parties, captioned *Candler v. Jacobs, et al.*, No. 19-cv-959-CFC (D. Del.), also in the U.S. District Court for the District of Delaware. On June 14, 2019, the two actions were consolidated for all purposes.

The Company believes these suits are without merit and intends to defend itself vigorously against the allegations. The Company is unable at this time to determine the amount of the possible loss or range of loss, if any, that it may incur as a result of these matters.

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

Cautionary Statement Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q and other written reports and oral statements we make from time to time contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. In some cases, forward-looking statements can be identified by the use of forward-looking terms such as "anticipate," "estimate," "believe," "continue," "could," "intend," "may," "plan," "potential," "predict," "should," "will," "expect," "objective," "projection," "forecast," "goal," "guidance," "outlook," "effort," "target," "trajectory" or the negative of these terms or other comparable terms. However, the absence of these words does not mean that the statements are not forward-looking. These forward-looking 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. These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions that may cause actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. Factors that might cause or contribute to a material difference include those discussed below and the risks discussed in the Company's other filings with the Securities and Exchange Commission (the "SEC"). All forward-looking statements set forth in this Quarterly Report are qualified by these cautionary statements and there can be no assurance that

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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 following discussion should be read in conjunction with the Company's unaudited Condensed Consolidated Financial Statements and related notes thereto included elsewhere in this Quarterly Report. Forward-looking statements set forth in this Quarterly Report speak only as of the date hereof, and we do not undertake any obligation to update forward-looking statements to reflect subsequent events or circumstances, changes in expectations or the occurrence of unanticipated events, except to the extent required by law.

Reference should be made to the audited Consolidated Financial Statements and notes thereto and related "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in our 2018 Annual Report on Form 10-K.

Executive Summary

XPO Logistics, Inc., a Delaware corporation, together with its subsidiaries ("XPO," "XPO Logistics," the "Company," "we" or "our"), is a top ten global provider of cutting-edge supply chain solutions to the most successful companies in the world. We use our highly integrated network of people, technology and physical assets to help our customers manage their goods most efficiently throughout their supply chains. Our revenue derives from a mix of key verticals, such as retail and e-commerce, food and beverage, consumer packaged goods and industrial, and our customers are multinational, national, mid-size and small enterprises.

We run our business on a global basis with two reporting segments: Transportation and Logistics. In 2018, approximately 65% of our revenue came from Transportation; the other 35% came from Logistics. Within each segment, we have robust service offerings that are positioned to capitalize on fast-growing areas of customer demand. Substantially all of our services operate under the single brand of XPO Logistics.

Our markets are highly diversified. Based on where orders originated, approximately 59% of our 2018 revenue was generated in the United States, 13% in France and 12% in the United Kingdom. The more than 50,000 customers we serve are in every major industry and touch every part of the economy. As of June 30, 2019, we operated in 30 countries with 1,537 locations and approximately 100,000 employees. We discontinued our operations in Hungary and Ukraine as planned in 2019.

Transportation Segment

We offer customers an unmatched transportation network of multiple modes, flexible capacity and route density to transport freight quickly and cost effectively from origin to destination. Our service range, together with our scale and technology, are significant advantages — both for XPO, as competitive differentiators, and for our customers, who depend on us to provide reliable capacity under all market conditions.

Globally, we are the second largest freight brokerage provider, and a top five provider of managed transportation based on the value of freight under management. Many of our transportation services hold market-leading positions in North America and Europe. In North America, we are the largest provider of last mile logistics for heavy goods; the largest manager of expedited shipments; a top three provider of less-than-truckload ("LTL") transportation; and a top three provider of intermodal services, with a national drayage network. We are also a freight forwarder with a global network of ocean, air, ground and cross-border services.

In Europe, we provide comprehensive freight transportation services ranging from a single pallet to full truckload. Our dedicated truckload services are provided using our fleet, which is the largest owned road fleet in Europe. Our non-dedicated truckload services are provided using a mix of capacity that includes our own fleet, as well as brokered service provided by independent carriers. Our other transportation offerings in Europe are LTL transportation, which we provide through one of the largest LTL networks in Western Europe, and last mile logistics. Our total lane density in Europe covers the regions that produce approximately 90% of the eurozone's gross domestic product.

Our blended model of owned, contracted and brokered truck capacity gives us extensive flexibility to provide solutions that best serve the interests of our customers and the Company. Overall, our operations are asset-light; the revenue generated by activities directly associated with our owned assets accounted for less than a third of our revenue in 2018.

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The non-asset portion of our model is predominately variable cost and includes our brokerage operations, as well as contracted capacity with independent providers. As of June 30, 2019, globally, we had approximately 10,000 independent carriers and owner-operators under contract to provide drayage, expedite, last mile and LTL services to our customers, and more than 50,000 independent brokered carriers representing over 1,000,000 trucks on the road.

We employ professional drivers who transport goods for customers using our fleet of owned and leased trucks and trailers. Globally, our road fleet encompasses approximately 16,000 tractors and approximately 40,000 trailers, primarily related to our LTL operations in North America and our full truckload operations in Europe. These assets also provide supplemental capacity for our freight brokerage operations as needed.

Logistics Segment

In our Logistics segment, which we sometimes refer to as supply chain or contract logistics, we are the second largest contract logistics provider worldwide, with robust service offerings that are positioned to capitalize on fast-growing areas of customer demand, such as e-fulfillment, returns management and temperature-controlled warehousing. As of June 30, 2019, our logistics capacity was 202 million square feet (19 million square meters) of shared and dedicated facility space globally, including 97 million square feet (9 million square meters) in North America.

Our expansive logistics footprint is particularly attractive to large customers with multinational operations. Our logistics customers include many of the preeminent names in retail and e-commerce, food and beverage, technology, aerospace, wireless, industrial and manufacturing, chemical, agribusiness, life sciences and healthcare. We provide a range of services to these customers, including value-added warehousing and distribution, inventory management, omnichannel and e-commerce fulfillment, cold chain solutions, reverse logistics, packaging and labeling, factory support, aftermarket support and order personalization services. In addition, our Logistics segment provides highly engineered, customized solutions and supply chain optimization services, such as advanced automation and predictive volume flow management. Once we secure a logistics contract, the average tenure is approximately five years and the relationship can lead to a wider use of our services, such as inbound and outbound logistics and freight transportation.

We also benefit from a strong position in the high-growth e-commerce sector, where demand is characterized by strong seasonal surges. We are the largest outsourced e-fulfillment provider in Europe, and we have a major platform for e-fulfillment in North America. Our experience with fast-growing product categories is important to customers who want to outsource order fulfillment, product returns, testing, refurbishment, warranty management, refunding, order personalization and other value-added services.

E-commerce is predicted to continue to grow globally at a double-digit rate through at least 2021, making it difficult for many companies to handle fulfillment in-house while providing a high level of service. E-commerce companies, and bricks-and-mortar retailers with e-commerce channels, value our ability to develop solutions using advanced automation, manage complex returns and aftermarket services, and perform reliably throughout periods of peak demand. Together with our last mile expertise with heavy goods, our logistics capabilities provide omnichannel retailers with superior visibility and control, flexible warehousing options, and a national network of home delivery hubs.

Operating Philosophy

One of our Company's most compelling competitive advantages is our combination of technology, density and scale. This allows us to solve complex supply chain problems for customers by providing them with integrated, end-to-end solutions that flex according to their needs. Many customers, particularly large companies, prefer to use large, multimodal service providers to manage more than one aspect of the supply chain. We have a cohesive sales infrastructure and common database that support our sales professionals in sharing information and cross-selling our services.

We prioritize innovation because we believe that advanced technology is critical to continuously improving customer service, controlling costs and leveraging our scale and service range. Our 2018 investment in technology was approximately \$500 million, among the highest in our industry. Our technology blueprint is centered on four areas of innovation: our digital freight marketplace, automation and intelligent machines, dynamic data science, and visibility and customer service.

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Our global team of approximately 1,800 technology professionals can deploy proprietary software very rapidly on our cloud-based platform. Our focus is on developing innovations that differentiate each of our services, create benefits for our customers and value for our shareholders. For example, we have the ability to share data with our customers in real time, including visibility of orders moving through fulfillment and shipping with a single tracking number for last mile. Another example is XPO Direct™, our shared-space distribution network of logistics warehouses and last mile hubs. XPO Direct™ is a key component of our e-commerce and omnichannel strategy, as it offers customers the ability to reposition inventory around our footprint, close to demand, without taking on large fixed costs.

In addition to technology, our Company has a strong commitment to sustainability. We own the largest natural gas truck fleet in Europe, as well as government-approved mega-trucks in Spain, and we are testing fully electric vehicles for deliveries in urban areas; these are three of numerous initiatives we have underway to reduce our carbon footprint.

In 2018, we made substantial investments in fuel-efficient Freightliner Cascadia tractors in North America; these use EPA 2013-compliant and GHG14-compliant Selective Catalytic Reduction (“SCR”) technology. In Europe, our tractors are approximately 98% compliant with Euro V, EEV and Euro VI standards, making our fleet one of the most modern in the industry. We have been awarded the label “Objectif CO₂” for outstanding environmental performance of transport operations in Europe by the French Ministry of the Environment and the French Environment and Energy Agency.

A number of our logistics facilities are ISO 14001-certified, which ensures environmental and other regulatory compliances. We monitor fuel emissions from forklifts, with protocols in place to take immediate corrective action if needed. Our packaging engineers ensure that the optimal carton size is used for each product slated for distribution and, as a byproduct of reverse logistics, we recycle millions of electronic components and batteries each year. We are committed to operating in a progressive and environmentally sound manner, with the greatest efficiency and the least waste possible.

Consolidated Summary Financial Table

	Three Months Ended June 30,		Percent of Revenue		Change	Six Months Ended June 30,		Percent of Revenue		Change
	2019	2018	2019	2018	2019 vs. 2018	2019	2018	2019	2018	2019 vs. 2018
<i>(Dollars in millions)</i>										
Revenue	\$ 4,238	\$ 4,363	100.0 %	100.0 %	(2.9)%	\$ 8,358	\$ 8,555	100.0 %	100.0 %	(2.3)%
Cost of transportation and services	2,108	2,274	49.7 %	52.1 %	(7.3)%	4,204	4,499	50.3 %	52.6 %	(6.6)%
Direct operating expense	1,417	1,406	33.4 %	32.2 %	0.8 %	2,823	2,782	33.8 %	32.5 %	1.5 %
SG&A expense	455	455	10.7 %	10.4 %	— %	941	905	11.3 %	10.6 %	4.0 %
Operating income	258	228	6.1 %	5.2 %	13.2 %	390	369	4.7 %	4.3 %	5.7 %
Other expense (income)	(13)	(30)	(0.3)%	(0.7)%	(56.7)%	(30)	(49)	(0.4)%	(0.6)%	(38.8)%
Foreign currency loss (gain)	8	(10)	0.2 %	(0.2)%	(180.0)%	10	2	0.1 %	— %	400.0 %
Debt extinguishment loss	—	—	— %	— %	— %	5	10	0.1 %	0.1 %	(50.0)%
Interest expense	72	55	1.7 %	1.3 %	30.9 %	143	114	1.7 %	1.3 %	25.4 %
Income before income tax provision	191	213	4.5 %	4.9 %	(10.3)%	262	292	3.1 %	3.4 %	(10.3)%
Income tax provision	46	54	1.1 %	1.2 %	(14.8)%	65	54	0.8 %	0.6 %	20.4 %
Net income	\$ 145	\$ 159	3.4 %	3.6 %	(8.8)%	\$ 197	\$ 238	2.4 %	2.8 %	(17.2)%

Three and Six Months Ended June 30, 2019 Compared with Three and Six Months Ended June 30, 2018

Revenue for the second quarter of 2019 decreased 2.9% to \$4.2 billion, compared with the same quarter in 2018. Revenue for the first six months of 2019 decreased 2.3% to \$8.4 billion, compared with the same period in 2018. Revenue was primarily impacted by a reduction in business from our largest customer, resulting in approximately \$130 million less revenue in the second quarter of 2019, primarily in the Transportation segment. This decrease was

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partially offset by growth in North American contract logistics. Foreign currency movement reduced revenue by approximately 2.3 percentage points in the second quarter of 2019 and 2.7 percentage points in the first six months of 2019. We estimate that the downsizing by our largest customer will negatively impact our full-year 2019 revenue by approximately \$600 million, or approximately two-thirds of the revenue that this customer's business generated for us in 2018.

Cost of transportation and services includes the cost of providing or procuring freight transportation for XPO customers and salaries paid to employee drivers in our truckload and LTL operations.

Cost of transportation and services for the second quarter of 2019 was \$2.1 billion, or 49.7% of revenue, compared with \$2.3 billion, or 52.1% of revenue, for the same quarter in 2018. Cost of transportation and services for the first six months of 2019 was \$4.2 billion, or 50.3% of revenue, compared with \$4.5 billion, or 52.6% of revenue, for the same period in 2018. The year-over-year improvements as a percentage of revenue in both periods were primarily driven by (i) logistics segment revenue growth; (ii) lower third-party transportation costs in freight brokerage and last mile; and (iii) labor productivity savings; partially offset by higher fleet rental costs.

Direct operating expenses are both fixed and variable expenses and consist of operating costs related to our contract logistics facilities, last mile warehousing facilities, LTL service centers and European LTL network. Direct operating expenses consist mainly of personnel costs, facility and equipment expenses such as rent, utilities, equipment maintenance and repair, costs of materials and supplies, information technology expenses, depreciation expense and gains and losses on sales of property and equipment.

Direct operating expense for the second quarter of 2019 was \$1.4 billion, or 33.4% of revenue, compared with \$1.4 billion, or 32.2% of revenue, for the same quarter in 2018. Direct operating expense for the first six months of 2019 was \$2.8 billion, or 33.8% of revenue, compared with \$2.8 billion, or 32.5% of revenue, for the same period in 2018. The year-over-year increases as a percentage of revenue were primarily driven by higher personnel costs to support growth in our North American contract logistics, partially offset by lower temporary labor. Additionally, the second quarter and first six months of 2019 included \$19 million and \$40 million, respectively, from gains on sales of property and equipment.

Sales, general and administrative expense ("SG&A") primarily consists of the cost of salaries and benefits for executive and certain administration functions, depreciation and amortization expense, professional fees, facility costs, bad debt expense and legal costs.

