Goldman Sachs Industrials and Materials Virtual Conference
Fireside chat with Brad Jacobs, Malcolm Wilson and Matt Fassler of XPO Logistics
Conducted by Jordan Alliger, Transportation and Logistics Analyst, Goldman Sachs
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1. **Jordan Alliger, Goldman Sachs:** Good afternoon, everyone. Today, we're pleased to have XPO CEO Brad Jacobs, Malcolm Wilson, CEO of XPO in Europe, and Matt Fassler, Chief Strategy Officer, to discuss what surely are dynamic times for XPO — not only from a purely fundamental perspective, but also given their plan for a strategic spin-off of the logistics business in the second half of this year.

   Brad, to set the stage, when you think about a post-spin world, highlight what you think of as the goals and strategies broadly for each company. And perhaps share your thoughts around how you're going to allocate capital to the two businesses.

2. **Brad Jacobs, XPO:** Thanks for the opportunity to present at your conference, Jordan. We appreciate it. The strategy is going to be the same as it's always been for the last 10 years, which is to focus on the most important thing a public company should focus on, shareholder returns. Our decision-making and strategy revolve around that. And, of course, that means also respecting our many stakeholders.

   We have a limited amount of time and a limited amount of capital. Management's job is to allocate that finite time and capital wherever we see the potential to get the greatest returns. That applies to each of the three main parts of our business — logistics, truck brokerage and less-than-truckload.

In brokerage, we're going to continue to capitalize on the powerful technology that we've been developing since 2011, including our XPO Connect digital freight platform. We'll continue to interact with our customers and our carriers where they want to meet, which increasingly is on XPO Connect. That's the main thing that's been driving our outsized performance in truck brokerage.

LTL is a business where we've doubled our adjusted EBITDA since we bought it in 2015. We've got the second-best operating ratio in the industry, and we've achieved an industry-best improvement in operating ratio over the past five years. Margin expansion will continue to be our strategy in LTL because it works. We still have many opportunities to make our operating ratio better by applying our technology in pick-up and delivery, on the dock to manage workforce planning, and in linehaul to take out miles. We also use our tech to set optimal pricing. It's a winning strategy and it's worked very well for us, so we'll continue to execute on that.

On the logistics side of the house, which will be GXO post-spin, our strategy is to capitalize on the three big tailwinds that we have in that business. One is the tendency of customers to want to outsource more and more of their logistics. Another is the growing demand from customers to have their supply chains managed in warehouses that are automated — and we're a leader in warehouse automation. And third is to capitalize on growth in our largest end-market in logistics, which is e-commerce. That includes reverse logistics and omnichannel retail. We're going to continue winning with this strategy.

3. **Jordan Alliger, Goldman Sachs:** Great, thank you. As you think ahead to a post-spin world, acquisitions have obviously been a part of your past. How do you think about it going forward between the two companies? Would you expect there to be opportunities, or is capital going to be allocated to other things, such as buybacks or debt reduction?

4. **Brad Jacobs, XPO:** The primary use of capital is to pay down debt. We don't need to do acquisitions to grow profitably and create tons of alpha, but we keep an open mind about accretive acquisitions. We're very disciplined about M&A.

   Logistics has a great financial model because it's a secular grower. Those trends I mentioned — e-commerce, outsourcing and automation — are expected to grow the business regardless of the cycle. It's a business where you can grow the top line at multiples of GDP. And, you can look for ways to take out unnecessary costs and inefficiencies to grow the margins. While we can grow the top line and expand margins, we can also generate substantial free cash flow.

That model is going to continue at GXO. When we saw the opportunity in the UK to acquire some of Kuehne+Nagel's logistics businesses at the start of the year, we jumped on it because there was a ton of synergy and opportunity to create value. It also made sense financially. So, opportunistically, M&A is always on the table, but not at the expense of our main financial goal, which is to reduce leverage. Our plan is to have GXO be investment-grade from day one.

5. **Jordan Alliger, Goldman Sachs:** Would you say the M&A opportunity will be more on the logistics end, or could it still be on the more traditional transportation side in XPO RemainCo? Or do you just not know?

