

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 September 30, 2021

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)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Securities 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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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 October 29, 2021, there were 114,710,933 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 September 30, 2021

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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>	September 30, 2021	December 31, 2020
ASSETS		
Current assets		
Cash and cash equivalents	\$ 254	\$ 1,731
Accounts receivable, net of allowances of \$47 and \$46, respectively	1,987	1,680
Other current assets	284	303
Current assets of discontinued operations	25	1,664
Total current assets	2,550	5,378
Long-term assets		
Property and equipment, net of \$1,765 and \$1,646 in accumulated depreciation, respectively	1,821	1,891
Operating lease assets	829	844
Goodwill	2,493	2,536
Identifiable intangible assets, net of \$598 and \$536 in accumulated amortization, respectively	603	675
Other long-term assets	237	187
Long-term assets of discontinued operations	—	4,666
Total long-term assets	5,983	10,799
Total assets	\$ 8,533	\$ 16,177
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 963	\$ 854
Accrued expenses	1,199	1,044
Short-term borrowings and current maturities of long-term debt	56	1,281
Short-term operating lease liabilities	153	152
Other current liabilities	132	102
Current liabilities of discontinued operations	24	1,728
Total current liabilities	2,527	5,161
Long-term liabilities		
Long-term debt	3,515	5,240
Deferred tax liability	306	286
Employee benefit obligations	126	131
Long-term operating lease liabilities	677	696
Other long-term liabilities	366	384
Long-term liabilities of discontinued operations	—	1,430
Total long-term liabilities	4,990	8,167
Stockholders' equity		
Convertible perpetual preferred stock, \$0.001 par value; 10 shares authorized; — and 0.001 of Series A shares issued and outstanding as of September 30, 2021 and December 31, 2020, respectively	—	1
Common stock, \$0.001 par value; 300 shares authorized; 115 and 102 shares issued and outstanding as of September 30, 2021 and December 31, 2020, respectively	—	—
Additional paid-in capital	1,174	1,998
Retained earnings (accumulated deficit)	(79)	868
Accumulated other comprehensive loss	(79)	(158)
Total stockholders' equity before noncontrolling interests	1,016	2,709
Noncontrolling interests	—	140
Total equity	1,016	2,849
Total liabilities and equity	\$ 8,533	\$ 16,177

See accompanying notes to condensed consolidated financial statements.

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

<i>(In millions, except per share data)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Revenue	\$ 3,270	\$ 2,675	\$ 9,445	\$ 7,261
Cost of transportation and services	2,306	1,814	6,545	4,919
Direct operating expense	366	310	1,058	904
Sales, general and administrative expense	339	294	1,001	915
Depreciation and amortization expense	118	119	357	351
Transaction and integration costs	15	—	26	66
Restructuring costs	14	—	16	31
Operating income	112	138	442	75
Other income	(15)	(12)	(43)	(31)
Foreign currency (gain) loss	(4)	1	(2)	(5)
Debt extinguishment loss	46	—	54	—
Interest expense	53	81	176	226
Income (loss) from continuing operations before income tax provision (benefit)	32	68	257	(115)
Income tax provision (benefit)	11	31	60	(36)
Income (loss) from continuing operations	21	37	197	(79)
Income (loss) from discontinued operations, net of taxes	(78)	61	22	68
Net income (loss)	(57)	98	219	(11)
Net loss from continuing operations attributable to noncontrolling interests	—	—	—	3
Net income from discontinued operations attributable to noncontrolling interests	—	(5)	(5)	(7)
Net income (loss) attributable to XPO	\$ (57)	\$ 93	\$ 214	\$ (15)
Net income (loss) attributable to common shareholders				
Continuing operations	\$ 21	\$ 28	\$ 197	\$ (78)
Discontinued operations	(78)	56	17	61
Net income (loss) attributable to common shareholders	\$ (57)	\$ 84	\$ 214	\$ (17)
Earnings (loss) per share data				
Basic earnings (loss) per share from continuing operations	\$ 0.19	\$ 0.30	\$ 1.78	\$ (0.86)
Basic earnings (loss) per share from discontinued operations	(0.69)	0.63	0.15	0.68
Basic earnings (loss) per share attributable to common shareholders	\$ (0.50)	\$ 0.93	\$ 1.93	\$ (0.18)
Diluted earnings (loss) per share from continuing operations	\$ 0.19	\$ 0.27	\$ 1.73	\$ (0.86)
Diluted earnings (loss) per share from discontinued operations	(0.68)	0.56	0.14	0.68
Diluted earnings (loss) per share attributable to common shareholders	\$ (0.49)	\$ 0.83	\$ 1.87	\$ (0.18)
Weighted-average common shares outstanding				
Basic weighted-average common shares outstanding	115	91	111	91
Diluted weighted-average common shares outstanding	116	102	114	91

See accompanying notes to condensed consolidated financial statements.

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

<i>(In millions)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Net income (loss)	\$ (57)	\$ 98	\$ 219	\$ (11)
Other comprehensive income (loss), net of tax				
Foreign currency translation gain (loss), net of tax effect of \$7, \$13, \$4 and \$6	\$ (47)	\$ 71	\$ (74)	\$ 27
Unrealized gain (loss) on financial assets/liabilities designated as hedging instruments, net of tax effect of \$1, \$—, \$1 and \$—	(3)	(1)	(3)	(1)
Defined benefit plans adjustments, net of tax effect of \$(9), \$(1), \$(9) and \$1	28	(2)	28	(7)
Other comprehensive income (loss)	<u>(22)</u>	<u>68</u>	<u>(49)</u>	<u>19</u>
Comprehensive income (loss)	\$ (79)	\$ 166	\$ 170	\$ 8
Less: Comprehensive income attributable to noncontrolling interests	—	10	3	7
Comprehensive income (loss) attributable to XPO	<u>\$ (79)</u>	<u>\$ 156</u>	<u>\$ 167</u>	<u>\$ 1</u>

See accompanying notes to condensed consolidated financial statements.

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

<i>(In millions)</i>	Nine Months Ended September 30,	
	2021	2020
Cash flows from operating activities of continuing operations		
Net income (loss)	\$ 219	\$ (11)
Income from discontinued operations, net of taxes	22	68
Income (loss) from continuing operations	197	(79)
Adjustments to reconcile net income (loss) from continuing operations to net cash from operating activities		
Depreciation, amortization and net lease activity	357	351
Stock compensation expense	29	36
Accretion of debt	15	14
Deferred tax (benefit) expense	5	12
Debt extinguishment loss	54	—
Unrealized (gain) loss on foreign currency option and forward contracts	1	(1)
Gains on sales of property and equipment	(36)	(67)
Other	4	45
Changes in assets and liabilities		
Accounts receivable	(371)	(165)
Other assets	(1)	(54)
Accounts payable	133	(29)
Accrued expenses and other liabilities	171	229
Net cash provided by operating activities from continuing operations	558	292
Cash flows from investing activities of continuing operations		
Payment for purchases of property and equipment	(212)	(220)
Proceeds from sale of property and equipment	72	137
Other	(3)	5
Net cash used in investing activities from continuing operations	(143)	(78)
Cash flows from financing activities of continuing operations		
Proceeds from issuance of debt	—	1,155
Proceeds from (repayment of) borrowings related to securitization program	(24)	25
Repurchase of debt	(2,769)	—
Proceeds from borrowings on ABL facility	—	820
Repayment of borrowings on ABL facility	(200)	(620)
Repayment of debt and finance leases	(63)	(50)
Payment for debt issuance costs	(5)	(21)
Purchase of noncontrolling interests	—	—
Issuance (repurchase) of common stock	384	(114)
Change in bank overdrafts	33	19
Payment for tax withholdings for restricted shares	(25)	(21)
Distribution from GXO	794	—
Other	(5)	2
Net cash provided by (used in) financing activities from continuing operations	(1,880)	1,195

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<i>(In millions)</i>	Nine Months Ended September 30,	
	2021	2020
Cash flows from discontinued operations		
Operating activities of discontinued operations	68	398
Investing activities of discontinued operations	(95)	(145)
Financing activities of discontinued operations	(302)	(12)
Net cash provided by (used in) discontinued operations	(329)	241
Effect of exchange rates on cash, cash equivalents and restricted cash	(7)	(2)
Net increase (decrease) in cash, cash equivalents and restricted cash	(1,801)	1,648
Cash, cash equivalents and restricted cash, beginning of period	2,065	387
Cash, cash equivalents and restricted cash, end of period	264	2,035
Less: Cash, cash equivalents and restricted cash of discontinued operations, end of period	—	404
Cash, cash equivalents and restricted cash of discontinued operations, end of period	\$ 264	\$ 1,631
Supplemental disclosure of cash flow information		
Leased assets obtained in exchange for new operating lease liabilities	\$ 140	\$ 188
Leased assets obtained in exchange for new finance lease liabilities	54	9
Cash paid for interest	195	209
Cash paid for income taxes	74	3

See accompanying notes to condensed consolidated financial statements.

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

	Series A Preferred Stock		Common Stock		Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Loss	Total XPO Stockholders' Equity	Non-controlling Interests	Total Equity
	Shares	Amount	Shares	Amount						
<i>(Shares in thousands, dollars in millions)</i>										
Balance as of June 30, 2021	—	\$ —	111,726	\$ —	\$ 1,971	\$ 1,139	\$ (183)	\$ 2,927	\$ 40	\$ 2,967
Net loss	—	—	—	—	—	(57)	—	(57)	—	(57)
Other comprehensive loss	—	—	—	—	—	—	(22)	(22)	—	(22)
Spin-off of GXO	—	—	—	—	(1,199)	(1,161)	126	(2,234)	(40)	(2,274)
Exercise and vesting of stock compensation awards	—	—	72	—	2	—	—	2	—	2
Tax withholdings related to vesting of stock compensation awards	—	—	—	—	(3)	—	—	(3)	—	(3)
Issuance of common stock	—	—	2,875	—	384	—	—	384	—	384
Stock compensation expense	—	—	—	—	19	—	—	19	—	19
Balance as of September 30, 2021	—	\$ —	114,673	\$ —	\$ 1,174	\$ (79)	\$ (79)	\$ 1,016	\$ —	\$ 1,016

	Series A Preferred Stock		Common Stock		Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Loss	Total XPO Stockholders' Equity	Non-controlling Interests	Total Equity
	Shares	Amount	Shares	Amount						
<i>(Shares in thousands, dollars in millions)</i>										
Balance as of December 31, 2020	1	\$ 1	102,052	\$ —	\$ 1,998	\$ 868	\$ (158)	\$ 2,709	\$ 140	\$ 2,849
Net income	—	—	—	—	—	214	—	214	5	219
Other comprehensive loss	—	—	—	—	—	—	(47)	(47)	(2)	(49)
Spin-off of GXO	—	—	—	—	(1,199)	(1,161)	126	(2,234)	(40)	(2,274)
Exercise and vesting of stock compensation awards	—	—	386	—	2	—	—	2	—	2
Tax withholdings related to vesting of stock compensation awards	—	—	—	—	(25)	—	—	(25)	—	(25)
Issuance of common stock	—	—	2,875	—	384	—	—	384	—	384
Conversion of preferred stock to common stock	(1)	(1)	145	—	1	—	—	—	—	—
Purchase of noncontrolling interests	—	—	—	—	(34)	—	—	(34)	(100)	(134)
Dividend declared	—	—	—	—	—	—	—	—	(3)	(3)
Exercise of warrants	—	—	9,215	—	—	—	—	—	—	—
Stock compensation expense	—	—	—	—	44	—	—	44	—	44
Other	—	—	—	—	3	—	—	3	—	3
Balance as of September 30, 2021	—	\$ —	114,673	\$ —	\$ 1,174	\$ (79)	\$ (79)	\$ 1,016	\$ —	\$ 1,016

XPO Logistics, Inc.

Condensed Consolidated Statements of Changes in Equity (continued)

(Unaudited)

	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						
<i>(Shares in thousands, dollars in millions)</i>										
Balance as of June 30, 2020	72	\$ 41	91,322	\$ —	\$ 1,963	\$ 672	\$ (192)	\$ 2,484	\$ 150	\$ 2,634
Net income	—	—	—	—	—	93	—	93	5	98
Other comprehensive income	—	—	—	—	—	—	63	63	5	68
Exercise and vesting of stock compensation awards	—	—	39	—	—	—	—	—	—	—
Tax withholdings related to vesting of stock compensation awards	—	—	—	—	(3)	—	—	(3)	—	(3)
Purchase of noncontrolling interests	—	—	—	—	(1)	—	—	(1)	(20)	(21)
Dividend declared	—	—	—	—	—	—	—	—	(4)	(4)
Stock compensation expense	—	—	—	—	10	—	—	10	—	10
Other	—	—	—	—	2	1	—	3	—	3
Balance as of September 30, 2020	72	\$ 41	91,361	\$ —	\$ 1,971	\$ 766	\$ (129)	\$ 2,649	\$ 136	\$ 2,785

	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						
<i>(Shares in thousands, dollars in millions)</i>										
Balance as of December 31, 2019	72	\$ 41	92,342	\$ —	\$ 2,061	\$ 786	\$ (145)	\$ 2,743	\$ 153	\$ 2,896
Net income (loss)	—	—	—	—	—	(15)	—	(15)	4	(11)
Other comprehensive income	—	—	—	—	—	—	16	16	3	19
Exercise and vesting of stock compensation awards	—	—	672	—	—	—	—	—	—	—
Tax withholdings related to vesting of stock compensation awards	—	—	—	—	(21)	—	—	(21)	—	(21)
Purchase of noncontrolling interests	—	—	—	—	(1)	—	—	(1)	(20)	(21)
Retirement of common stock	—	—	(1,715)	—	(114)	—	—	(114)	—	(114)
Dividend declared	—	—	—	—	—	(2)	—	(2)	(4)	(6)
Stock compensation expense	—	—	—	—	42	—	—	42	—	42
Adoption of new accounting standard and other	—	—	62	—	4	(3)	—	1	—	1
Balance as of September 30, 2020	72	\$ 41	91,361	\$ —	\$ 1,971	\$ 766	\$ (129)	\$ 2,649	\$ 136	\$ 2,785

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” or “we”), is a leading provider of freight transportation services, primarily less-than-truckload (“LTL”) and truck brokerage services. We use our proprietary technology to move goods efficiently through our customers’ supply chains. See Note 3—Segment Reporting for additional information on our operations.

On August 2, 2021, we completed the previously announced spin-off of our Logistics segment in a transaction intended to qualify as tax-free to our stockholders for U.S. federal income tax purposes, which was accomplished by the distribution of 100% of the outstanding common stock of GXO Logistics, Inc. (“GXO”) to XPO stockholders. XPO stockholders received one share of GXO common stock for every share of XPO common stock held at the close of business on July 23, 2021, the record date for the distribution. XPO does not beneficially own any shares of GXO’s common stock following the spin-off. GXO is an independent public company trading under the symbol “GXO” on the New York Stock Exchange.

The historical results of operations and the financial position of our Logistics segment for periods prior to the spin-off are presented as discontinued operations in these Condensed Consolidated Financial Statements. For information on our discontinued operations, see Note 2—Discontinued Operations.

We prepared our Condensed Consolidated Financial Statements in accordance with U.S. generally accepted accounting principles (“GAAP”) and on the same basis as the accounting policies described in our annual report on Form 10-K for the year ended December 31, 2020 (the “2020 Form 10-K”). The interim reporting requirements of Form 10-Q allow certain information and note disclosures normally included in annual consolidated financial statements to be condensed or omitted. These Condensed Consolidated Financial Statements should be read in conjunction with the 2020 Form 10-K.

The Condensed Consolidated Financial Statements are not audited but reflect all adjustments that are of a normal recurring nature and are necessary for a fair presentation of the financial condition, operating results and cash flows for the interim periods presented. Operating results for the three and nine months ended September 30, 2021 are not necessarily indicative of the results that may be expected for the year ending December 31, 2021.

Reclassifications

Following the spin-off, we adopted a new format for our Condensed Consolidated Statements of Income (Loss) to separately present depreciation and amortization expense, transaction and integration costs and restructuring costs from other operating expenses. We have recast prior period amounts to conform to the current period’s presentation.

Restricted Cash

As of September 30, 2021 and December 31, 2020, our restricted cash included in Other long-term assets on our Condensed Consolidated Balance Sheets was \$10 million and \$11 million, respectively.

Trade Receivables Securitization and Factoring Programs

We sell certain of our trade accounts receivable on a non-recourse basis to third-party financial institutions under factoring agreements. We account for these transactions as sales of receivables and present cash proceeds as cash provided by operating activities in the Condensed Consolidated Statements of Cash Flows. We also sell trade accounts receivable under a securitization program described below. We use trade receivables securitization and factoring programs to help manage our cash flows and offset the impact of extended payment terms for some of our customers.

Our European business participates in a trade receivables securitization program co-arranged by two European banks (the “Purchasers”). Under the program, a wholly-owned bankruptcy-remote special purpose entity of XPO sells trade receivables that originate with wholly-owned subsidiaries in the United Kingdom and France to unaffiliated

entities managed by the Purchasers. The special purpose entity is a variable interest entity and is consolidated by XPO based on our control of the entity's activities. The program expires in July 2024.

We account for transfers under our securitization and factoring arrangements as sales because we sell full title and ownership in the underlying receivables and control of the receivables is considered transferred. For these transfers, the receivables are removed from our Condensed Consolidated Balance Sheets at the date of transfer. The fair value of any servicing assets and liabilities is immaterial. Our trade receivables securitization program permits us to borrow, on an unsecured basis, cash collected in a servicing capacity on previously sold receivables, which we report within short-term debt on our Condensed Consolidated Balance Sheets. We had no such borrowings outstanding as of September 30, 2021 and had borrowings of €20 million (\$24 million) as of December 31, 2020. See Note 7—Debt for additional information on these borrowings.