SG&A for the second quarter of 2019 was \$455 million, or 10.7% of revenue, compared with \$455 million, or 10.4% of revenue, for the same quarter in 2018. SG&A for the first six months of 2019 was \$941 million, or 11.3% of revenue, compared with \$905 million, or 10.6% of revenue, for the same period in 2018. For the second quarter, the slight year-over-year increase in SG&A as a percentage of revenue was primarily related to higher payroll expense, which was almost entirely offset by lower professional and consulting fees and share-based compensation. For the first six months, the year-over-year increase in SG&A as a percentage of revenue was primarily related to higher payroll and depreciation expenses, partially offset by lower professional and consulting fees and share-based compensation.

Other expense (income) for the second quarter of 2019 was \$13 million of income, compared with \$30 million of income for the same quarter in 2018. Other expense (income) for the first six months of 2019 was \$30 million of income, compared with \$49 million of income for the same period in 2018. The year-over-year decreases reflect lower net periodic pension income of \$5 million in the second quarter of 2019 and \$10 million in the first six months of 2019, compared with the same periods in 2018. Additionally, Other expense (income) for the second quarter and first six months of 2018 included a gain of approximately \$9 million related to a terminated swap.

Foreign currency loss (gain) was an \$8 million loss for the second quarter of 2019, compared with a \$10 million gain for the same quarter in 2018. The primary driver of the year-over-year loss was unrealized losses incurred on foreign currency option and forward contracts in the second quarter of 2019, compared with unrealized gains for the same quarter in 2018. Foreign currency loss for the first six months of 2019 was \$10 million, compared with \$2 million for the same period in 2018. For the first six months of 2019, the foreign currency loss primarily reflected unrealized losses on foreign currency option and forward contracts. For the first six months of 2018, foreign currency loss reflected realized losses on foreign currency option and forward contracts as well as foreign currency transaction and remeasurement losses, partially offset by unrealized gains incurred on foreign currency option and

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forward contracts. For additional information on our foreign currency option and forward contracts, see Note 6—Derivative Instruments to our Condensed Consolidated Financial Statements.

Debt extinguishment losses were \$5 million and \$10 million for the first six months of 2019 and 2018, respectively. Debt extinguishment loss in 2019 related to the write-off of debt issuance costs for the unsecured credit facility that was repaid in the first quarter of 2019. Debt extinguishment loss in 2018 related to the refinancing of our senior secured term loan credit agreement, as amended (the “Term Loan Facility”) in the first six months of 2018. See Liquidity and Capital Resources below for further information.

Interest expense increased to \$72 million for the second quarter of 2019 from \$55 million for the second quarter of 2018. Interest expense increased to \$143 million for the first six months of 2019 from \$114 million for the first six months of 2018. The increases in interest expense in both the second quarter and six-month periods were primarily related to higher average total indebtedness to fund share purchases and for general corporate purposes.

Our effective income tax rates were 24.1% and 25.4% for the second quarter of 2019 and 2018, respectively, and 24.7% and 18.5% for the first six months of 2019 and 2018, respectively. The effective tax rates for both the second quarter and six-month periods of 2019 and 2018 were based on forecasted full year effective tax rates, adjusted for discrete items that occurred within the periods presented. The effective tax rate decreased between the second quarter of 2019 and the second quarter of 2018 primarily due to a mixed level of earnings in different jurisdictions.

There were no material discrete items impacting the effective tax rate for the first six months of 2019. The primary items impacting the effective tax rate for the first six months of 2018 included discrete tax benefits of \$23 million from stock-based compensation and \$4 million associated with the decision to deduct foreign taxes paid in prior years.

Transportation Segment

Summary Financial Table

(Dollars in millions)	Three Months Ended June 30,		Percent of Revenue		Change	Six Months Ended June 30,		Percent of Revenue		Change
	2019	2018	2019	2018	2019 vs. 2018	2019	2018	2019	2018	2019 vs. 2018
Revenue	\$ 2,747	\$ 2,888	100.0%	100.0%	(4.9)%	\$ 5,406	\$ 5,662	100.0%	100.0%	(4.5)%
Operating income	243	205	8.8%	7.1%	18.5 %	371	344	6.9%	6.1%	7.8 %
Total depreciation and amortization	108	116	N/A	N/A	(6.9)%	224	230	N/A	N/A	(2.6)%

Three and Six Months Ended June 30, 2019 Compared with Three and Six Months Ended June 30, 2018

Transportation segment revenue decreased 4.9% to \$2.7 billion for the second quarter of 2019, compared with \$2.9 billion for the same quarter in 2018. Revenue decreased 4.5% to \$5.4 billion for the first six months of 2019, compared with \$5.7 billion for the same period in 2018. Revenue was primarily impacted by a reduction in business from our largest customer. This revenue loss was largely related to our freight brokerage business and our postal injection business, the latter which ceased operations in the first quarter of 2019. Additionally, revenue in the second quarter of 2019 reflected lower truckload rates in freight brokerage, partially offset by growth in North American LTL and managed transportation. Foreign currency movement reduced revenue by approximately 1.6 percentage points in the second quarter of 2019 and 1.9 percentage points in the first six months of 2019.

Transportation segment operating income for the second quarter of 2019 increased to \$243 million, or 8.8% of revenue, compared with \$205 million, or 7.1% of revenue, for the same quarter in 2018. Operating income for the first six months of 2019 increased to \$371 million, or 6.9% of revenue, compared with \$344 million, or 6.1% of revenue, for the same period in 2018. The second quarter and first six months of 2019 reflected lower third-party transportation costs in freight brokerage and last mile, as well as gains on sales of property and equipment of \$19 million and \$39 million, respectively. These gains were partially offset by higher payroll expenses in the first six months of 2019. Depreciation and amortization expense in the first six months of 2019 included \$6 million related to the impairment of customer relationship intangibles associated with exiting the direct postal injection business.

Logistics Segment

Summary Financial Table

(Dollars in millions)	Three Months Ended June 30,		Percent of Revenue		Change	Six Months Ended June 30,		Percent of Revenue		Change
	2019	2018	2019	2018	2019 vs. 2018	2019	2018	2019	2018	2019 vs. 2018
Revenue	\$ 1,526	\$ 1,508	100.0%	100.0%	1.2 %	\$ 3,020	\$ 2,956	100.0%	100.0%	2.2 %
Operating income	61	67	4.0%	4.4%	(9.0)%	107	115	3.5%	3.9%	(7.0)%
Total depreciation and amortization	67	58	N/A	N/A	15.5 %	128	113	N/A	N/A	13.3 %

Three and Six Months Ended June 30, 2019 Compared with Three and Six Months Ended June 30, 2018

Logistics segment revenue increased 1.2% to \$1.5 billion for the second quarter of 2019, compared with \$1.5 billion for the same quarter in 2018. Revenue increased 2.2% to \$3.0 billion for the first six months of 2019, compared with \$3.0 billion for the same period in 2018. The year-over-year revenue increases were primarily driven by growth of our North American contract logistics business, led by our food and beverage, consumer packaged goods, aerospace and healthcare sectors, and by e-commerce in Europe. This growth was partially offset by a reduction in business from our largest customer, and a decline in contract logistics revenue in Europe, primarily due to foreign currency movement, which reduced revenue growth by approximately 3.6 percentage points in the second quarter of 2019 and 4.3 percentage points in the first six months of 2019. We estimate that the logistics segment revenue for the second quarter of 2019 was negatively impacted by approximately five percentage points from the combined impact of foreign exchange movement and the reduction in business from our largest customer.

Logistics segment operating income for the second quarter of 2019 decreased to \$61 million, or 4.0% of revenue, compared with \$67 million, or 4.4% of revenue, for the same quarter in 2018. Operating income for the first six months of 2019 decreased to \$107 million, or 3.5% of revenue, compared with \$115 million, or 3.9% of revenue, for the same period in 2018. The year-over-year decreases were primarily driven by higher direct operating costs and SG&A expenses, largely related to new contract startups that required more personnel costs, partially offset by lower temporary labor costs, as well as lower costs of transportation and services. The lower temporary labor costs and lower costs of transportation and services reflect a reduction in business from our largest customer. Additionally, depreciation and amortization expense increased year-over-year in both periods, reflecting the impact of prior capital investments and new contract startups.

Restructuring Charges

We engage in restructuring actions as part of our ongoing efforts to best utilize our resources and infrastructure. Our results for the first six months of 2019 reflect restructuring charges of \$17 million, \$3 million of which was recorded in Cost of transportation and services, and \$14 million of which was recorded in SG&A in the Condensed Consolidated Statements of Income. For more information, see Note 4—Restructuring Charges to the Condensed Consolidated Financial Statements. Upon successful completion of the restructuring initiatives in 2020, we expect to achieve annualized pre-tax savings of approximately \$14 million.

Liquidity and Capital Resources

Our principal existing sources of cash are: (i) cash generated from operations; (ii) borrowings available under the Amendment No. 3 to Second Amended and Restated Revolving Loan Credit Agreement (the “ABL Facility”); and (iii) proceeds from the issuance of other debt. As of June 30, 2019, we have \$838 million available to draw under the ABL Facility, based on a borrowing base of \$1,046 million, as well as outstanding letters of credit of \$208 million. In addition, we use trade accounts receivables securitization and factoring programs to help manage our cash flows and offset the impact of certain customers extending payment terms.

We continually evaluate our liquidity requirements, capital needs and the availability of capital resources based on our operating needs and our planned growth initiatives. We believe that our existing sources of liquidity will be sufficient to support our existing operations over the next 12 months.

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The following table provides information related to our receivables securitization and factoring programs:

<i>(In millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Securitization program				
Receivables sold	\$ 338	\$ —	\$ 661	\$ —
Cash consideration	269	—	529	—
Deferred purchase price	69	—	132	—
Factoring programs				
Receivables sold	235	128	419	269
Cash consideration	234	128	417	269

In addition to the cash consideration referenced above, we received \$66 million and \$137 million, respectively, in the three and six months ended June 30, 2019, for the realization of cash on a deferred purchase price receivable related to the securitization program. These amounts are reflected as cash collected on deferred purchase price receivable within Net cash used in investing activities. See Note 7—Debt to our Condensed Consolidated Financial Statements for additional information related to our receivables securitization borrowing program.

ABL Facility

In April 2019, we entered into Amendment No. 3 (the “Amendment”) to the Second Amended and Restated Revolving Loan Credit Agreement (the “ABL Facility”), by and among us, certain subsidiaries signatory thereto, the lenders party thereto and Morgan Stanley Senior Funding, Inc., in its capacity as agent.

The Amendment amends the ABL Facility to, among other things: (i) extend the maturity date thereof to April 30, 2024 (subject, in certain circumstances, to a springing maturity if more than \$200 million of our 6.50% senior notes due 2022 (“Senior Notes due 2022”), 6.125% senior notes due 2023 (“Senior Notes due 2023”) or certain refinancings thereof remain outstanding 91 days prior to their respective maturity); (ii) increase the aggregate principal amount of the commitments thereunder to \$1.1 billion; (iii) reduce the interest rate margin and commitment fees thereunder; and (iv) make certain other changes to the covenants and other provisions therein.

Loans under the ABL Facility are secured on a first lien basis by the assets of the credit parties which constitute ABL Priority Collateral (as defined therein), and on a second lien basis by certain other assets.

Loans under the ABL Facility will bear interest at a rate equal to London Interbank Offered Rate (“LIBOR”) or base rate plus an applicable margin of 1.25% to 1.50%, in the case of LIBOR loans, and 0.25% to 0.50%, in the case of base rate loans.

Term Loan Facility

2019 Amendments

In March 2019, we entered into Amendment No. 4 to Credit Agreement, which permits us to incur up to \$500 million of incremental term loans under the existing credit agreement on or prior to June 5, 2019 without adjusting the interest rate margin applicable to existing loans outstanding as long as the yield on the incremental term loan does not exceed the yield on the existing loans by 0.75%. Additionally, in March 2019, we entered into Amendment No. 5 to Credit Agreement, under which we borrowed an additional \$500 million of incremental loans under a new tranche of term loans. For more information on these amendments, refer to Note 7—Debt to our Condensed Consolidated Financial Statements.

2018 Amendments

In February 2018, we amended the Term Loan Facility, which reduced the interest rate under the facility and extended the maturity date to February 23, 2025. The refinancing resulted in a debt extinguishment charge of \$10 million in the first quarter of 2018.

Senior Notes due 2024

In February 2019, we completed our private placement of \$1.0 billion aggregate principal amount of senior notes (“Senior Notes due 2024”). The Senior Notes due 2024 bear interest at a rate of 6.75% per annum, payable semiannually in cash in arrears, commencing August 15, 2019. The Senior Notes due 2024 will mature on August 15, 2024. Proceeds from the Senior Notes due 2024 were used to repay our outstanding obligation under the Unsecured Credit Facility described below and to finance a portion of our share repurchases described in Note 8—Stockholders’ Equity to our Condensed Consolidated Financial Statements.

Unsecured Credit Facility

In December 2018, we entered into a \$500 million unsecured credit agreement (“Unsecured Credit Agreement”) with Citibank, N.A., with a maturity date of December 23, 2019. As of December 31, 2018, we had borrowed \$250 million under the Unsecured Credit Agreement and made a second borrowing of \$250 million in January 2019. The proceeds of both borrowings were used to finance a portion of our share repurchases described in Note 8—Stockholders’ Equity to our Condensed Consolidated Financial Statements. In connection with the issuance of the Senior Notes due 2024 described above, we repaid our outstanding obligations under the Unsecured Credit Agreement and terminated the facility in February 2019.

Trade Securitization Program

In October 2017, XPO Logistics Europe SA (“XPO Logistics Europe”), in which we hold an 86.25% controlling interest, entered into a trade receivables securitization program for a term of three years co-arranged by Crédit Agricole and HSBC. The aggregate maximum amount available under the program is €350 million (approximately \$398 million as of June 30, 2019). As of June 30, 2019, the remaining borrowing capacity, which considers receivables that are collateral and receivables that have been sold, was €24 million (\$27 million).

In July 2019, XPO Logistics Europe terminated the above described trade receivables securitization program and entered into a new trade receivables securitization program for a term of three years co-arranged by Crédit Agricole, BNP Paribas and HSBC. Under the terms of the new program, a wholly-owned bankruptcy remote special purpose entity of XPO Logistics Europe incorporated in Ireland will sell the trade receivables originated by the wholly-owned subsidiaries of XPO Logistics Europe in the United Kingdom and France to unaffiliated entities being managed by Crédit Agricole, BNP Paribas and HSBC. Under this new program, the maximum amount of net cash proceeds that will be available at any one time will be €400 million (approximately \$450 million as of July 1, 2019). In this new program, there will be no deferred purchase price mechanism which had existed in the prior program.