6. **Brad Jacobs, XPO:** There are acquisitions available on both sides, and plenty of competitors to buy. It all depends on what's available and how attractive it is — if there's a compelling reason to do it. An acquisition takes a lot of time. Not to get it signed, but post-acquisition. We generally have over a hundred people working on integrating and optimizing a sizable acquisition. It's a multi-year process where a lot of transformation takes place. We're happy to do all that work and allocate our time to that if there's a very clear, low-risk path to creating lots of value. To the extent that we find an acquisition to be strategically compelling and financially sensible, and it doesn't compromise our ability to be investment-grade, we'll be openminded to it. We don't need to do it, though. We needed to do acquisitions from 2011 to 2015 because we didn't have scale yet. We started as a little company with a couple hundred million

dollars of revenue. So, we had to build that up, but we've reached very substantial scale now.

7. **Jordan Alliger, Goldman Sachs:** Let's focus on LTL. Could you provide an update on what you're seeing from a demand and buying perspective? We've been hearing that things in LTL continue to be strong and are accelerating, so maybe talk about how you're seeing things sequentially, given the year-over-year comps are probably a little bit out of whack.

8. **Matt Fassler, XPO:** Demand is very strong. It's been accelerating through the year. We're seeing strength in the consumer sector, and also strength building among industrial customers. Obviously, to your point, the year-on-year comps do get easier in the month of April, but if you look at the tonnage per day that we generated in March, and the tonnage per day that we generated in April, the sequential change is better than typical seasonality. That points to underlying strength in the business beyond the noise in the comps.

9. **Jordan Alliger, Goldman Sachs:** On the pricing side, could you talk a little bit about the LTL pricing environment and the magnitude of pricing opportunities as you go through the year? To the extent you can, please share some color on contract renewals, as well.

10. **Matt Fassler, XPO:** There's the industry pricing environment and then there's our pricing initiatives. Both of them are really exciting. The industry pricing environment is excellent. Remember that LTL, as an industry, has had very rational pricing for a number of years, and that's persisted through the ups and downs of demand. Yield was up for the industry even during some softer times for volume, like 2020. That speaks to the resilience of the industry. It's obviously picked up recently with the acceleration in demand. We saw that evidenced in the yield we generated in the first quarter, which accelerated by over 200 basis points sequentially from the yield we generated in the fourth quarter.

We also looked at our sequential change in yield from March to April. That change was better than typical seasonality, which is the same comment I made about tonnage per day a minute ago. That speaks well to the intrinsic strength of the market.

Price increases on contract renewals are also moving in the right direction. The first quarter was notably stronger than the fourth quarter. And, the month of April was stronger than what we saw in the first quarter. It's absolutely up and to the right.

This industry backdrop, and our pricing initiatives that Brad alluded to in some of his earlier comments, are equally compelling parts of the story. And they're going to continue to resonate over a period of years. We'll continue to deploy our technology, refine our elasticity models, improve our bidding processes and make sure we're bidding on the right business. The net of this should be to drive yield higher on a continuous, multi-year basis, ultimately above and beyond how the market does.

11. **Jordan Alliger, Goldman Sachs:** You mentioned technology a few times. How important has the technology you've been implementing been to keeping service levels where they need to be?

12. **Matt Fassler, XPO:** Service levels are mainly about people, and we have terrific people and leadership at our LTL service centers and on the road. Managing them well and keeping them motivated, as they have been, is essential to maintaining service levels. I think the impact of technology certainly makes their jobs easier, but where technology really shines is for shareholders. Our tech efforts are focused on productivity. They're focused on asset productivity and people productivity.

    Take linehaul optimization. Linehaul is a major cost for us in LTL. Driving efficiency through better linehaul modeling has been paying off already, and we see a huge financial upside going forward. The same is true of the LTL dock work. That's another major expense for us. By deploying XPO Smart, our labor management analytics, we've been able to generate 5 to 7% productivity improvements on the dock. And finally, with LTL pricing, that has 100% flowthrough from incremental yield to EBITDA. We're successful there and, as I said, we have a lot more runway to go.

13. **Jordan Alliger, Goldman Sachs:** Where are you seeing cost inflation? We've heard repeatedly through the conference that drivers are an issue and, presumably, that there's some wage inflation. And how do you take into context, too, the volume growth and headcount needs; and can you get the folks you need?

14. **Matt Fassler, XPO:** The largest cost that we have in LTL is labor. To your point, the biggest constraint on LTL — or the biggest opportunity — is drivers. There has been a very tight supply of drivers in the industry. We're working to address that, in part on our own, by graduating more drivers from driver schools that we run. The number of graduates from our driving schools in 2021 will be about 600 drivers. That's roughly triple from about 200 drivers in 2020.