The maximum amount of net cash proceeds available at any one time under the securitization program, inclusive of any unsecured borrowings, is €200 million (approximately \$232 million as of September 30, 2021). Prior to July 2021, when the securitization program was amended in connection with the spin-off, the maximum amount available was €400 million. As of September 30, 2021, €19 million (approximately \$22 million) was available under the program, subject to having sufficient receivables available to sell and with consideration to amounts previously purchased. The weighted average interest rate was 0.59% as of September 30, 2021. Charges for commitment fees, which are based on a percentage of available amounts, and charges for administrative fees were not material to our results of operations for the three and nine months ended September 30, 2021 and 2020.

Information related to the trade receivables sold was as follows:

<i>(In millions)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Securitization programs				
Receivables sold in period	\$ 504	\$ 355	\$ 1,259	\$ 1,008
Cash consideration	504	355	1,259	1,008
Factoring programs				
Receivables sold in period	17	17	46	58
Cash consideration	17	16	46	57

Fair Value Measurements

Fair value is defined 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. The levels of inputs used to measure fair value are:

- 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.

We base our fair value estimates on market assumptions and available information. The carrying values of cash and cash equivalents, accounts receivable, accounts payable, accrued expenses and current maturities of long-term debt approximated their fair values as of September 30, 2021 and December 31, 2020 due to their short-term nature and/or being receivable or payable on demand. The Level 1 cash equivalents include money market funds valued using quoted prices in active markets and a cash deposit for securitization program. For information on the fair value hierarchy of our derivative instruments, see Note 6—Derivative Instruments and for information on financial liabilities, see Note 7—Debt.

The fair value hierarchy of cash equivalents was as follows:

<i>(In millions)</i>	Carrying Value	Fair Value	Level 1
September 30, 2021	\$ 159	\$ 159	\$ 159
December 31, 2020	1,685	1,685	1,685

The decrease in cash equivalents from December 31, 2020 was primarily due to the redemption of our senior notes due 2023 and 2024 in the third quarter of 2021, the redemption of our senior notes due 2022 in January 2021, and the repayment of borrowings under our revolving loan credit agreement (the “ABL Facility”). For further information, see Note 7—Debt.

Adoption of New Accounting Standard

In December 2019, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2019-12, “Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes.” The ASU is intended to simplify the accounting for income taxes by removing certain exceptions to the general principles in Topic 740. The ASU also clarifies and amends existing guidance to enhance consistency and comparability among reporting entities. We adopted this standard on January 1, 2021 on a prospective basis. The adoption did not have a material effect on our consolidated financial statements.

Accounting Pronouncement Issued but Not Yet Effective

In March 2020, the FASB issued ASU 2020-04, “Reference rate reform (Topic 848)—Facilitation of the effects of reference rate reform on financial reporting.” The ASU provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships and other transactions affected by reference rate reform. The amendments apply only to contracts and hedging relationships that reference London Interbank Offered Rate (“LIBOR”) or another reference rate expected to be discontinued due to reference rate reform. The amendments are elective and are effective upon issuance through December 31, 2022. We are currently evaluating the impact of the new guidance.

2. Discontinued Operations

As discussed above, on August 2, 2021, we completed the spin-off of our Logistics segment. In July 2021, GXO completed a debt offering and used the net proceeds to fund a cash payment from GXO to XPO of \$794 million, which we used to repay a portion of our outstanding borrowings. For further information, see Note 7—Debt. During the three and nine months ended September 30, 2021, we incurred approximately \$68 million and \$111 million, respectively, of costs related to the spin-off, of which \$57 million and \$96 million, respectively, are reflected within income (loss) from discontinued operations in our Condensed Consolidated Statements of Income (Loss).

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The following table summarizes the assets and liabilities from discontinued operations of GXO:

<i>(In millions)</i>	December 31, 2020
Cash and cash equivalents	\$ 323
Accounts receivable, net	1,212
Other current assets	129
Total current assets of discontinued operations	1,664
Property and equipment, net	770
Operating lease assets	1,434
Goodwill	2,063
Identifiable intangible assets, net	299
Other long-term assets	100
Total long-term assets of discontinued operations	4,666
Accounts payable	408
Accrued expenses	770
Short-term borrowings and current finance lease liabilities	57
Short-term operating lease liabilities	332
Other current liabilities	161
Total current liabilities of discontinued operations	1,728
Long-term debt and finance lease liabilities	129
Deferred tax liability	85
Long-term operating lease liabilities	1,099
Other long-term liabilities	117
Total long-term liabilities of discontinued operations	\$ 1,430

Prior to the spin-off of GXO, the U.K. pension plan was sold to a GXO entity and GXO paid approximately £26 million (approximately \$34 million) to XPO, which represented the value of the net assets at the date of the sale. In connection with this transaction, approximately \$82 million of accumulated other comprehensive income, net of tax, was transferred to GXO.

The following table summarizes the financial results from discontinued operations of GXO:

<i>(In millions)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Revenue	\$ 651	\$ 1,580	\$ 4,350	\$ 4,421
Direct operating expense	544	1,295	3,614	3,679
Sales, general and administrative expense	53	124	363	383
Depreciation and amortization expense	26	75	185	222
Transaction and other operating costs	59	2	101	49
Operating income (loss)	(31)	84	87	88
Other income	(4)	(10)	(27)	(28)
Interest expense	3	4	12	13
Income (loss) from discontinued operations before income tax provision	(30)	90	102	103
Income tax provision	48	29	80	35
Net income (loss) from discontinued operations, net of taxes	(78)	61	22	68
Net income from discontinued operations attributable to noncontrolling interests	—	(5)	(5)	(7)
Net income (loss) from discontinued operations attributable to GXO	\$ (78)	\$ 56	\$ 17	\$ 61

In connection with the spin-off, we entered into a separation and distribution agreement as well as various other agreements with GXO that provide a framework for the relationships between the parties going forward, including, among others, an employee matters agreement, a tax matters agreement, an intellectual property license agreement and a transition services agreement, through which XPO will continue to provide certain services for a period of time specified in the applicable agreement to GXO following the spin-off. The impact of these services on the condensed consolidated financial statements was immaterial. Additionally, in accordance with these agreements, GXO has agreed to indemnify XPO for certain payments XPO makes with respect to certain self-insurance matters that were incurred by GXO prior to the spin-off and remain obligations of XPO. The receivable and reserve for these matters was approximately \$25 million and \$24 million, respectively, as of September 30, 2021.

3. Segment Reporting

In connection with the spin-off of the logistics business, we revised our reportable segments to reflect how our chief operating decision maker (“CODM”) makes decisions related to resource allocation and segment performance. Prior to the spin-off, we had two reportable segments: Transportation and Logistics. Following the spin-off, we have two reportable segments: (i) North American LTL and (ii) Brokerage and Other Services.

In our North American LTL segment we provide our customers with geographic density and day-definite regional, inter-regional and transcontinental LTL freight services. Our services include cross-border U.S. service to and from Mexico and Canada, as well as intra-Canada service.

In our Brokerage and Other Services segment, shippers create the truckload demand and we place their freight with qualified carriers, pricing our service on either a spot or contract basis.

Our Brokerage and Other Services segment also includes last mile logistics for heavy goods sold through e-commerce, omnichannel retail and direct-to-consumer channels. Several other non-core brokered freight transportation modes are included in our Brokerage and Other Services segment, as well as our European transportation offerings.

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Some of our operating units provide services to our other operating units outside of their reportable segment. Billings for such services are based on negotiated rates and are reflected as revenues of the billing segment. We adjust these rates from time to time based on market conditions. We eliminate intersegment revenues and expenses in our consolidated results.

Corporate includes corporate headquarters costs for executive officers and certain legal and financial functions, and other costs and credits not attributed to our reporting segments.

Our CODM regularly reviews financial information at the operating segment level to allocate resources to the segments and to assess their performance. We include items directly attributable to a segment, and those that can be allocated on a reasonable basis, in segment results reported to the CODM. We do not provide asset information by segment to the CODM. During the third quarter of 2021, our CODM began evaluating segment profit (loss) based on adjusted earnings before interest, taxes, depreciation and amortization (“Adjusted EBITDA”), which we define as income (loss) from continuing operations before interest expense, income tax, depreciation and amortization expense, transaction and integration costs, restructuring costs and other adjustments. Prior to the change in our reporting segments in the third quarter of 2021, our CODM used operating income as the measure of segment profit (loss). Prior period segment disclosures have been recast to conform to the current period presentation.

Selected financial data for our segments is as follows:

<i>(in millions)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Revenue				
North American LTL	\$ 1,071	\$ 933	\$ 3,114	\$ 2,623
Brokerage and Other Services	2,261	1,778	6,493	4,738
Eliminations	(62)	(36)	(162)	(100)
Total	\$ 3,270	\$ 2,675	\$ 9,445	\$ 7,261
Adjusted EBITDA				
North American LTL	\$ 222	\$ 238	\$ 694	\$ 562
Brokerage and Other Services	131	90	386	159
Corporate	(46)	(60)	(164)	(163)
Total adjusted EBITDA	307	268	916	558
Debt extinguishment loss	46	—	54	—
Interest expense	53	81	176	226
Income tax provision (benefit)	11	31	60	(36)
Depreciation and amortization expense	118	119	357	351
Unrealized (gain) loss on foreign currency option and forward contracts	—	—	1	(1)
Litigation settlements	29	—	29	—
Transaction and integration costs	15	—	26	66
Restructuring costs	14	—	16	31
Income (loss) from continuing operations	\$ 21	\$ 37	\$ 197	\$ (79)
Depreciation and amortization expense				
North American LTL	\$ 57	\$ 55	\$ 169	\$ 169
Brokerage and Other Services	60	59	180	168
Corporate	1	5	8	14
Total	\$ 118	\$ 119	\$ 357	\$ 351

4. Revenue Recognition

Disaggregation of Revenues

We disaggregate our revenue by geographic area and service offering. Our revenue disaggregated by geographical area, based on sales office location, was as follows:

<i>(In millions)</i>	Three Months Ended September 30, 2021			
	North American LTL	Brokerage and Other Services	Eliminations	Total
Revenue				
United States	\$ 1,049	\$ 1,384	\$ (62)	\$ 2,371
North America (excluding United States)	22	73	—	95
France	—	330	—	330
United Kingdom	—	224	—	224
Europe (excluding France and United Kingdom)	—	199	—	199
Other	—	51	—	51
Total	<u>\$ 1,071</u>	<u>\$ 2,261</u>	<u>\$ (62)</u>	<u>\$ 3,270</u>

<i>(In millions)</i>	Three Months Ended September 30, 2020			
	North American LTL	Brokerage and Other Services	Eliminations	Total
Revenue				
United States	\$ 913	\$ 1,026	\$ (36)	\$ 1,903
North America (excluding United States)	20	57	—	77
France	—	317	—	317
United Kingdom	—	176	—	176
Europe (excluding France and United Kingdom)	—	194	—	194
Other	—	8	—	8
Total	<u>\$ 933</u>	<u>\$ 1,778</u>	<u>\$ (36)</u>	<u>\$ 2,675</u>

<i>(In millions)</i>	Nine Months Ended September 30, 2021			
	North American LTL	Brokerage and Other Services	Eliminations	Total
Revenue				
United States	\$ 3,046	\$ 3,881	\$ (162)	\$ 6,765
North America (excluding United States)	68	212	—	280
France	—	1,024	—	1,024
United Kingdom	—	655	—	655
Europe (excluding France and United Kingdom)	—	627	—	627
Other	—	94	—	94
Total	<u>\$ 3,114</u>	<u>\$ 6,493</u>	<u>\$ (162)</u>	<u>\$ 9,445</u>

(In millions)	Nine Months Ended September 30, 2020			
	North American LTL	Brokerage and Other Services	Eliminations	Total
Revenue				
United States	\$ 2,565	\$ 2,645	\$ (100)	\$ 5,110
North America (excluding United States)	58	161	—	219
France	—	883	—	883
United Kingdom	—	483	—	483
Europe (excluding France and United Kingdom)	—	528	—	528
Other	—	38	—	38
Total	\$ 2,623	\$ 4,738	\$ (100)	\$ 7,261

Our revenue disaggregated by service offering was as follows:

(In millions)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
North America				
LTL ⁽¹⁾	\$ 1,091	\$ 941	\$ 3,165	\$ 2,652
Truck Brokerage	700	432	1,903	1,062
Last Mile	250	243	765	662
Other Brokerage ⁽²⁾	547	413	1,486	1,108
Total North America	2,588	2,029	7,319	5,484
Europe	757	687	2,311	1,894
Eliminations	(75)	(41)	(185)	(117)
Total Revenue	\$ 3,270	\$ 2,675	\$ 9,445	\$ 7,261

(1) LTL revenue is before intercompany eliminations and includes revenue from our trailer manufacturing business.

(2) Other brokerage includes intermodal and drayage, expedite, freight forwarding and managed transportation services.

Performance Obligations

Remaining performance obligations represent firm contracts for which services have not been performed and future revenue recognition is expected. As permitted in determining the remaining performance obligation, we omit obligations that: (i) have original expected durations of one year or less or (ii) contain variable consideration. On September 30, 2021, the fixed consideration component of our remaining performance obligation was approximately \$135 million, and we expect approximately 84% of that amount to be recognized over the next three years and the remainder thereafter. We estimate remaining performance obligations at a point in time and actual amounts may differ from these estimates due to changes in foreign currency exchange rates and contract revisions or terminations.

5. Restructuring Charges

We engage in restructuring actions as part of our ongoing efforts to best use our resources and infrastructure, including actions in connection with our spin-off and in response to COVID-19. These actions generally include severance and facility-related costs, including impairment of right-of-use assets, and are intended to improve our efficiency and profitability.

Our restructuring-related activity was as follows:

(In millions)	Reserve Balance as of December 31, 2020	Nine Months Ended September 30, 2021				Reserve Balance as of September 30, 2021
		Charges Incurred	Payments	Reversals	Foreign Exchange and Other	
Severance						
North American LTL	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Brokerage and Other Services	7	9	(9)	—	1	8
Corporate	1	7	(1)	—	(2)	5
Total severance	8	16	(10)	—	(1)	13
Facilities						
Brokerage and Other Services	5	—	(2)	—	1	4
Total facilities	5	—	(2)	—	1	4
Total	\$ 13	\$ 16	\$ (12)	\$ —	\$ —	\$ 17

We expect the majority of the cash outlays related to the charges incurred in 2021 will be complete within twelve months.

6. Derivative Instruments

In the normal course of business, we are exposed to risks arising from business operations and economic factors, including fluctuations in interest rates and foreign currencies. We use derivative instruments to manage the volatility related to these exposures. The objective of these derivative instruments is to reduce fluctuations in our 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, we have not incurred, and do not expect to incur in the future, any losses as a result of counterparty default.

The fair value of our derivative instruments and the related notional amounts were as follows:

(In millions)	September 30, 2021				
	Notional Amount	Derivative Assets		Derivative Liabilities	
		Balance Sheet Caption	Fair Value	Balance Sheet Caption	Fair Value
Derivatives designated as hedges					
Cross-currency swap agreements	\$ 362	Other current assets	\$ —	Other current liabilities	\$ (10)
Cross-currency swap agreements	120	Other long-term assets	—	Other long-term liabilities	(2)
Interest rate swaps	2,003	Other current assets	—	Other current liabilities	—
Total			\$ —		\$ (12)

December 31, 2020					
<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	\$ 450	Other current assets	\$ —	Other current liabilities	\$ (44)
Cross-currency swap agreements	740	Other long-term assets	—	Other long-term liabilities	(65)
Interest rate swaps	2,003	Other current assets	—	Other current liabilities	(4)
Total			\$ —		\$ (113)

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 and nonderivative instruments designated as hedges on our Condensed Consolidated Statements of Income (Loss) was as follows:

<i>(In millions)</i>	Amount of Gain (Loss) Recognized in Other Comprehensive Income (Loss) on Derivatives		Amount of Gain (Loss) Reclassified from AOCI into Net Income (Loss)		Amount of Gain Recognized in Income on Derivative (Amount Excluded from Effectiveness Testing)	
	Three Months Ended September 30,					
	2021	2020	2021	2020	2021	2020
Derivatives designated as cash flow hedges						
Cross-currency swap agreements	\$ —	\$ (9)	\$ 3	\$ (8)	\$ —	\$ —
Derivatives designated as net investment hedges						
Cross-currency swap agreements	41	(48)	—	—	1	4
Total	\$ 41	\$ (57)	\$ 3	\$ (8)	\$ 1	\$ 4

<i>(In millions)</i>	Amount of Gain (Loss) Recognized in Other Comprehensive Income (Loss) on Derivatives		Amount of Gain (Loss) Reclassified from AOCI into Net Income (Loss)		Amount of Gain Recognized in Income on Derivative (Amount Excluded from Effectiveness Testing)	
	Nine Months Ended September 30,					
	2021	2020	2021	2020	2021	2020
Derivatives designated as cash flow hedges						
Cross-currency swap agreements	\$ 4	\$ (4)	\$ 7	\$ (8)	\$ —	\$ —
Interest rate swaps	—	(5)	—	—	—	—
Derivatives designated as net investment hedges						
Cross-currency swap agreements	76	(29)	—	—	6	8
Total	\$ 80	\$ (38)	\$ 7	\$ (8)	\$ 6	\$ 8

The pre-tax gain (loss) recognized in earnings for foreign currency option and forward contracts not designated as hedging instruments was a loss of \$1 million for the nine months ended September 30, 2021 and a loss of \$1 million and a gain of \$1 million for the three and nine months ended September 30, 2020, respectively. There were no gains or losses related to these contracts for the three months ended September 30, 2021. These amounts are recorded in Foreign currency (gain) loss on our Condensed Consolidated Statements of Income (Loss).

Cross-Currency Swap Agreements

We enter into cross-currency swap agreements to manage the foreign currency exchange risk related to our international operations by effectively converting our fixed-rate 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. In the third quarter of 2021, in preparation for the spin, we novated (or transferred) cross-currency swaps with a fair value of approximately \$28 million to GXO, as well as the associated amounts in Accumulated other comprehensive income (“AOCI”).

During the term of the swap contracts, we will receive interest, either on a quarterly or semi-annual basis, from the counterparties based on USD fixed interest rates, and we will pay interest, also on a quarterly or semi-annual basis, to the counterparties based on EUR fixed interest rates. At maturity, we will repay the original principal amount in EUR and receive the principal amount in USD. These agreements expire at various dates through 2024.

