XPO Logistics

July 30, 2020

Presentation Script and Slides

The following script should be read in conjunction with the accompanying slide presentation, which contains, among other information, source data for certain information set forth in the script.

Thank you for joining us. We'll start with an overview of XPO Logistics today, and our strategy for driving growth, competitive differentiation and financial returns. We'll discuss a number of significant profit improvement opportunities specific to our operations. And we'll give you an overview of our second quarter 2020 financial performance, as well as some trends we see in our business.

XPO is a top ten global logistics company with about $17 billion in 2019 revenue and an integrated network of people, technology and physical assets. We operate under the single brand of XPO Logistics. We use our network to help our customers manage their goods most efficiently throughout their supply chains.

We have two reporting segments: transportation and logistics. Approximately 64% of our 2019 revenue came from transportation. The other 36% was logistics, which we sometimes refer to as "supply chain" or "contract logistics."

Our markets are highly diversified. The more than 50,000 customers we serve span every major industry and touch every part of the economy. Our revenue comes from a mix of key verticals, such as retail and e-commerce, food and beverage, consumer packaged goods and industrial.

About 59% of our 2019 revenue was generated in the United States, 12% came from France and 12% from the United Kingdom. Of the balance, Spain was the next largest at 5% of revenue. In total, we operate in 30 countries with 1,506 locations and approximately 96,000 employees.

Investor Highlights

These are the key factors driving our growth and returns companywide:

- We hold leading positions in fast-growing areas of transportation and logistics, with outsized exposure to sectors with track records of long-term growth and sustained demand.
- Our rapid pace of innovation differentiates XPO's services and makes the most of the talent and assets within our organization.
- Our combination of scale, density, expertise and technology is critically important in e-commerce and omnichannel supply chains, where we have a strong global presence.

- Currently, we hold less than 2% share of the total addressable market opportunity. Our share growth complements opportunities for further consolidation of fragmented markets.
- Our scale also propels operating leverage, cross-selling, purchasing power and capacity to innovate.
- Our business model is optimized for free cash flow generation in all parts of the cycle: about 70% of our revenue is asset-light and 77% of our cost basis is variable.
- We serve customers in different verticals with diverse economic cycles and the vast majority of our revenue is generated under long-term contracts, making our performance more resilient in economic cycles.
- Our maintenance capex is low, and we have the ability to adjust our capex and turn working capital into a source of cash in a downturn.
- Our secret sauce has always been the world-class people we've attracted to XPO — not just our 35 executives, but also the 2,500 professionals at the next level, with blue-chip industry experience: our technologists, managers, engineers, logisticians and operators.
- We're executing on 10 profit initiatives that are specific to XPO. In total, these initiatives represent an estimated $700 million to $1 billion of potential profit improvement.
- In addition, our business units have growth drivers that are specific to the services they provide. These drivers range from secular tailwinds to internal initiatives for sales and margin expansion.

Looking at the 10 profit initiatives in particular, all are self-driven and largely independent of the macro. They exist because we've invested in innovation for years, and our investments are bearing fruit across our operations.

We estimate that 40% of the potential opportunity is related to revenue initiatives: advanced pricing analytics and revenue management tools, our digital freight platform, our shared distribution network and cross-selling our services, primarily within transportation in North America and in Europe. The other 60% is related to cost initiatives: LTL process improvements, contract logistics automation, workforce productivity, European margin expansion, global procurement and further back-office optimization.

Operationally, we estimate that approximately 50% of the potential profit improvement opportunity is in global logistics. Another 30% of the opportunity applies to North American less-than-truckload, and the remaining 20% applies to all other transportation lines.

Six of the 10 profit initiatives are driven directly by our technology. For example, our proprietary algorithms are key to our plan for LTL process improvements, as well as to our advances in logistics automation — we're targeting more than $100 million of incremental profit improvement in each of these areas. We're applying data science to capture pricing opportunities across our transportation modes. We're also building elasticity models to optimize mix, and while it's still early, we're seeing positive results.

Beyond the P&L, our technology is a way for us to strengthen our relationships with customers and serve them as completely as possible. The industry is evolving, and customers want to future-proof their supply chains. We have the ability to develop customized solutions that solve complex challenges for customers by utilizing machine learning and data science.

Behind these initiatives is a global technology team of approximately 1,600 experts assigned to different areas of the business, and with a common understanding of our goals. Their ability to apply cutting-edge thinking to commercial practices distinguishes XPO from other technology efforts in our industry.

We've structured our technology organization to deliver a number of important advantages:

For a number of years now, we've made one of the largest tech investments in our industry — in 2019, the size of that investment was about $550 million. We're determined to disrupt the marketplace and, where necessary, disrupt ourselves to drive long-term earnings growth.

Second, our technology team is embedded in North America and in Europe. This allows us to address opportunities in real time, with constant feedback loops that engage our operators and customers.

Third, we can deploy innovations globally across multiple operations in a relatively short time. We've built a highly scalable platform on the cloud to speed the development of new ways to increase efficiency, control costs and leverage our footprint. This gives our large accounts an added incentive to use XPO for multiple solutions.

And fourth, we can take an innovation developed for one of our operations and create value from it in other service lines. XPO Smart™ is a case in point.

XPO Smart™

XPO Smart™ is proprietary to our company and a critical lever in our profit improvement plan. It's a suite of intelligent tools and analytics that self-adjusts site by site to drive productivity across our business units. We designed XPO Smart™ to incorporate dynamic data science and machine learning into the decision-making process for our managers. One of the most powerful aspects of the technology is its ability to generate both real-time and predictive insights.

Prior to XPO Smart™ we were managing warehouse labor spend, like most of the industry, through a combination of tribal knowledge and reactive analytics. Our workers would receive a report on a Wednesday letting them know how they did on Monday. The benefits of moving to real-time visibility have been significant, as noted in the sections on LTL and logistics that follow. These are the areas of the business where we believe XPO Smart™ will deliver the greatest benefits.

The economics of rolling out XPO Smart™ are compelling: the payback is measured not in months or years, but in days. We're able to show customers how real-time insights into productivity can drive allocation of resources and cost reductions.

All of this information is interpreted using machine learning, so that our software becomes continually smarter at site-specific modeling. Our managers use the tools to make informed decisions about the optimal mix of LTL dock workers and drivers, the ratio of full-time to part-time warehouse labor, shift lengths and use of overtime.

The data also teaches our managers about infrastructure — sometimes it's the physical space that creates inefficiencies. Our analytics track how goods flow through our warehouses and freight moves around our docks. We use that information to make improvements.

The supply chain industry is wide open for disruptive thinking like this.

Company Overview

We created XPO in 2011 to provide exceptional value for our customers while generating meaningful returns for our shareholders. The supply chain industry has strong fundamentals for value creation: it's vast, growing, fragmented and ripe for innovation, with underpenetrated market sectors.

Supply chains are unique by nature; each one is a network spanning every step a company must take to move its goods from the origin to the end-user. Our customers typically have supply chains that include vendors, manufacturers, labor, assets, technologies, data and other resources. There are secular industry trends in our favor, including the ongoing growth in e-commerce, just-in-time inventory management and the globalization of supply chains by multinational companies.

Our service offering is asset-light overall, with assets accounting for just under a third of revenue. In 2019, our net capex was 2.1% of revenue — a notably lower percentage than asset-intensive competitor groups in our industry, such as less-than-truckload, truckload, parcel and rail carriers. The assets we do own or lease are critical components of the customer services we provide: 767 contract logistics facilities, 555 cross-docks, trucking assets of 15,000 tractors and 38,000 trailers, and intermodal assets of 10,000 53-ft. boxes and 5,000 chassis.

We market our service offerings using a two-pronged sales strategy: earn a greater share of wallet with our existing customer base and further penetrate high-growth verticals where our expertise and track record give us an advantage.

Over the past three years, we deepened our bench strength of senior-level sales talent in transportation and logistics in both North America and Europe and beefed up our North American LTL sales organization, including sales support personnel. We also invested in new training and analytics.

The scope of our services gives us entry to many different types of customers. We are:

- The second largest contract logistics provider worldwide, and the largest outsourced e-fulfillment provider in Europe;
- A top three LTL provider in North America, and a leading LTL provider in Western Europe;
- The second largest freight broker worldwide, with one of the largest owned road fleets in Europe;
- The largest last mile logistics provider for heavy goods in North America;
- The third largest provider of intermodal freight services in North America;
- The largest provider of managed expedite shipments in North America;

- A top five global provider of managed transportation solutions; and
- A provider of domestic and international freight forwarding services.