    To the extent that there is wage inflation out there, clearly there are opportunities to defray that in pricing and through more efficiency. If you think about linehaul optimization, P&D optimization and dock optimization, all of those are focused on getting more out of an individual's hour and making sure that the staffing levels and the routing levels are appropriate to the revenue that comes in. That's working in our favor, which is why we were able to generate 220 basis points of year-on-year adjusted operating ratio improvement in the first quarter, and more than 500 basis points of OR improvement on a two-year basis, even with some issues in the backdrop.

15. **Jordan Alliger, Goldman Sachs:** Are you generally able to handle the business that's coming your way and that people want you to move, or is there a gating factor?

16. **Matt Fassler, XPO:** We're doing well at handling business that's coming our way, but if you think about the service centers, the rolling stock and the people, people right now is the largest gating factor of the three.

17. **Jordan Alliger, Goldman Sachs:** Thinking bigger picture over time, in the past you've talked about the LTL EBITDA potential. Could you maybe give a sense of where you think EBITDA could get to in LTL as part of XPO RemainCo? And where could that margin move to? Is there a limitation to how low you could push that OR down towards 80?

18. **Matt Fassler, XPO:** We've generated about 1,000 basis points of OR improvement over the past five years. So, we've made a tremendous amount of headway, and we're going to make more. We have a target of at least $1 billion of adjusted EBITDA in North American LTL by next year. We intend to get there through a combination of revenue and OR improvement in 2022, with meaningful OR improvement over the remainder of this year as well. We think we have substantial upside for margins and room to push OR lower over the next number of years, driven by all the factors that we've talked about. You talked about if we can potentially hit 80 OR or go beyond that at some point, and the answer is absolutely yes.

19. **Jordan Alliger, Goldman Sachs:** We talked a little about the technology standpoint. I know you've been implementing things over the years, but where are you now and what are you doing from a tech standpoint? Or is a lot of it already done at this point?

20. **Matt Fassler, XPO:** We're far from done on any of the initiatives that we've spoken about. The one that has achieved the highest level of penetration of roll-out would be XPO Smart, which has been implemented across all of our LTL docks now for a number of quarters. One of the beauties of Smart — and I know Malcolm has experienced this in logistics, as well — is that the roll-out isn't the end of the story. There's a curve of continuous improvement.

    Linehaul and P&D optimization is also underway. We're deep into the work there, and there's still a great deal of upside to be realized. And the one where we're in the earliest implementation, with the most forward opportunity, is on the LTL pricing side, where it seems there are new initiatives every day and we're learning more and more about the things that we can do to make sure our prices and revenues are optimized relative to the opportunities in the business.

21. **Jordan Alliger, Goldman Sachs:** Great. Now, if we could switch to the logistics side of the equation. This might be a newer avenue for folks to explore, but could you discuss which areas in contract logistics — and maybe there's a difference between the US and Europe — are most in demand by customers? Are they asking for warehousing? Are

they asking for e-fulfillment? What are the biggest draws right now in terms of someone talking to you, in need of help?

22. **Malcolm Wilson, XPO:** Brad mentioned the three big mega-trends across our logistics business. With outsourcing, we're seeing that trend pick up across all of our key verticals. Large customers want to outsource more and more as they see the critical role of logistics in the supply chain, and that it's essential to their success. That's not specific to certain verticals. We're busy implementing new business for customers across the board.

    The second of those big mega-trends is demand for e-fulfillment, coming from the acceleration of e-commerce. About 38% of our logistics business is omnichannel retail and e-commerce, so it's right in our wheelhouse and we're a recognized expert with a lot of experience in that. We operate the largest outsourced e-fulfillment platform in Europe.

    E-commerce and omnichannel are also driving a huge amount of incremental need for warehouse automation. This ranges from big industrial automation that we've operated for customers like Nestle, to robotics and collaborative robots. These are the big trends at the moment, and they're impacting every part of our business. Right now, any type of product connected to e-fulfillment is very buoyant. And that's a secular shift in how consumers are buying products. We expect that to be true for the long-term.

23. **Jordan Alliger, Goldman Sachs:** That's a good point because there has certainly been some debate as vaccines roll out — does buying behavior shift back, relative to e-commerce? But I take it you don't believe that.