We designated these cross-currency swaps as qualifying hedging instruments and account for them as net investment hedges. We apply the simplified method of assessing the effectiveness of our 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 Cash flows from operating activities of continuing operations on our Condensed Consolidated Statements of Cash Flows.

Prior to the spin, we entered into cross-currency swap agreements to manage the related foreign currency exposure from intercompany loans. We designated these cross-currency swaps as qualifying hedging instruments and accounted for them as cash flow hedges. Gains and losses resulting from the change in the fair value of the cross-currency swaps was initially recognized in AOCI and reclassified to Foreign currency (gain) loss to offset the foreign exchange impact in earnings created by settling intercompany loans. Cash flows related to these cash flow hedges was included in Cash flows from operating activities of continuing operations on our Condensed Consolidated Statements of Cash Flows.

Interest Rate Hedging

We execute short-term interest rate swaps to mitigate variability in forecasted interest payments on our Senior Secured Term Loan Credit Agreement (the “Term Loan Credit Agreement”). The interest rate swaps convert floating-rate interest payments into fixed rate interest payments. We designated the interest rate swaps as qualifying hedging instruments and account for these derivatives as cash flow hedges. The interest rate swaps mature in the fourth quarter of 2021.

We record gains and losses resulting from fair value adjustments to the designated portion of interest rate swaps in AOCI and reclassify them to Interest expense on the dates that interest payments accrue. Cash flows related to the interest rate swaps are included in Cash flows from operating activities of continuing operations on our Condensed Consolidated Statements of Cash Flows.

Foreign Currency Option and Forward Contracts

We use foreign currency option contracts to mitigate the risk of a reduction in the value of earnings from our operations that use the EUR or the British pound sterling as their functional currency. Additionally, we use foreign currency forward contracts to mitigate exposure from intercompany loans that are not designated as permanent and can create volatility in earnings. Generally, the foreign currency contracts (both option and forward contracts) are not designated as qualifying hedging instruments. The contracts are used to manage our exposure to foreign currency exchange rate fluctuations and are not speculative. The contracts generally expire in 12 months or less. We had no outstanding contracts as of September 30, 2021 and December 31, 2020. Gains or losses on the contracts are recorded in Foreign currency (gain) loss on our Condensed Consolidated Statements of Income (Loss). Cash flows related to the foreign currency contracts are included in Cash flows from investing activities of continuing operations on our Condensed Consolidated Statements of Cash Flows, consistent with the nature and purpose for which these derivatives were acquired.

7. Debt

<i>(In millions)</i>	September 30, 2021		December 31, 2020	
	Principal Balance	Carrying Value	Principal Balance	Carrying Value
ABL facility	\$ —	\$ —	\$ 200	\$ 200
Term loan facilities	2,003	1,975	2,003	1,974
6.50% Senior notes due 2022	—	—	1,200	1,195
6.125% Senior notes due 2023	—	—	535	531
6.75% Senior notes due 2024	—	—	1,000	989
6.25% Senior notes due 2025	1,150	1,140	1,150	1,138
6.70% Senior debentures due 2034	300	213	300	210
Borrowings related to securitization program	—	—	24	24
Finance leases, asset financing and other	243	243	260	260
Total debt	3,696	3,571	6,672	6,521
Short-term borrowings and current maturities of long-term debt	56	56	1,286	1,281
Long-term debt	\$ 3,640	\$ 3,515	\$ 5,386	\$ 5,240

The fair value of our debt and classification in the fair value hierarchy was as follows:

<i>(In millions)</i>	Fair Value	Level 1	Level 2
September 30, 2021	\$ 3,825	\$ 1,582	\$ 2,243
December 31, 2020	6,908	4,429	2,479

We valued Level 1 debt using quoted prices in active markets. We valued Level 2 debt 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 is primarily issued at a floating rate, the debt may be prepaid at any time at par without penalty, and the remaining life of the debt is short-term in nature.

ABL Facility

In July 2021, we amended our existing ABL facility which matures in April 2024 to reduce the commitments from \$1.1 billion to \$1.0 billion. There were no other significant changes made to the terms of the facility, including the maturity date, the interest rate margin, and financial covenants.

As of September 30, 2021, our borrowing base was \$1.0 billion and our availability under our ABL Facility was \$993 million after considering outstanding letters of credit on the ABL Facility of \$7 million. As of September 30, 2021, we were in compliance with the ABL Facility's financial covenants.

Letters of Credit Facility

Under our Senior Secured Term Loan Credit Agreement, we have a \$200 million uncommitted secured evergreen letter of credit facility, under which we have issued \$198 million in aggregate face amount of letters of credit as of September 30, 2021. As of September 30, 2021, we were in compliance with the financial covenants in the Senior Secured Term Loan Agreement.

Term Loan Facilities

In the first quarter of 2021, we amended the Term Loan Credit Agreement to consolidate our tranches and lower the interest rate. The applicable terms of the Term Loan Credit Agreement are as follows:

(In millions)	September 30, 2021	December 31, 2020	
		First Tranche	Second Tranche
Principal balance	\$ 2,003	\$ 1,503	\$ 500
Interest spread:			
Base rate loans	0.75 %	1.00 %	1.50 %
LIBOR loans	1.75 %	2.00 %	2.50 %
Maturity date	February 2025	February 2025	February 2025

We recorded a debt extinguishment loss of \$3 million in the first nine months of 2021 due to this amendment.

The interest rate on our term loan facility was 1.83% as of September 30, 2021.

Senior Notes Due 2023 and 2024

In the third quarter of 2021, we redeemed our outstanding 6.125% senior notes due 2023 (“Senior Notes due 2023”) and our outstanding 6.75% senior notes due 2024 (“Senior Notes due 2024”). The redemption price for the Senior Notes due 2023 was 100.0% of the principal amount, plus accrued and unpaid interest and the redemption price for the Senior Notes due 2024 was 103.375% of the principle amount, plus accrued and unpaid interest. We paid for the redemption using cash received from GXO of approximately \$794 million, proceeds from an equity offering described in Note 8—Stockholders’ Equity and available cash. We recorded debt extinguishment losses in the third quarter of 2021 of \$3 million and \$43 million related to the redemption of the Senior Notes due 2023 and Senior Notes due 2024, respectively.

Senior Notes Due 2022

In January 2021, we redeemed our outstanding 6.50% senior notes due 2022. The redemption price for the notes was 100.0% of the principal amount, plus accrued and unpaid interest. We paid for the redemption with available cash. We recorded a debt extinguishment loss of \$5 million in the first nine months of 2021 due to this redemption.

Senior Notes Due 2025

In the second quarter of 2020, we completed private placements of \$1.15 billion aggregate principal amount of senior notes due 2025. Net proceeds from the notes were initially invested in cash and cash equivalents and were subsequently used to redeem our outstanding senior notes due 2022 in January 2021.

8. Stockholders’ Equity**Share Issuance**

In July 2021, we completed a registered underwritten offering of 5.0 million shares of our common stock at a public offering price of \$138.00 per share, plus an additional 750,000 shares of our common stock through an option granted to underwriters. Of the 5.0 million shares, we offered 2.5 million shares directly and 2.5 million shares were offered by Jacobs Private Equity, LLC (“JPE”). The additional 750,000 purchased shares were also split equally between us and JPE. We received approximately \$384 million of proceeds, net of fees and expenses, from the sale of the shares and used them to repay a portion of our outstanding borrowings and for general corporate purposes. XPO did not receive any proceeds from the sale of shares by JPE.

Series A Convertible Perpetual Preferred Stock and Warrants

In 2011, we issued 75,000 shares of the Series A Preferred Stock with an initial liquidation preference of \$1,000 per share which were convertible into shares of our common stock at a conversion price of \$7.00 per common share (subject to customary anti-dilution adjustments). We also issued warrants exercisable for shares of our common

stock at an initial exercise price of \$7.00 per common share (subject to customary anti-dilution adjustments). Our preferred stock paid quarterly cash dividends equal to the greater of: (i) the “as-converted” dividends on our underlying common stock for the relevant quarter and (ii) 4% of the then-applicable liquidation preference per annum.

In December 2020, some holders of our convertible preferred stock exchanged their holdings for a combination of our common stock, based on the stated conversion price, and a lump-sum payment that represents an approximation of the net present value of the future dividends payable on the preferred stock. Additionally, some holders of our warrants exchanged (or committed to exchange subject to the satisfaction of certain customary closing conditions) their holdings, including JPE, an entity controlled by the Company’s chairman and chief executive officer, for a number of shares of our common stock equal to the number of shares of common stock that such holder would be entitled to receive upon an exercise of the warrants less the number of shares of common stock that have an approximate value equal to the exercise price of the warrants. With respect to the preferred stock, through December 31, 2020, 69,445 shares were exchanged, and we issued 9.9 million shares of common stock and paid \$22 million of cash. With respect to the warrants, through December 31, 2020, 0.3 million warrants were exchanged, and we issued 0.3 million shares of common stock. In the first quarter of 2021, 975 preferred shares were exchanged, and we issued 0.1 million shares of common stock. In the second quarter of 2021, the remaining 40 preferred shares were exchanged, and we issued 5,714 shares of common stock. With respect to the warrants, in the first quarter of 2021, 9.8 million warrants were exchanged, and we issued 9.2 million shares of common stock. These exchanges were intended to simplify our equity capital structure, including in contemplation of the spin-off of our Logistics segment. As of September 30, 2021, there were no shares of preferred stock or warrants outstanding.

Share Repurchases

In February 2019, our Board of Directors authorized repurchases of up to \$1.5 billion of our common stock. Our share repurchase authorization permits us to purchase shares in both the open market and in 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. We are not obligated to repurchase any specific number of shares and may suspend or discontinue the program at any time.

In the first quarter of 2020, we purchased and retired 2 million shares at an aggregate value of \$114 million. The share purchases were funded by our available cash and proceeds from our 2019 debt offerings. There have been no share repurchases since the first quarter of 2020. Our remaining share repurchase authorization was \$503 million as of September 30, 2021.

9. Earnings (Loss) per Share

We compute basic and diluted earnings per share using the two-class method, which allocates earnings to participating securities. The participating securities in 2020 consisted of our 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. Losses are not allocated to the preferred shares.

The computations of basic and diluted earnings (loss) per share were as follows:

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(In millions, except per share data)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Basic earnings (loss) per common share				
Income (loss) from continuing operations	\$ 21	\$ 37	\$ 197	\$ (79)
Net loss from continuing operations attributable to noncontrolling interests	—	—	—	3
Net income (loss) from continuing operations attributable to XPO	21	37	197	(76)
Series A preferred stock dividends	—	—	—	(2)
Non-cash allocation of undistributed earnings	—	(9)	—	—
Net income (loss) from continuing operations attributable to common shares	\$ 21	\$ 28	\$ 197	\$ (78)
Income (loss) from discontinued operations, net of taxes	\$ (78)	\$ 61	\$ 22	\$ 68
Net income from discontinued operations attributable to noncontrolling interests	—	(5)	(5)	(7)
Net income (loss) from discontinued operations attributable to common shares	\$ (78)	\$ 56	\$ 17	\$ 61
Net income (loss) from continuing operations attributable to common shares, basic	\$ 21	\$ 28	\$ 197	\$ (78)
Net income (loss) from discontinued operations attributable to common shares, basic	(78)	56	17	61
Net income (loss) attributable to common shares, basic	\$ (57)	\$ 84	\$ 214	\$ (17)
Basic weighted-average common shares	115	91	111	91
Basic earnings (loss) from continuing operations per share	\$ 0.19	\$ 0.30	\$ 1.78	\$ (0.86)
Basic earnings (loss) from discontinued operations per share	(0.69)	0.63	0.15	0.68
Basic earnings (loss) per share	\$ (0.50)	\$ 0.93	\$ 1.93	\$ (0.18)
Diluted earnings (loss) per common share				
Net income (loss) from continuing operations attributable to common shares, diluted	\$ 21	\$ 28	\$ 197	\$ (78)
Net income (loss) from discontinued operations attributable to common shares, diluted	(78)	56	17	61
Net income (loss) attributable to common shares, diluted	\$ (57)	\$ 84	\$ 214	\$ (17)
Basic weighted-average common shares	115	91	111	91
Dilutive effect of stock-based awards and warrants	1	11	3	—
Diluted weighted-average common shares	116	102	114	91
Diluted earnings (loss) from continuing operations per share	\$ 0.19	\$ 0.27	\$ 1.73	\$ (0.86)
Diluted earnings (loss) from discontinued operations per share	(0.68)	0.56	0.14	0.68
Diluted earnings (loss) per share	\$ (0.49)	\$ 0.83	\$ 1.87	\$ (0.18)
Potential common shares excluded	—	10	—	21

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

10. Legal and Regulatory Matters

We are involved, and will continue to be involved, in numerous proceedings arising out of the conduct of our business. These proceedings may include 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. These matters also include numerous putative class action, multi-plaintiff and individual lawsuits, and administrative proceedings involving claims that our owner-operators or contract carriers should be treated as employees, rather than independent contractors (“misclassification claims”). These lawsuits and proceedings may seek substantial monetary damages (including claims for unpaid wages, overtime, failure to provide meal and rest breaks, unreimbursed business expenses, penalties and other items), injunctive relief, or both.

We establish 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. We review and adjust accruals for loss contingencies quarterly and 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, we assess 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, we disclose the estimate of the possible loss or range of loss if it is material and an estimate can be made, or disclose 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 our assessment, together with legal counsel, regarding the ultimate outcome of the matter.

We believe that we have adequately accrued for the potential impact of loss contingencies that are probable and reasonably estimable. We do not believe that the ultimate resolution of any matters to which we are presently a party will have a material adverse effect on our 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 our financial condition, results of operations or cash flows. Legal costs incurred related to these matters are expensed as incurred.

We carry liability and excess umbrella insurance policies that we deem sufficient to cover potential legal claims arising in the normal course of conducting our operations as a transportation company. The liability and excess umbrella insurance policies generally do not cover the misclassification claims described in this note. In the event we are required to satisfy a legal claim outside the scope of the coverage provided by insurance, our financial condition, results of operations or cash flows could be negatively impacted.

Intermodal Drayage Classification Claims

Certain of our intermodal drayage subsidiaries are defendants in class action litigations brought by independent contract carriers in California who contracted with these subsidiaries. In these cases, the contract carriers assert that they should be classified as employees, rather than independent contractors. In two related cases pending in Federal District Court in Los Angeles, *Alvarez v. XPO Logistics Cartage, LLC* and *Arrellano v. XPO Port Services, Inc.*, the Court has certified classes beginning in April 2016 and March 2013, respectively. Plaintiffs allege that defendants exercised an impermissible degree of control over plaintiffs’ operations through the terms of the parties’ contracts and defendants’ policies, including enforcement of requirements imposed on motor carriers by state and federal law. The particular claims asserted vary from case to case but generally include claims that, should the contract carriers be determined to be employees, they would be entitled to reimbursement for unpaid wages and/or minimum wage, unpaid wages for missed meal and rest periods, reimbursement of certain of the contract carriers’ business expenses (including fuel and insurance related costs), Labor Code penalties under California’s Private Attorneys General Act, and attorneys’ fees and costs associated with bringing the action. Defendants mounted a vigorous defense on the merits of plaintiffs’ claims, including as to whether the plaintiffs met the applicable test for the threshold issue of employment classification. Trial in both cases was scheduled to begin September 7, 2021.

In August 2021, the parties held a mediation at which a tentative settlement was reached in both actions. Subject to the Court’s approval, we have agreed to pay the plaintiff class in the Alvarez case a total of \$20 million, which includes all attorneys’ fees and other costs. We have agreed to pay the plaintiff class in the Arrellano case a total of \$9.5 million, which includes all attorneys’ fees and other costs. We accrued the full amount of both settlements in the third quarter of 2021. Under the terms of both settlement agreements, we do not have to reclassify our

contractors as employees and the plaintiff classes have agreed to release us from all liability from the inception of each respective class period through December 31, 2021. All parties involved have agreed to dismiss all claims and counterclaims with prejudice, and the settlement agreements do not contain any admission of liability, wrongdoing or responsibility by any of the parties. The Court granted preliminary approval of the settlements on October 8, 2021, and a final approval hearing is scheduled for January 10, 2022.

Shareholder Litigation

On December 14, 2018, a putative class action captioned *Labul v. XPO Logistics, Inc. et al.*, was filed in the U.S. District Court for the District of Connecticut against us and some of our current and former executives, alleging violations of Section 10(b) of the Exchange Act and Rule 10b-5 thereunder, and Section 20(a) of the Exchange Act, based on alleged material misstatements and omissions in our public filings with the U.S. Securities and Exchange Commission. On June 3, 2019, lead plaintiffs 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”) filed a consolidated class action complaint. Defendants moved to dismiss the consolidated class action complaint on August 2, 2019. On November 4, 2019, the Court dismissed the consolidated class action complaint without prejudice to the filing of an amended complaint. The Pension Funds, on January 3, 2020, filed a first amended consolidated class action complaint against us and a current executive. Defendants moved to dismiss the first amended consolidated class action complaint on March 3, 2020. On March 19, 2021, the Court dismissed the first amended consolidated class action complaint with prejudice and closed the case. On April 29, 2021, the Pension Funds filed a notice of appeal, and the appellate process is ongoing.

Also, on May 13, 2019, Adriana Jez filed a purported shareholder derivative action captioned *Jez v. Jacobs, et al.*, (the “Jez complaint”) 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 some of our current and former directors and officers, with the company as a nominal defendant. The Jez complaint was later consolidated with similar derivative complaints filed by purported shareholders Erin Candler and Kevin Rose under the caption *In re XPO Logistics, Inc. Derivative Litigation*. On December 12, 2019, the Court ordered plaintiffs to designate an operative complaint or file an amended complaint within 45 days. On January 27, 2020, plaintiffs designated the Jez complaint as the operative complaint in the consolidated cases. Defendants moved to dismiss the operative complaint on February 26, 2020. Rather than file a brief in opposition, on March 27, 2020, plaintiffs moved for leave to file a further amended complaint and to stay briefing on defendants’ motions to dismiss. The Court granted plaintiffs’ motion on July 6, 2020. On April 14, 2021, the Court issued an order staying proceedings pending resolution of an appeal in the Labul action. Plaintiffs stipulated that they will dismiss the shareholder derivative action with prejudice if the Labul dismissal is affirmed on appeal.