We share knowledge across our service range with an emphasis on best practices in high-impact areas of operation, such as customer service, sales, safety, training, warehouse management, cross-dock operations, equipment maintenance and human resources.

Overview of Logistics Operations

XPO is at the forefront of a $130 billion contract logistics industry in North America and Europe combined. Our logistics footprint stands at approximately 200 million square feet of warehouse space — this makes us attractive to multinational customers, as does our vertical expertise, technology and sophisticated engineering capabilities.

Within our logistics segment, our two main regional distinctions are Europe and North America. North America is managed together with Asia and Latin America. In North American logistics, we've identified five key drivers of growth and margin expansion. They are:

- XPO is the logistics partner of choice for large customers, in part because of our ability to develop sophisticated solutions and drive efficiencies through automation;
- Our proprietary technology excels at visibility, speed, accuracy, agility, forecasting and control;
- Our XPO Direct™ network is a unique, shared-space distribution solution that gives customers a fluid way to position inventory close to target populations, reducing fixed costs and transit times;
- Our broad range of vertical expertise capitalizes on tailwinds from the growth of e-commerce and omnichannel retail, and more universally, trends toward outsourcing; and
- Our logistics business in North America is in a strong position for growth, with a high contract renewal rate, substantial new business wins.

While these attributes also apply to our European logistics business, Europe has its own unique growth drivers:

- We have the largest outsourced e-fulfillment platform in Europe;
- Our robust multinational capabilities meet customers' high expectations for service quality across Europe;
- Our bespoke, technology-enabled solutions are high-margin and create stickiness with key customers;
- We have a large base of customer relationships that have a significant upside in share of wallet; and
- Our targeted sales strategy and macro-independent margin initiatives are already underway.

Contract Logistics

Our contract logistics segment is asset-light and characterized by long-term contractual relationships, low cyclicality and a high-value-add component that deters commoditization. It has low capex requirements as a percentage of revenue, which leads to strong free cash flow conversion and ROIC. This is a well-positioned business with ongoing opportunities to expand margin through disciplined cost and productivity management, a reduction of loss-makers and greater efficiency and safety through automation. Our US warehouse safety record for OSHA reportable incidents is more than four times better than the industry average.

The majority of our top contract logistics customers have investment-grade credit ratings. They represent the preeminent names in retail and e-commerce, food and beverage, technology, aerospace, wireless, industrial and manufacturing, chemical, agribusiness, life sciences and healthcare. We also have strong positions in fast-growing sub-verticals: for example, XPO is the number one provider of fashion logistics in Italy. There are very few logistics companies with our breadth of vertical expertise. Most of our competitors specialize in one or two verticals.

When we secure a new logistics contract, the initial tenure of that contract, globally, is approximately five years on average with a historical renewal rate around 95%. These relationships can lead to a wider use of our services, such as inbound and outbound logistics.

In addition, our logistics offering includes a range of special services unique to XPO that help our customers control costs and increase efficiency. XPO Smart™ is brilliant at both of these objectives. We've seen productivity improvements of at least 5% on average — much higher at some individual sites — from rightsizing our labor resources. To date, we've implemented the tools in two-thirds of our warehouses in North America, with roll-outs ongoing on both sides of the Atlantic.

Here's a real-life example: a large customer had been let down by another 3PL and needed us to take on 25% more volume for their peak season. It was coming up fast in 60 days. XPO Smart™ helped us manage the surge. We organized shift schedules, moved the customer's inventory closer to the fulfillment stations and increased employee engagement. The customer's experience was so positive, they asked us to take on 50% more volume.

We also provide value-added warehousing and distribution, e-commerce and omnichannel fulfillment, cold-chain solutions, reverse logistics, packaging and labeling, factory support, aftermarket support, inventory management and order personalization services, such as laser etching. In addition, we provide engineered solutions for supply chain optimization, such as production flow management.

Our competitive positioning in logistics is as a technology leader. We're innovative and agile, with the ability to handle complex implementations, and we're a huge proponent of advanced automation. With robotics, for instance, we work with about 30 of the top robotics companies in the world, culled from hundreds of suppliers.

Reverse logistics, also called returns management, is a fast-growing area of contract logistics and one where we have a high profile as a quality provider. It's a demanding service that includes inspections, repackaging, refurbishment, resale or disposal, refunds and warranty management. These are high-value services for any company with consumer end-markets, because consumers are increasingly test-driving the products they buy online. Our technology is a major differentiator here.

It's notable that about 10% to 35% of all e-commerce orders result in returned goods. This creates strong peaks in reverse volumes at certain times of year. We've been able to shave several days off the reverse process through automation and analytics, getting our customers' products back on shelves more quickly for resale.

One of our largest contract logistics wins to date is an omnichannel reverse logistics facility for a large footwear and apparel company. Omnichannel is the industry term used to describe retailers who have both brick-and-mortar stores and an e-commerce channel. We've partnered with our customer on a 1.1 million square foot returns processing center in the US. The site has been custom-designed to dramatically improve the processing time it takes to get products back into the supply chain once they're returned through retail, wholesale and e-commerce channels.

In another omnichannel win, we signed one of our largest logistics contracts in Europe with Waitrose & Partners, a national supermarket chain in the UK. We've begun operating two key distribution hubs for Waitrose, managing the picking and dispatch of an estimated 143 million cases per year. In their press statement, Waitrose commented that they chose XPO for our expertise in omnichannel distribution.

Our complementary logistics strengths in Europe and North America give us inroads into new verticals. For example, in Europe, we're a specialist in food and beverage logistics, which includes staples that are less sensitive to economic cycles. Our European food and beverage experts are helping us build this business in North America. In the US, we're strong in high-tech sectors; this is opening new doors for us overseas.

Logistics Automation

Contract logistics processes are ripe for transformation through technology. Order fulfillment times are compressing, most notably in the direct-to-consumer space. What used to be a five-day process is now down to one day or less. The most cost-effective way to meet customer expectations is through advanced automation and intelligent machines: robots and cobots (collaborative robots), automated sortation systems, automated guided vehicles (AGVs) and goods-to-person systems.

These technologies deliver critical improvements in speed, control, accuracy and productivity. Importantly, robots are also a way to enhance worker safety and overall quality of employment. We've found that autonomous goods-to-person systems improve employee productivity by 4-6x by bringing inventory to workers at pick-and-pack stations. Cobots have a 2x benefit to productivity. Stationary robot arms repeat demanding tasks with absolute precision 3x faster than would be possible manually. Robotics are particularly valuable in tight labor markets where wage inflation and labor shortages can erode customer margins.

Another major driver of logistics automation is consumer demand for speed, particularly in e-commerce order fulfillment. Increasingly, people want their goods in one or two days, or even the same day. The crescendos to peak order periods are steeper and the peaks themselves are higher. We use automation to help manage these demands. We've also developed analytics that predict future peaks based on data histories and forecasted customer spend.

We've further differentiated XPO from other logistics providers through our ability to create a synchronized environment across automation platforms. In 2018, we launched WMx, our proprietary warehouse management platform; it integrates robotics and other advanced automation into our operations with a high degree of control, even when complex, third-party software is involved. Our warehouse platform is a key competitive advantage, particularly in multichannel environments.

Other differentiators for XPO are our order management tool (OMx), which gives customers deep visibility into fulfillment flows, and our business analytics dashboard (BMx), which gives customers XPO tools to manage their supply chains. Our connection management software (CMx) facilitates the seamless integration of SAP, Oracle and other customer systems, allowing us to engage in sophisticated demand planning.

Numerous blue-chip companies entrust us with the satisfaction of their customers. In June, we began ramping up operations in the revolutionary warehouse of the future we co-developed in the UK with Nestlé, the world's largest food and beverage company. Nestlé indicated to us that only two companies could execute on the goals they set, and we were seen as the most innovative and the fastest moving of the two.

The Nestlé warehouse is designed as a fully automated environment and is expected to process more than a million pallets per year. It will have the highest throughput of any facility in Nestlé's fulfilment network. Our European innovation lab is being relocated to this site, where it will function as both a think tank and a launch pad.

Overview of Transportation Operations

Our other segment — transportation — includes a range of complementary transportation services within our North American and European regions. This represents a strong lever for profitable growth through cross-selling.

In North America, the key drivers of growth and margin in our transportation segment are:

- Multimodal solutions with critical mass and leadership positions in fast-growing sectors;
- Our proprietary XPO Connect™ digital freight marketplace and Drive XPO™, which provides superior shipper and carrier experiences;
- Automation and analytics that drive productivity and share gains;
- Transformative solutions for tier-one customers, with an opportunity to penetrate tier-two and tier-three;
- Trends in outsourcing, e-commerce and digitization, which play to our strengths; and
- Our asset-light model, with high cash conversion and strong cash flow generation.