24. **Malcolm Wilson, XPO:** No. Many of our customers sell through both brick-and-mortar and e-fulfillment. Brick-and-mortar is steadily coming back, but what we're seeing is that the demand for e-fulfillment is still very high. More and more organizations have recognized the risk that they carry if they don't have a very developed, refined e-fulfillment offering. And, that's bringing huge amounts of business opportunity to us.

    On the recent win we announced with Apple, we're going to open up over a million square foot, state-of-the-art warehouse for them in Indiana. It will be heavily automated with robotic technology, doing personalization of products before they're dispatched to consumers. It all sits within the logistics business of XPO — GXO in the future.

25. **Jordan Alliger, Goldman Sachs:** You mentioned the Apple win and the automation and robotics. Is that what it is? Obviously, there are people, too, but is it the technology capability that gives you a competitive advantage? If there's one thing we've heard over the course of this conference from others who do supply chain stuff, it's that customers are very concerned after this past year, about supply chain resiliency. I imagine it's the

automation or the technology that gives a company like yours an advantage. Is that what the customers really want someone to do for them?

26. **Malcolm Wilson, XPO:** Absolutely. It's a big strength for our company. Not many companies have got the expertise to implement this automation. And we should remember that automation brings a lot of productivity. When we put goods-to-person robotics in a site, that usually leads to a 4 to 6x increase in productivity. It's helping us to redeploy our human resources into other work that's better suited to people and let the robots do the work that's more difficult. It's a big win for us. Most organizations just don't have the ability or the desire to implement this level of advanced automation by themselves, and that's fueling this big outsourcing trend.

27. **Jordan Alliger, Goldman Sachs:** That's interesting. Is the tech that you have in logistics something that you develop yourself, or is it a combination of your own tech and third-party resources?

28. **Malcolm Wilson, XPO:** In the main, it's coming from us. XPO was an early adopter of tech enablement across all of the businesses. Matt mentioned technology in the transport business. In logistics, we are a leader in the deployment of robotic technology and big industrial-sized automation. We don't build the robots but our warehouse management platform manages all the sophisticated integration and control in-house. It's a differentiator for our business and is one of the reasons why large customers see

us as a leader in advanced automation, and why we're seeing so much demand from new customers that we haven't worked with before.

We recently announced that, year-to-date, we've had over $4 billion of new contract signings — a combination of existing customers renewing for long-term periods and brand-new customers coming to us. In nearly every case, there's a high level of automation. It's our signature.

29. **Jordan Alliger, Goldman Sachs:** You brought up the business pipeline and the $4 billion. I think you just announced another win yesterday with Pearson, an education company, as well. Is that the typical type of win that you're looking at? $4 billion is a lot, so how do you think of the spacing of it? I assume it rolls in in different phases.

30. **Malcolm Wilson, XPO:** It rolls in steadily but in that $4 billion is the biggest single contract ever in the company's history, and we're not going to see that every quarter. But generally, the kind of customers we work with are the bluest of the blue-chip. We have a very long tenure with the majority of our customers. Our top 20 logistics customers have been working with us for 15 years on average.

    As Brad mentioned, customers enjoy working with us. We bring a lot of value to their business, we help make them successful, we do our best to safeguard their reputation and, as a result, we see this steady stream of existing customers wanting us to do more and more with them. In Europe, it’s typical for us to work with one customer in one country, and within a few years we might have several operations across multiple countries with the same customer.

Customers also like the consistency of GXO — our consistent approach in terms of culture, ESG, the rollout of automation and the reliability of the outcomes we produce. That also attracts new customers. I mentioned Apple, which is a great example of a customer we’re working with for the first time, and we’re super excited about that project.

31. **Jordan Alliger, Goldman Sachs:** I’m curious, has the complexity of the deals increased or have they remained the same pre- and post-COVID? Are things more involved than they once were?

32. **Malcolm Wilson, XPO:** Our margins are increasing. They have been for the past several years and we expect them to carry on increasing, in part because of the drivers behind outsourcing. E-fulfillment is a good example. The logistics activities are getting more and more time-compressed. We have to handle high volumes with extreme accuracy, with high quality, and do it safely — all in a shorter window of time because that’s what consumers demand. And automation enables that.

Also, customers are asking us to do more and more value-added work — for example, work that in the past that could have been done at a manufacturing plant, but it's better now to bring products to the warehouse and customize them at the last minute before they go to consumers. It a better financial model for our customers. So, all of that complexity and that added value that we can bring into the relationship is making us more integrated with our customers, and it's also allowing us to lift our margins, as well.