We believe these suits are without merit and we intend to defend the company vigorously. We are unable at this time to determine the amount of the possible loss or range of loss, if any, that we may incur as a result of these matters.

Insurance Contribution Litigation

In April 2012, Allianz Global Risks US Insurance Company sued eighteen insurance companies in a case captioned *Allianz Global Risks US Ins. Co. v. ACE Property & Casualty Ins. Co., et al.*, Multnomah County Circuit Court (Case No. 1204-04552). Allianz sought contribution on environmental and product liability claims that Allianz agreed to defend and indemnify on behalf of its insured, Daimler Trucks North America (“DTNA”). Defendants had insured Freightliner’s assets, which DTNA acquired in 1981. Con-way, Freightliner’s former parent company, intervened. We acquired Con-way in 2015. Con-way and Freightliner had self-insured under fronting agreements with defendant insurers ACE, Westport, and General. Under those agreements, Con-way agreed to indemnify the fronting carriers for damages assessed under the fronting policies. After a seven-week jury trial in 2014, the jury found that Con-way and the fronting insurers never intended that the insurers defend or indemnify any claims against Freightliner. In June 2015, Allianz appealed to the Oregon Court of Appeals. In May 2019, the Oregon Court of Appeals upheld the jury verdict. In September 2019, Allianz appealed to the Oregon Supreme Court. In March 2021, the Oregon Supreme Court reversed the jury verdict, holding that it was an error to allow the jury to decide how the parties intended the fronting policies to operate, and also holding that the trial court improperly instructed the jury concerning one of the pollution exclusions at issue. In July of 2021, the matter was remanded to the trial court for further proceedings consistent with the Oregon Supreme Court’s decision. There is no date yet set for the

next stages of the proceeding, which are anticipated to involve cross-motions for summary judgment concerning the interpretation of certain of the fronting policies, followed by a jury trial on the pollution exclusion, then a bench trial on allocation of defense costs among the subject insurance policies. As any losses that may arise from this matter are not reasonably estimable at this time, no liability has been accrued in the accompanying interim consolidated financial statements.

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 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, and with the audited consolidated financial statements and related notes thereto included in the 2020 Annual Report on Form 10-K. 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.

Executive Summary

XPO Logistics, Inc., a Delaware corporation, together with its subsidiaries (“XPO,” or “we”), is a leading provider of freight transportation services, primarily less-than-truckload (“LTL”) and truck brokerage services. We use our proprietary technology to move goods efficiently through our customers’ supply chains. Our two core lines of business, LTL and truck brokerage, generated the vast majority of our 2020 revenue and operating income.

Our company has two reportable segments — (i) North American LTL and (ii) Brokerage and Other Services — and within each segment, we are a top-three provider in vast, fragmented transportation sectors with growing penetration. As of September 30, 2021, we had approximately 42,000 employees and 756 locations in 20 countries serving over 50,000 multinational, national, regional and local customers. In addition to our scale, we believe that our outsized exposure to secular industry growth trends, our first-mover advantage as an innovator and our blue-chip customer relationships are compelling competitive advantages.

On August 2, 2021, we completed the previously announced spin-off of our Logistics segment in a transaction intended to qualify as tax-free to our stockholders for U.S. federal income tax purposes, which was accomplished by the distribution of 100% of the outstanding common stock of GXO Logistics, Inc. (“GXO”) to XPO stockholders. XPO stockholders received one share of GXO common stock for every share of XPO common stock held at the close of business on July 23, 2021, the record date for the distribution. XPO does not beneficially own any shares of GXO’s common stock following the spin-off. GXO is an independent public company trading under the symbol “GXO” on the New York Stock Exchange.

The historical results of operations and the financial position of our Logistics segment for periods prior to the spin-off are presented as discontinued operations in these Condensed Consolidated Financial Statements. For information on our discontinued operations, see Note 2—Discontinued Operations.

During the three and nine months ended September 30, 2021, we incurred approximately \$68 million and \$111 million, respectively, of costs related to the spin-off, of which \$57 million and \$96 million, respectively, are reflected within income (loss) from discontinued operations in our Condensed Consolidated Statements of Income (Loss).

In connection with the spin-off, we entered into a separation and distribution agreement as well as various other agreements with GXO that provide a framework for the relationships between the parties going forward, including, among others, an employee matters agreement, a tax matters agreement, an intellectual property license agreement and a transition services agreement, through which XPO will continue to provide certain services for a period of time specified in the applicable agreement to GXO following the spin-off. The impact of these services on the condensed consolidated financial statements was immaterial.

On September 30, 2021, following the completion of spin-off-related and planned deleveraging activities, we had approximately \$1.2 billion of total liquidity, including \$254 million of cash and cash equivalents. For more information on the third quarter 2021 redemption of our 2023 and 2024 Senior Notes, see Note 7—Debt. We are committed to a target leverage of 1.0x to 2.0x by the first half of 2023 as a key step in our process to achieve an investment-grade credit rating for XPO.

North American Less-Than-Truckload Segment

XPO is a top three provider of LTL services in North America — we have one of the industry’s largest asset-based networks of tractors, trailers, drivers and terminals, and approximately 8% share of the \$42 billion market as of December 31, 2020. We provide our customers with geographic density and day-definite regional, inter-regional and transcontinental LTL freight services. Our services include cross-border U.S. freight movements to and from Mexico and Canada, as well as intra-Canada service.

We have relationships with over 25,000 LTL customers in North America, primarily local accounts, and we are further diversifying our base by selling our LTL services across more verticals. For the trailing 12 months ended September 30, 2021, we delivered approximately 13 million LTL shipments.

In addition to reliable national capacity, the other key factors driving our LTL growth and margin expansion are our proprietary technology and the industry’s favorable fundamentals — limited commoditization, rational pricing dynamics, rising industrial demand and the continued growth of e-commerce, which is driving smaller, more frequent shipments.

Specific to XPO, we believe that we have a significant opportunity to leverage our technology to improve LTL profitability beyond the sizable margin gains we have already achieved. We use intelligent route-building to move LTL freight across North America, and proprietary visualization tools to help reduce the cost of pickups and deliveries. Currently, we are developing software to improve our ability to price in a dynamic market, and are deploying our XPO Smart® tools in LTL yards and cross-dock operations to enhance productivity.

Brokerage and Other Services Segment

XPO is the third largest truck brokerage service provider in North America, and the second largest truck broker globally, with approximately 3% share of the \$64 billion North American market as of December 31, 2020. Essentially, shippers create the truckload demand and we place their freight with qualified carriers, pricing our service on either a spot or contract basis. Our truck brokerage business has an agile, non-asset model and variable labor structure that generate high return on investment (“ROI”) and free cash flow conversion.

The key factors driving growth and margin expansion in our truck brokerage business are massive capacity, cutting-edge technology and favorable industry tailwinds. The demand for truckload capacity in the e-commerce and omnichannel retail sectors is growing rapidly. At the same time, more and more shippers are outsourcing to brokers and increasingly preferring brokers like XPO that offer digital capabilities.

As of September 30, 2021, we had approximately 91,000 independent carriers in our global brokerage network, giving us access to more than a million trucks on our XPO Connect® digital platform. This digital access to enormous capacity is a standout differentiator for our business. We believe that XPO Connect®, together with our brokerage pricing technology, can unlock incremental profitable growth well beyond our current levels.

Our Brokerage and Other Services segment also includes exposure to one of the fastest-growing brokerage subsectors —last mile logistics for heavy goods sold through e-commerce, omnichannel retail and direct-to-consumer channels. XPO is the largest provider of home delivery for heavy goods in North America.

Several other non-core brokered freight transportation modes are included in our Brokerage and Other Services segment, as well as our European service offering. In Europe, XPO is the No. 1 truck broker and the No. 1 LTL provider in France and Iberia (Spain / Portugal), and the No. 3 truck broker in the UK, where we have the largest single-owner LTL network.

Innovation and Sustainability

A decade after making our first technology investment in 2011, we are now reaping the benefits of more than \$3 billion spent on technology, including innovating how goods move through supply chains. Our industry is evolving, and customers want to de-risk their supply chains with more automation and better visibility. We are well-positioned to satisfy these demands.

We use technology to increase our ROI and build our competitive differentiation, to serve our customers better and to make the most of the talent and assets within our organization. Our cloud-based platform speeds the deployment of new ways to increase efficiency, control costs and leverage our footprint. We concentrate our efforts on creating “smart” supply chains as the most meaningful way to create value for our shareholders and our customers.

Environmental sustainability is another significant priority for us. Our entire business model is based on transporting freight as efficiently as possible. This facilitates our ability to improve our carbon footprint over time by reducing empty miles, maintaining a modern fleet and training our drivers in eco-friendly techniques, among other initiatives.

In North America, XPO has been named a Top 75 Green Supply Chain Partner by Inbound Logistics for six consecutive years. We have made substantial investments in fuel-efficient Freightliner Cascadia tractors; these use EPA 2013-compliant and Greenhouse Gas 2014-compliant selective catalytic reduction (“SCR”) technology. Our LTL locations have energy-saving policies in place and are implementing a phased upgrade to LED lighting. Our Last Mile business is deploying electric box trucks in partnership with a client, supporting the client’s global climate initiatives.

Our modern road fleet in Europe is 98% compliant with Euro V, EEV and Euro VI standards. We also own over 250 natural gas trucks operating in France, the UK, Spain and Portugal, including 80 tractors we purchased in 2020 that use liquified natural gas (“LNG”). In Spain, we own government-approved mega-trucks to transport freight with fewer trips, and our last mile operations in Europe use electric vehicles for deliveries in certain urban areas, reducing those emissions to zero.

We publish an annual Sustainability Report, available online at sustainability.xpo.com, that provides details of our company’s global progress in key areas, including safety, employee engagement, diversity and inclusion, ethics and compliance, environmental protection and governance.

Impacts of COVID-19 and Supply Chain Challenges

As a leading provider of freight transportation services, our business can be impacted to varying degrees by factors beyond our control. The COVID-19 pandemic that emerged in 2020 affected, and may continue to affect, economic activity broadly and customer sectors served by our industry.

We believe that the onset of the COVID-19 pandemic and associated impacts on economic activity had adverse effects on our results of operations and financial condition for the nine months ended September 30, 2020. The rebound of our business began to occur midway through 2020; however, as the economy recovers, demand has outpaced supply in certain sectors. Additionally, labor shortages in the recovery – notably, a reduced supply of truck drivers – present challenges to many service industries, including freight transportation. These dynamics, together with equipment shortages and pent-up demand for semiconductor chips used by some of our end markets, have created supply chain disruptions and increased our cost of transportation and services. We cannot predict how long the current labor shortages and other disruptions will last, or whether future disruptions, if any, will adversely affect our results of operations.

We continue to incur net incremental and direct costs related to COVID-19 to ensure that we meet the needs of our employees and customers; these include costs for personal protective equipment (“PPE”), site cleanings and enhanced employee benefits, referred to as COVID-19 related costs in this Form 10-Q.

We are executing a company-specific action plan to enhance network efficiencies and drive growth in our LTL business, including:

- Improving network flow with selective freight embargoes, with the cost embedded in 2021 guidance;
- Driving pricing by pulling the January 2022 General Rate Increase forward to November and instituting accessorial charges for detained trailers, oversized freight and special handling;
- Expanding the 2022 graduate count at XPO’s U.S. truck driver training schools to more than double the nearly 800 graduates the company will have in 2021;
- Significantly increasing production capacity at XPO’s manufacturing facility in Arkansas, with the expectation of nearly doubling the year-over-year number of units produced in 2022; and
- Allocating capital to expand North American LTL door count by 900 doors, or approximately 6%, over the next 12 to 24 months to improve network-wide operating efficiency and support future revenue growth.

The totality of the actions we have taken during the pandemic, and continue to take, have mitigated the impact on our profitability relative to the impact on our revenue and volumes, while our strong liquidity and disciplined capital management enable us to continue to invest in key growth initiatives.

Impact of Inflation

Inflation can have a negative impact on our operating costs. A prolonged period of inflation could cause interest rates, fuel, wages and other costs to increase, which would adversely affect our results of operations unless our pricing to our customers correspondingly increases. For the third quarter and first nine months ended September 30, 2021, the constrained labor market resulted in higher third-party transportation costs to meet growing demand which were partially offset by increased pricing to our customers.

Consolidated Summary Financial Table

(Dollars in millions)	Three Months Ended September 30,		Percent of Revenue		Change	Nine Months Ended September 30,		Percent of Revenue		Change
	2021	2020	2021	2020	2021 vs. 2020	2021	2020	2021	2020	2021 vs. 2020
Revenue	\$ 3,270	\$ 2,675	100.0 %	100.0 %	22.2 %	\$ 9,445	\$ 7,261	100.0 %	100.0 %	30.1 %
Cost of transportation and services	2,306	1,814	70.5 %	67.8 %	27.1 %	6,545	4,919	69.3 %	67.7 %	33.1 %
Direct operating expense	366	310	11.2 %	11.6 %	18.1 %	1,058	904	11.2 %	12.5 %	17.0 %
Sales, general and administrative expense	339	294	10.4 %	11.0 %	15.3 %	1,001	915	10.6 %	12.6 %	9.4 %
Depreciation and amortization expense	118	119	3.6 %	4.4 %	(0.8)%	357	351	3.8 %	4.8 %	1.7 %
Transaction and integration costs	15	—	0.5 %	— %	100.0 %	26	66	0.3 %	0.9 %	(60.6)%
Restructuring costs	14	—	0.4 %	— %	100.0 %	16	31	0.2 %	0.4 %	(48.4)%
Operating income	112	138	3.4 %	5.2 %	(18.8)%	442	75	4.7 %	1.0 %	NM
Other income	(15)	(12)	(0.5)%	(0.4)%	25.0 %	(43)	(31)	(0.5)%	(0.4)%	38.7 %
Foreign currency (gain) loss	(4)	1	(0.1)%	— %	NM	(2)	(5)	— %	(0.1)%	(60.0)%
Debt extinguishment loss	46	—	1.4 %	— %	100.0 %	54	—	0.6 %	— %	100.0 %
Interest expense	53	81	1.6 %	3.0 %	(34.6)%	176	226	1.9 %	3.1 %	(22.1)%
Income (loss) from continuing operations before income tax provision (benefit)	32	68	1.0 %	2.5 %	(52.9)%	257	(115)	2.7 %	(1.6)%	NM
Income tax provision (benefit)	11	31	0.3 %	1.2 %	(64.5)%	60	(36)	0.6 %	(0.5)%	NM
Income (loss) from continuing operations	21	37	0.6 %	1.4 %	(43.2)%	197	(79)	2.1 %	(1.1)%	NM
Income (loss) from discontinued operations, net of taxes	(78)	61	(2.4)%	2.3 %	NM	22	68	0.2 %	0.9 %	(67.6)%
Net income (loss)	\$ (57)	\$ 98	(1.7)%	3.7 %	NM	\$ 219	\$ (11)	2.3 %	(0.2)%	NM

NM - Not meaningful

Three and Nine Months Ended September 30, 2021 Compared with Three and Nine Months Ended September 30, 2020

Revenue for the third quarter of 2021 increased 22.2% to \$3.3 billion, compared with the same quarter in 2020. Revenue for the first nine months of 2021 increased 30.1% to \$9.4 billion compared with the same period in 2020. The increase in revenue in the third quarter and first nine months of 2021 compared to the same periods in 2020 reflects growth in both our LTL and truck brokerage businesses and the negative impact of COVID-19 in 2020 which decreased demand for our services.

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 LTL and truck brokerage businesses.

Cost of transportation and services for the third quarter of 2021 was \$2.3 billion, or 70.5% of revenue, compared with \$1.8 billion, or 67.8% of revenue, for the same period in 2020. Cost of transportation and services for the first nine months of 2021 was \$6.5 billion, or 69.3% of revenue, compared with \$4.9 billion or 67.7% of revenue, for the same period in 2020. The year-over-year increase as a percentage of revenue in both periods reflects the constrained labor market, which resulted in higher third-party transportation costs. These increases were partially offset by lower COVID-19-related costs.

Direct operating expenses are comprised of both fixed and variable expenses and consist of operating costs related to our LTL service centers. 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, and gains and losses on sales of property and equipment.

Direct operating expense for the third quarter of 2021 was \$366 million, or 11.2% of revenue, compared with \$310 million, or 11.6% of revenue, for the same quarter in 2020. Direct operating expense for the first nine months of 2021 was \$1.1 billion, or 11.2% of revenue, compared with \$904 million, or 12.5% of revenue, for the same period in 2020. The year-over-year decrease as a percentage of revenue in both periods was primarily driven by the leveraging of compensation and facilities costs across a larger revenue base. Direct operating expense for the third quarters of 2021 and 2020 included \$6 million and \$29 million, respectively, and the first nine months of 2021 and 2020 included \$36 million and \$67 million, respectively, of gains on sales of property and equipment.

Sales, general and administrative expense (“SG&A”) primarily consists of salaries and commissions for the sales function, salary and benefit costs for executive and certain administration functions, professional fees, facility costs, bad debt expense and legal costs.

SG&A for the third quarter of 2021 was \$339 million, or 10.4% of revenue, compared with \$294 million, or 11.0% of revenue, for the same period in 2020. SG&A for the first nine months of 2021 was \$1.0 billion, or 10.6% of revenue, compared with \$915 million, or 12.6% of revenue, for the same period in 2020. The year-over-year decrease as a percentage of revenue in both periods was primarily driven by lower self-insurance expense and third-party professional fees, as well as lower COVID-19-related costs. Additionally impacting the third quarter of 2021 were lower incentive compensation expense. These impacts were partially offset by legal costs of \$29 million for the third quarter and first nine months of 2021 related to settlements in connection with classification of independent contractors at our Intermodal Drayage business unit. See Note 10—Legal and Regulatory Matters to the Condensed Consolidated Financial Statements for further information.