The exception to this last point in North America is our asset-based LTL business. Our opportunities in LTL have more to do with our national scale, favorable long-term industry fundamentals and the technology-driven path we're forging to capture further margin upside beyond the considerable progress we've already made.

Our European service offering has its own unique growth drivers, including:

- Our expansive transportation platform with strong leadership positions across Europe — XPO is the largest transportation provider across the UK, France, Spain, Portugal and Morocco, a leading provider of truck brokerage in Europe and a leading provider of LTL service in the UK, France, Spain and Portugal, among other distinctions.

- Established, long-term relationships with limited customer concentration;
- Multiple avenues to grow the core, enter adjacent countries, such as Germany, and expand our last mile offering through consolidation;
- Our unique value proposition as a provider of pan-European, multimodal solutions; and
- Our proprietary XPO Connect™ platform and Drive XPO™ app, currently in roll-out in Europe.

The scale of our transportation offering in Europe has helped us secure large, multi-year contracts as a critical distribution partner. For example, we recently entered into an agreement with Arla Foods for direct distribution of their chilled dairy products to major supermarkets and convenience stores in the UK. We'll provide daily service to Arla using 195 of our refrigerated trucks and 346 XPO drivers.

XPO Connect™

XPO Connect™ is our company's proprietary digital freight marketplace. It has a shipper interface, a pricing engine, a carrier interface and a mobile app for drivers. The core of the platform is our powerful Freight Optimizer system, which is the backbone of our brokerage operation. We're capitalizing on years of tech investments, market know-how and big data.

The platform provides visibility across multiple transportation modes; this is the foundation to continually improve service, capture share and reduce costs. In essence, our technology is positioning XPO for the future of transportation, where shipper and carrier activities become increasingly automated.

The current capabilities of XPO Connect™, as well as the tremendous potential of future applications, establishes this technology as a competitive moat encircling our transportation service lines.

Truck Brokerage, Truckload and Expedite

XPO utilizes a blended transportation model of brokered, owned and contracted capacity for truck transportation. The non-asset portion of our model is variable cost and gives us extensive flexibility. It includes brokered transportation services, as well as contracted capacity with independent owner-operators.

Brokerage is compelling to us for a number of reasons. In addition to low fixed costs, it has high free cash flow conversion and minimal capex requirements, with tailwinds from outsourcing and supplier consolidation. Trucking is a core supply chain service — many XPO customers who use our other lines of business need truckload brokerage as well. Examples of brokered freight include industrial flows of raw materials and finished goods, consumer goods, sensitive or high-value freight, and freight that requires high security.

XPO Connect™ is continually improving our brokerage service through automation, making us more productive and differentiating XPO to customers. In the second quarter, our North American truck brokerage team handled the same load count as last year, with 14% less headcount. We're also able to tailor the brokerage experience based on a customer's freight requirements and business-specific rules. KPIs can be filtered by factors like delayed shipments, weather or traffic.

On the carrier side, drivers use the Drive XPO™ app to interact with XPO Connect™ and book loads in the marketplace. They can "buy it now" at the published price or place a counteroffer on a load. They can post their capacity, submit e-paperwork and set preferences that trigger the automatic allocation of loads based on size, type and geography, all from their truck.

Globally, over 62,000 of the independent truckload carriers in our brokerage network are already registered on XPO Connect™, with carrier adoption gaining traction every month. The network itself represents over a million trucks. This capacity is vitally important to shippers, as they rely on us to find them trucks and drivers under all kinds of market conditions.

In Europe, brokerage is one of the three largest components of our transportation operations, the other two being LTL and dedicated truckload. In 2019, these three service lines combined accounted for about three-quarters of our European transportation EBITDA. We also have a non-dedicated truckload business in Europe that provides on-demand capacity for our customers.

Expedited transportation is a non-asset business that we offer as part of our freight brokerage operations in North America. These are shipments of time-critical goods or raw materials that have to get somewhere very quickly, typically on little notice.

We use a network of contracted owner-operators to handle expedited ground transportation, and an electronic bid platform to assign air charter loads. A large and separate component of our expedite operations is our proprietary transportation management platform, which executes transactions primarily on a machine-to-machine basis.

As the largest provider of managed expedite shipments in North America, we can act very quickly, whether it's supporting our customers or other XPO transportation lines. For example, if a track repair stalls a rail container, we can off-load those goods to an expedite ground carrier in our network or put them on a chartered aircraft. This ability to find solutions to almost any challenge is a major advantage of using XPO.

Less-Than-Truckload (LTL)

Our LTL business in North America is asset-based; it utilizes employee drivers, a fleet of tractors and trailers for linehaul, pickup and delivery of pallets, and a national network of terminals. We're a top three LTL provider in the US, with a network that covers about 99% of all zip codes.

In Western Europe, where we're a leading LTL provider, we utilize the optimal model for each national market. In the UK, for example, we own the trucks and employ the drivers, whereas in Spain, we contract with independent carriers for capacity, supporting them with terminals and staff. In France, we use a blended model.

Our LTL team is laser-focused on on-time, damage-free performance. Using one of the industry's most modern fleets, we deliver more than 20 billion pounds of freight a year. We have over 20,000 LTL customers in North America alone, primarily local accounts. We're also diversifying our base by selling LTL across more verticals.

We doubled EBITDA in LTL in the four years since we acquired this business, and we've brought the operations a long way forward. For the full year 2019, we realized an operating ratio of 84.3%, and adjusted operating ratio of 82.7%. We have a well-defined opportunity to grow our LTL EBITDA to at least $1 billion by 2022.

Our technology roadmap for LTL focuses on the main components of the LTL service lifecycle: linehaul, pickup-and-delivery and pricing. We also use XPO Smart™ to enhance productivity in yard and dock operations. With XPO Smart™ rolled out to our US LTL network, we're averaging approximately 7% more motor moves per hour on our cross-docks, and our employees are more highly engaged in turning in a winning performance.

Our linehaul network is how we move LTL freight across the country. To put it in perspective, we move freight 2.5 million miles a day on average, or more than 600 million miles a year. Currently, only about 15% of our volume travels direct. With intelligent route-building, such as bypass optimization, we can reduce empty miles, improve load factor and mitigate cargo damage, shaving our annual linehaul spend. The process lets us deploy trucks deeper into the network and the freight is handled fewer times, which saves time and costs.

Our linehaul bypass models work with massive amounts of data, including shipment details, customer information, ride-by times, service level agreements and hazmat designations. The data is passed through three proprietary optimization models; most other LTL carriers use one model or none. Bypass recommendations are based on volume and density, taking freight dimensions into account to identify gaps in trailer utilization. We estimate that every percentage point increase in trailer utilization translates into about $10 million of EBITDA.

Our technology optimizes other areas of linehaul as well. Compliance and exception management information can be easily accessed by our planners and freight flow teams. Decisions are supported by key metrics, such as must-arrive-by times. Our linehaul team has the ability to look at real-time trailer-building images from service centers in our network, confirming optimal trailer counts. And we use proprietary algorithms to analyze photos of errant pallets, identify the product and reroute it. We launched this application in late 2019.

The second major component of LTL optimization is pickup-and-delivery. The new routing and visualization tools we've developed help our dispatchers improve route density, which reduces miles per stop and cost per stop. Our P&D optimization plan focuses on adjusting to traffic realities in real time, accommodating late-breaking customer requests and generally managing surprises. We've created a more intuitive interface for our dispatchers, and we use machine learning to predict loading and unloading windows based on customer service histories.

The tools give our dispatchers visibility into the profit impact of route adjustments and help them make proactive adjustments. For example, two stops near each other could be moved to the same route and handled by a single truck and driver. Our drag-and-drop tools show the dispatcher whether a contemplated adjustment will make the plan better or worse. Sometimes a route change looks reasonable on the surface but has a negative impact on cost or service.

The third area of LTL optimization is pricing. Here, we're using elasticity models to adjust for current lane conditions. The goal is to price as intelligently as possible to balance the network. Most often, but not always, this also improves yield.

For larger accounts, we're using modeling to create "sticky" pricing proposals. Our algorithms make the proposals as relevant as possible for customers by incorporating data from past customer behavior and real-time market conditions. For small to mid-sized accounts, we've greatly improved the software that our local account executives use to price lanes. Our salespeople can now price in real time, which aids our ability to capture share.