Share Repurchases

On December 14, 2018, our Board of Directors authorized the repurchase of up to \$1 billion of our common stock (the “2018 Repurchase Program”). Through December 31, 2018, based on the settlement date, we purchased and retired 10 million shares of our common stock having an aggregate value of \$536 million at an average price of \$53.46 per share. In the first quarter of 2019, based on the settlement date, we purchased and retired 8 million shares of our common stock having an aggregate value of \$464 million at an average price of \$59.47 per share, which completed the 2018 Repurchase Program. The share purchases were funded by the Unsecured Credit Facility and available cash.

On February 13, 2019, our Board of Directors authorized additional repurchases of up to \$1.5 billion of our common stock (the “2019 Repurchase Program”). The authorization permits us to purchase shares in both open market and private transactions, with the timing and number of shares dependent on a variety of factors, including price, general business conditions, market conditions, alternative investment opportunities and funding considerations. In the second quarter of 2019, based on the settlement date, we purchased and retired 2 million shares of our common stock having an aggregate value of \$120 million at an average price of \$56.78 per share under the 2019 Repurchase Program. In the first six months of 2019, based on the settlement date, we purchased and retired 17 million shares of our common stock having an aggregate value of \$883 million at an average price of \$50.70 per share, under the 2019 Repurchase Program. The share purchases were funded by available cash and proceeds from new debt offerings. As of June 30, 2019, \$617 million remained available to be used for share purchases under the 2019 Repurchase Program. However, we are not obligated to repurchase any specific number of shares and may suspend or discontinue the program at any time.

Loan Covenants and Compliance

As of June 30, 2019, we were in compliance with the covenants and other provisions of our debt agreements. Any failure to comply with any material provision or covenant of these agreements could have a material adverse effect on our liquidity and operations.

Sources and Uses of Cash

<i>(In millions)</i>	Six Months Ended June 30,	
	2019	2018
Net cash provided by operating activities	\$ 164	\$ 248
Net cash used in investing activities	(14)	(196)
Net cash used in financing activities	(153)	(119)
Effect of exchange rates on cash, cash equivalents and restricted cash	(2)	(7)
Net decrease in cash, cash equivalents and restricted cash	\$ (5)	\$ (74)

During the six months ended June 30, 2019, we: (i) generated cash from operating activities of \$164 million; (ii) collected \$137 million on the deferred purchase price receivable; (iii) generated proceeds from sales of property and equipment of \$85 million; and (iv) received proceeds of \$1.8 billion on our debt. We used cash during this period primarily to: (i) purchase property and equipment of \$236 million; (ii) repurchase common stock of \$1.3 billion; (iii) make payments on debt and capital leases of \$565 million; and (iv) pay debt issuance costs of \$27 million.

During the six months ended June 30, 2018, we: (i) generated cash from operating activities of \$248 million; (ii) received proceeds, net of repurchases, of \$82 million on our debt; and (iii) generated proceeds from sales of property and equipment of \$62 million. We used cash during this period primarily to: (i) purchase property and equipment of \$268 million; (ii) make repayments, net of advances, of \$100 million on our ABL Facility; (iii) make payments on debt and capital leases of \$59 million; and (iv) make payments for tax withholdings on restricted shares of \$46 million.

Cash flows from operating activities for the six months ended June 30, 2019 decreased by \$84 million, compared with the same period in 2018. The decrease reflects \$89 million of higher cash usage from operating assets and liabilities for the six months ended June 30, 2019, compared with the same period in 2018. Within operating assets and liabilities, accounts receivable reflects a usage of \$289 million for the six months ended June 30, 2019, compared with a usage of \$179 million for the same period in 2018. The higher implied cash usage from accounts receivable in 2019 reflects the fact that cash collections on the deferred purchase price receivable from our securitization program are classified as investing activities. As a result, while accounts receivable only increased by \$127 million from December 31, 2018, the impact to operating cash flows is greater.

Investing activities used \$14 million and \$196 million of cash in the six months ended June 30, 2019 and 2018, respectively. During the six months ended June 30, 2019, we: (i) used \$236 million of cash to purchase property and equipment; (ii) received \$85 million from sales of property and equipment; and (iii) received proceeds of \$137 million related to the realization of cash on the deferred purchase price receivable. During the six months ended June 30, 2018, we primarily: (i) used \$268 million of cash to purchase property and equipment; and (ii) received \$62 million from sales of property and equipment.

Financing activities used \$153 million and \$119 million of cash in the six months ended June 30, 2019 and 2018, respectively. The primary uses of cash during the first six months of 2019 were \$1.3 billion used to purchase XPO common stock; and \$500 million used to repay borrowings under the Unsecured Credit Facility. The primary sources of cash from financing activities during the six months ended June 30, 2019 were: (i) \$1.7 billion of net proceeds from the issuance of debt, consisting of the incremental term loans, Senior Notes due 2024 and borrowings under the Unsecured Credit Facility; and (ii) amounts received under the senior variable funding notes in connection with our trade securitization program. By comparison, the primary source of cash from financing activities during the six months ended June 30, 2018 was \$888 million of net proceeds from the issuance of debt, consisting of the refinancing of the Term Loan Facility and amounts received under the senior variable funding notes in connection with our trade securitization program. The primary use of cash from financing activities during the six months ended

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June 30, 2018 was the \$812 million repurchase of debt, consisting of the refinancing of the Term Loan Facility; \$100 million of net repayments on our ABL Facility; \$59 million repayment of debt and capital leases; and \$46 million of payments for tax withholding related to restricted shares.

Contractual Obligations

As described more fully above, in the first six months of 2019, we borrowed \$500 million under our Term Loan Facility; received proceeds of approximately \$1.0 billion from our new Senior Notes due 2024; borrowed \$250 million and subsequently repaid our borrowings of approximately \$500 million under our Unsecured Credit Facility; and reflected our Senior Variable Funding Notes as current debt. Following these transactions, the contractual obligations for our debt increased by \$1.25 billion in total, most notably with a decrease of approximately \$235 million for 2020 and an increase of \$1.5 billion in the years following 2023. The contractual obligations for our interest on debt increased by approximately \$430 million commencing in 2020, with an increase of \$185 million for 2020-2021, \$185 million for 2022-2023 and \$60 million thereafter. For information on the maturities of our finance and operating leases as of June 30, 2019, see Note 5—Leases to our Condensed Consolidated Financial Statements. During the six months ended June 30, 2019, there were no other material changes to our December 31, 2018 contractual obligations.

New Accounting Standards

Information related to new accounting standards is included in Note 1—Organization, Description of Business and Basis of Presentation and Note 5—Leases to our Condensed Consolidated Financial Statements in this Quarterly Report on Form 10-Q.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

We have a significant proportion of our net assets and income in non-U.S. dollar (“USD”) currencies, primarily the euro (“EUR”) and British pound sterling (“GBP”). We are exposed to currency risk from potential changes in functional currency values of our foreign currency denominated assets, liabilities and cash flows. Consequently, a depreciation of the EUR and GBP relative to the USD could have an adverse impact on our financial results.

In connection with the issuances of the Senior Notes due 2023 and the Senior Notes due 2022, we entered into certain cross-currency swap agreements to partially manage the related foreign currency exchange risk by effectively converting a portion of the fixed-rate USD-denominated Senior Notes due 2023 and the Senior Notes due 2022, including the semi-annual interest payments, to fixed-rate, EUR-denominated debt. The risk management objective is to manage a portion of the foreign currency risk relating to net investments in subsidiaries denominated in foreign currencies.

In order to mitigate against the risk of a reduction in the value of foreign currency earnings before interest, taxes, depreciation and amortization for those Company operations that use the EUR or the GBP as their functional currency, we use foreign currency option contracts. Gains and losses on these contracts are recorded in Foreign currency loss (gain) in the Condensed Consolidated Statements of Income.

See Note 6—Derivative Instruments to our Condensed Consolidated Financial Statements for further information.

There have been no material changes to our quantitative and qualitative disclosures about market risk during the six months ended June 30, 2019, as compared with the quantitative and qualitative disclosures about market risk described in our Annual Report on Form 10-K for the year ended December 31, 2018.

Item 4. Controls and Procedures.

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our Chief Executive Officer (“CEO”) and acting Chief Financial Officer (“CFO”), we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15(e) and Rule 15d-15(e) under the Securities Exchange Act of 1934, as amended. Based on that evaluation, our CEO and CFO concluded that our disclosure controls and procedures as of June 30, 2019 were effective as of such time such that the information required to be included in our Securities and Exchange Commission (“SEC”) reports is: (i) recorded, processed,

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summarized and reported within the time periods specified in SEC rules and forms relating to the Company, including our consolidated subsidiaries; and (ii) accumulated and communicated to our management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There have not been any changes in our internal control over financial reporting during the quarter ended June 30, 2019 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II—Other Information

Item 1. Legal Proceedings.

For information related to our legal proceedings, refer to “Legal Proceedings” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2018 and Note 10—Legal and Regulatory Matters of Item 1, “Financial Statements” of this Quarterly Report on Form 10-Q.

Item 1A. Risk Factors.

There are no material changes to the risk factors previously disclosed in Part I, Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2018.

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

Issuer Purchases of Equity Securities

<i>(In millions, except per share data)</i>	Total Number of Shares Purchased ⁽¹⁾	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs ⁽²⁾
April 1, 2019 through April 30, 2019	2	\$ 56.74	2	\$ 618
May 1, 2019 through May 31, 2019	— ⁽³⁾	62.75	— ⁽³⁾	617
June 1, 2019 through June 30, 2019	—	—	—	—
Total	2	\$ 56.78	2	\$ 617

(1) Based on settlement date.

(2) On February 14, 2019, we announced that our Board of Directors authorized repurchases of up to \$1.5 billion of our common stock. We are not obligated to repurchase any specific number of shares and may suspend or discontinue the program at any time. Also, the program does not have an expiration date. For further details, refer to Note 8—Stockholders’ Equity to the Condensed Consolidated Financial Statements.

(3) Total number of shares purchased were less than one million.

Item 3. Defaults upon Senior Securities.

None.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

None.

Item 6. Exhibits.

Exhibit Number	Description
10.1 +	<u>Amendment No. 1 to the XPO Logistics, Inc. 2016 Omnibus Incentive Compensation Plan (incorporated herein by reference to Annex B to the registrant’s definitive proxy statement on Schedule 14A filed with the SEC on April 22, 2019).</u>
10.2	<u>Amendment No. 3 to Second Amended and Restated Revolving Loan Credit Agreement, dated as of April 30, 2019, by and among the registrant, certain subsidiaries signatory thereto, the lenders party thereto and Morgan Stanley Senior Funding, Inc., as agent (incorporated herein by reference to Exhibit 10.1 to the registrant’s Current Report on Form 8-K filed with the SEC on May 1, 2019).</u>
10.3 +*	<u>Amendment, dated June 5, 2019, to Employment Agreement, dated February 9, 2016, between the registrant and Bradley S. Jacobs.</u>
10.4 +*	<u>Amendment, dated June 5, 2019, to Employment Agreement, dated February 9, 2016, between the registrant and Troy A. Cooper.</u>
10.5 +*	<u>Amendment, dated June 5, 2019, to Employment Agreement, dated February 9, 2016, between the registrant and Mario A. Harik.</u>
10.6 +*	<u>Employment Agreement, dated June 5, 2019, between the registrant and Sarah J.S. Glickman.</u>
10.7 +*	<u>Form of Performance-Based Restricted Unit Award Agreement under the XPO Logistics, Inc. Amended 2016 Omnibus Incentive Compensation Plan.</u>
31.1 *	<u>Certification of the Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, with respect to the registrant’s Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2019.</u>
31.2 *	<u>Certification of the Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, with respect to the registrant’s Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2019.</u>
32.1 **	<u>Certification of the Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, with respect to the registrant’s Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2019.</u>
32.2 **	<u>Certification of the Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, with respect to the registrant’s Quarterly Report on Form 10-Q for the fiscal quarter ended June 30, 2019.</u>
101.INS *	<i>XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.</i>
101.SCH *	<i>XBRL Taxonomy Extension Schema.</i>
101.CAL *	<i>XBRL Taxonomy Extension Calculation Linkbase.</i>
101.DEF *	<i>XBRL Taxonomy Extension Definition Linkbase.</i>
101.LAB *	<i>XBRL Taxonomy Extension Label Linkbase.</i>
101.PRE *	<i>XBRL Taxonomy Extension Presentation Linkbase.</i>
	* Filed herewith.
	** Furnished herewith.
	+ This exhibit is a management contract or compensatory plan or arrangement.

SIGNATURES

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

XPO LOGISTICS, INC.

By: /s/ Bradley S. Jacobs
Bradley S. Jacobs
Chief Executive Officer
(Principal Executive Officer)

By: /s/ Sarah J.S. Glickman
Sarah J.S. Glickman
Acting Chief Financial Officer
(Principal Financial Officer)

Date: August 1, 2019

AMENDMENT TO EMPLOYMENT AGREEMENT

This Amendment (the "Amendment") to the Employment Agreement (the "Agreement"), dated February 9, 2016 between XPO Logistics, Inc. (the "Company") and Bradley S. Jacobs (the "Executive"), is made and entered into as of June 5, 2019, by and between the Company and the Executive.

1. Exhibit A. Exhibit A to the Employment Agreement is hereby amended and restated in its entirety as set forth as Exhibit A hereto.
2. Except as expressly amended by this Amendment, all terms and conditions of the Agreement remain in full force and effect and are unmodified hereby.

[Signature page follows.]

IN WITNESS WHEREOF, the Executive and the Company have executed this Amendment as of the date first above written.

EXECUTIVE

/s/ Bradley S. Jacobs
Bradley S. Jacobs

XPO LOGISTICS, INC.

By: /s/ Meghan Henson
Name: Meghan Henson
Title: Chief Human Resources Officer

EXHIBIT A

BRADLEY S. JACOBS

Start Date:	February 9, 2016
Employee:	Bradley S. Jacobs
Position:	Chief Executive Officer of the Company and Chairman and a member of the Board of Directors of the Company
Reporting Person:	Board of Directors of the Company
Base Salary:	\$1,000,000 (effective commencing June 5, 2019)
2015 Bonus:	\$925,000
2015 Additional Bonus:	\$1,400,000
Target Bonus:	200% of Base Salary (it being understood that the Target Bonus for 2019 shall be calculated as 200% of Employee's Base Salary at the rate in effect on December 31, 2019)
Prior Agreement:	Employment Agreement dated as of November 21, 2011 and effective as of September 2, 2011, by and between the Company and Employee
Sections of Prior Agreement that survive with respect to Equity Compensation granted under the Prior Agreement:	Section 3(c) and 3(d)

AMENDMENT TO EMPLOYMENT AGREEMENT

This Amendment (the "Amendment") to the Employment Agreement (the "Agreement"), dated February 9, 2016 between XPO Logistics, Inc. (the "Company") and Troy A. Cooper (the "Executive"), is made and entered into as of June 5, 2019, by and between the Company and the Executive.