Depreciation and amortization expense for the third quarter of 2021 was \$118 million, compared with \$119 million for the same period in 2020. Depreciation and amortization expense for the first nine months of 2021 was \$357 million, compared with \$351 million for the same period in 2020.

Transaction and integration costs for the third quarter of 2021 were \$15 million, compared with \$— million for the same period in 2020. Transaction and integration costs for the first nine months of 2021 were \$26 million, compared with \$66 million for the same period in 2020. Transaction and integration costs for the third quarter and first nine months of 2021 are primarily related to the spin-off of the Logistics segment. Transaction and integration costs for the first nine months of 2020 are primarily related to our previously announced exploration of strategic alternatives that was terminated in March 2020.

Restructuring costs for the third quarter of 2021 were \$14 million, compared with \$— million for the same period in 2020. Restructuring costs for the first nine months of 2021 were \$16 million, compared with \$31 million for the same period in 2020. We engage in restructuring actions as part of our ongoing efforts to best use our resources and infrastructure, including actions in connection with our spin-off and in response to COVID-19. For more information, see Note 5—Restructuring Charges to the Condensed Consolidated Financial Statements. Upon successful completion of the restructuring initiatives recorded in the first nine months of 2021, we expect to achieve annualized pre-tax run-rate savings of approximately \$20 million by mid-2022.

Other income primarily consists of pension income. Other income for the third quarter of 2021 was \$15 million, compared with \$12 million for the same period in 2020. Other income for the first nine months of 2021 was \$43 million, compared with \$31 million for the same period in 2020. The year-over-year increase primarily reflects higher net periodic pension income in the third quarter and first nine months of 2021, compared with the same periods in 2020.

Foreign currency (gain) loss was a \$4 million gain for the third quarter of 2021, compared with a \$1 million loss for the same period in 2020. Foreign currency (gain) loss was a \$2 million gain for the first nine months of 2021, compared with a \$5 million gain for the same period in 2020. Foreign currency gain in the third quarter and first nine months of 2021 primarily reflected a realized gain on de-designated cross-currency contract. Foreign currency loss in the third quarter of 2020 primarily reflected realized losses on foreign currency option and forward contracts. Foreign currency gain in the first nine months of 2020 primarily reflected realized gains on foreign currency option and forward contracts and other derivative contracts, including a gain on a terminated net investment hedge. For

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

Debt extinguishment loss was \$46 million for the third quarter of 2021 and \$54 million for the first nine months of 2021. In the third quarter of 2021, we redeemed our outstanding senior notes due 2023 and 2024 and wrote-off related debt issuance costs, as well as incurred a pre-payment penalty. Additionally, in the first quarter of 2021, we redeemed our outstanding senior notes due 2022 and wrote-off related debt issuance costs, as well as incurred costs related to the amendment of our term loan credit agreement. There were no debt extinguishment losses in the third quarter or the first nine months of 2020.

Interest expense decreased to \$53 million for the third quarter of 2021 from \$81 million for the third quarter of 2020. Interest expense decreased to \$176 million for the first nine months of 2021 from \$226 million for the first nine months of 2020. The declines in interest expense reflected the lower average debt balances, including the redemption of our senior notes due 2022 and amendment of our term loan agreement both in the first quarter of 2021, and the redemption of our senior notes due 2023 and 2024 in the third quarter of 2021.

Our effective income tax rates were 33.5% and 45.5% for the third quarter of 2021 and 2020, respectively, and 23.1% and 31.3% for the first nine months of 2021 and 2020, respectively. The effective tax rates for the third quarter and nine-month periods of 2021 and 2020 were based on forecasted full-year effective tax rates, adjusted for discrete items that occurred within the periods presented. The reduction in our effective income tax rate for the third quarter and first nine months of 2021 compared to the same periods in 2020 was primarily driven by reduced contribution and margin-based taxes coupled with increased pre-tax book income and the impact of discrete items. In the third quarter and first nine months of 2021, discrete tax benefits of \$45 million related to a tax planning initiative that resulted in the recognition of a long-term capital loss were partially offset by discrete tax expenses of \$41 million related to valuation allowances, of which \$34 million were transferred to GXO. Additionally, impacting the nine-month period was a discrete tax benefit of \$8 million resulting from changes in reserves for uncertain tax positions. There were no material discrete items impacting the effective tax rate for the third quarter and first nine months of 2020.

North American Less-Than-Truckload Segment

<i>(Dollars in millions)</i>	Three Months Ended September 30,		Percent of Revenue		Change	Nine Months Ended September 30,		Percent of Revenue		Change
	2021	2020	2021	2020	2021 vs. 2020	2021	2020	2021	2020	2021 vs. 2020
Revenue	\$ 1,071	\$ 933	100.0 %	100.0 %	14.8 %	\$ 3,114	\$ 2,623	100.0 %	100.0 %	18.7 %
Adjusted EBITDA	222	238	20.8 %	25.3 %	(6.7)%	694	562	22.3 %	21.4 %	23.5 %
Depreciation and amortization	57	55			3.6 %	169	169			— %

Revenue in our North American LTL segment increased 14.8% to \$1.1 billion for the third quarter of 2021, compared with \$933 million for the same quarter in 2020. Revenue increased 18.7% to \$3.1 billion for the first nine months of 2021, compared with \$2.6 billion for the same period in 2020. Revenue included fuel surcharge revenue of \$167 million and \$108 million, respectively, for the third quarters of 2021 and 2020, and \$466 million and \$323 million, respectively, for the first nine months of 2021 and 2020.

We evaluate the revenue performance of our LTL business using several commonly used metrics, including volume (weight per day in pounds) and yield, which is a commonly used measure of LTL pricing trends. We measure yield using gross revenue per hundredweight excluding fuel surcharges. Impacts on yield can include weight per shipment and length of haul, among other factors. The following table summarizes our key revenue metrics:

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2021	2020	Change %	2021	2020	Change %
Pounds per day (thousands)	72,152	69,952	3.1 %	73,138	66,730	9.6 %
Gross revenue per hundredweight, excluding fuel surcharges	\$ 20.02	\$ 18.90	6.0 %	\$ 19.47	\$ 18.57	4.9 %

The year-over-year increases in revenue for both the third quarter and first nine months of 2021 reflect an increase in average weight per day and gross revenue per hundredweight. The increase in weight per day for the third quarter reflects higher weight per shipment. The increase in weight per day for the first nine months of 2021 reflects higher shipments per day and weight per shipment.

Adjusted EBITDA was \$222 million, or 20.8% of revenue, for the third quarter of 2021, compared with \$238 million, or 25.3% of revenue, for the same quarter in 2020. Adjusted EBITDA was \$694 million, or 22.3% of revenue, for the first nine months of 2021, compared with \$562 million, or 21.4% of revenue, for the same period in 2020. Adjusted EBITDA for 2021 included significantly lower year-over-year gains from LTL real estate transactions, including a \$5 million gain in the third quarter of 2021, compared with \$26 million in 2020; and a \$27 million gain in the first nine months of 2021, compared with \$63 million in 2020. Adjusted EBITDA in the third quarter of 2021 also reflects higher revenue and lower COVID-19-related expenses, partially offset by increased compensation costs and purchased transportation expense incurred to meet growing demand.

Brokerage and Other Services Segment

(Dollars in millions)	Three Months Ended September 30,		Percent of Revenue		Change 2021 vs. 2020	Nine Months Ended September 30,		Percent of Revenue		Change 2021 vs. 2020
	2021	2020	2021	2020		2021	2020	2021	2020	
Revenue	\$ 2,261	\$ 1,778	100.0 %	100.0 %	27.2 %	\$ 6,493	\$ 4,738	100.0 %	100.0 %	37.0 %
Adjusted EBITDA	131	90	5.8 %	5.1 %	45.6 %	386	159	5.9 %	3.4 %	142.8 %
Depreciation and amortization	60	59			1.7 %	180	168			7.1 %

Revenue in our Brokerage and Other Services segment increased 27.2% to \$2.3 billion for the third quarter of 2021, compared with \$1.8 billion for the same quarter in 2020. Revenue increased 37.0% to \$6.5 billion for the first nine months of 2021, compared with \$4.7 billion for the same period in 2020. The year-over-year revenue increases for the third quarter and first nine months of 2021 reflect an increase in North American truck brokerage loads per day and improved pricing across segment services, enhanced by our digital platform, as well as improving market conditions in the economic recovery from the COVID-19 pandemic. These gains were partially offset by the impact of the global semiconductor shortage, which constrained customer demand for freight transportation services in North America and Europe, and by a truck driver shortage in the U.K. and North America.

Adjusted EBITDA was \$131 million, or 5.8% of revenue, for the third quarter of 2021, compared with \$90 million, or 5.1% of revenue, for the same quarter of 2020. Adjusted EBITDA was \$386 million, or 5.9% of revenue, for the first nine months of 2021, compared with \$159 million, or 3.4% of revenue, for the same period in 2020. The increases were primarily driven by higher revenue due to load growth and improved pricing, partially offset by higher compensation and facilities costs.

Liquidity and Capital Resources

As of September 30, 2021, we had cash and cash equivalents of \$254 million. Our principal existing sources of cash are (i) cash generated from operations; (ii) borrowings available under our Second Amended and Restated Revolving Loan Credit Agreement, as amended (the "ABL Facility"); and (iii) proceeds from the issuance of other debt. As of September 30, 2021, we have \$993 million available to draw under our ABL Facility, based on a borrowing base of \$1.0 billion and outstanding letters of credit of \$7 million. Additionally, under our Senior Secured Term Loan Credit Agreement, we have a \$200 million uncommitted secured evergreen letter of credit facility, under which we have issued \$198 million in aggregate face amount of letters of credit as of September 30, 2021.

In July 2021, we amended our existing ABL facility which matures in April 2024 to reduce the commitments from \$1.1 billion to \$1.0 billion. There were no other significant changes made to the terms of the facility, including the maturity date, the interest rate margin, and financial covenants.

We continually evaluate our liquidity requirements in light of our operating needs, growth initiatives and capital resources. We believe that our existing liquidity and sources of capital are sufficient to support our operations over the next 12 months.

Trade Receivables Securitization and Factoring Programs

We sell certain of our trade accounts receivable on a non-recourse basis to third-party financial institutions under factoring agreements. We account for these transactions as sales of receivables and present cash proceeds as cash provided by operating activities in the Condensed Consolidated Statements of Cash Flows. We also sell trade accounts receivable under a securitization program described below. We use trade receivables securitization and factoring programs to help manage our cash flows and offset the impact of extended payment terms for some of our customers.

Our European business participates in a trade receivables securitization program co-arranged by two European banks (the “Purchasers”). Under the program, a wholly-owned bankruptcy-remote special purpose entity of XPO sells trade receivables that originate with wholly-owned subsidiaries in the United Kingdom and France to unaffiliated entities managed by the Purchasers. The special purpose entity is a variable interest entity and is consolidated by XPO based on our control of the entity’s activities. The program expires in July 2024.

We account for transfers under our securitization and factoring arrangements as sales because we sell full title and ownership in the underlying receivables and control of the receivables is considered transferred. For these transfers, the receivables are removed from our Condensed Consolidated Balance Sheets at the date of transfer. The fair value of any servicing assets and liabilities is immaterial. Our trade receivables securitization program permits us to borrow, on an unsecured basis, cash collected in a servicing capacity on previously sold receivables, which we report within short-term debt on our Condensed Consolidated Balance Sheets. We had no such borrowings outstanding as of September 30, 2021 and €20 million (\$24 million) as of December 31, 2020.

The maximum amount of net cash proceeds available at any one time under the securitization program, inclusive of any unsecured borrowings, is €200 million (approximately \$232 million as of September 30, 2021). Prior to July 2021, when the securitization program was amended in connection with the spin-off, the maximum amount available was €400 million. As of September 30, 2021, €19 million (approximately \$22 million) was available under the program, subject to having sufficient receivables available to sell and with consideration to amounts previously purchased.

Under the program, we service the receivables we sell on behalf of the Purchasers, which gives us visibility into the timing of customer payments. The benefit to our cash flow includes the difference between the cash consideration in the table below and the amount we collected as a servicer on behalf of the Purchasers. In the first nine months of 2021 and 2020, we collected cash as servicer of \$1.2 billion and \$1.0 billion, respectively.

Information related to the trade receivables sold was as follows:

<i>(In millions)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2021	2020	2021	2020
Securitization programs				
Receivables sold in period	\$ 504	\$ 355	\$ 1,259	\$ 1,008
Cash consideration	504	355	1,259	1,008
Factoring programs				
Receivables sold in period	\$ 17	\$ 17	\$ 46	\$ 58
Cash consideration	17	16	46	57

Term Loan Facilities

In the first quarter of 2021, we amended the Term Loan Credit Agreement to consolidate our tranches and lower the interest rate. The applicable terms of the Term Loan Credit Agreement are as follows:

(In millions)	September 30, 2021	December 31, 2020	
		First Tranche	Second Tranche
Principal balance	\$ 2,003	\$ 1,503	\$ 500
Interest spread:			
Base rate loans	0.75 %	1.00 %	1.50 %
LIBOR loans	1.75 %	2.00 %	2.50 %
Maturity date	February 2025	February 2025	February 2025

We recorded a debt extinguishment loss of \$3 million in the first nine months of 2021 due to this amendment.

Senior Notes Due 2023 and 2024

In the third quarter of 2021, we redeemed our outstanding 6.125% senior notes due 2023 (“Senior Notes due 2023”) and our outstanding 6.75% senior notes due 2024 (“Senior Notes due 2024”). The redemption price for the Senior Notes due 2023 was 100.0% of the principal amount, plus accrued and unpaid interest and the redemption price for the Senior Notes due 2024 was 103.375% of the principle amount, plus accrued and unpaid interest. We paid for the redemption using cash received from GXO of approximately \$794 million, proceeds from an equity offering described in Note 8—Stockholders’ Equity and available cash. We recorded debt extinguishment losses in the third quarter of 2021 of \$3 million and \$43 million related to the redemption of the Senior Notes due 2023 and Senior Notes due 2024, respectively.

Senior Notes Due 2022

In January 2021, we redeemed our outstanding 6.50% senior notes due 2022. The redemption price for the notes was 100.0% of the principal amount, plus accrued and unpaid interest. We paid for the redemption with available cash. We recorded a debt extinguishment loss of \$5 million in the first nine months of 2021 due to this redemption.

Senior Notes Due 2025

In the second quarter of 2020, we completed private placements of \$1.15 billion aggregate principal amount of senior notes due 2025. Net proceeds from the notes were initially invested in cash and cash equivalents and were subsequently used to redeem our outstanding senior notes due 2022 in January 2021.

Share Issuance

In July 2021, we completed a registered underwritten offering of 5.0 million shares of our common stock at a public offering price of \$138.00 per share, plus an additional 750,000 shares of our common stock through an option granted to underwriters. Of the 5.0 million shares, we offered 2.5 million shares directly and 2.5 million shares were offered by Jacobs Private Equity, LLC (“JPE”), an entity controlled by the Company’s chairman and Chief Executive Officer. The additional 750,000 purchased shares were also split equally between us and JPE. We received approximately \$384 million of proceeds, net of fees and expenses, from the sale of the shares and used them to repay a portion of our outstanding borrowings and for general corporate purposes. XPO did not receive any proceeds from the sale of shares by JPE.

Preferred Stock and Warrant Exchanges

In December 2020, some holders of our convertible preferred stock exchanged their holdings for a combination of our common stock, based on the stated conversion price, and a lump-sum payment that represents an approximation of the net present value of the future dividends payable on the preferred stock. Additionally, some holders of our warrants exchanged (or committed to exchange subject to the satisfaction of certain customary closing conditions) their holdings, including JPE, for a number of shares of our common stock equal to the number of shares of common

stock that such holder would be entitled to receive upon an exercise of the warrants less the number of shares of common stock that have an approximate value equal to the exercise price of the warrants. With respect to the preferred stock, through December 31, 2020, 69,445 shares were exchanged, and we issued 9.9 million shares of common stock and paid \$22 million of cash. With respect to the warrants, through December 31, 2020, 0.3 million warrants were exchanged, and we issued 0.3 million shares of common stock. In the first quarter of 2021, 975 preferred shares were exchanged, and we issued 0.1 million shares of common stock. In the second quarter of 2021, the remaining 40 preferred shares were exchanged, and we issued 5,714 shares of common stock. With respect to the warrants, in the first quarter of 2021, 9.8 million warrants were exchanged, and we issued 9.2 million shares of common stock. These exchanges were intended to simplify our equity capital structure, including in contemplation of the spin-off of our Logistics segment. As of September 30, 2021, there were no shares of preferred stock or warrants outstanding.

Share Repurchases

In February 2019, our Board of Directors authorized repurchases of up to \$1.5 billion of our common stock. Our share repurchase authorization permits us to purchase shares in both the open market and in 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. We are not obligated to repurchase any specific number of shares and may suspend or discontinue the program at any time.

In the first quarter of 2020, we purchased and retired 2 million shares at an aggregate value of \$114 million. The share purchases were funded by our available cash and proceeds from our 2019 debt offerings. There have been no share repurchases since the first quarter of 2020. Our remaining share repurchase authorization was \$503 million as of September 30, 2021.

Loan Covenants and Compliance

As of September 30, 2021, 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>	Nine Months Ended September 30,	
	2021	2020
Net cash provided by operating activities from continuing operations	\$ 558	\$ 292
Net cash used in investing activities from continuing operations	(143)	(78)
Net cash provided by (used in) financing activities from continuing operations	(1,880)	1,195

During the nine months ended September 30, 2021, we: (i) generated cash from operating activities from continuing operations of \$558 million; (ii) generated proceeds from sales of property and equipment of \$72 million; (iii) received a distribution from GXO of \$794 million; and (iv) generated proceeds of \$384 million from the issuance of common stock. We used cash during this period primarily to: (i) purchase property and equipment of \$212 million; (ii) redeem our senior notes due 2022, 2023 and 2024 for \$2.8 billion; and (iii) repay our ABL Facility borrowings of \$200 million.