While each component of our plan delivers its own benefits, we also expect a strong synergistic effect on LTL as a whole. For example, when we optimize truck routes, this benefits asset utilization, driver utilization, customer service and yield, and should reduce our carbon footprint by decreasing empty miles.

Last Mile Logistics

Last mile for heavy goods is a service-intensive business that we do very well. Our last mile operations are predominantly asset-light: we use independent contractors to perform transportation and over-the-threshold deliveries and installations. Our customers include big-box retailers that sell appliances, furniture, exercise equipment, large electronics and other heavy or bulky items. All of these customers benefit from the tens of millions of dollars we've invested in last mile technology to deliver a superior consumer experience.

In North America, we're the largest last mile service provider for the home delivery of heavy goods, and yet we hold less than 8% of US share. We have a cohesive network that we launched in 2013, when we bought the leading last mile company in North America; then integrated another three highly regarded last mile providers over 18 months. Today, our last mile network in North America includes 85 hubs that position our last mile footprint to within 125 miles of approximately 90% of the US population.

There's an ongoing trend toward consumers buying heavy goods online, which creates tailwinds for our last mile business in omnichannel retail and e-commerce. This trend was accelerated by COVID-19, as people lost access to brick-and-mortar shopping, and we expect at least some of this new demand to become secular. In the second quarter, despite the widespread economic shutdown, our last mile network in North America generated year-over-year revenue growth of 3%, with a net revenue margin of 37%.

In Europe, which is another fragmented last mile landscape, there's a large opportunity for us to apply our technology and best practices. We have last mile operations for heavy goods in several European countries and we've won some sizable contracts. These are small but growing operations in a sector where our expertise is valued.

Earlier this year, we launched XPO Connect™ in our last mile service for heavy goods and we've been expanding its capabilities since then. Our recent enhancement of inventory tracking precision in last mile resulted in 99% accuracy in June. We pushed out this technology to all of our last mile hub customers in the US, providing real-time ETAs for home deliveries and enabling e-notifications and rescheduling.

These features enhance our consumer-friendly capabilities already in place, such as feedback loops, voice tracking of shipments with Google Home® and Amazon Alexa®, and augmented reality, which shows an item inside the home before it's delivered. The key in last mile is to keep consumer satisfaction as high as possible. We're the only last mile provider in the heavy goods sector to invest in digital consumerization to this degree.

Intermodal and Drayage

Intermodal involves the long-haul portion of containerized freight movements. This is an additional growth opportunity for us within our freight brokerage unit. Services include rail brokerage, local drayage performed by independent trucking contractors, and on-site operational services. XPO has one of the largest drayage networks in the US, with more than 2,400 independent owner-operators and access to over 25,000 drayage trucks.

The nature of intermodal is that demand is influenced by external factors, such as the availability of truck capacity. When truck capacity is relatively tight, that's good for intermodal — the same is true of high fuel prices. In general, intermodal can be a much less expensive mode for freight that is not time sensitive. The main drivers of customer satisfaction are cost effectiveness, ready capacity and service performance.

Our proprietary Rail Optimizer technology is a growth engine and a competitive advantage for us in intermodal; it enables constant communication with the railroads and provides a high level of visibility into the door-to-door movements of long-haul freight. We use sensors that tell us where a container is located, whether it's full or empty, and whether the door is open. These are just some of the ways we add value for our intermodal customers.

Managed Transportation

XPO is a top five global provider of managed transportation. We provide this non-asset service to shippers who want to outsource some or all of their transportation modes and related activities. These activities can include freight handling, such as consolidation and deconsolidation, labor planning, inbound and outbound shipment facilitation, documentation and customs management, claims processing and 3PL supplier management, among other services.

The three arms of our managed transportation offering are control tower solutions, managed expedite and dedicated capacity. Our control tower experts are trained in operations, analytics, procurement and customer service. They design the optimal routes for a given supply chain, source the most efficient carriers and ensure a high level of performance. They also apply lean-based analysis to shipping patterns and oversee vendor performance, freight audits and payments, claims, charge-back notifications and other processes.

Our dedicated managed transportation service is a turnkey solution we tailor for each customer. It includes drivers, tractors, trailers, maintenance, management, fuel and KPI reporting. The service is facilitated by our proprietary, web-based system for the digital procurement and tracking of time-critical freight. We have thousands of vetted ground carriers in our independent expedite network with equipment ranging from cargo vans to flatbeds, as well as domestic and international air options.

In June, XPO was honored by General Motors as Supplier of the Year for the excellence of our managed transportation services. Last year, we signed a multi-year dedicated transportation agreement in the UK with British Gypsum. This is the largest contract in the history of our European transportation business. We've transformed British Gypsum's UK supply chain into a single, digitally managed transportation network with all downstream operations managed through XPO Connect™.

Managed transportation is still a small part of our revenue, but as these wins show, it's a promising growth avenue for us.

Global Forwarding

Our forwarding operations in North America and Europe provide non-asset-based freight forwarding services for domestic and international shipments by ground, air, ocean or some combination of these modes. We have independent market experts and licensed customs brokers on four continents who provide local oversight in thousands of key trade areas, and we operate a subsidiary as a non-vessel operating common carrier (NVOCC). Global forwarding is a $150 billion industry, and although our market position is small, our services are a source of support for our customers and other XPO lines of business.

A Culture with Purpose

In conveying our strengths, we believe that equal weight should be given to the human face of XPO. Our company employs approximately 96,000 extraordinary individuals who have great insights about our customers and our business. Our foremost priority — to keep our people safe — took on new dimensions in the COVID-19 pandemic. We acted quickly to implement these and other measures designed to ensure the well-being of our employees:

- Globally, our people are working remotely if able to do so.
- For employees who need to work on site, we follow the guidance of the World Health Organization, the US Centers for Disease Control, local regulators, and our own health and safety protocols.
- We're providing PPE in all our workplaces and social distancing is in effect.
- Our facilities worldwide engage in ongoing cleaning of high-touch areas, as well as deep cleaning in facilities likely to have been exposed to COVID-19.
- We added Pandemic Paid Sick Leave to provide US and Canadian employees an additional two weeks of 100% sick leave.
- We guarantee up to three additional paid days for employees of a facility that closes temporarily for deep cleaning.
- We instituted a contactless delivery policy to ensure that our drivers can maintain a safe distance from customers when delivering freight.
- We provided Frontline Employee Appreciation Pay to US and Canadian employees.
- We expanded access to mental health counseling services.

Our culture is about being respectful, entrepreneurial, innovative and inclusive — it's about having compassion, being honest and respecting diverse points of view, while operating as a team. We also foster emotional safety at work, with robust ethical guidelines that clearly define prohibited behavior, such as harassment, dishonesty, discrimination, workplace violence, bullying, conflicts of interest, insider trading and human trafficking.

We reinforce our culture through diverse worksites, open-door management, the XPO University training curriculum, our Workplace virtual community and equal opportunity hiring policies. We also support causes important to our employees, such as the Susan G. Komen Foundation's fight against breast cancer, Girls With Impact, and Workfit programs for differently-abled people. Last year, XPO was a proud participant in the International Pride celebration in New York City.

Our Pregnancy Care Policy is a gold standard not just for our industry, but for any industry. Any employee of XPO, female or male, who becomes a new parent through birth or adoption can qualify for six weeks of 100% paid leave as the infant's primary caregiver, or two weeks paid leave as the secondary caregiver. In addition, a woman receives up to 20 days of 100% paid prenatal leave for health and wellness and other preparations for her child's arrival.

Our female employees can request pregnancy accommodations without fear of discrimination, including "automatic yes" accommodations, such as changes to work schedules and the timing or frequency of breaks, or assistance with certain tasks. More extensive accommodations are easily determined with input from a doctor. Furthermore, we guarantee that a woman will continue to be paid her regular base wage rate while her pregnancy accommodations are in effect, even if her duties need to be adjusted, and she will remain eligible for wage increases while receiving alternate work arrangements.

We've also partnered with a leading healthcare network for women and families to offer supplemental health services from over 1,400 practitioners in 20 specialties via a virtual clinic. In total, more than 30 quality benefits are available to XPO women and families in the US. These include fertility services, prenatal and postpartum care, paid family bonding and a return-to-work program.

Environmental Sustainability

Sustainability is another area where XPO has already set an example in the industry, giving us an opportunity to build on that position. In the US, our company has been named a Top 75 Green Supply Chain Partner by *Inbound Logistics* for five consecutive years. In Europe, XPO has been awarded the silver CSR rating by EcoVadis in 2019 and 2020, with our overall score placing us in the top 10% of the Freight Transport by Road category.