1. Exhibit A. Exhibit A to the Employment Agreement is hereby amended and restated in its entirety as set forth as Exhibit A hereto.
2. Except as expressly amended by this Amendment, all terms and conditions of the Agreement remain in full force and effect and are unmodified hereby.

[Signature page follows.]

IN WITNESS WHEREOF, the Executive and the Company have executed this Amendment as of the date first above written.

EXECUTIVE

/s/ Troy A. Cooper

Troy A. Cooper

XPO LOGISTICS, INC.

By: /s/ Meghan Henson

Name: Meghan Henson

Title: Chief Human Resources Officer

EXHIBIT A

TROY A. COOPER

Start Date:	February 9, 2016
Employee:	Troy A. Cooper
Position:	President of the Company
Reporting Person:	Chief Executive Officer of the Company
Base Salary:	\$650,00 (effective commencing June 5, 2019)
2015 Bonus:	\$750,000
2015 Additional Bonus:	\$1,100,000
Target Bonus:	200% of Base Salary (it being understood that the Target Bonus for 2019 shall be calculated as 200% of Employee's Base Salary at the rate in effect on December 31, 2019)
Prior Agreement:	Employment Agreement effective as of March 14, 2014, by and between the Company and Employee
Sections of Prior Agreement that survive with respect to Equity Compensation granted under the Prior Agreement:	Section 3(c)

AMENDMENT TO EMPLOYMENT AGREEMENT

This Amendment (the "Amendment") to the Employment Agreement (the "Agreement"), dated February 9, 2016 between XPO Logistics, Inc. (the "Company") and Mario A. Harik (the "Executive"), is made and entered into as of June 5, 2019, by and between the Company and the Executive.

1. Exhibit A. Exhibit A to the Employment Agreement is hereby amended and restated in its entirety as set forth as Exhibit A hereto.
2. Except as expressly amended by this Amendment, all terms and conditions of the Agreement remain in full force and effect and are unmodified hereby.

[Signature page follows.]

IN WITNESS WHEREOF, the Executive and the Company have executed this Amendment as of the date first above written.

EXECUTIVE

/s/ Mario A. Harik
Mario A. Harik

XPO LOGISTICS, INC.

By: /s/ Meghan Henson
Name: Meghan Henson
Title: Chief Human Resources Officer

EXHIBIT A

MARIO A. HARIK

Start Date:	February 9, 2016
Employee:	Mario A. Harik
Position:	Chief Information Officer of the Company
Reporting Person:	President of the Company
Base Salary:	\$500,000 (effective commencing June 5, 2019)
2015 Bonus:	\$400,000
2015 Additional Bonus:	\$900,000
Target Bonus:	125% of Base Salary (it being understood that the Target Bonus for 2019 shall be calculated as 125% of Employee's Base Salary at the rate in effect on December 31, 2019)
Prior Agreement:	Employment Agreement effective as of March 14, 2014, by and between the Company and Employee
Sections of Prior Agreement that survive with respect to Equity Compensation granted under the Prior Agreement:	Section 3(c) and Section 3(d)

EMPLOYMENT AGREEMENT

This Employment Agreement (this “Agreement”), effective as of the date set forth on Exhibit A (the “Effective Date”), by and between XPO Logistics, Inc., a Delaware corporation (together with its successors and assigns, the “Company”), and the individual named on Exhibit A (“Employee”).

WHEREAS, the Company desires to employ Employee and Employee desires to accept such employment with the Company, subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and mutual covenants herein and for other good and valuable consideration, Employee and the Company agree as follows:

1. Term. The term of Employee’s employment hereunder (the “Term”) shall begin on the Effective Date and end on the fourth anniversary thereof. Notwithstanding the foregoing, the Term may be earlier terminated by either party in accordance with the terms of Section 5 of this Agreement, and the Term shall automatically expire on the last day of the Term (the “Expiration Date”) without notice required by any party to the other.

2. Employment Duties. During the Term, Employee shall serve in the position set forth on Exhibit A (or such other positions as may be assigned by the Reporting Person (as defined below)), and, excluding any periods of paid time-off or approved sick leave to which Employee is entitled, Employee shall devote her full working time, energy and attention to the performance of her duties and responsibilities hereunder and shall faithfully and diligently endeavor to promote the business and best interests of the Company. Employee shall perform such duties as are customarily performed by an individual in Employee’s position at a public company and as assigned from time to time by the individual set forth on Exhibit A (or her successor, if she ceases to serve in her current position) or such individual’s designee (the “Reporting Person”), and Employee shall report directly to the Reporting Person. During the Term, Employee may not, without the prior written consent of the Company, directly or indirectly, operate, participate in the management, operations or control of, or act as an employee, officer, consultant, partner, member, agent or representative of, any type of business or service other than as an employee and member of the Company. It shall not, however, be a violation of the foregoing provisions of this Section 2 for Employee to (i) serve as an officer or director or otherwise participate in non-profit, educational, social welfare, religious and civic organizations or (ii) manage her personal, financial and legal affairs, in each case so long as any such activities do not unreasonably interfere with the performance of her duties and responsibilities to the Company.

3. Compensation.

(a) Base Salary. During the Term, the Company shall pay Employee, pursuant to the Company’s normal and customary payroll procedures, but not less frequently than monthly, a base salary at the rate per annum set forth on Exhibit A (the “Base Salary”).

(b) Annual Bonus. As additional compensation, Employee shall have the opportunity to earn a performance-based bonus (“Annual Bonus”) for each year during the Term of Employee’s employment commencing in the 2019 fiscal year with a target as set forth on Exhibit A (the “Target Bonus”), based upon Employee’s achievement of performance goals that will be determined in the sole discretion of the Company. Notwithstanding anything to the contrary contained herein and without limiting any other rights and remedies of the Company (including as may be required by law), if Employee has engaged in fraud or other willful misconduct that contributes materially to any financial restatements or material loss to the Company or any of its affiliates, the Company may require repayment by Employee of any cash bonus or Annual Bonus (net of any taxes paid by Employee on such payments) previously paid to Employee, or cancel any earned but unpaid cash bonus or Annual Bonus or adjust the future compensation of Employee in order to recover the amount by which any compensation paid to Employee exceeded the lower amount that would have been payable after giving effect to the restated financial results or the material loss. In addition, Employee’s Annual Bonus shall be subject to any other clawback or recoupment policy of the Company as may be in effect from time to time or any clawback or recoupment as may be required by applicable law.

(c) Benefits. During the Term, Employee shall be eligible to participate in the benefit plans and programs of the Company that are generally available to other members of the Company’s senior executive team, subject to the terms and conditions of such plans and programs.

(d) Paid-Time Off. Employee shall be entitled to 15 days paid time off, and any holidays that are generally afforded to the Company’s employees, in each case, per calendar year during the Term, prorated for the portion(s) of any partial calendar year during the Term. Employee may take paid-time off only with the consent of the Reporting Person, which consent shall not be withheld unreasonably.

(e) Business Expenses. The Company shall provide Employee a Company-owned wireless smartphone and Company-owned laptop computer during the Term and shall pay or reimburse Employee for all reasonable and necessary business expenses incurred in the performance of her duties to the Company during the Term upon the presentation of appropriate statements of such expenses.

4. Equity Compensation. Employee will remain eligible to receive equity-based incentive compensation periodically throughout the Term of this agreement, subject to the sole discretion of the Company.

5. Termination. Employee’s employment hereunder shall be terminated upon the earliest to occur of any one of the following events (in which case the Term shall terminate as of the applicable Date of Termination):

(a) Expiration of Term. Unless sooner terminated, Employee’s employment hereunder shall terminate automatically in accordance with Section 1 of this Agreement on the Expiration Date, unless otherwise agreed by the parties in writing, in which case employment hereunder will continue on an at-will basis or pursuant to the terms of any subsequent agreement between Employee and the Company.

(b) Death. Employee's employment hereunder shall terminate upon her death.

(c) Cause. The Company may terminate Employee's employment hereunder for Cause by written notice at any time. For purposes of this Agreement, the term "Cause" shall mean Employee's (i) gross negligence or willful failure to perform her duties hereunder or willful refusal to follow any lawful directive of the Company; (ii) abuse of or dependency on alcohol or drugs (illicit or otherwise) that adversely affects Employee's performance of duties hereunder; (iii) commission of any fraud, embezzlement, theft or dishonesty, or any deliberate misappropriation of money or other assets of the Company; (iv) breach of any term of this Agreement, including, without limitation, by virtue of failing to provide at least 30 days' advanced written notice of resignation as required by Section 5(f), or any agreement governing any of the long-term incentive compensation or equity compensation awards granted to Employee by the Company, its affiliates or any of their respective predecessors (the "Equity Compensation"), or breach of her fiduciary duties to the Company; (v) any willful act, or failure to act, in bad faith to the detriment of the Company; (vi) willful failure to cooperate in good faith with a governmental or internal investigation of the Company or any of its directors, managers, officers or employees, if the Company requests her cooperation; (vii) failure to follow the Company's code of conduct or ethics policy; and (viii) conviction of, or plea of nolo contendere to, a felony or any serious crime; provided that, the Company will provide Employee with written notice describing the facts and circumstances that the Company believes constitutes Cause and, in cases where cure is possible, Employee shall first be provided a 15-day cure period. If, subsequent to Employee's termination of employment hereunder for any reason other than by the Company for Cause, it is determined in good faith by the Reporting Person that Employee's employment could have been terminated by the Company for Cause pursuant to this Section 5(c), Employee's employment shall, at the election of the Reporting Person at any time up to two years after Employee's termination of employment but in no event more than six months after the Reporting Person learns of the facts or events that could give rise to the termination for Cause, be deemed to have been terminated for Cause retroactively to the date the events giving rise to Cause occurred, provided that the Company's ability to deem an Employee's employment under this sentence to be terminated for Cause shall lapse upon a Change of Control (as defined in the Company's 2016 Omnibus Incentive Compensation Plan).

(d) Without Cause. The Company may terminate Employee's employment hereunder without Cause by written notice at any time.

(e) Good Reason. Upon or during the two-year period following a Change of Control, Employee may terminate her employment hereunder for Good Reason in accordance with the terms of this Section 5(e). For purposes of this Agreement, "Good Reason" shall mean, without first obtaining Employee's written consent: (i) the Company materially breaches the terms of this Agreement; (ii) the Company materially diminishes Employee's title, duties, authorities, reporting relationship(s), responsibilities or position from any of those in effect immediately preceding the Change of Control (including by virtue of Employee not having duties of a senior executive of a publicly-traded company) or as subsequently increased or enhanced; (iii) the Company reduces the Base Salary or Target Bonus; or (iv) the Company requires that Employee be based in a location that is more than 50 miles from the location of Employee's employment immediately prior to a Change of Control; provided that, the Company shall first be provided a 30-day cure period (the "Cure Period"), following receipt of written

notice setting forth in reasonable detail the specific event, circumstance or conduct of the Company that constitutes Good Reason, to cease, and to cure, any event, circumstance or conduct specified in such written notice, if curable; provided further, that such notice shall be provided to the Company within 45 days of the occurrence of the event, circumstance or conduct constituting Good Reason. If, at the end of the Cure Period, the event, circumstance or conduct that constitutes Good Reason has not been remedied, Employee will be entitled to terminate employment for Good Reason during the 30-day period that follows the end of the Cure Period. If Employee does not terminate employment during such 30-day period, Employee will not be permitted to terminate employment for Good Reason as a result of such event, circumstance or conduct.

(f) Resignation. Employee may terminate her employment hereunder at any time upon at least 30 days' advance written notice to the Company.

(g) Disability. Employee's employment hereunder shall terminate in the event of Employee's Disability. For purposes of this Agreement, "Disability" shall mean the inability of Employee, due to illness, accident or any other physical or mental incapacity, to perform Employee's duties for the Company for an aggregate of 180 days within any period of 12 consecutive months, which inability is determined to be total and permanent by a board-certified physician selected by the Company, and the determination of such physician shall be binding upon Employee and the Company.

(h) "Date of Termination" shall mean: (i) the scheduled expiration of the Term in the event of termination of Employee's employment pursuant to Section 5(a) of this Agreement; (ii) the date of Employee's death in the event of termination of Employee's employment pursuant to Section 5(b) of this Agreement; (iii) the date of the Company's delivery of a notice of termination to Employee or such later date as specified in such notice in the event of termination by the Company pursuant to Section 5(c) or 5(d) of this Agreement; (iv) the 30th day following delivery of Employee's notice to the Company of her resignation in accordance with Section 5(f) (or such earlier date as selected by the Company); (v) the date specified in accordance with Section 5(e) in the event of Employee's resignation for Good Reason upon or during the two years following a Change of Control; and (vi) the date of a determination of Employee's Disability in the event of a termination of Employee's employment pursuant to Section 5(g) of this Agreement.

6. Termination Payments. (a) General. Except as otherwise set forth in this Section 6, following any termination of Employee's employment hereunder, the obligations of the Company to pay or provide Employee with compensation and benefits under Section 3 of this Agreement shall cease, and the Company shall have no further obligations to provide compensation or benefits to Employee hereunder except for payment of (i) any unpaid Base Salary accrued through the Date of Termination; (ii) to the extent required by law, any unused vacation accrued through the Date of Termination, and (iii) any unpaid or unreimbursed obligations and expenses under Section 3(e) of this Agreement accrued or incurred through the Date of Termination (collectively items 6(a)(i) through 6(a)(iii) above, the "Accrued Benefits"). The payments referred to in Sections 6(a)(i) and 6(a)(ii) of this Agreement shall be paid within 30 days following the Date of Termination, subject to compliance with Section 409A of the Internal Revenue Code of 1986, as amended ("Section 409A"). The payments referred to in

Section 6(a)(iii) of this Agreement shall be paid at the times such amounts would otherwise be paid had Employee's services hereunder not terminated. The payments and benefits to be provided to Employee under Sections 6(c) and 6(d) of this Agreement, if any, shall in all events be subject to the satisfaction of the conditions of Section 6(e) of this Agreement.