During the nine months ended September 30, 2020, we: (i) generated cash from operating activities from continuing operations of \$292 million; (ii) generated proceeds from sales of property and equipment (primarily real estate) of \$137 million; and (iii) received net proceeds of \$1.4 billion from our issuances of debt and short-term borrowings. We used cash during this period primarily to: (i) purchase property and equipment of \$220 million; and (ii) repurchase common stock of \$114 million.

Cash flows from operating activities from continuing operations for the nine months ended September 30, 2021 increased by \$266 million, compared with the same period in 2020. The increase reflects higher income from continuing operations of \$276 million for the nine months ended September 30, 2021, compared with the same period in 2020, partially offset by a greater use of cash for working capital in the first nine months of 2021 than in

the prior-year period. Additionally, cash paid for taxes was \$71 million higher in the nine months ended September 30, 2021, compared with the same period in 2020.

Investing activities from continuing operations used \$143 million and \$78 million of cash in the nine months ended September 30, 2021 and 2020, respectively. During the nine months ended September 30, 2021, we used \$212 million of cash to purchase property and equipment and received \$72 million from sales of property and equipment. During the nine months ended September 30, 2020, we used \$220 million of cash to purchase property and equipment and received \$137 million from sales of property and equipment.

Financing activities from continuing operations used \$1.9 billion of cash in the nine months ended September 30, 2021 and generated \$1.2 billion of cash in the nine months ended September 30, 2020. The primary uses of cash from financing activities during the first nine months of 2021 were \$2.8 billion used to redeem the senior notes due 2022, 2023 and 2024 and \$200 million used to repay borrowings under our ABL Facility. The primary sources of cash from financing activities during the first nine months of 2021 were \$794 million of proceeds from a distribution from GXO and \$384 million of net proceeds from our common offering. In July 2021, GXO completed a debt offering and used the net proceeds to fund a cash payment from GXO to XPO of \$794 million. The primary sources and uses of cash from financing activities during the nine months ended September 30, 2020 were \$1.1 billion of net proceeds from the issuance of senior notes due 2025; \$200 million of proceeds from borrowings on our ABL Facility, net of payments, partially offset by \$114 million used to purchase XPO common stock and \$50 million used to repay debt and finance leases.

Contractual Obligations

After completion of the spin, GXO's borrowing arrangements and obligations under their finance and operating leases were no longer part of our contractual obligations. Additionally, as described in more detail above, we redeemed our Senior Notes 2023 and Senior Notes 2024 in the third quarter of 2021. We anticipate full year net capital expenditures to be between \$250 million and \$275 million in 2021.

New Accounting Standards

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

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

We are exposed to market risk related to changes in interest rates, foreign currency exchange rates and commodity risk. There have been no material changes to our quantitative and qualitative disclosures about market risk related to our continuing operations during the nine months ended September 30, 2021, 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, 2020.

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 Chief Financial Officer (“CFO”), we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as such term is defined in Rule 13a-15(e) and Rule 15d-15(e) under the Securities Exchange Act of 1934, as amended as of September 30, 2021. Based on that evaluation, our CEO and CFO concluded that our disclosure controls and procedures as of September 30, 2021 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, 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 September 30, 2021 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, 2020 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, 2020, except as set forth below.

If we continue to face unfavorable market conditions arising from the COVID-19 pandemic, our business, prospects, financial condition and operating results may be negatively impacted.

Our business and operations have been impacted by macroeconomic conditions arising from the COVID-19 pandemic. Our operations and those of our customers have been subject to supply chain disruptions due to pandemic-related plant and port shutdowns, transportation delays, government actions and other factors, which may be beyond our control. The global shortage of certain components such as semiconductor chips, strains on production or extraction of raw materials, cost inflation, and labor and equipment shortages, could escalate in future quarters. Labor shortages, particularly of truck drivers, have led and may continue to lead to difficult conditions for hiring and retention of drivers as well as mechanics, dock workers and others, and increased labor costs, and along with equipment shortages, can result in lower levels of service, including timeliness, productivity and quality of service. If we continue to face unfavorable market conditions, our business, prospects, financial condition and operating results may be negatively impacted.

Our company-specific action plan to enhance network efficiencies and drive growth in our North American LTL business may not be effective or timely, and may not improve our results of operations or cash flow from operations as planned.

We have undertaken a company-specific action plan to enhance network operating efficiencies and drive growth in our North American LTL business, including among other actions, selectively imposing freight embargoes, increasing prices, expanding our driver school enrollment, increasing production capacity of our trailer manufacturing facility, and investing in the door count in our network of terminal facilities. The effectiveness and timeliness of these actions, which are and will be costly, may not result in the expected improvements in our results of operations or cash flow from operations in our North American LTL business.

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

None.

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
2.1	Separation and Distribution Agreement, dated as of August 1, 2021, by and between XPO Logistics, Inc. and GXO Logistics, Inc. (incorporated by reference to Exhibit 2.1 to the registrant's Current Report on Form 8-K filed with the SEC on August 3, 2021)
4.1	Indenture, dated as of July 2, 2021, among GXO Logistics, Inc. and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.1 to the registrant's Current Report on Form 8-K filed with the SEC on July 2, 2021)
4.2	First Supplemental Indenture, dated as of July 2, 2021, among GXO Logistics, Inc. and Wells Fargo Bank, National Association, as Trustee (incorporated by reference to Exhibit 4.2 to the registrant's Current Report on Form 8-K filed with the SEC on July 2, 2021)
10.1	Transition Services Agreement, dated as of August 1, 2021, by and between XPO Logistics, Inc. and GXO Logistics, Inc. (incorporated by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K filed with the SEC on August 3, 2021)
10.2	Tax Matters Agreement, dated as of August 1, 2021, by and between XPO Logistics, Inc. and GXO Logistics, Inc. (incorporated by reference to Exhibit 10.2 to the registrant's Current Report on Form 8-K filed with the SEC on August 3, 2021)
10.3	Employee Matters Agreement, dated as of August 1, 2021, by and between XPO Logistics, Inc. and GXO Logistics, Inc. (incorporated by reference to Exhibit 10.3 to the registrant's Current Report on Form 8-K filed with the SEC on August 3, 2021)
10.4	Intellectual Property License Agreement, dated as of July 30, 2021, by and between XPO Logistics, Inc. and GXO Logistics, Inc. (incorporated by reference to Exhibit 10.4 to the registrant's Current Report on Form 8-K filed with the SEC on August 3, 2021)
10.5	Amendment No. 6 to Second Amended and Restated Revolving Loan Credit Agreement, dated as of July 30, 2021, by and among the registrant and certain subsidiaries signatory thereto, the lenders party thereto and Morgan Stanley Senior Funding, Inc., as agent (incorporated by reference to Exhibit 10.5 to the registrant's Current Report on Form 8-K filed with the SEC on August 3, 2021)
10.6 +*	Performance-Based Restricted Stock Unit Award Agreement, dated September 8, 2021, between the registrant and Ravi Tulsyan
10.7 +*	Offer Letter, dated as of September 14, 2021, between the registrant and Ravi Tulsyan
10.8 +*	Change in Control and Severance Agreement, dated September 14, 2021, between the registrant and Ravi Tulsyan
99.1	Information Statement of GXO Logistics, Inc., dated July 23, 2021 (incorporated by reference to Exhibit 99.1 to the registrant's Current Report on Form 8-K filed with the SEC on July 26, 2021)
31.1 *	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 September 30, 2021.
31.2 *	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 September 30, 2021.
32.1 **	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 September 30, 2021.

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Exhibit Number	Description
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 September 30, 2021.</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>
104 *	<i>Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).</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/ Brad Jacobs
Brad Jacobs
Chief Executive Officer
(Principal Executive Officer)

By: /s/ Ravi Tulsyan
Ravi Tulsyan
Chief Financial Officer
(Principal Financial Officer)

Date: November 3, 2021

PERFORMANCE-BASED RESTRICTED STOCK UNIT AWARD AGREEMENT
UNDER THE XPO LOGISTICS, INC. 2016 OMNIBUS INCENTIVE COMPENSATION PLAN, dated as
of September 8, 2021 (the "Grant Date") between XPO LOGISTICS, INC., a Delaware corporation (the
"Company"), and Ravi Tulsyan.

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 target number of shares of the Company's Common Stock, \$0.001 par value ("Share") equal to 11,697 restricted stock units (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:

"Cause" shall have the meaning given to such term in the Severance Agreement.

"Change of Control" means:

(i) during any period, individuals who were directors of the Company on the first day of such period (the "Incumbent Directors") cease for any reason to constitute a majority of the Board; provided, however, that any individual becoming a director subsequent to the first day of such period whose election, or nomination by the Board for election by the Company's stockholders, was approved by a vote of at least a majority of the Incumbent Directors shall be considered as though such individual were an Incumbent Director, but excluding for this purpose, any such individual whose initial

assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board (including without limitation any settlement thereof);

(ii) the consummation of a merger, consolidation, statutory share exchange or similar form of corporate transaction (but not, for the avoidance of doubt, a sale of assets) involving the Company (each a “Reorganization”), if such Reorganization requires the approval of the Company’s stockholders under the law of the Company’s jurisdiction of organization (whether such approval is required for such Reorganization or for the issuance of securities of the Company in such Reorganization), unless, immediately following such Reorganization, (1) individuals and entities who were the “beneficial owners” (as such term is defined in Rule 13d-3 under the Exchange Act (or a successor rule thereto)) of the securities eligible to vote for the election of the Board (“Company Voting Securities”) outstanding immediately prior to the consummation of such Reorganization continue to beneficially own, directly or indirectly, more than 50% of the combined voting power of the then outstanding voting securities of the corporation or other entity resulting from such Reorganization (including a corporation that, as a result of such transaction, owns the Company either directly or through one or more subsidiaries) (the “Continuing Company”) in substantially the same proportion as the voting power of such Company Voting Securities among the holders thereof immediately prior to the Reorganization (excluding, for such purposes, any outstanding voting securities of the Continuing Company that such beneficial owners hold immediately following the consummation of the Reorganization as a result of their ownership prior to such consummation of voting securities of any corporation or other entity involved in or forming part of such Reorganization other than the Company), (2) no “person” (as such term is used in Section 13(d) of the Exchange Act) (each, a “Person”) (excluding (x) any employee benefit plan (or related trust) sponsored or maintained by the Continuing Company or any corporation controlled by the Continuing Company and (y) any one or more Specified Stockholders) beneficially owns, directly or indirectly, 30% or more of the combined voting power of the then outstanding voting securities of the Continuing Company and (3) at least 50% of the members of the board of directors of the Continuing Company (or equivalent body) were Incumbent Directors at the time of the execution of the definitive agreement providing for such Reorganization or, in the absence of such an agreement, at the time at which approval of the Board was obtained for such Reorganization;

(iii) the stockholders of the Company approve a plan of complete liquidation or dissolution of the Company unless such liquidation or dissolution is part of a transaction or series of transactions described in paragraph (ii) above that does not otherwise constitute a Change of Control; or

(iv) any Person, corporation or other entity or “group” (as used in Section 14(d)(2) of the Exchange Act) (other than (A) the Company, (B) any trustee or other fiduciary holding securities under an employee benefit plan of the Company or an Affiliate, (C) any company owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of the voting power of

the Company Voting Securities or (D) any one or more Specified Stockholders, including any group in which a Specified Stockholder is a member) becomes the beneficial owner, directly or indirectly, of securities of the Company representing 30% or more of the combined voting power of the Company Voting Securities; provided, however, that for purposes of this subparagraph (iv), the following acquisitions shall not constitute a Change of Control: (w) any acquisition directly from the Company, (x) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or an Affiliate, (y) any acquisition by an underwriter temporarily holding such Company Voting Securities pursuant to an offering of such securities or any acquisition by a pledgee of Company Voting Securities holding such securities as collateral or temporarily holding such securities upon foreclosure of the underlying obligation or (z) any acquisition pursuant to a Reorganization or Sale that does not constitute a Change of Control for purposes of subparagraph (ii) above of this definition.

“Change of Control Date” means the date, if any, on which a Change of Control is completed during the Performance Period, as determined by the Company in its discretion.

“Code” means the Internal Revenue Code of 1986, as amended.

“Committee” means the Compensation Committee of the Board of Directors of the Company.

“Determination Date” means, with respect to each Performance Period, the date following the completion of such Performance Period on which the Committee certifies the level of achievement of the applicable Performance Goals, which shall be no later than March 10 immediately following the Performance Period.

“Earned Amount” means, with respect to each Tranche, the number of RSUs earned with respect to such Tranche based on the level of achievement of the Performance Goals or otherwise in accordance with this Award Agreement.

“Employment Documents” means your employment offer letter from the Company, the Severance Agreement, and any other individual agreements between you and the Company or any of its Subsidiaries relating to your employment.

“Good Reason” shall have the meaning given to such term in the Severance Agreement.

“Performance Goal” means, with respect to each Tranche, the performance goals applicable to such Tranche as set forth in Exhibit B.

“Performance Period” means, with respect to each Tranche, the period with respect to which the Performance Goals are measured as set forth in Exhibit A.

“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 (10th) day following the date, if any, on which the RSUs vest pursuant to Section 3.

“Severance Agreement” means that certain Change in Control and Severance Agreement entered into between you and the Company.

“Target Amount” means, with respect to each Tranche, the target amount of RSUs subject to such Tranche as set forth in Exhibit A.

“Tranche” means each of the 2021 Tranche, the 2022 Tranche and the 2023 Tranche as identified in Exhibit A.

“Vesting Date” means the vesting date specified in Exhibit A.

SECTION 3. Vesting and Settlement.

(a) Regularly Scheduled Vesting. Except as otherwise provided in this Award Agreement, the Earned Amount of each Tranche, determined based on the level of achievement of the Performance Goals during the applicable Performance Period as certified by the Committee, shall vest on the Vesting Date for such Tranche subject to your continued employment through such Vesting Date. Except as otherwise provided in this Award Agreement, no RSUs shall be earned and payable with respect to any Tranche unless the Committee has certified the level of achievement of the applicable Performance Goals. The Committee shall have sole discretion to determine the level of achievement of the applicable Performance Goals. If the RSUs remain outstanding upon the conclusion of the Performance Period and a Change of Control Date has not occurred, then the outstanding RSUs shall be forfeited immediately following the conclusion of the Performance Period.

(b) Termination of Employment. Notwithstanding anything to the contrary in this Award Agreement or the Plan to the contrary but subject to Section 3(c), all unvested RSUs will be forfeited 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, you shall vest in (A) the Earned Amount of any outstanding and unvested Tranche that relates to a Performance Period that ended prior to your termination of employment, with such Earned Amount determined based on the level of achievement of the Performance Goals for such Performance Period, which vesting shall occur on the date of your death (or, if later, the Determination Date for such Performance Period) and (B) the Earned Amount of the Tranche that relates to the Performance Period in which your death occurs and the Earned Amount of any Tranche for which the Performance Period is scheduled to commence after your death, with each such

Earned Amount equal to the Target Amount, which vesting shall occur on the date of your death;

(ii) if your employment is terminated by the Company for Cause or by reason of your Disability, or if you resign for any reason, the remainder of this Award shall be forfeited immediately; and

(iii) if your employment is terminated by the Company without Cause, you shall vest in (A) the Earned Amount of any outstanding and unvested Tranche that relates to a Performance Period that ended prior to your termination of employment, with such Earned Amount determined based on the level of achievement of the Performance Goals for such Performance Period, which vesting shall occur on the date of your termination of employment (or, if later, the Determination Date for such Performance Period) and (B) a prorated portion of the Earned Amount of the Tranche that relates to the Performance Period in which your termination of employment occurs, with proration based on a fraction, the numerator of which is the number of days from the first day of such Performance Period through your termination of employment and the denominator of which is the total number of days in such Performance Period, and with such Earned Amount determined based on the level of achievement of the Performance Goals for such Performance Period, which vesting shall occur on the Determination Date for such Performance Period, and the remainder of this Award shall be forfeited.

(c) Change of Control. Upon a Change of Control that occurs prior to the last Determination Date, if you remain employed at the time of such Change of Control, all outstanding RSUs (including any RSUs replaced in compliance with Section 8(b) of the Plan) shall remain outstanding and unvested, and shall continue to vest in accordance with the time-based vesting conditions set forth in Section 3(a), subject to your continued employment through the applicable Vesting Dates, or upon your earlier termination of employment by the Company without Cause (and other than due to your disability) or by you for Good Reason. The Earned Amount will be equal to (A) if such Change of Control occurs prior to the Determination Date for such Performance Period, the Target Amount or (B) if such Change of Control occurs on or after the Determination Date for such Performance Period, the amount determined based on the actual level of achievement of the Performance Goals for such Performance Period as certified by the Committee prior to the Change of Control. Or, if such RSUs are not replaced in compliance with Section 8(b) of the Plan, such RSUs shall vest immediately, with the Earned Amount equal to (A) if such Change of Control occurs prior to the Determination Date for such Performance Period, the Target Amount or (B) if such Change of Control occurs on or after the Determination Date for such Performance Period, the amount determined based on the actual level of achievement of the Performance Goals for such Performance Period as certified by the Committee prior to the Change of Control.

(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 based on the Earned Amount of such Tranche (if any) 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 any Employment Documents 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 Documents, 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, if such suit, action or other proceeding may not be brought in such court for jurisdictional reasons, 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, cancellation 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 Documents), 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 Regulations 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. Section 8(d) of the Severance Agreement is incorporated by reference herein.

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.