We're proud that we've been awarded the label "Objectif CO_2" for outstanding environmental performance of transport operations in Europe by the French Ministry of the Environment and the French Environment and Energy Agency. In 2019, we renewed our pledge to the CO_2 Charter in France, extending our commitment to a smaller environmental footprint.

The warehouse of the future that we've created with Nestlé in the UK is an environmentally advanced facility sited on landscaped, man-made plateaus. It utilizes environmentally friendly ammonia refrigeration systems, energy-saving LED lighting, air-source heat pumps for administration areas and rainwater harvesting.

A number of our other logistics facilities are ISO14001-certified, which ensures environmental and other regulatory compliances. We monitor fuel emissions from forklifts in our warehouses, and we have protocols in place to take immediate corrective action if needed. Our packaging engineers ensure that the optimal carton size is used for each product slated for distribution, and when feasible, we purchase recycled packaging. As a byproduct of our reverse logistics operations, we recycle millions of electronic components and batteries each year.

In transportation, we've made substantial capex investments in fuel-efficient Freightliner Cascadia tractors in North America; these use EPA 2013-compliant and GHG14-compliant SCR technology. Our North American LTL locations have numerous energy-saving policies in place and are implementing a phased upgrade to LED lighting.

In Europe, we own one of the industry's most modern road fleets: 98% compliant with Euro V, EEV and Euro VI standards in 2019, with an average truck age of approximately three years.

We also own a large fleet of natural gas trucks operating in France, the UK, Spain and Portugal, and we've made a significant investment in 100 new Stralis Natural Power Euro VI tractors for our less-than-truckload network in France. These tractors use a combination of liquified and compressed natural gas (LNG/CNG) to generate emissions that are lower than the Euro VI standard and reduce noise in densely populated areas.

We're piloting all-electric vehicles for last mile deliveries in some urban areas, reducing emissions to zero. And we use government-approved mega-trucks in Spain; these can significantly reduce CO_2 emissions due to their larger carrying capacity. We're now embarking on a collaborative research and development project with the General State Administration of Spain, doing real-life testing of a duo-trailer vehicle and capturing data about its environmental and safety performance. The data we provide will help the Administration determine the viability of duo-trailers for commercial freight transportation.

The development of our culture will continue to be a steady march forward, as it has since our founding in 2011. In April, we published our 2019 Sustainability Report, which provides details of our global progress in key areas, including safety, employee engagement, diversity and inclusion, ethics and compliance, environmental protection and governance. The report can be downloaded from https://sustainability.xpo.com.

Second Quarter 2020 Financial Highlights[1]

The ramifications of COVID-19 dominated the second quarter. Nevertheless, we beat consensus on revenue, adjusted EBITDA and adjusted EPS, and generated higher-than-expected free cash flow. Our business trends improved across our segments and geographies as the quarter progressed, and continued to improve in July. For the quarter, we reported:

- $3.50 billion of revenue
- $(132) million of net income (loss)[2]
- $(1.45) diluted earnings (loss) per share
- $(57) million of adjusted net income (loss)[2]
- $(0.63) adjusted diluted earnings (loss) per share
- $172 million of adjusted EBITDA
- $214 million of cash flow from operations
- $121 million of free cash flow

Third Quarter 2020 Financial Guidance

Based on current market conditions, the company expects to generate at least $350 million of adjusted EBITDA in the third quarter 2020. The company previously withdrew its full-year guidance in April due to the COVID-19 pandemic.

[1] Reconciliations of non-GAAP financial measures used in this document are provided in the accompanying slide presentation.
[2] Net income (loss) attributable to common shareholders.

Liquidity Position

On June 30, 2020, we had approximately $2.8 billion of total liquidity, including $2.3 billion of cash and cash equivalents and $500 million of available borrowing capacity. In the second quarter, we issued $1.15 billion of 6.25% senior notes maturing in 2025 and added a new $350 million term loan and letter of credit facility. The company has no significant debt maturing until June 2022.

Share Repurchase Program

Through June 2020, we repurchased 1.7 million shares of XPO common stock at an average price per share of $66.58, for a total cost of $114 million. We have $503 million remaining on the current $2.5 billion share repurchase authorization.

Looking Forward

We're continuing to execute our growth strategy throughout a challenging 2020 by running the business as efficiently and profitably as possible. This disciplined focus is a major reason why nearly 70% of Fortune 100 companies rely on our services.

When we receive awards for excellence from world-class companies, such as Dow Chemical, Boeing, Diebold, Ford, GM, Nissan, Nordstrom, Raytheon, The Home Depot and Whirlpool, we know we're doing our job. Last July, we were awarded a contract extension through 2024 by the Tour de France as their official transportation partner. If the race goes on as planned in August and September, this will be the 40th consecutive year we've partnered with the Tour, and we take great pride in supporting the competitors on the world stage.

In 2016, we made the Fortune 500 list for the first time, and one year later, XPO was named the fastest-growing transportation company on the list. In 2018, *Fortune* named us to their Fortune Future 50 list. Gartner has ranked us as a Magic Quadrant 3PL leader for three consecutive years. Recently, we were named a Winning "W" Company by 2020 Women on Boards for the gender diversity of our board of directors.

In Italy, we were awarded Logistics Company of the Year for innovation three years in a row. *Logistics Manager* named us 3PL of the Year. And in the UK, we were voted one of Glassdoor's top three Best Places to Work. *Forbes* ranked us as the top-performing US company on the Global 2000 and one of America's Best Employers. In March, *Forbes* named us one of the best companies to work for in Spain. We thank our employees for creating the culture that has led to these recognitions.

In January, *Fortune* named XPO one of the World's Most Admired Companies for the third straight year and ranked us first in our category of trucking, transportation and logistics. Another recognition that speaks to our culture is our ranking by *Newsweek* in the top 100 of America's Most Responsible Companies. Recently, both the Netherlands and France ranked us in the top three 3PLs in their respective countries, and Gartner named XPO a 3PL Magic Quadrant Leader Worldwide. In another exciting development, we've partnered with Massachusetts Institute of Technology in their Industrial Liaison Program — the first global logistics company to collaborate on industry innovation with the top minds and research facilities at MIT.

Importantly for our investors, we have a rock-solid balance sheet and an ironclad business model. Even against the current backdrop, we're on track to generate hundreds of millions of dollars of free cash flow this year. We're fully prepared to serve our customers through the recovery, however long that takes, while continuing to maximize shareholder value.

Thank you for your interest!

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 document to the most directly comparable measure under GAAP, which are set forth in the financial tables attached to the accompanying slide presentation.

XPO's non-GAAP financial measures used in this document include: earnings before interest, taxes, depreciation and amortization ("EBITDA"), adjusted EBITDA and adjusted EBITDA margin for the three and six-month periods ended June 30, 2020 and 2019 on a consolidated basis and for our transportation and logistics segments; EBITDA, adjusted EBITDA and adjusted EBITDA excluding truckload for the twelve-month periods ended December 31, 2019, 2018, 2017, 2016 and 2015; free cash flow for the three and six-month periods ended June 30, 2020 and 2019, and the twelve-month periods ended December 31, 2019, 2018, 2017, 2016 and 2015; adjusted net income (loss) attributable to common shareholders and adjusted earnings (loss) per share (basic and diluted) ("adjusted EPS") for the three and six-month periods ended June 30, 2020 and 2019 and the twelve-month period ended 2019; adjusted EBITDA, adjusted operating income and adjusted operating ratio for our North American less-than-truckload business for the twelve-month periods ended December 31, 2019, 2018, 2017, 2016 and 2015; and net revenue and net revenue margin for our last mile business for the three-month period ended June 30, 2020.

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, adjusted net income (loss) attributable to common shareholders and adjusted EPS include adjustments for transaction and integration, as well as restructuring costs. Transaction and integration adjustments are generally incremental costs that result from an actual or planned acquisition or divestiture and may include transaction costs, consulting fees, retention awards, and, in the case of acquisitions, 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 these non-GAAP financial measures in making financial, operating and planning decisions and evaluating XPO's and each business segment's ongoing performance.