(b) Automatic Expiration of the Term, Resignation, Cause, or Disability. If Employee's employment is terminated pursuant to Section 5(a), 5(c), 5(f) or 5(g) of this Agreement (excluding, for the avoidance of doubt, a resignation for Good Reason upon or within two years following a Change of Control as described in Section 6(d)), the Company shall have no obligation to Employee other than with respect to the Accrued Benefits.

(c) Death, Without Cause. In the event of a termination by reason of Employee's death or in the event that, either prior to a Change of Control or more than two years following a Change of Control, the Company terminates Employee's employment hereunder without Cause, Employee (or her estate) shall be entitled to:

(i) the Accrued Benefits;

(ii) solely in the case of a termination by the Company without Cause, a cash payment (the "Severance Payment") equal to six months' Base Salary, as in effect on the Date of Termination (payable subject to the terms of Section 6(e) of this Agreement), plus any Annual Bonus that the Company has notified Employee in writing that Employee has earned prior to the Date of Termination but is unpaid as of the Date of Termination, and, except in the case of a termination by reason of Employee's death, medical and dental coverage for a period of six months from the Date of Termination; provided that (x) any monies Employee earns from any other work, whether as an employee or as an independent contractor, while Employee is receiving any Severance Payments shall reduce, on a dollar-for-dollar basis, the amount that the Company is obligated to pay Employee under this Section 6(c)(ii) and (y) if Employee secures other employment, any medical or dental benefits provided under this Section 6(c)(ii) shall cease as of the commencement of such employment; and

(iii) vesting of equity based or other long-term incentive compensation awards solely to the extent set forth in the applicable award agreement.

(d) Without Cause or for Good Reason Following a Change of Control. In the event that, upon or within two years following a Change of Control, the Company terminates Employee's employment hereunder without Cause or Employee resigns for Good Reason, Employee shall be entitled to:

(i) the Accrued Benefits;

(ii) a cash payment (the "CIC Severance Payment") equal to two times the sum of (A) the Base Salary and (B) the Target Bonus;

(iii) a cash payment equal to the product of (A) the Target Bonus and (B) a fraction, the numerator of which is the number of days from January 1 in the year in which the Date of Termination occurs through the Date of Termination and the denominator of which is 365;

(iv) a cash payment equal to the amount of any Annual Bonus that the Company has notified Employee in writing that Employee has earned prior to the Date of Termination but is unpaid as of the Date of Termination; and

(v) medical and dental coverage for a period of 24 months from the Date of Termination.

(e) Conditions Precedent and Subsequent. The payments and benefits provided under Sections 6(c) and 6(d) of this Agreement (other than the Accrued Benefits and other than in the event of termination by reason of Employee's death or Disability) are subject to and conditioned upon (i) Employee having provided, within 60 days after the Date of Termination (or such greater period as required by law), a waiver and general release agreement in a form satisfactory to the Company that has become effective and irrevocable in accordance with its terms, and (ii) Employee's compliance with Sections 7 and 8 of this Agreement. Employee shall, upon request by the Company, be required to repay to the Company (net of any taxes paid by Employee on such payments), and the Company shall have no further obligation to pay, the Severance Payment or CIC Severance Payment, as applicable, in the event Employee receives, within six months after the occurrence of the breach, written notice from the Company that, in the reasonable judgment of the Company, Employee has materially breached her obligations under Section 7 or 8 of this Agreement; provided, however, that, in cases where cure is possible, Employee shall first be provided a 15-day cure period to cease, and to cure, such conduct. The Severance Payment if any, payable hereunder shall be paid in substantially equal installments over the 6-month period, following the Date of Termination, consistent with the Company's payroll practices, with the first installment to be paid within 65 days after the Date of Termination and with any installments that would otherwise have been paid prior to such date accumulated and paid in a lump sum on the first date on which payments are made in accordance with the terms of this sentence. The CIC Severance Payment, if any, payable hereunder shall be paid in one lump sum within 65 days after the Date of Termination; provided, however, that, unless the CIC Severance Payment relates to a transaction that satisfies the requirements of Treas. Reg. § 1.409A-3(i)(5), any portion of the CIC Severance Payment that constitutes deferred compensation within the meaning of Section 409A, will be paid at the earliest date that is permitted in accordance with the schedule that is applicable to the Severance Payment.

(f) Forfeiture of Equity Compensation Awards. Notwithstanding anything to the contrary herein and without limiting any rights and remedies available to the Company under the terms of this Agreement or otherwise at law or in equity (including as may be required by law or pursuant to policies of the Company as may be in effect from time to time), in the event the Company terminates Employee's employment for Cause or if Employee violates the restrictive covenants set forth in Sections 7 and 8 of this Agreement or engages in fraud or willful misconduct that contributes materially to any financial restatement or material loss to the Company or any of its affiliates, the Company may (i) in the case of a termination for Cause, at any time up to six months after such termination, or (ii) in the case of a violation of the restrictive covenants or engaging in fraud or willful misconduct, at any time up to six months after learning of such conduct, but in no event more than two years after Employee engages in such conduct, (x) terminate or cancel any Equity Compensation that are unvested or vested and unexercised, (y) require Employee to forfeit or remit to the Company any amount payable, or the after-tax net amount paid or received by Employee, in respect of any Equity Compensation the

vesting of which was accelerated upon termination of Employee's employment for any reason and (z) require Employee to forfeit or remit to the Company any shares (or the equivalent value in cash) that were issued to Employee (or cash that was paid to Employee) upon vesting, settlement or exercise, as applicable, of any Equity Compensation; provided, however, that, in cases where cure is possible, Employee shall first be provided a 15-day cure period to cease, and to cure, such conduct. In addition, Employee's Equity Compensation shall be subject to any other clawback or recoupment policy of the Company as may be in effect from time to time or any clawback or recoupment as may be required by applicable law.

(g) Section 280G. In the event that any payments, distributions, benefits or entitlements of any type payable to Employee ("CIC Benefits") (i) constitute "parachute payments" within the meaning of Section 280G of the Code, and (ii) but for this paragraph would be subject to the excise tax imposed by Section 4999 of the Code (the "Excise Tax"), then Employee's CIC Benefits shall be reduced to such lesser amount (the "Reduced Amount") that would result in no portion of such benefits being subject to the Excise Tax; provided that such amounts shall not be so reduced if the Company determines, based on the advice of a nationally recognized accounting firm selected by the Company prior to a Change of Control (the "Accountants"), that without such reduction Employee would be entitled to receive and retain, on a net after tax basis (including, without limitation, any excise taxes payable under Section 4999 of the Code), an amount that is greater than the amount, on a net after tax basis, that Employee would be entitled to retain upon receipt of the Reduced Amount. Unless the Company and Employee otherwise agree in writing, any determination required under this Section 6(g) shall be made in writing in good faith by the Accountants. In the event of a reduction of benefits hereunder, benefits shall be reduced by first reducing or eliminating the portion of the CIC Benefits that are payable in cash under Section 6(d)(ii) and 6(d)(iii) and then by reducing or eliminating any amounts that are payable with respect to long-term incentives including any equity-based or equity-related awards (whether payable in cash or in kind). For purposes of making the calculations required by this Section 6(g), the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of the Code, and other applicable legal authority. The Company and Employee shall furnish to the Accountants such information and documents as the Accountants may reasonably require in order to make a determination under this Section 6(g), and the Company shall bear the cost of all fees the Accountants charge in connection with any calculations contemplated by this Section 6(g).

7. Non-Solicitation. (a) During the Term and during the Restricted Period, Employee hereby agrees not to, directly or indirectly, solicit or hire or assist any other person or entity in soliciting or hiring any employee of the Company, or any of its affiliates (the "Company Entities"), to perform services for any entity (other than a Company Entity) or attempt to induce any such employee to leave the service of a Company Entity, or solicit, hire, employ or engage on behalf of herself or any other person, any employee of a Company Entity, or anyone who was employed by a Company Entity, during the twelve-month period preceding such hiring, employment or engagement. "Restricted Period" means three years following termination of Employee's employment for any reason and, for the avoidance of doubt, regardless of whether such termination is before, upon or after expiration of the Term.

(b) During the Term and during the Restricted Period, Employee hereby agrees not to, directly or indirectly, solicit, encourage, advise or influence any individuals, partnerships, corporations, professional associations or other business organizations that have a business relationship with any Company Entity during the Term or for the three years thereafter and about which business relationship Employee was aware (the “Company’s Clients”) or to discontinue or reduce the extent of the relationship between the Company Entities and the Company’s Clients or to obtain or seek products or services the same as or similar to those offered by the Company Entities from any source not affiliated with the Company Entities.

8. Confidentiality; Non-Compete; Non-Disclosure; Non-Disparagement; Cooperation. (a) Confidentiality.

(i) Employee hereby agrees that, during the Term and thereafter, she will hold in strict confidence any Confidential Information related to any of the Company Entities. For purposes of this Agreement, “Confidential Information” shall mean all confidential or proprietary information of any of the Company Entities (in whatever form), whether or not that information rises to the level of a protectable trade secret, including, without limitation: any information, observations and data concerning the business or affairs or operation of the Company Entities developed or learned by Employee during the Term or which any Company Entity or any of their respective members, directors, officers, managers, partners, employees, agents, advisors, attorneys, accountants, consultants, investment bankers, investment advisors or financing sources at any time furnishes or has furnished to Employee in connection with the business of any of the Company Entities; the Company’s (and any of its respective affiliates’) investment methodologies or models, investment advisory contracts, fees and fee schedules or investment performance (“Track Records”); technical information or reports; brand names, trademarks, formulas; trade secrets; unwritten knowledge and “know-how”; operating instructions; training manuals; customer lists and related customer information; customer buying records and habits; product sales records and documents, and product development, marketing and sales strategies; market surveys; marketing plans; profitability analyses; product cost; long-range plans; information relating to pricing, competitive strategies and new product development; information relating to any forms of compensation or other personnel-related information of the Company Entities; contracts and supplier lists and any information relating to financial data, strategic business plans; information about any third parties with which any Company Entity has a business relationship or owes a duty of confidentiality; and all notes, analyses, compilations, forecasts, studies or other documents prepared by Employee or obtained by Employee in the course of her work for a Company Entity that contain or reflect any such information and, in each case, which is not known to the public generally other than as a result of Employee’s breach of this Agreement. Without limiting the foregoing, Employee acknowledges and agrees that the Track Records shall not be the work of any one individual (including Employee) and are the exclusive property of the Company and its affiliates, as applicable, and agrees that she shall in no event claim the Track Records as her own following termination of her employment with the Company. Nothing in this Agreement shall prohibit or restrict any person from (1) testifying truthfully to the extent required by applicable law or legal process, (2) communicating with any governmental, administrative or regulatory agency or authority, including, but not limited to, the U.S. Securities and Exchange Commission, the U.S. Consumer Financial Protection Bureau, the U.S. Department of Justice, the U.S. Equal Employment Opportunity Commission and the U.S. National Labor Relations Board, (3) disclosing information in confidence to an attorney for the purpose of obtaining legal advice so long as such

attorney agrees not to use or disclose such information, (4) disclosing information with the prior written consent of the Board so long as such consent specifically references this provision and/or (5) disclosing information that is publicly known other than by reason of Employee's violation of this Section 8(a). In the event Employee or her legal representative is requested or required to disclose any Confidential Information, Employee shall provide the Company with prompt notice of such request or requirement so that the Company may seek an appropriate protective order (in which Employee will cooperate). If the Company fails to obtain a protective order or provides a waiver hereunder, and Employee is, in the opinion of counsel, compelled to disclose Confidential Information, Employee may disclose only that portion of the Confidential Information that Employee's counsel advises is reasonably required by law to disclose.

(ii) Except as expressly set forth otherwise in this Agreement, Employee agrees that Employee shall not disclose the terms of this Agreement, except to her immediate family and her financial and legal advisors, or as may be required by law or ordered by a court. Employee further agrees that any disclosure to her financial and legal advisors will only be made after such advisors acknowledge and agree to maintain the confidentiality of this Agreement and its terms.

(iii) Employee further agrees that she will not improperly use or disclose any Confidential Information or trade secrets, if any, of any former employers of Employee or any other person to whom Employee has an obligation of confidentiality, and will not bring onto the premises of the Company or its affiliates any unpublished documents or any property belonging to any such former employer or other person to whom Employee has an obligation of confidentiality unless consented to in writing by the former employer or such other person.

(b) Non-Competition. Employee agrees that Employee will not, during the Term and during the Non-Compete Period, within the Restricted Area, directly or indirectly (whether or not for compensation) become employed by, engage in business with, serve as an agent or consultant to, become an employee, partner, member, principal, stockholder or other owner (other than a holder of less than 1% of the outstanding voting shares of any publicly held company) of, any Competitive Business. Nor shall Employee, during the Term and during the Non-Compete Period, within the Restricted Area, otherwise compete with, or perform services relating to the business of, any of the Company Entities for any business other than a Company Entity, in any business in which the Company Entities participate, or businesses they are actively considering, at the time of termination of Employee's employment or during the one year prior to such termination (the "Business"). For purposes of this Agreement, "Competitive Business" shall mean any individual, employeeship, corporation, limited liability company, partnership, unincorporated organization, trust, joint venture or other entity (i) that engages in or may engage in acquisition related or mergers and acquisition activities related to the transportation or third-party logistics industry, including, without limitation, researching, analyzing and evaluating companies for possible investment in or acquisition of, for itself or clients, (ii) that engages in or may engage in transportation or logistics services, including asset-based, asset-light or non-asset, supply chain services, including only by way of illustration, freight brokerage or freight transportation, freight management, freight forwarding, expediting, internet load boards, last-mile delivery logistics, contract logistics or intermodal providers, or firms such as Amazon, CH Robinson, Expeditors International of Washington, Inc., Echo Global Logistics Inc., Total Quality Logistics, TransCor, DHL, FedEx Corporation, United Parcel Service, Inc., J.B. Hunt

Transport Services, Inc., Kühne + Nagel International AG, syncreon, Neovia Logistics, Hub Group Inc., TPG and its affiliate investment companies, Uber, and Walmart Inc., or (iii) that otherwise competes with the Company Entities anywhere in which the Company Entities engage in or intend to engage in the Business or where any of the Company Entities' customers are located. For the avoidance of doubt, it shall be a violation of this Section 8(b) for Employee to provide any services whatsoever to any private equity firm, hedge fund or similar firm or fund that invests in a company engaged in any Competitive Business, any investment bank or similar firm that advises companies engaged in any Competitive Business or any business intelligence or similar research or consulting organization that services private equity firms, hedge funds or similar firms or funds that invest in companies engaged in any Competitive Business (such as the Third Bridge Group, the Gerson Lehrman Group, Alphasights and Coleman Research), in each case, in the Restricted Area during the Term or the Restricted Period. "Restricted Area" means Canada, Mexico, France, United Kingdom, Netherlands, Spain, Italy, and any State of the United States and any other country in which the Company or any Company Entity does business or any other country in which any Company client is located during the Term or the Restricted Period. "Non-Compete Period" shall mean, subject to Section 8(c) below, two years following termination of Employee's employment for any reason and, for the avoidance of doubt, regardless of whether such termination is before, upon or after expiration of the Term.