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

XPO LOGISTICS, INC.

by

/s/ Josephine Berisha

Name: Josephine Berisha

Title: Chief Human Resources
Officer

RAVI TULSYAN

/s/ Ravi Tulsyan

Exhibit A

Details of Award

Tranche	Target RSU Amount	Performance Period	Vesting Date
2021 Tranche	1,282	Calendar year 2021	December 31, 2024
2022 Tranche	5,208	Calendar year 2022	
2023 Tranche	5,207	Calendar year 2023	

Exhibit B

Performance Goals

(1) **Performance Goals.** For each Performance Period, the metrics for the Performance Goals shall be the Company's Adjusted Cash Flow Per Share (weighted 50%), the Company's Relative Growth in Adjusted Cash Flow Per Share Percentile Rank (weighted 25%) and ESG Metrics Scorecard (weighted 25%). The Performance Goal for each metric shall be as set forth below in this **Section 1**, unless the Committee shall determine in its discretion to reduce, or adjust the underlying elements of, the applicable Performance Goal based on changes in economic circumstances or government-related mandates that impact the Company's financial metrics, changes in the competitive market, or other factors that materially change the relevance of the metric in the performance period. The level of achievement of each Performance Goal shall be measured over the applicable Performance Period for the applicable Tranche.

a. **Adjusted Cash Flow Per Share.** The Performance Goal relating to the Company's Adjusted Cash Flow Per Share for each Tranche is as follows:

i. *2021 Tranche*

Company's Adjusted Cash Flow Per Share	Value Earned as Percentage of Target*
\$5.41 or above	200%
\$4.96	150%
\$4.51	100%
Below \$4.51	0%

* Linear interpolation shall be applied between each threshold.

ii. *2022 Tranche*

Company's Adjusted Cash Flow Per Share	Value Earned as Percentage of Target*
\$6.42 or above	200%
\$5.89	150%
\$5.35	100%
Below \$5.35	0%

* Linear interpolation shall be applied between each threshold.

iii. *2023 Tranche*

Company's Adjusted Cash Flow Per Share	Value Earned as Percentage of Target*
\$7.14 or above	200%
\$6.55	150%
\$5.95	100%
Below \$5.95	0%

* Linear interpolation shall be applied between each threshold.”

- b. Relative Growth in Adjusted Cash Flow Per Share. The Performance Goal relating to the Company's Relative Growth in Adjusted Cash Flow Per Share for each Tranche is as follows:

Company's Relative Growth in Adjusted Cash Flow Per Share Percentile Rank	Value Earned as Percentage of Target*
Greater than or equal to 75th percentile	200%
65th percentile	150%
55th percentile	100%
Below 55th percentile	0%

* Linear interpolation shall be applied between each threshold.

- c. ESG Metrics Scorecard. The Performance Goal relating to the ESG Metrics Scorecard for each Tranche is as follows:

Company's ESG Metrics Scorecard Grade	Value Earned as Percentage of Target
Equal to or greater than 90 points	200%
Equal to or greater than 85 points, but fewer than 90 points	150%
Equal to or greater than 80 points, but fewer than 85 points	100%
Fewer than 80 points	0%

- (2) Determination of Performance Goal Achievement. Promptly following, and in any event no later than the March 10 immediately after, the completion of each Performance Period, the Committee will certify the actual level of achievement of each Performance Goal applicable to such Performance Period.
- (3) Payout Formula. Except as otherwise expressly provided in Section 3(c) of the Award Agreement, the Earned Amount of each Tranche shall be equal to the sum of:
- a. the product of (i) 50% of the Target Amount (as set forth in Exhibit A) and (ii) the Value Earned as a Percentage of Target Amount based on achievement of the Performance Goal relating to the Company's Adjusted Cash Flow Per Share, calculated as set forth in Section 1 above, plus
 - b. the product of (i) 25% of the Target Amount (as set forth in Exhibit A) and (ii) the Value Earned as a Percentage of Target Amount based on achievement of the Performance Goal relating to the Company's Relative Growth in Adjusted Cash Flow Per Share, calculated as set forth in Section 1 above, plus
 - c. the product of (i) 25% of the Target Amount (as set forth in Exhibit A) and (ii) the Value Earned as a Percentage of Target Amount based on achievement of the Performance Goal relating to the ESG Metrics Scorecard, calculated as set forth in Section 1 above.
- (4) Certain Definitions.
- a. "Comparator Group" means the group consisting of the following companies, it being understood that if any such company ceases to be an independent, publicly traded company for any reason (including without limitation an acquisition, merger, bankruptcy or liquidation) during any Performance Period, or sells certain assets or enters into a new line of business that changes the composition of its business profile during any Performance Period, then the Committee may either cause such company to cease to constitute a member of the Comparator Group for such Performance Period and each Performance Period commencing thereafter, or provide for adjustments that normalize for the impact of such changes on the Relative Growth in Adjusted Cash Flow Per Share metric, in each case, in its sole discretion:
 - i. United Parcel Service, Inc. Class B
 - ii. FedEx Corporation
 - iii. C.H. Robinson Worldwide, Inc.
 - iv. J.B. Hunt Transport Services, Inc.
 - v. Ryder System, Inc.
 - vi. Expeditors International of Washington, Inc.
 - vii. YRC Worldwide Inc.
 - viii. Echo Global Logistics, Inc
 - ix. Hub Group, Inc. Class A
 - x. Old Dominion Freight Line, Inc.

- xi. ArcBest Corporation
 - xii. Saia, Inc.
 - xiii. DSV Panalpina A/S
 - xiv. Kuehne & Nagel International AG
 - xv. Werner Enterprises, Inc.
 - xvi. Landstar System, Inc.
- b. “ESG Metrics Scorecard” means a scorecard approved by the Committee not later than July 30, 2021 that sets forth performance initiatives and metrics for each Performance Period in the categories of workforce/talent, employee and community safety, diversity and inclusion, data security, environment and sustainability, and/or governance. Such scorecard shall assign a number of points to each initiative or metric such that the total number of points for the initiatives and metrics relating to each Performance Period is equal to one hundred (100).”
- c. “Adjusted Cash Flow Per Share” means (i) Adjusted EBITDA (determined in accordance with the company’s monthly operating reports and for external reporting purposes and adjusted for the impact of stock and long-term cash-based compensation) less gross capital expenditures and net interest divided by (ii) diluted shares outstanding (provided that the Committee may, in its discretion, adjust the number of diluted shares outstanding to neutralize the impact of changes in capital structure (including stock splits, reverse stock splits, or stock dividends)).
- d. “Relative Growth in Adjusted Cash Flow Per Share Percentile Rank” means the percentile rank, calculated in accordance with the methodology approved by the Committee, of the Company’s Growth in Adjusted Cash Flow Per Share relative to the Growth in Adjusted Cash Flow Per Share of the companies in the Comparator Group. “Growth”, for the Company and each member of the Comparator Group, shall refer to the percent change in Adjusted Cash Flow Per Share between the applicable Performance Period and calendar year 2020.



September 10, 2021

Ravi Tulsyan
[address redacted]

Dear Ravi,

On behalf of the leadership team of XPO Logistics, Inc. (the "Company"), I'm happy to offer you a promotion to the position of chief financial officer, effective September 2, 2021 (the "Effective Date"). I know I speak for the rest of our team when I say how pleased we are to make you this offer.

Reporting and Work Location: In this role, you'll report directly to Brad Jacobs, chief executive officer, and manage the finance group of XPO. You'll continue to be based out of the Company's Greenwich, Connecticut office.

Full-Time Employment: During your employment, you will be required to devote your full time and attention to your duties and responsibilities for the Company. You may not take up any outside full or part-time employment without the prior written consent of the Company.

Your Salary and Compensation:

We'd like to offer you the following compensation package:

- **Base Salary:** You'll receive \$19,230.77, paid on a biweekly basis (\$500,000 annualized), less all applicable withholdings and deductions, and pro-rated for any partial period worked. This is an exempt position, meaning you will not be eligible for overtime compensation.
- **Annual Incentive:** You will be eligible to participate in the Company's annual incentive program, subject to the terms and conditions set forth in the applicable plan document, continuing with the 2021 fiscal year, with a bonus target of 100% of your base salary. The actual amount of the annual bonus, if any, may vary (from 0% to 200% of your bonus target) based on the annual financial performance of the Company and performance on key strategic initiatives for the Company, which will be determined in the sole discretion of the Compensation Committee of the Company's Board of Directors or its delegate (the "Compensation Committee"). Your annual cash bonus will not be pro-rated for 2021 and your bonus will be calculated using a bonus target of your \$500,000 annualized base salary to apply for the full year. For fiscal years after 2021, your performance goals, the Company's performance goals, and the payout curve for the annual cash bonus will be determined annually by the Compensation Committee in its discretion. To be eligible for the annual cash bonus, you must be employed through the date on which the annual cash bonus, if any, is paid, and you must not have given notice of your resignation to the Company on or before the date on which the annual cash bonus, if any, is paid.
- **Long-term Incentive:** You will be granted the following long-term incentive awards for the 2021 performance year with a target value of \$1,750,000, reflected below at grant date value, subject to the terms and conditions set forth in the award agreements that will be provided to you after the Effective Date. The target number of stock units will be determined based on the Company's closing stock price on date of grant.

- **Time-Based Restricted Stock Units (RSUs):** \$750,000 of grant date value will be awarded to you in the form of RSUs as soon as practicable after the Effective Date, subject to the following vesting schedule and your continuing employment with the Company on such date: vesting 50% on the second anniversary of the grant date and 50% on the third anniversary of the grant date.
- **Performance-Based Restricted Stock Units (PRSUs):** \$1,000,000 of grant date value will be awarded to you in the form of PRSUs as soon as practicable after the Effective Date, vesting on December 31, 2024, and contingent on (i) your continuing employment with the Company through December 31, 2024, (ii) your achievement of defined performance goals for 2021, 2022, and 2023 (with the potential to achieve up to 200% payout for each metric), and (iii) final certification of performance criteria achievement by the Compensation Committee. The PSRU award amount will be prorated from start date for year one (2021) of the award only; the remaining years will be settled in full upon the vest date. Performance indicators include:
 - (50%) Absolute adjusted cash flow per share annually for 2021, 2022 and 2023.
 - (25%) Relative annual growth in adjusted cash flow per share, compared against a defined transportation competitor set, for 2021, 2022 and 2023.
 - (25%) ESG scorecard metrics for 2021, 2022, and 2023.

For performance years after 2021, the grant date value of any annual long-term incentive awards to be granted to you will be determined by the Compensation Committee in its discretion, subject to the terms and conditions set forth in the XPO Logistics, Inc. 2016 Omnibus Incentive Compensation Plan and the applicable award agreement. If approved, these awards will be granted to you following the end of the 2021 performance year, subject to your continued employment on the applicable grant dates. Long-term incentive awards will be reflective of your individual performance and contributions, the Company and/or business unit performance, as applicable, and the scope and expectations of your position/role in the Company and/or your business unit. As an at will employee, long-term incentives are subject to change at the sole discretion of the Company.

Your Benefits:

There will be no break in your existing insurance benefit coverage. Please note that the Company reserves the right to modify, amend and/or terminate the employee benefits at any time in its sole and absolute discretion, consistent with applicable law.

Severance Benefits: You will be eligible for severance payments and other benefits upon certain qualifying termination events, subject to the terms and conditions of the attached Change in Control and Severance Agreement (the “Severance Agreement”), provided that you timely return a signed copy of the Severance Agreement.

Your Representations and Conditions of Employment:

- **Company Policies:** As a condition of your continued employment, you are required to abide by the Company’s rules and policies as may be published from time to time.
- **Confidential Information Protection Agreement:** Your acceptance of this offer of promotion and continuing employment with the Company, is contingent upon you entering into the enclosed Confidential Information Protection Agreement (“CIPA”), which, among other things, prohibits unauthorized use or disclosure of the Company’s confidential and proprietary information and

includes non-competition and non-solicitation provisions during your employment with the Company and following the termination of your employment with the Company.

At-Will Employment: Your employment with the Company will be “at-will,” meaning that either you or the Company may terminate the employment relationship at any time and for any reason, with or without cause. Per Company policy, we request that, in the event of resignation, you give the Company at least 30 days advance notice. Neither this promotion letter nor any other written material issued by the Company constitutes a contract between you and the Company for employment, express or implied, for any specific duration. The at-will employment relationship cannot be changed except in writing signed by the Company’s chief executive officer.

Entire Offer: This offer letter, along with the CIPA and Severance Agreement states the entire understanding between you and the Company as to the terms and conditions of your employment, and supersedes all prior discussions, correspondence, and understandings by or on behalf of the Company (oral or written), including the Employment Agreement you previously entered into with the Company, dated July 20, 2016, and the promotion offer letter, dated December 13, 2020, previously provided to you by the Company, in relation to your appointment as deputy chief financial officer. This offer of promotion is not to be construed as a contract for employment in any particular position for any particular salary or time period. Your new salary will become effective in the next payroll cycle following your execution and delivery of this offer letter, Severance Agreement and CIPA. Upon receipt of these executed documents, your salary will be retroactive to the Effective Date.

Taking the Next Step:

As you know, XPO has generated tremendous momentum, thanks to the efforts of our people. With your continued dedication on our team, we’re sure to persist on this path to greater success.

Please make sure you’ve read the offer letter completely, including all enclosures. Then sign and return the offer letter, CIPA and Severance Agreement by e-mail to [e-mail redacted] within seven days of the same being sent to you. This offer of promotion will terminate if it is not accepted, signed, and returned by that date, unless otherwise mutually agreed between the parties.

Best regards,

/s/ Josephine Berisha
Josephine Berisha, CHRO

Enclosures: Confidential Information Protection Agreement; Severance Agreement

EMPLOYMENT ACCEPTANCE

I accept XPO’s offer of promotion as stated above.

/s/ Ravi Tulsyan
Ravi Tulsyan

9/14/21
Date

CHANGE IN CONTROL AND SEVERANCE AGREEMENT

This CHANGE IN CONTROL AND SEVERANCE AGREEMENT (this “**Agreement**”) is made and entered into by and between XPO LOGISTICS, INC., a Delaware corporation (the “**Company**”), and Ravi Tulsyan (“**Employee**”). Certain capitalized terms used in this Agreement are defined in Section 7 below.

WHEREAS, Employee and the Company are entering into a promotion offer letter (the “**Offer Letter**”) and Confidential Information Protection Agreement (“**CIPA**”) concurrently with the execution of this Agreement;

WHEREAS, the Board of Directors of the Company (the “**Board**”) recognizes the possibility of an involuntary termination or reduction in responsibility may cause Employee to consider alternative employment opportunities, and as such, the Board has determined it is in the best interests of the Company and its stockholders to assure that the Company will have the continued dedication and objectivity of Employee, notwithstanding the possibility, threat or occurrence of such an event; and

WHEREAS, the Board believes that it is imperative to provide Employee with severance benefits upon certain terminations of Employee’s service to the Company that enhance Employee’s financial security and provide incentive to Employee to remain with the Company notwithstanding the possibility of such an event.

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

1. **Term of Agreement.** Except to the extent renewed as set forth in this Section 1, this Agreement shall become effective as of September 2, 2021 (the “**Effective Date**”) and terminate the earlier of: (a) the fourth (4th) anniversary of the Effective Date (the “**Expiration Date**”); (b) the Date of Termination of Employee’s employment with the Company for a reason other than a Qualifying Termination or Qualifying CIC Termination; or (c) the date that all obligations of the parties hereto with respect to this Agreement have been satisfied. This Agreement shall renew automatically and continue in effect for one (1) year periods measured from the initial Expiration Date and each subsequent Expiration Date, unless the Company provides Employee notice of non-renewal at least ninety (90) days prior to the date on which this Agreement would otherwise renew. For the avoidance of doubt, and notwithstanding anything to the contrary in Section 3 or 4 hereof, the Company’s non-renewal of this Agreement shall not constitute a Qualifying Termination or Qualifying CIC Termination, as applicable.

2. **At-Will Employment.** The Company and Employee acknowledge that Employee’s employment is and shall continue to be “at-will,” as defined under applicable law. If Employee’s employment terminates for any reason, Employee shall not be entitled to any payments, benefits, damages, awards or compensation other than as provided by this Agreement, pursuant to the terms of any incentive award agreement or employee benefit plan or required under applicable law.

3. **Qualifying Termination.** In the event of a Qualifying Termination, subject to the terms and conditions of Section 6 hereof, Employee shall be entitled to:

- (a) the Accrued Benefits;

(b) cash payments (the “**Severance Payments**”) equal to (i) twelve (12) months’ Base Salary, as in effect on the Date of Termination (payable subject to the terms of Section 6 of this Agreement), which shall be paid in substantially equal installments over the 12-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; provided that (i) any monies Employee earns from any other work, whether as an employee or as an independent contractor, while Employee is receiving the Severance Payments shall reduce, on a dollar-for-dollar basis, the amount that the Company is obligated to pay Employee under this Section 3(b), and (ii) Employee shall provide written notice to the Company, within two (2) business days from Employee’s receipt of any monies Employee earns from any other work while Employee is receiving the Severance Payments by written notice to the Company detailing the date of receipt, gross and net amount, and source of such monies, by U.S. Mail and e-mail to Josephine Berisha, Chief Human Resources Officer, XPO Logistics, Five American Lane, Greenwich, CT 06831; e-mail (e-mail redacted);

(c) a cash payment equal to the prorated bonus for the performance year, defined as 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 (or from the Effective Date, if the Date of Termination occurs in 2021) through the Date of Termination and the denominator of which is 365;

(d) to the extent Employee is eligible to elect to continue coverage under the Company’s group medical and dental benefits pursuant to the Consolidated Omnibus Budget Reconciliation Act (“COBRA”) and elects such benefits, the Company shall pay Employee’s COBRA premiums for medical and dental coverage as in effect on the Date of Termination for a period of six (6) months from the Date of Termination. If, however, Employee secures other employment at any time during the six (6) month period following his Date of Termination and becomes eligible for any medical and dental benefits through such other employment, the Company’s obligation to pay Employee’s COBRA premiums for any medical or dental benefits under this Section 3(d) shall cease as of the end of the month in which Employee becomes eligible for any medical and dental benefits through such other employer. Employee shall provide written notice to the Company, within two (2) business days from Employee’s eligibility for any medical and dental benefits through such other employer, by U.S. Mail and e-mail to Josephine Berisha, Chief Human Resources Officer, XPO Logistics, Five American Lane, Greenwich, CT 06831, e-mail (e-mail redacted). Any continuation of Employee’s coverage under the Company’s group medical and dental benefits after the six (6) month period following his Date of Termination or after the month in which Employee becomes eligible for medical and dental benefits through such other employer shall be at the Employee’s sole expense.