We believe that free cash flow is an important measure of our ability to repay maturing debt or fund other uses of capital that we believe will enhance stockholder value. We calculate free cash flow as adjusted net cash provided by operating activities, less payment for purchases of property and equipment plus proceeds from sale of property and equipment, with adjusted net cash provided by operating activities defined as net cash provided by operating activities plus cash collected on deferred purchase price receivables. We believe that EBITDA, adjusted EBITDA and adjusted EBITDA excluding truckload 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 attached tables 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 adjusted net income (loss) attributable to common shareholders and adjusted EPS improve the comparability of our operating results from period to period by removing the impact of certain costs and gains that management has determined are not reflective of our core operating activities. We believe that adjusted operating income and adjusted operating ratio for our North American less-than-truckload business improves 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.

With respect to our third quarter 2020 financial target for adjusted EBITDA, a reconciliation of this non-GAAP measure to the corresponding GAAP measure is not available without unreasonable effort due to the variability and complexity of the reconciling items described above that we exclude from the non-GAAP target measure. The variability of these items may have a significant impact on our future GAAP financial results and, as a result, we are unable to prepare the forward-looking statement of income prepared in accordance with GAAP that would be required to produce such a reconciliation.

Forward-looking Statements

This document 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 future growth prospects for EBITDA in our North American less-than-truckload business, our company's potential profit growth opportunity and our company’s third quarter 2020 financial target for adjusted EBITDA. 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: the severity, magnitude, duration and after effects of the COVID-19 pandemic and *government responses to the COVID-19 pandemic, public health crises (including COVID-19); economic conditions generally; competition and pricing pressures; our ability to align our investments in capital assets, including equipment, service centers and warehouses, to our customers' demands; our ability to successfully integrate and realize anticipated synergies, cost savings and profit improvement opportunities with respect to acquired companies; 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; our ability to implement our cost and revenue initiatives; our ability to maintain positive relationships with our network of third-party transportation providers; our ability to attract and retain qualified drivers; litigation, including litigation related to alleged misclassification of independent contractors and securities class actions; 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; risks associated with our self-insured claims; risks associated with defined benefit plans for our current and former employees; fluctuations in currency exchange rates; fluctuations in fixed and floating interest rates; fuel price and fuel surcharge changes; issues related to our intellectual property rights; governmental regulation, including trade compliance laws, as well as changes in international trade policies and tax regimes; and governmental or political actions, including the United Kingdom's exit from the European Union; and natural disasters, terrorist attacks or similar incidents. All forward-looking statements set forth in this document 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 document 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.*

XPO Logistics

JULY 2020

Investor Presentation

XPO Logistics

Disclaimers

NON-GAAP FINANCIAL MEASURES

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Update on the COVID-19 pandemic

XPO is an essential business with a responsibility to keep supply chains moving. We continued to operate throughout the economic shutdown of the pandemic. Now we're helping our customers navigate the recovery in Europe and the more recent rebound in North America.

We're continuing to use a combination of rigorous protective measures, technology and virtual communications to keep our employees safe. These are some of the actions we've taken as part of our COVID-19 response:

- Globally, our people are working remotely if able to do so
- For employees who need to work on site, we follow the guidance of the World Health Organization, the US Centers for Disease Control, local regulators, and our own health and safety protocols
- We're providing PPE in all our workplaces and social distancing is in effect
- Our facilities worldwide engage in ongoing cleaning of high-touch areas, as well as deep cleaning in facilities likely to have been exposed to COVID-19
- We added Pandemic Paid Sick Leave for US and Canadian employees, providing an additional two weeks of 100% sick leave
- We guarantee up to three additional paid days for employees of a facility that closes temporarily for deep cleaning
- We instituted a contactless delivery policy to ensure that our drivers can maintain a safe distance from customers when delivering freight
- We provided Frontline Employee Appreciation Pay to US and Canadian employees
- We expanded access to mental health counseling services

For our customers and carriers, we added an electronic COVID-19 dashboard to our XPO Connect™ digital freight platform. The dashboard serves as an access point for pandemic-related alerts in North America and Europe issued by states, provinces, countries and major infrastructure sources, such as municipalities and airports.

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XPO Logistics

Investor highlights: Key factors driving growth and returns

Leading positions in fast-growing sectors	▪ Top three industry positions across all major service lines in transportation and logistics ▪ Outsized exposure to sectors with track records of long-term growth and sustained demand
~$700 million to $1 billion pool of company-specific profit growth opportunities	▪ Four revenue levers: pricing analytics, XPO Connect™, XPO Direct™ and European cross-selling ▪ Six cost levers include XPO Smart™, LTL optimization and logistics automation, among others
Strong, multimodal presence in high-growth e-commerce / omnichannel	▪ Largest e-fulfillment 3PL in Europe; complex management of reverse logistics ▪ Largest provider of last mile logistics for heavy goods in North America
Opportunistic allocators of capital for M&A and organic growth drivers	▪ Less than 2% share across key global markets ▪ Positioned as an expert provider of sophisticated supply chain solutions at scale
Fast pace of technological innovation	▪ Proprietary technology harnesses AI and machine learning ▪ Key areas of focus: warehouse automation, digital freight marketplace and data science
Substantial advantages of scale	▪ Operating leverage, purchasing power, cross-selling and capacity to innovate ▪ Ability to provide consistent, multinational solutions to global customers
Significant cash generation	▪ 69% of revenue is asset-light, 77% of cost basis is variable ▪ Generated cash flow from operations of $791 million and free cash flow of $628 million in 2019
Ability to outperform the macro	▪ Deep expertise in diverse verticals and geographies ▪ High mix of contracted business adds resilience in economic downturns
Positive free cash flow in downturns	▪ Ability to modulate capex with cyclical fluctuations; low maintenance capex ▪ Working capital becomes a source of cash in downturns
Unduplicatable moat of results-oriented innovators	▪ 35 top executives and 2,500 professionals at the next level with blue-chip experience ▪ Technologists, managers, engineers, logisticians and operators driving every line of business

Note: Refer to the “Non-GAAP Financial Measures” section on page 2 of this document

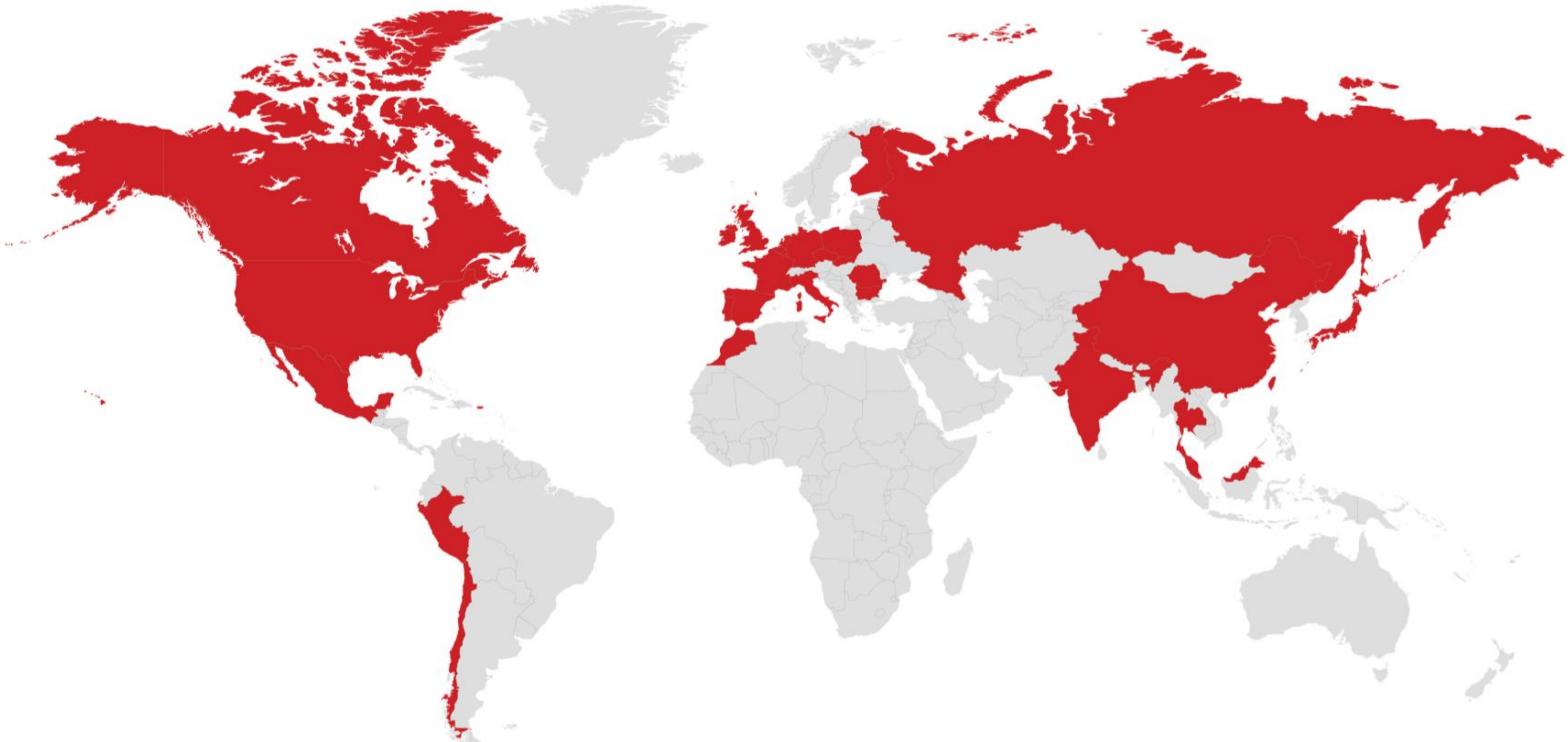
Significant addressable growth opportunities in each area of operation