33. **Jordan Alliger, Goldman Sachs:** That's interesting with the value-added piece being a driver of long-term margin. If they're asking you to do more, clearly you're able to up the price.

34. **Malcolm Wilson, XPO:** We're bringing more benefit to our customers, and so naturally they let us benefit, too.

35. **Jordan Alliger, Goldman Sachs:** And then, when you're negotiating a deal or talking to a potential customer, what is the principal focus you look at? Is it return on capital? Is it the margin for that customer? How do you think about how you look at it from a pricing and all-in standpoint for your company?

36. Malcolm Wilson, XPO: ROI is the main criterion. More and more of our contracts are long-term — five, 10, even longer than 10 years. We also have a strong focus in terms of the margin. Usually, ROI and margin go together.

37. **Jordan Alliger, Goldman Sachs:** I wanted to spend a few moments on truck brokerage because that's another area where we're certainly seeing some good trends. You guys have been outperforming the market for a while now. Why? What is going on with your truck brokerage business?

38. **Brad Jacobs, XPO:** There are a couple of things. The first is that in the darkest days of the pandemic last year, we made a bet. We said that this pandemic is a terrible thing, but it's not going to last forever. We figured there'd be a vaccine sooner or later and business would come back. It takes a while to staff up in brokerage because you need to train people, so we staffed up while some of our competitors were staffing down. That cost us in the short-term, but we're reaping the rewards here and in the longer term.

    The bigger driver, though, is XPO Connect, our digital freight marketplace. This platform is driving the outperformance of our business versus the market.

39. **Jordan Alliger, Goldman Sachs:** What sort of adoption trends are you seeing with Connect? What proportion of your business goes through that?

40. **Matt Fassler, XPO:** Over 90% of our business has an element of automation. All of that runs through XPO Connect. Regarding adoption, here are a couple of great stats for you. In the first quarter, our year-on-year carrier usage was up over 60%. Our year-on-year

customer usage was more than double what it was the prior year. Our loads are up 25% year-on-year, which is one of the best numbers in the industry. We're ramping new hires faster than we would've ramped them in prior years, and that's because of Connect. It's also helping us drive margin. We've had a very meaningful improvement in net revenue per load, and that load growth turned into very strong net revenue growth. Our truck brokerage net revenue in the first quarter was up 133% year-on-year. All of that is a function of the deployment of XPO Connect.

41. **Jordan Alliger, Goldman Sachs:** So, you did staff up when maybe others didn't. And now you have a digital platform that's doing very well. As you think longer-term, with the digital capabilities, will you need to add as many people going forward for every incremental net revenue dollar?

42. **Matt Fassler, XPO:** We made a tactical decision, and we're very happy that we did. But if you take a look at the five-year trend, our headcount's up low single-digits, yet our loads are up over 40%. So, the productivity curve is absolutely one of increased productivity, notwithstanding these additional hires, who obviously have been quite productive. We think that, over time, our brokerage business is going to grow much faster than headcount, and that productivity still has a long runway to go. And by the way, it's not just productivity. Productivity is very important, but we also get better price discovery and visibility. We're able to share that with our customers. They love that. It gives them

their best look at the market. And we're able to really understand the market ourselves and, consequently, deliver the right margins.

43. **Jordan Alliger, Goldman Sachs:** We're up on time, but if there are any final comments you'd like to make on the business before we wrap up, please go ahead.

44. **Brad Jacobs, XPO:** Business is good. It's getting better, and it will get even better when the government subsidies go away, and we can hire more dockworkers and warehouse workers and drivers. That's the gating factor right now. When that's removed, you can expect another leg up in growth.

45. **Jordan Alliger, Goldman Sachs:** I did see a release come out today that you're looking for people.

46. **Brad Jacobs, XPO:** We're always looking for good people!

47. **Jordan Alliger, Goldman Sachs:** Thank you so much and have a great, productive rest of your day.

48. **Brad Jacobs, XPO:** Thanks, Jordan.

Edited for clarity.

Non-GAAP Financial Measures

As required by the rules of the Securities and Exchange Commission ("SEC"), we provide reconciliations of the non-GAAP financial measures contained in this transcript to the most directly comparable measure under GAAP, which are set forth in the tables posted in the investor relations section of our website.