(c) Extended Non-Competition. The Company shall have the right to extend the Non-Compete Period for up to an additional 12-month period (the "Extended Non-Compete Period") beyond the completion of the Non-Compete Period. If the Company elects to extend the Non-Compete Period, it will notify Employee in writing of such fact not later than the 90th day prior to the expiration of the Non-Compete Period. By signing this Agreement, Employee agrees to accept and abide by the Company's election. If the Company elects to extend the Non-Compete Period, Employee agrees that, during the Extended Non-Compete Period, Employee shall be bound by the restrictions set forth in Section 8(b) in the same manner applicable during the Non-Compete Period, and the Company agrees to pay Employee subject to Section 6(e) of this Agreement during each month of the Extended Non-Compete Period, in an amount equal to her monthly Base Salary as in effect on the Date of Termination. Payment for any partial month will be prorated. Payment of Employee's Base Salary during the Extended Non-Compete Period will be made pursuant to the Company's normal and customary payroll procedures. If the Company elects to extend the Non-Compete Period, any monies Employee earns from any other work during such periods, whether as an employee or as an independent contractor, will reduce, dollar for dollar, the amount that the Company is obligated to pay Employee under this Section 8(c). Payments made by the Company under this Section 8(c) are made solely for the extension of the non-compete covenant and do not render Employee either an employee of, or a consultant to, the Company. Notwithstanding any provision of this Agreement to the contrary, the right of the Company to extend the Non-Compete Period hereunder and any related payment of Base Salary for the Extended Non-Compete Period hereunder shall lapse upon a Change of Control.

(d) Competitive Opportunity. If, at any time during the Term, Employee (i) acquires knowledge of a potential investment, investment opportunity or business venture which may be an appropriate investment by the Company, or in which the Company could otherwise have an interest or expectancy (a "Competitive Opportunity"), or (ii) otherwise is then exploiting any Competitive Opportunity, Employee shall promptly bring such Competitive

Opportunity to the Company. In such event, Employee shall not have the right to hold any such Competitive Opportunity for her (and her agents', employees' or affiliates') own account and benefit or to recommend, assign or otherwise transfer or deal in such Competitive Opportunity with persons other than the Company.

(e) Return of Company Property. All documents, data, recordings, or other property, including, without limitation, smartphones, computers and other business equipment, whether tangible or intangible, including all information stored in electronic form, obtained or prepared by or for Employee and utilized by Employee in the course of her employment with the Company shall remain the exclusive property of the Company and Employee shall return all copies of such property upon any termination of her employment and as otherwise requested by the Company during the Term. Employee further agrees not to alter, delete or destroy any Company property, documents, records, data contained in any location, including but not limited to any information contained on any Company-provided computer or electronic device. Such devices shall not be wiped, scrubbed, or reset to original factory condition prior to surrender.

(f) Non-Disparagement. Employee hereby agrees not to defame or disparage any of the Company Entities or any of their respective officers, directors, members, partners or employees (collectively, the "Company Parties"), and to cooperate with the Company upon reasonable request, in refuting any defamatory or disparaging remarks by any third party made in respect of any of the Company Parties. Employee shall not, directly or indirectly, make (or cause to be made) any comment or statement, oral or written, including, without limitation, in the media or to the press or to any individual or entity, that could reasonably be expected to adversely affect the reputation of any of the Company Parties or the conduct of its, her or their business. The Company shall request that its directors and executive officers not defame or disparage Employee; provided, however, that the failure of any director, executive officer or employee of the Company to comply with such request shall in no way constitute a breach or violation of the Company's obligations hereunder or otherwise subject the Company to any liability.

(g) Cooperation. During the Term and thereafter (including, without limitation, following the Date of Termination), Employee shall, upon reasonable notice and without the necessity of any Company Entity obtaining a subpoena or court order, provide Employee's reasonable cooperation in connection with any suit, action or proceeding (or any appeal from any suit, action or proceeding), and any investigation and/or defense of any claims asserted against any Company Entity that relates to events occurring during Employee's employment with any Company Entity as to which Employee may have relevant information (including furnishing relevant information and materials to the relevant Company Entity or its designee and/or providing testimony at depositions and at trial), provided that the Company shall reimburse Employee for expenses reasonably incurred in connection with any such cooperation occurring after the termination of Employee's employment and provided that any such cooperation occurring after the Date of Termination shall be scheduled to the extent reasonably practicable so as not to unreasonably interfere with Employee's business or personal affairs.

9. Notification of Subsequent Employer. Employee hereby agrees that, prior to accepting employment with any other person during any period during which Employee remains subject to any of the covenants set forth in Section 7, 8(b) or 8(c) of this Agreement,

Employee shall provide such prospective employer with written notice of such provisions of this Agreement, with a copy of such notice delivered simultaneously to the Company.

10. Injunctive Relief. Employee and the Company agree that Employee will occupy a high-level and unique position of trust and confidence with the Company Entities and will have access to their Confidential Information, and that the Company would likely suffer significant harm to its protectable confidential information and business goodwill from Employee's breach of any of the covenants set forth in Sections 7 and 8. Employee acknowledges that it is impossible to measure in money the damages that will accrue to the Company Parties in the event that Employee breaches any of the restrictive covenants provided in Sections 7 and 8 of this Agreement. In the event that Employee breaches any such restrictive covenant, the Company Parties shall be entitled to an injunction restraining Employee from violating such restrictive covenant (without posting any bond). If any of the Company Parties shall institute any action or proceeding to enforce any such restrictive covenant, Employee hereby waives the claim or defense that such Company Party has an adequate remedy at law and agrees not to assert in any such action or proceeding the claim or defense that there is an adequate remedy at law. The foregoing shall not prejudice the Company's right to require Employee to account for and pay over to the Company, and Employee hereby agrees to account for and pay over, the compensation, profits, monies, accruals or other benefits derived or received by Employee as a result of any transaction constituting a breach of any of the restrictive covenants provided in Sections 7 and 8 of this Agreement or to seek any other relief to which it may be entitled.

11. Miscellaneous. (a) Notices. Any notice or other communication required or permitted under this Agreement shall be effective only if it is in writing and shall be deemed to be given when delivered personally, or four days after it is mailed by registered or certified mail, postage prepaid, return receipt requested or one day after it is sent by overnight courier service via UPS or FedEx and, in each case, addressed as follows (or if it is sent through any other method agreed upon by the parties):

If to the Company, to each of:

XPO Logistics, Inc.
Five American Lane
Greenwich, CT 06831
Attention: Chief Human Resources Officer

If to Employee:

During the Term, to her principal residence as listed in the records of the Company

or to such other address as any party may designate by notice to the other.

(b) Entire Agreement. This Agreement shall constitute the entire agreement and understanding among the parties hereto with respect to Employee's employment hereunder and supersedes and is in full substitution for any and all prior understandings or agreements

(whether written or oral) with respect to Employee's employment including without limitation the Prior Agreement; provided that the section entitled "Relocation Plan" of the offer letter agreement between the Company and Employee dated April 23, 2018 shall survive and continue in full force and effect. The Company does not make and has not made, and Employee does not rely and has not relied on any statement, omission, representation or warranty, written or oral, of any kind or nature whatsoever, regarding the Company or the Equity Compensation, including, without limitation, its or their present, future, prospective or potential value, worth, prospects, performance, soundness, profit or loss potential, or any other matter or thing whatsoever relating to whether Employee should purchase or accept any Equity Compensation and/or the consideration therefor.

(c) Amendment; No Waiver. Except as expressly set forth otherwise in this Agreement (including, without limitation, pursuant to Sections 11(l)(iv) and 11(m) of this Agreement), this Agreement may be amended only by an instrument in writing signed by the parties, and the application of any provision hereof may be waived only by an instrument in writing that specifically identifies the provision whose application is being waived and that is signed by the party against whom or which enforcement of such waiver is sought. The failure of any party at any time to insist upon strict adherence to any provision hereof shall in no way affect the full right to insist upon strict adherence at any time thereafter, nor shall the waiver by any party of a breach of any provision hereof be taken or held to be a waiver of any succeeding breach of such provision or a waiver of the provision itself or a waiver of any other provision of this Agreement. No failure or delay by either party in exercising any right or power hereunder will operate as a waiver thereof, nor will any single or partial exercise of any such right or power, or any abandonment of any steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. Termination of this Agreement shall not relieve any party of liability for any breach of this Agreement occurring prior to such termination.

(d) No Construction Against Drafter. The parties acknowledge and agree that each party has reviewed and negotiated the terms and provisions of this Agreement and has had the opportunity to contribute to its revision. Accordingly, any rule of construction to the effect that ambiguities are resolved against the drafting party shall not be employed in the interpretation of this Agreement.

(e) Clawbacks. Employee hereby acknowledges and agrees that, notwithstanding any provision of this Agreement to the contrary, Employee will be subject to any legally mandated policy relating to the recovery of compensation, solely to the extent that the Company is required to implement such policy pursuant to applicable law, whether pursuant to the Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 or otherwise.

(f) Employee Representations and Acknowledgements. Employee represents, warrants and covenants that as of the date that the Company and Employee have executed this Agreement as set forth on the signature page hereto: (i) she has the full right, authority and capacity to enter into this Agreement, (ii) she is ready, willing and able to perform her obligations hereunder and, to her knowledge, no reason exists that would prevent her from performing her obligations hereunder, (iii) she has provided the Company true, correct and

complete copies of any agreement to which she is subject containing non-competition, non-solicitation, non-disclosure or similar restrictions or covenants in favor of any prior employer or other party, (iv) she is not bound by any agreement that conflicts with or prevents or restricts the full performance of her duties and obligations to the Company hereunder during or after the Term, (v) the execution and delivery of this Agreement shall not result in any breach or violation of, or a default under, any existing obligation, commitment or agreement to which Employee is subject and (vi) she has searched for and deleted any emails, documents or files prepared, generated, obtained or used by Employee that contain any confidential or proprietary information of a prior employer. Employee acknowledges and agrees that nothing in this Agreement shall (x) entitle Employee to any compensation or other interest in respect of any activity of Jacobs Private Equity, LLC, a Delaware limited liability company (“JPE”) or Bradley S. Jacobs other than with respect to the Company; (y) restrict or prohibit the Company, Bradley S. Jacobs or any of her affiliates from having business interests and engaging in business activities in addition to those relating to the Company; or (z) restrict the investments which the Company, Bradley S. Jacobs or JPE or any of her or its affiliates may make, regardless of whether such investment opportunity or investment may be deemed to be a Competitive Opportunity. Employee acknowledges that she has carefully read this Agreement and has given careful consideration to the restraints imposed upon Employee by this Agreement, and is in full accord as to the necessity of such restraints for the reasonable and proper protection of the Confidential Information, business strategies, employee and customer relationships and goodwill of the Company Entities now existing or to be developed in the future. Employee expressly acknowledges and agrees that each and every restraint imposed by this Agreement is reasonable with respect to subject matter, industry scope, time period and geographic area. Employee agrees to comply with each of the covenants contained in Sections 7 and 8 of this Agreement in accordance with their terms, and Employee shall not, and hereby agrees to waive and release any right or claim to, challenge the reasonableness, validity or enforceability of any of the covenants contained in Section 7 or 8 of this Agreement. Employee further acknowledges that although Employee’s compliance with the covenants contained in Sections 7 and 8 of this Agreement may prevent Employee from earning a livelihood in a business similar to the business of the Company Entities, Employee’s experience and capabilities are such that Employee has other opportunities to earn a livelihood and adequate means of support for Employee and Employee’s dependents. Employee acknowledges that the Company has advised her that it is in her best interest to consult with an attorney prior to executing this Agreement.

(g) Survival. Employee’s obligations under Sections 7 and 8 of this Agreement shall remain in full force and effect for the entire period provided therein notwithstanding any termination of employment or other expiration of the Term or termination of this Agreement. The terms and conditions of Sections 6, 7, 8, 9, 10 and 11 of this Agreement shall survive the Term and termination of Employee’s employment.

(h) Assignment. This Agreement is binding on and is for the benefit of the parties hereto and their respective successors, assigns, heirs, executors, administrators and other legal representatives. This Agreement is personal to Employee; and neither this Agreement nor any right or obligation hereunder may be assigned by Employee without the prior written consent of the Company (or except by will or the laws of descent and distribution), and any purported assignment in violation of this Section 11(h) shall be void.

(i) Severability. If any provision of this Agreement or the application thereof is held invalid, the invalidity shall not affect other provisions or applications of this Agreement which can be given effect without the invalid provisions or applications and to this end the provisions of this Agreement are declared to be severable. If any term or provision of this Agreement is invalid, illegal or incapable of being enforced by any applicable law or public policy, all other conditions and provisions of this Agreement shall nonetheless remain in full force and effect so long as the economic and legal substance of the transactions contemplated by this Agreement is not affected in any manner materially adverse; provided, however, that in the event of a final, non-reviewable, non-appealable determination that any provision of Section 7 or 8 of this Agreement (whether in whole or in part) is void or constitutes an unreasonable restriction against Employee, such provision shall not be rendered void but shall be deemed to be modified to the minimum extent necessary to make such provision enforceable for the longest duration and the greatest scope as may constitute a reasonable restriction under the circumstances. Subject to the foregoing, upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

(j) Tax Withholding. The Company may withhold from any amounts payable to Employee hereunder all federal, state, city, foreign or other taxes that the Company may reasonably determine are required to be withheld pursuant to any applicable law or regulation (it being understood that Employee shall be responsible for payment of all taxes in respect of the payments and benefits provided herein).

(k) Cooperation Regarding Equity Compensation. Employee expressly agrees that she shall execute such other documents as reasonably requested by the Company to effect the terms of this Agreement and the issuance of the Equity Compensation as contemplated hereunder in compliance with applicable law.