$ in billions	LOGISTICS SEGMENT 36% OF 2019 XPO REVENUE		TRANSPORTATION SEGMENT 64% OF 2019 XPO REVENUE		
	Second largest global provider of cutting-edge contract logistics, including e-commerce fulfillment, omnichannel solutions, reverse logistics and smart warehousing		A leading provider of B2B freight transportation in North America and Europe, providing massive multimodal capacity through a blended model of brokered, contracted and owned fleet		
	North American Contract Logistics	**European Contract Logistics**	**North American Less-Than-Truckload**	**North American Transportation**	**European Transportation**
	▪ Highly engineered and customized solutions ▪ Longstanding relationships with blue-chip customers in key verticals	▪ Largest outsourced e-fulfillment platform in Europe ▪ Multinational footprint appeals to pan-European customers	▪ Top three LTL provider, with over 30 years' experience ▪ Routes cover every US state, including Alaska and Hawaii, and ~99% of all US postal codes	▪ Largest US provider of last mile for heavy goods ▪ Multimodal platform integrates brokerage, last mile, intermodal and managed transportation	▪ LTL leader in Western Europe ▪ Multimodal platform integrates full truckload, last mile, and managed transportation
2019 XPO revenue[1]	**~$2.5**	**~$3.6**	**~$3.8**	**~$4.2**	**~$2.9**
Industry size[2]	**~$50**	**~$80**	**~$43**	**~$600[3]**	**~$460[4]**

[1] Company revenue data, excluding intersegment elimination, as of FY 2019
[2] Includes only North American and European markets. Sources include Armstrong and Associates, Norbridge, Inc., EVE Partners LLC, FTR Associates, SJ Consulting Group, Inc., Bureau of Economic Analysis, US Department of Commerce, A.T. Kearney, Transport Intelligence, American Trucking Associations, Technavio, Bain and Company, Wall Street research and management estimates
[3] North American transportation industry size includes entire for-hire US trucking industry
[4] European transportation industry size includes entire for-hire trucking industry
Note: Refer to the Glossary in this document for service definitions

XPO Logistics

Global provider of massive capacity for customers

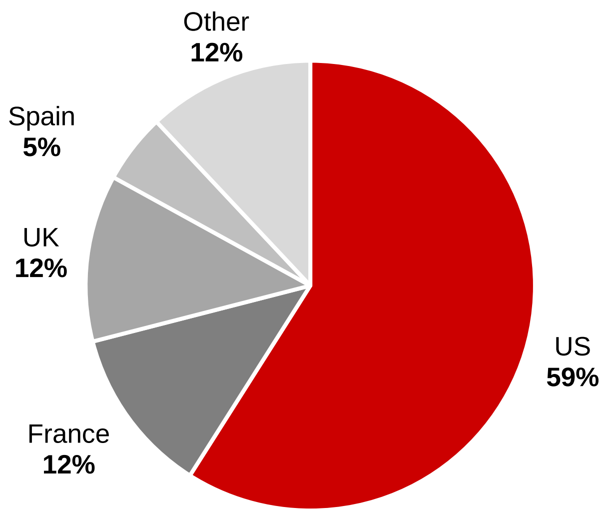


GROUND TRANSPORTATION ASSETS		NON-ASSET TRANSPORTATION NETWORK		FACILITY ASSETS	
15,000	tractors	**10,000**	trucks contracted via independent owner-operators	**555**	cross-docks
38,000	trailers	**1,000,000+**	brokered trucks	**767**	contract logistics facilities
10,000	53-ft. intermodal containers			**201**	million sq. ft. warehouse space
5,000	chassis				

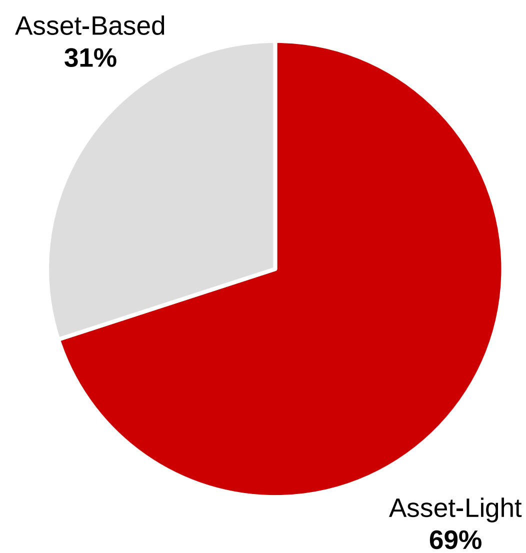
Note: Data as of June 30, 2020

Key metrics

REVENUE BY GEOGRAPHY[1]



REVENUE BY MIX[1]



2019 revenue: $16.6 billion

CUSTOMERS
Over 50,000

EMPLOYEES
~96,000

LOCATIONS
1,506

COUNTRIES OF OPERATION
30

[1] Geographic and mix data as of FY 2019; key statistics as of June 30, 2020

Superior e-commerce platform for fulfillment, reverse logistics and last mile

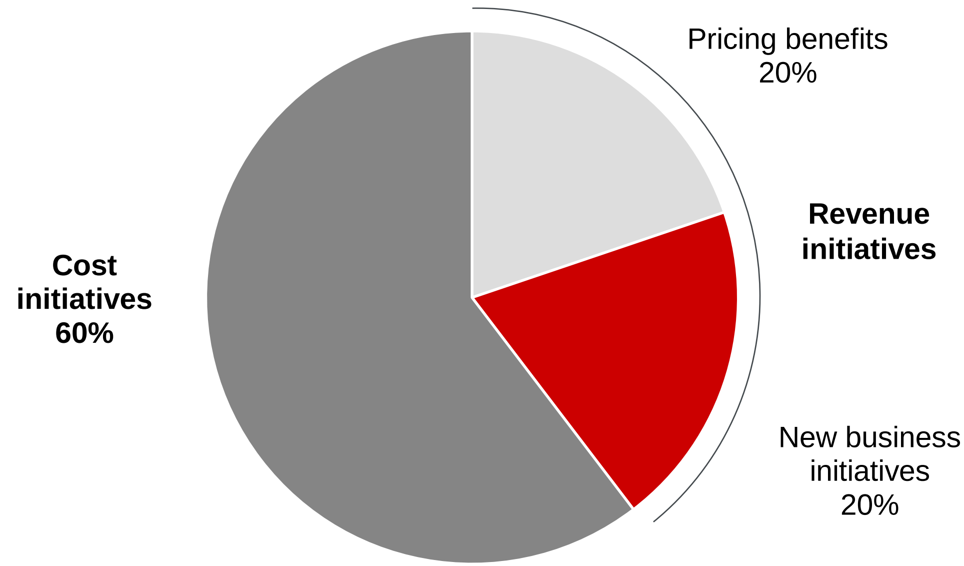
WHAT E-COMMERCE SHIPPERS DEMAND	WHAT XPO PROVIDES
Agile, technology-enabled logistics with visibility, speed and accuracy	▪ Integrated warehouse management, carrier management and reverse logistics ▪ Largest outsourced e-fulfillment platform in Europe, with a strong position in North America ▪ Expertise managing holiday peaks and other periods of high demand
Ability to manage complex product returns and omnichannel services	▪ Omnichannel and reverse logistics leader in North America ▪ Highly efficient product testing, refurbishment, warranty processing, refunding and other services ▪ Aftermarket partnerships with blue-chip customers
Reliable last mile logistics service with high-density network	▪ Largest US provider of last mile logistics for heavy goods, with service in Europe ▪ Industry-leading consumer satisfaction levels ▪ Over 10 million deliveries annually
Unique ability to drive efficiencies; position goods for shorter transits	▪ Flexible XPO Direct™ shared-space distribution solutions for customers ▪ Companywide, tracking more than seven billion units of inventory daily ▪ Managed transportation solutions: control tower, dedicated capacity and automated expedite
Sophisticated integration with customer technology infrastructures	▪ Customized logistics solutions, enabled by proprietary technology ▪ Holistic management of labor, automation and robotics on WMx warehouse platform ▪ Predictive analytics and actionable business intelligence