XPO's non-GAAP financial measures used in this transcript include: adjusted earnings before interest, taxes, depreciation and amortization ("adjusted EBITDA") and adjusted EBITDA margin on a consolidated basis; net revenue and net revenue margin for our transportation segment, including net revenue for our North American truck brokerage business; and adjusted operating income, adjusted operating ratio, adjusted EBITDA and adjusted EBITDA margin for our North American less-than-truckload business.

We believe that the above adjusted financial measures facilitate analysis of our ongoing business operations because they exclude items that may not be reflective of, or are unrelated to, XPO and its business segments' core operating performance, and may assist investors with comparisons to prior periods and assessing trends in our underlying businesses. Other companies may calculate these non-GAAP financial measures differently, and therefore our measures may not be comparable to similarly titled measures of other companies. These non-GAAP financial measures should only be used as supplemental measures of our operating performance.

Adjusted EBITDA includes adjustments for transaction and integration costs, as well as restructuring costs and other adjustments as set forth in the attached tables. Transaction and integration adjustments are generally incremental costs that result from an actual or planned acquisition, divestiture or spin-off and may include transaction costs, consulting fees, retention awards, and internal salaries and wages (to the extent the individuals are assigned full-time to integration and transformation activities) and certain costs related to integrating and converging IT systems. Restructuring costs primarily relate to severance costs associated with business optimization initiatives. Management uses this non-GAAP financial measure in making financial, operating and planning decisions and evaluating XPO's and each business segment's ongoing performance.

We believe that adjusted EBITDA and adjusted EBITDA margin improve comparability from period to period by removing the impact of our capital structure (interest and financing expenses), asset base (depreciation and amortization), tax impacts and other adjustments as set out in the tables on our website that management has determined are not reflective of core operating activities and thereby assist investors with assessing trends in our underlying businesses. We believe that net revenue and net revenue margin improve the comparability of our operating results from period to period by removing the cost of transportation and services, in particular the cost of fuel, incurred in the reporting period as set out in the attached tables. We believe that adjusted operating income and adjusted operating ratio for our North American *less-than-truckload business improve the comparability of our operating results from period to period by (i) removing the impact of certain transaction and integration and restructuring costs, as well as amortization expenses and (ii) including the impact of pension income incurred in the reporting period as set out in the attached tables.*

Forward-looking Statements

This transcript includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including our company's planned spin-off of its logistics segment and our future growth prospects for adjusted EBITDA in our North American less-than-truckload business. 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 us in light of our experience and our perception of historical trends, current conditions and expected future developments, as well as other factors we believe 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 the risks discussed in our filings with the SEC and the following: economic conditions generally; the severity, magnitude, duration and aftereffects of the COVID-19 pandemic and government responses to the COVID-19 pandemic; our ability to align our investments in capital assets, including equipment, service centers and warehouses, to our customers' demands; our ability to implement our cost and revenue initiatives; our ability to successfully integrate and realize anticipated synergies, cost savings and profit improvement opportunities with respect to acquired companies; matters related to our intellectual property rights; fluctuations in currency exchange rates; fuel price and fuel surcharge changes; natural disasters, terrorist attacks or similar incidents; risks and uncertainties regarding the potential timing and expected benefits of the proposed spin-off of our logistics segment, including final approval for the proposed spin-off and the risk that the spin-off may not be completed on the terms or timeline currently contemplated, if at all; the impact of the proposed spin-off on the size and business diversity of our company; the ability of the proposed spin-off to qualify for tax-free treatment for U.S. federal income tax purposes; our ability to develop and implement suitable information technology systems and prevent failures in or breaches of such systems; our substantial indebtedness; our ability to raise debt and equity capital; fluctuations in fixed and floating interest rates; our ability to maintain positive relationships with our network of third-party transportation providers; our ability to attract and retain qualified drivers; labor *matters, including our ability to manage our subcontractors, and risks associated with labor disputes at our customers and efforts by labor organizations to organize our employees; litigation, including litigation related to alleged misclassification of independent contractors and securities class actions; risks associated with our self-insured claims; risks associated with defined benefit plans for our current and former employees; and governmental regulation, including trade compliance laws, as well as changes in international trade policies and tax regimes; governmental or political actions, including the United Kingdom's exit from the European Union; and competition and pricing pressures.*

All forward-looking statements set forth in this transcript are qualified by these cautionary statements and there can be no assurance that the actual results or developments anticipated by us will be realized or, even if substantially realized, that they will have the expected consequences to or effects on us or our business or operations. Forward-looking statements set forth in this transcript 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.