4. Qualifying CIC Termination. In the event of a Qualifying CIC Termination, subject to the terms and conditions of Section 6 hereof, Employee shall be entitled to the following payments, which shall be paid in one lump sum within 65 days after the Date of Termination (other than the Accrued Benefits, which shall be payable within 30 days of the Date of Termination or sooner when required under applicable law):

- (a) the Accrued Benefits;
- (b) a cash payment (the “**CIC Severance Payment**”) equal to two (2) times the sum of (i) the Base Salary and (ii) the Target Bonus;

(c) 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 (or from the Effective Date, if the Date of Termination occurs in 2021) through the Date of Termination and the denominator of which is 365;

(d) 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

(e) to the extent Employee is eligible to elect to continue coverage under the Company's group medical and dental benefits pursuant to the Consolidated Omnibus Budget Reconciliation Act ("COBRA") and elects such benefits, the Company shall pay Employee's COBRA premiums for medical and dental coverage as in effect on the Date of Termination for a period of twenty-four (24) months from the Date of Termination.

Notwithstanding the foregoing, if the CIC Severance Payment relates to a transaction that does not satisfy 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.

5. Other Terminations. If Employee's employment with the Company is terminated by the Company or by Employee for any reason other than a Qualifying Termination or a Qualifying CIC Termination, the obligations of the Company to pay or provide Employee with compensation and benefits under Section 3 or Section 4 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 the Accrued Benefits.

6. Conditions Precedent and Subsequent. The payments and benefits provided under Sections 3 and 4 of this Agreement (other than the Accrued Benefits) are subject to and conditioned upon (a) 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 (b) Employee's compliance with the CIPA. Employee shall, upon request by the Company, be required to immediately repay to the Company the net amount of the Severance Payments or CIC Severance Payment, as applicable, received by the Employee after all applicable minimum tax withholdings required by law, and the Company shall have no further obligation to pay, the Severance Payments or CIC Severance Payment, as applicable, in the event Employee receives, within six (6) months after the occurrence of the breach, written notice from the Company that, in the reasonable judgment of the Company, Employee has breached Employee's obligations under the CIPA or Employee shall be deemed to have been retroactively terminated for Cause; provided, however, that, in cases where Employee's breach of Employee's obligations under the CIPA is curable, Employee shall first be provided a 15-day cure period to cease, and to cure, such conduct.

7. Definitions. The following terms referred to in this Agreement shall have the following meanings:

(a) "**Accrued Benefits**" means payment by the Company to Employee for: (i) any unpaid Base Salary accrued by Employee through the Date of Termination; (ii) to the extent required by law, any unused vacation accrued by Employee through the Date of Termination, and (iii) any unpaid or unreimbursed business expenses accrued or incurred by Employee through the Date of Termination,

which shall be paid to Employee within 30 days following the Date of Termination or earlier when required by applicable state law.

(b) “**Affiliate**” means (i) any entity that, directly or indirectly, is controlled by, controls or is under common control with, the Company and/or (ii) any entity in which the Company has a significant equity interest.

(c) “**Base Salary**” means Employee’s annual base salary in effect immediately prior to Employee’s termination.

(d) “**Cause**” means, as determined in the sole discretion of the Board, Employee’s (i) gross negligence or willful failure to perform Employee’s duties or willful refusal to follow any lawful directive of the Company’s Chief Executive Officer or the Board; (ii) abuse of or dependency on alcohol or drugs (illicit or otherwise) that adversely affects Employee’s performance of duties for the Company; (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 the CIPA 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 or successors, or breach of Employee’s 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 Employee’s 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 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, Employee’s employment shall, at the election of the Reporting Person at any time up to two (2) years after the Date of Termination but in no event more than six (6) 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 in Control. Employee shall, upon request by the Company, be required to immediately repay to the Company the net amount of the Severance Payments or CIC Severance Payment, as applicable, received by the Employee after all applicable minimum tax withholdings required by law, and the Company shall have no further obligation to pay, the Severance Payments or CIC Severance Payment, as applicable, in the event Employee receives, within six (6) months after the Reporting Person learns of the facts or events that could give rise to the termination for Cause, written notice from the Company that, in the reasonable judgment of the Company, Employee shall be deemed to have been retroactively terminated for Cause.

(e) “**Change in Control**” means the occurrence of any of the following events:

(i) during any period, individuals who were directors of the Company on the first day of such period (the “**Incumbent Directors**”) cease for any reason to constitute a majority of the Board; provided, however, that any individual becoming a director subsequent to the first day of such period whose election, or nomination by the Board for election by the Company’s stockholders, was approved by a vote of at least a majority of the Incumbent Directors shall be considered as though such individual were an Incumbent Director, but excluding for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on

behalf of a Person (as defined below) other than the Board (including without limitation any settlement thereof);

(ii) the consummation of a merger, consolidation, statutory share exchange or similar form of corporate transaction (but not, for the avoidance of doubt, a sale of assets) involving the Company (each, a “**Reorganization**”) if such Reorganization requires the approval of the Company’s stockholders under the law of the Company’s jurisdiction of organization (whether such approval is required for such Reorganization or for the issuance of securities of the Company in such Reorganization), unless, immediately following such Reorganization, (1) individuals and entities who were the “beneficial owners” (as such term is defined in Rule 13d3 under the Securities Exchange Act of 1934, as amended from time to time, or a successor rule thereto (the “**Exchange Act**”) of the securities eligible to vote for the election of the Board (“**Company Voting Securities**”) outstanding immediately prior to the consummation of such Reorganization continue to beneficially own, directly or indirectly, more than 50% of the combined voting power of the then outstanding voting securities of the corporation or other entity resulting from such Reorganization (including a corporation that, as a result of such transaction, owns the Company either directly or through one or more Subsidiaries) (the “**Continuing Company**”) in substantially the same proportion as the voting power of such Company Voting Securities among the holders thereof immediately prior to the Reorganization (excluding, for such purposes, any outstanding voting securities of the Continuing Company that such beneficial owners hold immediately following the consummation of the Reorganization as a result of their ownership prior to such consummation of voting securities of any corporation or other entity involved in or forming part of such Reorganization other than the Company), (2) no “person” (as such term is used in Section 13(d) of the Exchange Act) (each, a “**Person**”) (excluding (x) any employee benefit plan (or related trust) sponsored or maintained by the Continuing Company or any corporation controlled by the Continuing Company and (y) any one or more Specified Stockholder beneficially owns, directly or indirectly, 30% or more of the combined voting power of the then outstanding voting securities of the Continuing Company and (3) at least 50% of the members of the board of directors of the Continuing Company (or equivalent body) were Incumbent Directors at the time of the execution of the definitive agreement providing for such Reorganization or, in the absence of such an agreement, at the time at which approval of the Board was obtained for such Reorganization;

(iii) the stockholders of the Company approve a plan of complete liquidation or dissolution of the Company unless such liquidation or dissolution is part of a transaction or series of transactions described in Section 7(e)(ii) above that does not otherwise constitute a Change in Control; or

(iv) any Person, corporation or other entity or “group” (as used in Section 14(d)(2) of the Exchange Act) (other than (A) the Company, (B) any trustee or other fiduciary holding securities under an employee benefit plan of the Company or an Affiliate, (C) any company owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of the voting power of the Company Voting Securities or (D) any one or more Specified Stockholders, including any group in which a Specified Stockholder is a member) becomes the beneficial owner, directly or indirectly, of securities of the Company representing 30% or more of the combined voting power of the Company Voting Securities; provided, however, that for purposes of this subparagraph (iv), the following acquisitions shall not constitute a Change in Control: (w) any acquisition directly from the Company, (x) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or an Affiliate, (y) any acquisition by an underwriter temporarily holding such Company Voting Securities pursuant to an offering of such securities or any acquisition by a pledgee of Company Voting Securities holding such securities as collateral or temporarily holding such securities upon foreclosure of the underlying obligation or (z) any acquisition pursuant to a Reorganization that does not constitute a Change in Control for purposes of Section 7(e)(ii) above.

(f) “**Change in Control Period**” means the period of time commencing upon a Change in Control and ending two (2) years thereafter.

(g) “**Code**” means the Internal Revenue Code of 1986, as amended from time to time.

(h) “**Date of Termination**” means the date of termination of Employee’s employment with the Company. Notwithstanding the foregoing, in no event shall the Date of Termination of any U.S. Taxpayer occur until the Employee experiences a “separation from service” within the meaning of Section 409A of the Code, and the date on which such separation from service takes place shall be the “Date of Termination.”

(i) “**Disability**” means 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.

(j) “**Good Reason**” means, 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 in 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 materially reduces the Base Salary or Target Bonus; (iv) the Company requires that Employee be based in a location that is more than 35 miles from the location of Employee’s employment immediately prior to a Change in Control; or (v) Employee not reporting directly and exclusively to the chief executive officer of a publicly traded company; 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 90-day period that follows the end of the Cure Period. If Employee does not terminate employment during such 90-day period, Employee will not be permitted to terminate employment for Good Reason as a result of such event, circumstance or conduct.

(k) “**Specified Stockholder**” means Bradley S. Jacobs, Jacobs Private Equity LLC and its Affiliates, or any other entity or organization controlled, directly or indirectly, by Bradley S. Jacobs.

(l) “**Qualifying CIC Termination**” means a termination of Employee’s employment either by the Company without Cause (excluding by reason of Employee’s death or Disability) or by Employee for Good Reason, in either case, during the Change in Control Period.

(m) “**Qualifying Termination**” means a termination of Employee’s employment by the Company without Cause (excluding by reason of Employee’s death or Disability) outside of the Change in Control Period.

(n) “**Reporting Person**” means the Chief Executive Officer of the Company.

(o) **“Target Bonus”** means the performance-based bonus Employee will have the opportunity to earn for each year during Employee's employment commencing in the 2021 fiscal year with a target as set forth in the Offer Letter, based upon Employee's achievement of performance goals that will be determined in the sole discretion of the Company.

8. Miscellaneous.

(a) Notices.

(i) General 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) or to such other address as either party may designate by written notice to the other:

If to the Company, to:

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

If to Employee: If to Employee, to Employee's principal residence as listed in the records of the Company.

(ii) Notice of Termination. Any termination of Employee's employment by the Company for Cause will be communicated by a notice of termination to Employee, and any termination of Employee's employment by Employee for Good Reason will be communicated by a notice of termination to the Company, in each case given in accordance with Section 8(a)(i) of this Agreement. The notice will indicate the specific termination provision in this Agreement relied upon, will set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination under the provision so indicated, and will specify the termination date (which will be not more than 30 days after the later of (A) the giving of the notice or (B) the end of any applicable cure period).

(b) Resignation. The termination of Employee's employment with the Company for any reason will also constitute, without any further required action by Employee, Employee's voluntary resignation from all officer and/or director positions held with the Company or any of its subsidiaries or controlled affiliates, and at the Board's request, Employee shall execute any documents reasonably necessary to reflect the resignations.

(c) Section 409A.

(i) General. The obligations under this Agreement are intended to comply with the requirements of Section 409A of the Code or an exemption or exclusion therefrom and shall in all respects be administered in accordance with Section 409A of the Code. Any payments that qualify for the "short-term deferral" exception, the separation pay exception or another exception under Section 409A of the Code shall be paid under the applicable exception to the maximum extent possible. For purposes of nonqualified deferred compensation under Section 409A of the Code, each payment of compensation under this Agreement shall be treated as a separate payment of compensation. All

payments to be made upon a termination of employment under this Agreement may only be made upon a “separation from service” under Section 409A of the Code to the extent necessary in order to avoid the imposition of penalty taxes on Employee pursuant to Section 409A of the Code. In no event may Employee, directly or indirectly, designate the calendar year of any payment under this Agreement.

(ii) Delay of Payments. Notwithstanding any other provision in this Agreement to the contrary, if Employee is considered a “specified employee” for purposes of Section 409A of the Code (as determined in accordance with the methodology established by the Company as in effect on the Date of Termination), any payment or benefit that constitutes nonqualified deferred compensation within the meaning of Section 409A of the Code that is otherwise due to be paid to Employee under this Agreement during the six-month period immediately following the Employee’s separation from service (as determined in accordance with Section 409A of the Code) on account of Employee’s separation from service shall be accumulated and paid to Employee with Interest (based on the rate in effect for the month in which Employee’s separation from service occurs) on the first business day of the seventh month following the Employee’s separation from service (the “**Delayed Payment Date**”), to the extent necessary to avoid penalty taxes or accelerated taxation pursuant to Section 409A of the Code. If Employee dies during the postponement period, the amounts and entitlements delayed on account of Section 409A of the Code shall be paid to the personal representative of Employee’s estate on the first to occur of the Delayed Payment Date or 30 calendar days after the date of Employee’s death.

(iii) Reimbursements. With respect to reimbursements under this Agreement that are not exempt from Section 409A of the Code, the following rules shall apply: (i) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during any one taxable year shall not affect the expenses eligible for reimbursement in any other taxable year, (ii) in the case of any reimbursements of eligible expenses, reimbursement shall be made on or before the last day of the taxable year following the taxable year in which the expense was incurred, and (iii) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit.

(d) Section 280G.

(i) Notwithstanding any other provisions of this Agreement, in the event that any payment or benefit by the Company or otherwise to or for the benefit of Employee, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (all such payments and benefits, including the payments and benefits under Section 4 of this Agreement, being hereinafter referred to as the “**Total Payments**”), would be subject (in whole or in part) to the excise tax imposed by Section 4999 of the Code (the “**Excise Tax**”), then the Total Payments shall be to the minimum extent necessary to avoid the imposition of the Excise Tax on the Total Payments, but only if (A) the net amount of such Total Payments, as so reduced (and after subtracting the net amount of federal, state and local income and employment taxes on such reduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such reduced Total Payments), is greater than or equal to (B) the net amount of such Total Payments without such reduction (but after subtracting the net amount of federal, state and local income and employment taxes on such Total Payments and the amount of the Excise Tax to which Employee would be subject in respect of such unreduced Total Payments and after taking into account the phase out of itemized deductions and personal exemptions attributable to such unreduced Total Payments).

(ii) The payment reduction contemplated in this Section 8(d) shall be implemented by reducing the payments/benefits in the same order as they are received by Employee. If several payments/benefits are received simultaneously and their collective amount exceeds the remaining amount of reduction hereunder, such payments shall be reduced ratably, proportional to their individual amount.

(iii) All determinations regarding the application of this Section 8(d) shall be made by a nationally recognized accounting firm selected by the Company (the “**Accounting Firm**”), subject to the final determination by the Internal Revenue Service or the court of competent jurisdiction if and when such final determination occurs. For purposes of determinations, no portion of the Total Payments shall be taken into account which, in the opinion of the Accounting Firm (A) does not constitute a “parachute payment” within the meaning of Section 280G(b)(2) of the Code (including by reason of Section 280G(b)(4)(A) of the Code) or (B) constitutes reasonable compensation for services actually rendered, within the meaning of Section 280G(b)(4)(B) of the Code, in excess of the “base amount” (as defined in Section 280G(b)(3) of the Code) allocable to such reasonable compensation. The costs of obtaining such determination and all related fees and expenses (including related fees and expenses incurred in any later audit) shall be borne by the Company.

(e) Waiver; Amendment. No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Employee and by an authorized officer of the Company (other than Employee). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(f) 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.

(g) Successors. Any successor to the Company (whether direct or indirect and whether by purchase, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company’s business and/or assets shall assume the obligations under this Agreement and agree expressly to perform the obligations under this Agreement in the same manner and to the same extent as the Company would be required to perform such obligations in the absence of a succession. For all purposes under this Agreement, the term “Company” shall include any successor to the Company’s business and/or assets which executes and delivers the assumption agreement described in this Section 8(g) or which becomes bound by the terms of this Agreement by operation of law. The terms of this Agreement and all rights of Employee hereunder shall inure to the benefit of, and be enforceable by, Employee’s personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

(h) Governing Law; Arbitration; Consent to Jurisdiction; and 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, 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) Any claim initiated by the Company arising out of or relating to this Agreement, or breach thereof, shall, at the election of the Company, be resolved in accordance with Section 8(h)(ii) or Section 8(h)(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 8 or enforcing any judgment or award obtained by the Company. Employee waives, to the fullest extent permitted by applicable law, any objection which Employee 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 8(h)(iv), and agrees that Employee 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 8(h)(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 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.

(i) Entire Agreement. This Agreement, the Offer Letter and the CIPA represent the entire understanding of the parties hereto with respect to the subject matter hereof and supersede all prior arrangements and understandings regarding same.

(j) Severability. The invalidity or unenforceability of any provision or provisions of this Agreement will not affect the validity or enforceability of any other provision of this Agreement, which will remain in full force and effect.

(k) Withholdings. All payments and benefits under this Agreement will be paid less applicable withholding taxes. The Company is authorized to withhold from any payments or benefits all federal, state, local, and/or foreign taxes required to be withheld from the payments or benefits and make any other required payroll deductions.

(l) Counterparts and Headings. 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. 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.

Signature Page Follows.

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the date set forth below.

XPO LOGISTICS, INC.

By: /s/ Josephine Berisha
Josephine Berisha
Chief Human Resources Officer

Date: 9/14/21

EMPLOYEE

By: /s/ Ravi Tulsyan
Ravi Tulsyan

Date: 9/14/21

Signature page to Change in Control and Severance Agreement

CERTIFICATION

I, Brad Jacobs, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2021 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/ Brad Jacobs

Brad Jacobs
Chief Executive Officer
(Principal Executive Officer)

Date: November 3, 2021

CERTIFICATION

I, Ravi Tulsyan, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q for the quarter ended September 30, 2021 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/ Ravi Tulsyan

Ravi Tulsyan
Chief Financial Officer
(Principal Financial Officer)

Date: November 3, 2021

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 September 30, 2021 (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/ Brad Jacobs

Brad Jacobs

Chief Executive Officer

(Principal Executive Officer)

Date: November 3, 2021

CERTIFICATION OF THE 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 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 September 30, 2021 (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/ Ravi Tulsyan

Ravi Tulsyan

Chief Financial Officer

(Principal Financial Officer)

Date: November 3, 2021