(l) Governing Law; Arbitration; Consent to Jurisdiction; Waiver of Jury Trial. (i) This Agreement shall be governed by and construed in accordance with its express terms, and otherwise in accordance with the laws of the State of Delaware without reference to its principles of conflicts of law.

(ii) Any claim initiated by Employee arising out of or relating to this Agreement, or the breach thereof, or Employee's employment, or the termination thereof, shall be resolved by binding arbitration before a single arbitrator in the State of Delaware administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

(iii) Except the extent that the Company seeks injunctive relief pursuant to Section 10 of this Agreement, any claim initiated by the Company arising out of or relating to this Agreement, or the breach thereof, or Employee's employment, or the termination thereof, shall, at the election of the Company be resolved in accordance with Section 11(l)(ii) or (iv) of this Agreement.

(iv) Employee hereby irrevocably submits to the jurisdiction of any state or federal court located in the State of Delaware; provided, however, that nothing herein shall preclude the Company from bringing any suit, action or proceeding in any other court for the purposes of enforcing the provisions of this Section 11(l) or enforcing any judgment or award obtained by the Company. Employee waives, to the fullest extent permitted by applicable law, any objection which she now or hereafter has to personal jurisdiction or to the laying of venue of any such suit, action or proceeding brought in an applicable court described in this Section 11(l)(iv), and agrees that she shall not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any court. Employee agrees that, to the fullest extent permitted by applicable law, a final and non-appealable judgment in any suit, action or proceeding brought in any applicable court described in this Section 11(l)(iv) shall be conclusive and binding upon Employee and may be enforced in any other jurisdiction. EMPLOYEE EXPRESSLY AND KNOWINGLY WAIVES ANY RIGHT TO A JURY TRIAL IN THE EVENT THAT ANY ACTION ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE BREACH THEREOF, OR EMPLOYEE'S EMPLOYMENT, OR THE TERMINATION THEREOF, IS LITIGATED OR HEARD IN ANY COURT.

(v) The prevailing party shall be entitled to recover all legal fees and costs (including reasonable attorney's fees and the fees of experts) from the losing party in connection with any claim arising under this Agreement or Employee's employment hereunder.

(m) Section 409A. (i) It is intended that the provisions of this Agreement comply with Section 409A, and all provisions of this Agreement shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A.

(ii) Neither Employee nor any of her creditors or beneficiaries shall have the right to subject any deferred compensation (within the meaning of Section 409A) payable under this Agreement or under any other plan, policy, arrangement or agreement of or with the Company or any of its affiliates (this Agreement and such other plans, policies, arrangements and agreements, the "Company Plans") to any anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment or garnishment. Except as permitted under Section 409A, any deferred compensation (within the meaning of Section 409A) payable to Employee or for Employee's benefit under any Company Plan may not be reduced by, or offset against, any amount owing by Employee to the Company or any of its affiliates.

(iii) If, at the time of Employee's separation from service (within the meaning of Section 409A), (i) Employee shall be a specified employee (within the meaning of Section 409A and using the identification methodology selected by the Company from time to time) and (ii) the Company shall make a good faith determination that an amount payable under a Company Plan constitutes deferred compensation (within the meaning of Section 409A) the payment of which is required to be delayed pursuant to the six-month delay rule set forth in Section 409A in order to avoid taxes or penalties under Section 409A, then the Company (or its affiliate, as applicable) shall not pay such amount on the otherwise scheduled payment date but shall instead accumulate such amount and pay it on the first business day after such six-month period. To the extent required in order to avoid accelerated taxation and/or tax penalties under Section 409A, Employee shall not be considered to have terminated employment with the

Company for purposes of this Agreement and no payment shall be due to Employee under this Agreement until Employee would be considered to have incurred a “separation from service” from the Company within the meaning of Section 409A.

(iv) Notwithstanding any provision of this Agreement or any Company Plan to the contrary, in light of the uncertainty with respect to the proper application of Section 409A, the Company reserves the right to make amendments to any Company Plan as the Company deems necessary or desirable to avoid the imposition of taxes or penalties under Section 409A. In any case, Employee is solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on Employee or for Employee’s account in connection with any Company Plan (including any taxes and penalties under Section 409A), and neither the Company nor any affiliate shall have any obligation to indemnify or otherwise hold Employee harmless from any or all of such taxes or penalties.

(v) For purposes of Section 409A, each payment hereunder will be deemed to be a separate payment as permitted under Treasury Regulation Section 1.409A-2(b)(2)(iii).

(vi) Except as specifically permitted by Section 409A, any benefits and reimbursements provided to Employee under this Agreement during any calendar year shall not affect any benefits and reimbursements to be provided to Employee under this Agreement in any other calendar year, and the right to such benefits and reimbursements cannot be liquidated or exchanged for any other benefit. Furthermore, reimbursement payments shall be made to Employee as soon as practicable following the date that the applicable expense is incurred, but in no event later than the last day of the calendar year following the calendar year in which the underlying expense is incurred.

(n) Section 105(h). Notwithstanding any provision of this Agreement to the contrary, to the extent necessary to satisfy Section 105(h) of the Code, the Company will be permitted to alter the manner in which medical benefits are provided to Employee following termination of Employee’s employment, provided that the after-tax cost to Employee of such benefits shall not be greater than the cost applicable to similarly situated executives of the Company who have not terminated employment.

(o) Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. Signatures delivered by facsimile or electronic means (including by “pdf”) shall be deemed effective for all purposes.

(p) Headings. The headings in this Agreement are inserted for convenience of reference only and shall not be a part of or control or affect the meaning of any provision hereof.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

XPO LOGISTICS, INC.

By:

/s/ Meghan Henson

Name: Meghan Henson

Title: Chief Human Resources Officer

/s/ Sarah J.S. Glickman

Sarah J.S.Glickman

Date: June 5, 2019

[Signature Page]

EXHIBIT A

Term Sheet

Effective Date:	June 5, 2019
Employee:	Sarah J.S. Glickman
Position	Acting Chief Financial Officer, it being understood and agreed that the Company may modify such position upon appointment of a permanent Chief Financial Officer and such modification (including any associated modification to the Reporting Person below) shall not be considered a breach of this Agreement, so long as Employee continues to serve at the Senior Vice President (or higher) level.
Reporting Person:	Chief Executive Officer of the Company or the Chief Executive Officer's designee, it being understood and agreed that the Chief Executive Officer may designate a new Reporting Person upon appointment of a permanent Chief Financial Officer.
Base Salary:	\$425,000
Target Bonus:	100% of Base Salary

PERFORMANCE-BASED RESTRICTED STOCK UNIT AWARD AGREEMENT UNDER THE XPO LOGISTICS, INC. 2016 OMNIBUS INCENTIVE COMPENSATION PLAN, dated as of [DATE], 2019 (the "Grant Date") between XPO LOGISTICS, INC., a Delaware corporation (the "Company"), and [NAME OF GRANTEE].

This Performance-Based Restricted Stock Unit Award Agreement (this "Award Agreement") sets forth the terms and conditions of an award of performance-based restricted stock units with respect to a number of shares of the Company's Common Stock, \$0.001 par value ("Share") set forth on Exhibit A (this "Award"), that is subject to the terms and conditions specified herein (each such restricted stock unit, an "RSU") and that are granted to you under the XPO Logistics, Inc. 2016 Omnibus Incentive Compensation Plan (the "Plan"). This Award provides you with the opportunity to earn, subject to the terms of this Award Agreement, Shares or cash, as set forth in Section 3 of this Award Agreement.

THIS AWARD IS SUBJECT TO ALL TERMS AND CONDITIONS OF THE PLAN AND THIS AWARD AGREEMENT, INCLUDING THE DISPUTE RESOLUTION PROVISIONS SET FORTH IN SECTION 10 OF THIS AWARD AGREEMENT. BY SIGNING YOUR NAME BELOW, YOU SHALL HAVE CONFIRMED YOUR ACCEPTANCE OF THE TERMS AND CONDITIONS OF THIS AWARD AGREEMENT.

SECTION 1. The Plan. This Award is made pursuant to the Plan, all the terms of which are hereby incorporated in this Award Agreement, including the provisions of Section 6(e) of the Plan. In the event of any conflict between the terms of the Plan and the terms of this Award Agreement, the terms of the Plan shall govern.

SECTION 2. Definitions. Capitalized terms used in this Award Agreement that are not defined in this Award Agreement have the meanings as used or defined in the Plan. As used in this Award Agreement, the following terms have the meanings set forth below:

"Adjusted EPS Performance Goal" has the meaning given to such term on Exhibit A attached hereto.

"Cause" means your (i) gross negligence or willful failure to perform your duties hereunder or willful refusal to follow any lawful directive of the Chief Executive Officer of the Company or the Board of Directors of the Company; (ii) abuse of or

dependency on alcohol or drugs (illicit or otherwise) that adversely affects your performance of duties hereunder; (iii) commission of any fraud, embezzlement, theft or dishonesty, or any deliberate misappropriation of money or other assets of the Company; (iv) breach of any term of any Employment Agreement to which you may be party or any agreement governing long-term incentive compensation or equity compensation to which you may be party or breach of your fiduciary duties to the Company; (v) failure to provide the Company with at least 30 days' advanced written notice of your intention to resign; (vi) any willful act, or failure to act, in bad faith to the detriment of the Company; (vii) willful failure to cooperate in good faith with a governmental or internal investigation of the Company or any of its directors, managers, officers or employees, if the Company requests your cooperation; (viii) failure to follow the Company's code of conduct or ethics policy; and (ix) conviction of, or plea of nolo contendere to, a felony or any serious crime; provided that, the Company will provide you with written notice describing the facts and circumstances that the Company believes constitutes Cause and, in cases where cure is possible, you shall first be provided a 15-day cure period. If, subsequent to your termination of employment for any reason other than by the Company for Cause, it is determined in good faith by the Chief Executive Officer of the Company that your employment could have been terminated by the Company for Cause, your employment shall, at the election of the Chief Executive Officer of the Company at any time up to two years after your termination of employment but in no event more than six months after the Chief Executive Officer of the Company learns of the facts or events that could give rise to the termination for Cause, be deemed to have been terminated for Cause retroactively to the date the events giving rise to Cause occurred.

“Determination Date” means the date on which the Committee determines whether the Adjusted EPS Performance Goal and the TSR Performance Goal have been achieved, which shall be no later than the March 1 immediately following the Company's 2024 fiscal year.

“Employment Agreement” means any individual employment agreement between you and the Company or any of its Subsidiaries.

“Performance Period” means the period commencing on January 1, 2019 and ending on December 31, 2024.

“Section 409A” means Section 409A of the Code, and the regulations and other interpretive guidance promulgated thereunder, as in effect from time to time.

“Settlement Date” means the tenth day following the date, if any, on which the RSUs vest pursuant to Section 3.

“TSR Performance Goal” has the meaning given to such term on Exhibit A attached hereto.

SECTION 3. Vesting and Settlement.

(a) Vesting Requirements. Except as otherwise provided in Section 3(b) or 3(c) hereof, you shall vest in the RSUs granted pursuant to this Award Agreement if (i) the Adjusted EPS Performance Goal has been achieved, (ii) the TSR Performance

Goal has been achieved, and (iii) you have remained employed with the Company or an Affiliate thereof through the last day of the Performance Period. If the Committee determines that either the Adjusted EPS Performance Goal or the TSR Performance Goal has not been achieved, all unvested RSUs shall be forfeited and cease to be outstanding, effective as of the Determination Date.

(b) Termination of Employment. Notwithstanding anything to the contrary in this Award Agreement or the Plan to the contrary, all unvested RSUs will be forfeited (and cease to be outstanding) upon your termination of employment for any reason prior to the end of the Performance Period, except that:

(i) if your employment terminates by reason of your death prior to the end of the Performance Period, all outstanding RSUs shall be deemed earned and shall vest in full immediately; and

(ii) if your employment is terminated by the Company without Cause (other than due to your disability) during the Performance Period, then a portion of the RSUs shall remain outstanding and eligible to vest, subject to the achievement of the Adjusted EPS Performance Goal and the TSR Performance Goal, which portion shall be equal to the product of (x) the total number of RSUs and (y) a fraction, the numerator of which is the number of days from January 1, 2019 through the date of your termination of your employment and the denominator of which is 2,192. Such eligible RSUs will vest, if at all, on the Determination Date.

(c) Change of Control. Upon a Change of Control prior to the conclusion of the Performance Period (or following such conclusion but prior to the Determination Date) that occurs during your employment, or that occurs following your termination of employment by the Company without Cause (and other than due to your disability), all RSUs that remain outstanding at the time of the Change of Control shall be deemed earned and shall vest in full immediately.

(d) Settlement of RSU Award. If RSUs vest pursuant to the foregoing provisions of this Section 3, then no later than the applicable Settlement Date, the Company shall deliver to you or your legal representative either (i) one Share or (ii) a cash payment equal to the Fair Market Value determined as of the Settlement Date of one Share, in each case, for each RSU that has been deemed earned and vested in accordance with the terms of this Award Agreement; provided, that the Company shall have sole discretion to determine whether to settle such RSUs in Shares, cash or a combination thereof.

SECTION 4. Forfeiture of RSUs. If you (a) breach any restrictive covenant (which, for the avoidance of doubt, includes any non-compete, non-solicit, non-disparagement or confidentiality provisions) contained in any arrangements with the Company (including your Employment Agreement and the confidentiality covenant contained in Section 10(c) hereof) to which you are subject or (b) engage in fraud or willful misconduct that contributes materially to any financial restatement or material loss to the Company or any of its Subsidiaries, your rights with respect to the RSUs shall

immediately terminate, and you shall be entitled to no further payments or benefits with respect thereto and, if the RSUs are vested and/or settled, the Company may require you to forfeit or remit to the Company any amount payable, or the after-tax net amount paid or received by you, in respect of any RSUs; provided, however, that (i) the Company shall make such demand that you forfeit or remit any such amount no later than six months after learning of the conduct described in this Section 4 and (ii) in cases where cure is possible, you shall first be provided a 15-day cure period to cease, and to cure, such conduct.

SECTION 5. No Rights as a Stockholder. You shall not have any rights or privileges of a stockholder with respect to the RSUs subject to this Award Agreement unless and until certificates representing Shares are actually issued and delivered to you or your legal representative in settlement of this Award.

SECTION 6. Non-Transferability of RSUs. Unless otherwise provided by the Committee in its discretion, RSUs may not be sold, assigned, alienated, transferred, pledged, attached or otherwise encumbered except as provided in Section 9(a) of the Plan. Any purported sale, assignment, alienation, transfer, pledge, attachment or other encumbrance of RSUs in violation of the provisions of this Section 6 and Section 9(a) of the Plan shall be void.

SECTION 7. Withholding, Consents and Legends.

(a) Withholding. The delivery of Shares or cash pursuant to Section 3 of this Award Agreement is conditioned on satisfaction of any applicable withholding taxes in accordance with this Section 7(a) and Section 9(d) of the Plan. No later than the date as of which an amount first becomes includible in your gross income for Federal, state, local or foreign income tax purposes with respect to any RSUs, you shall pay to the Company, or make arrangements satisfactory to the Company regarding the payment of, any Federal, state, local and foreign taxes that are required by applicable laws and regulations to be withheld with respect to such amount. In the event that there is withholding tax liability in connection with the settlement of the RSUs, if authorized by the Committee in its sole discretion, you may satisfy, in whole or in part, any withholding tax liability by having the Company withhold from the number of Shares or cash you would be entitled to receive upon settlement of the RSUs, an amount in cash or a number of Shares having a Fair Market Value (which shall either have the meaning set forth in the Plan or shall have such other meaning as determined by the Company in accordance with applicable withholding requirements) equal to such withholding tax liability.

(b) Consents. Your rights in respect of the RSUs are conditioned on the receipt to the full satisfaction of the Committee of any required consents that the Committee may determine to be necessary or advisable (including your consent to the Company's supplying to any third-party recordkeeper of the Plan such personal information as the Committee deems advisable to administer the Plan).

(c) Legends. The Company may affix to certificates for Shares issued pursuant to this Award Agreement any legend that the Committee determines to be necessary or advisable (including to reflect any restrictions to which you may be subject

under any applicable securities laws). The Company may advise the transfer agent to place a stop order against any legended Shares.

SECTION 8. Successors and Assigns of the Company. The terms and conditions of this Award Agreement shall be binding upon and shall inure to the benefit of the Company and its successors and assigns.

SECTION 9. Committee Discretion. The Compensation Committee of the Board shall have full and plenary discretion with respect to any actions to be taken or determinations to be made in connection with this Award Agreement, and its determinations shall be final, binding and conclusive.

SECTION 10. Dispute Resolution.

(a) Jurisdiction and Venue. Notwithstanding any provision in your Employment Agreement, you and the Company irrevocably submit to the exclusive jurisdiction of (i) the United States District Court for the Southern District of New York and (ii) the courts of the State of New York for the purposes of any suit, action or other proceeding arising out of this Award Agreement or the Plan. You and the Company agree to commence any such action, suit or proceeding either in the United States District Court for the Southern District of New York or, in the courts of the State of New York. You and the Company further agree that service of any process, summons, notice or document by U.S. registered mail to the other party's address set forth below shall be effective service of process for any action, suit or proceeding in New York with respect to any matters to which you have submitted to jurisdiction in this Section 10(a). You and the Company irrevocably and unconditionally waive any objection to the laying of venue of any action, suit or proceeding arising out of this Award Agreement or the Plan in (A) the United States District Court for the Southern District of New York or (B) the courts of the State of New York, and hereby and thereby further irrevocably and unconditionally waive and agree not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

(b) Waiver of Jury Trial. You and the Company hereby waive, to the fullest extent permitted by applicable law, any right either of you may have to a trial by jury in respect to any litigation directly or indirectly arising out of, under or in connection with this Award Agreement or the Plan.

(c) Confidentiality. You hereby agree to keep confidential the existence of, and any information concerning, a dispute described in this Section 10, except that you may disclose information concerning such dispute to the court that is considering such dispute or to your legal counsel (provided that such counsel agrees not to disclose any such information other than as necessary to the prosecution or defense of the dispute).

SECTION 11. Notice. All notices, requests, demands and other communications required or permitted to be given under the terms of this Award Agreement shall be in writing and shall be deemed to have been duly given when delivered by hand or overnight courier or three business days after they have been mailed

by U.S. certified or registered mail, return receipt requested, postage prepaid, addressed to the other party as set forth below:

If to the Company:	XPO Logistics, Inc. Five American Lane Greenwich, CT 06831 Attention: Chief Human Resources Officer
If to you:	To your address as most recently supplied to the Company and set forth in the Company's records

The parties may change the address to which notices under this Award Agreement shall be sent by providing written notice to the other in the manner specified above.

SECTION 12. Governing Law. This Award Agreement shall be deemed to be made in the State of Delaware, and the validity, construction and effect of this Award Agreement in all respects shall be determined in accordance with the laws of the State of Delaware, without giving effect to the conflict of law principles thereof.

SECTION 13. Headings and Construction. Headings are given to the Sections and subsections of this Award Agreement solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of this Award Agreement or any provision thereof. Whenever the words "include," "includes" or "including" are used in this Award Agreement, they shall be deemed to be followed by the words "but not limited to". The term "or" is not exclusive.

SECTION 14. Amendment of this Award Agreement. The Committee may waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate this Award Agreement prospectively or retroactively; provided, however, that, except as set forth in Section 15(d) of this Award Agreement, any such waiver, amendment, alteration, suspension, discontinuance, cancelation or termination that would materially and adversely impair your rights under this Award Agreement shall not to that extent be effective without your consent (it being understood, notwithstanding the foregoing proviso, that this Award Agreement and the RSUs shall be subject to the provisions of Section 7(c) of the Plan).

SECTION 15. Section 409A.

(a) It is intended that the provisions of this Award Agreement comply with Section 409A, and all provisions of this Award Agreement shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A.

(b) Neither you nor any of your creditors or beneficiaries shall have the right to subject any deferred compensation (within the meaning of Section 409A) payable under this Award Agreement to any anticipation, alienation, sale, transfer,

assignment, pledge, encumbrance, attachment or garnishment. Except as permitted under Section 409A, any deferred compensation (within the meaning of Section 409A) payable to you or for your benefit under this Award Agreement may not be reduced by, or offset against, any amount owing by you to the Company or any of its Affiliates.

(c) If, at the time of your separation from service (within the meaning of Section 409A), (i) you shall be a specified employee (within the meaning of Section 409A and using the identification methodology selected by the Company from time to time) and (ii) the Company shall make a good faith determination that an amount payable hereunder constitutes deferred compensation (within the meaning of Section 409A) the payment of which is required to be delayed pursuant to the six-month delay rule set forth in Section 409A in order to avoid taxes or penalties under Section 409A, then the Company shall not pay such amount on the otherwise scheduled payment date but shall instead pay it, without interest (except as otherwise provided in your Employment Agreement), on the first business day after such six-month period. For purposes of Section 409A, each payment hereunder will be deemed to be a separate payment as permitted under Treasury Regulation Section 1.409A-2(b)(2)(iii).

(d) Notwithstanding any provision of this Award Agreement to the contrary, in light of the uncertainty with respect to the proper application of Section 409A, the Company reserves the right to make amendments to this Award Agreement as the Company deems necessary or desirable to avoid the imposition of taxes or penalties under Section 409A. In any case, you shall be solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on you or for your account in connection with this Award Agreement (including any taxes and penalties under Section 409A), and neither the Company nor any of its Affiliates shall have any obligation to indemnify or otherwise hold you harmless from any or all of such taxes or penalties.

SECTION 16. Counterparts. This Award Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. You and the Company hereby acknowledge and agree that signatures delivered by facsimile or electronic means (including by “pdf”) shall be deemed effective for all purposes.

SECTION 17. Section 280G. Notwithstanding anything in this Award Agreement to the contrary and regardless of whether this Award Agreement has otherwise expired or terminated, unless otherwise provided in your Employment Agreement, in the event that any payments, distributions, benefits or entitlements of any type payable to you (“CIC Benefits”) (i) constitute “parachute payments” within the meaning of Section 280G of the Code, and (ii) but for this paragraph would be subject to the excise tax imposed by Section 4999 of the Code (the “Excise Tax”), then your CIC Benefits shall be reduced to such lesser amount (the “Reduced Amount”) that would result in no portion of such benefits being subject to the Excise Tax; provided that such amounts shall not be so reduced if the Company determines, based on the advice of Golden Parachute Tax Solutions LLC, or such other nationally recognized certified public accounting firm as may be designated by the Company (the “Accounting Firm”), that without such reduction you would be entitled to receive and retain, on a net after tax basis (including, without limitation, any excise taxes payable under Section 4999 of the Code), an amount that is

greater than the amount, on a net after tax basis, that you would be entitled to retain upon receipt of the Reduced Amount. Unless the Company and you otherwise agree in writing, any determination required under this Section 17 shall be made in writing in good faith by the Accounting Firm. In the event of a reduction of benefits hereunder, benefits shall be reduced by first reducing or eliminating the portion of the CIC Benefits that are payable under this Award Agreement and then by reducing or eliminating the portion of the CIC Benefits that are payable in cash and then by reducing or eliminating the non-cash portion of the CIC Benefits, in each case, in reverse order beginning with payments or benefits which are to be paid the furthest in the future. For purposes of making the calculations required by this Section 17, the Accounting Firm may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of the Code, and other applicable legal authority. The Company and you shall furnish to the Accounting Firm such information and documents as the Accounting Firm may reasonably require in order to make a determination under this Section 17, and the Company shall bear the cost of all fees the Accounting Firm charges in connection with any calculations contemplated by this Section 17. In connection with making determinations under this Section 17, the Accounting Firm shall take into account the value of any reasonable compensation for services to be rendered by you before or after the Change of Control, including any non-competition provisions that may apply to you and the Company shall cooperate in the valuation of any such services, including any non-competition provisions.

SECTION 18. Securities Trade Monitoring Policy. You are required to maintain a securities brokerage account with the Company's preferred broker in order to receive any Shares issuable under this Award, in accordance with the Company securities trade monitoring policy (the "Trade Monitoring Policy"). The Company's preferred broker is currently Morgan Stanley. Any Shares issued to you pursuant to this Award Agreement shall be deposited in your account with the Company's preferred broker in accordance with the terms set forth herein. You hereby acknowledge that you have reviewed, and agree to comply with, the terms of the Trade Monitoring Policy, and that this Award, and the value of any Shares issued pursuant to this Award Agreement, shall be subject to forfeiture or recoupment by the Company, as applicable, in the event of your noncompliance with the Trade Monitoring Policy, as it may be in effect from time to time.

above.

The parties have duly executed this Award Agreement as of the date first written

XPO LOGISTICS, INC.

Name: Meghan Henson

Title: Chief Human Resources Officer

Exhibit A

Number of RSUs Granted Hereunder:	[# shares] RSUs
Performance Goal:	<p>The Performance Goal shall be achievement of both of the following:</p> <p>(a) Company TSR during the Performance Period exceeds Comparator Group TSR during the Performance Period by a minimum of 34 percentage points (representing outperformance of more than 5 percentage points on an annualized compounded basis) (the “<u>TSR Performance Goal</u>”); and</p> <p>(b) the compound annual growth rate of the Company’s Adjusted EPS during the Performance Period, measured by reference to the Company’s full year 2018 Adjusted EPS of \$3.19, is at least 19% (the “<u>Adjusted EPS Performance Goal</u>”).</p> <p>“<u>Adjusted EPS</u>” means the Company’s net income attributable to common shareholders, adjusted for the impact of certain costs and gains that management has determined are not reflective of the Company’s core operating activities, governed by the Company’s internal policy entitled “Presentation and Disclosure of Non-GAAP Financial Measures” as in effect on the Grant Date, and reported externally in the Company’s earnings press releases.</p> <p>“<u>Beginning Price</u>” shall mean the average of the closing prices of the Index or of common shares of the Company, as applicable, during the twenty (20) consecutive trading days ending on the last trading day immediately preceding the first day of the Performance Period.</p> <p>“<u>Index</u>” means the S&P Transportation Select Industry Index.</p> <p>“<u>Dividends Paid</u>” shall mean all cash dividends paid by the applicable company with respect to an ex-dividend date that occurs during the Performance Period (whether or not the dividend payment date occurs during the Performance Period), which shall be deemed to have been reinvested in the underlying common shares and shall include cash dividends paid with respect to such reinvested dividends. As applied to the Index, Dividends Paid shall relate to dividends of the constituent companies and shall assume that they are reinvested in the Index.</p> <p>“<u>Ending Price</u>” shall mean the average of the closing prices of the Index or of common shares of the Company, as applicable, during the twenty (20) consecutive trading days ending on the last trading day of the Performance Period. In determining Ending Price for the Company or the Index, the Committee may make such adjustments as</p>

it deems appropriate to reflect stock splits, spin-offs, and similar transactions that occurred during the Performance Period.

“Company TSR” shall mean the quotient of (i) the Company’s Ending Price *minus* the Company’s Beginning Price *plus* the Company’s Dividends Paid, *divided by* (ii) the Company’s Beginning Price.

“Comparator Group TSR” shall mean the quotient of (i) the Index’s Ending Price *minus* the Index’s Beginning Price *plus* the Index’s Dividends Paid, *divided by* (ii) the Index’s Beginning Price.

The TSR Performance Goal shall be subject to adjustment by the Committee in the event of an event described in Section 4(b) of the Plan.

CERTIFICATION

I, Bradley S. Jacobs, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended June 30, 2019 of XPO Logistics, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Bradley S. Jacobs

Bradley S. Jacobs

Chief Executive Officer

(Principal Executive Officer)

Date: August 1, 2019

CERTIFICATION

I, Sarah J.S. Glickman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended June 30, 2019 of XPO Logistics, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Sarah J.S. Glickman

Sarah J.S. Glickman

Acting Chief Financial Officer

(Principal Financial Officer)

Date: August 1, 2019

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER

**Pursuant to 18 U.S.C. Section 1350
As adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

Solely for the purposes of complying with 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, the undersigned Chief Executive Officer of XPO Logistics, Inc. (the "Company"), hereby certify, based on my knowledge, that the Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2019 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Bradley S. Jacobs

Bradley S. Jacobs

Chief Executive Officer

(Principal Executive Officer)

Date: August 1, 2019

CERTIFICATION OF THE ACTING CHIEF FINANCIAL OFFICER

**Pursuant to 18 U.S.C. Section 1350
As adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

Solely for the purposes of complying with 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, the undersigned Acting Chief Financial Officer of XPO Logistics, Inc. (the "Company"), hereby certify, based on my knowledge, that the Quarterly Report on Form 10-Q of the Company for the quarter ended June 30, 2019 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Sarah J.S. Glickman

Sarah J.S. Glickman
Acting Chief Financial Officer
(Principal Financial Officer)

Date: August 1, 2019