Potential profit growth opportunity of ~$700 million to $1 billion

POOL OF COST OPPORTUNITIES

- XPO Smart™ workforce productivity
  - Optimize $5 billion of costs related to variable labor spend
- Optimize LTL linehaul spend and pickup-and-delivery (P&D) spend
- Contract logistics automation
- European logistics margin expansion
- Global procurement
- Further back-office optimization

KEY INITIATIVES AS % OF TOTAL POTENTIAL



POOL OF REVENUE OPPORTUNITIES

- Advanced pricing analytics and revenue management tools
- XPO Connect™ digital freight marketplace
- XPO Direct™ shared distribution network
- European cross-selling to strategic accounts

The profit improvement opportunity range provided above is expected to apply to current operations approximately as follows: 50% benefit to global logistics; 30% benefit to North American LTL; and 20% benefit to all other transportation lines.

XPO will continue to analyze these and other opportunities to ensure that resources are focused on endeavors that potentially can return the most value.

Six of the ten profit growth initiatives are driven by technology

XPOLogistics

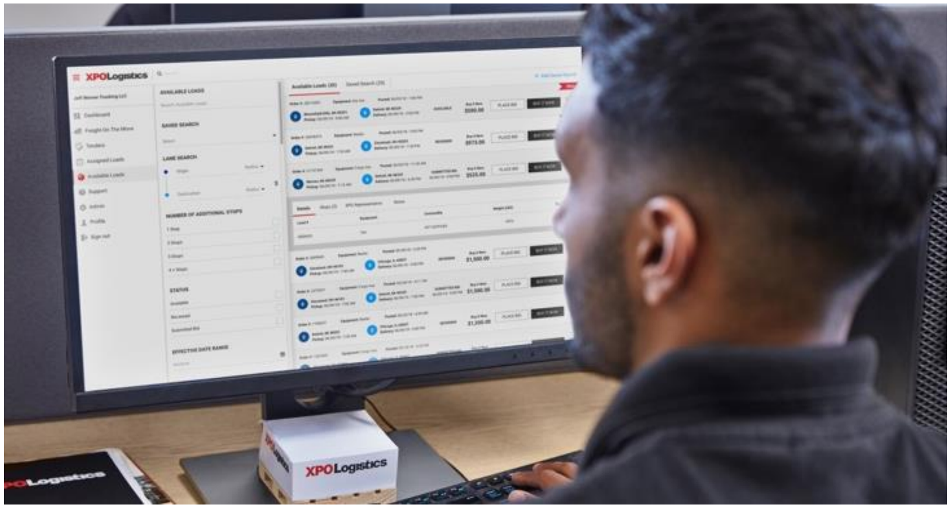
Technology blueprint focuses on innovation in four areas

Digital freight marketplace
- Automated capacity management
- Customer self-service, multimodal flexibility

Automation and intelligent machines
- Robots and cobots for picking and packing
- Goods-to-person autonomous robots, advanced sortation systems
- Warehouse automated guided vehicles (AGVs)

Dynamic data science
- Artificial intelligence and machine learning
- Predictive analytics and business intelligence

Visibility and customer service
- Fully functional mobility
- Real-time tracking



~$550 MILLION investment in technology in 2019

~1,600 technology professionals, including ~100 data scientists

Singular technology platform propels efficiencies for customers and company

Key applications of automation and data science in XPO operations

CONTRACT LOGISTICS

- Proprietary technology suite manages all distribution processes and warehouse operations
- Provides in-house control of robotics and other automation
- Integrates last mile with contract logistics for retail, e-commerce, omnichannel and manufacturing customers on XPO Direct™
- XPO Smart™ tools improve warehouse productivity by rightsizing labor resources

LESS-THAN-TRUCKLOAD

- Network optimization tools improve LTL linehaul, pickup and delivery, and routing
- XPO Smart™ tools improve efficiency of dock operations
- Proprietary algorithms with machine learning assimilate constant inflows of data
- Visibility facilitates selling LTL across more verticals

LAST MILE

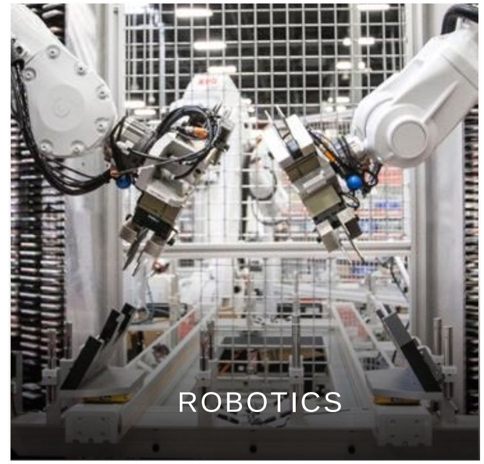
- Digital management of home deliveries on XPO Connect™ LM platform is seamless for consumers
- Self-service capabilities facilitate scheduling, route planning and change management
- Immediate feedback loops capture actionable consumer input post-delivery
- Augmented reality shows how items look in the home pre-delivery

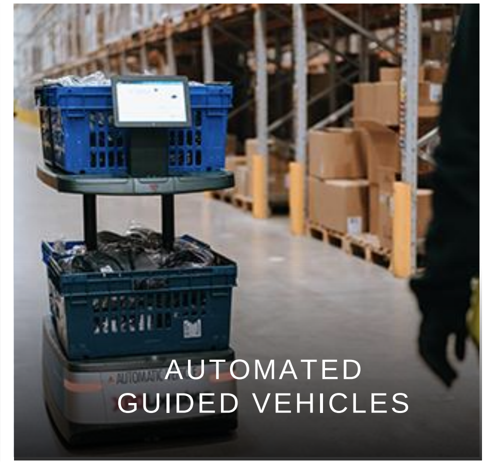
TRUCK BROKERAGE

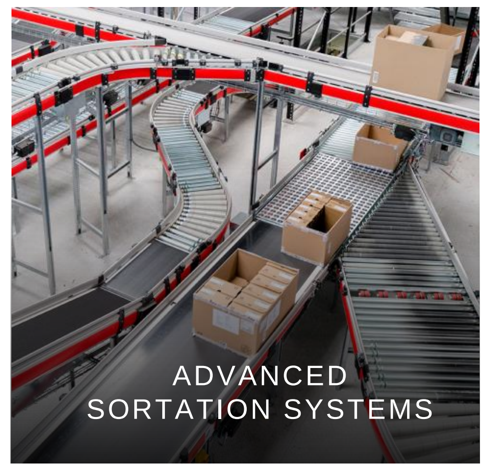
- Proprietary XPO Connect™ marketplace drives end-to-end efficiency in freight transactions
- Fully automated, multimodal platform is underpinned by proprietary Freight Optimizer technology
- Automates carrier matching; leverages machine learning
- Reduces empty miles; lowers environmental impact

Widespread benefits of intelligent automation in logistics

- First-mover advantage with advanced automation strongly differentiates XPO as a superior supply chain partner for customers
- Superior visibility and control of advanced automation on proprietary platform
- Can perform several steps of a process by tying in multiple technologies, increasing fulfillment speed and accuracy
- Data transmits consistently to multiple systems, eliminating data silos
- Tailored robotics work cooperatively with humans or as standalone solutions
- Cobots and goods-to-person systems overcome space and labor constraints
- Automation mitigates safety risks







4-6x productivity improvement with employees supported by goods-to-person systems

2x productivity improvement with employees who work alongside cobots

XPO Connect™ is at the forefront of transportation automation

XPO CONNECT™ PLATFORM

- More than 62,000 registered carriers globally
- Optimizes freight-matching by sourcing the best carriers for each load profile
- Brokerage automation integrates Freight Optimizer and Drive XPO™ carrier app
- Intermodal automation integrates Rail Optimizer and supports drayage network
- Last mile automation integrates XPO Connect LM and Ship XPO™

VALUE CREATION

Expands revenue and margins

- Automates load-tendering, pricing, bidding, buying and tracking
- Unlocks cross-selling opportunities across modes
- Penetrates tier-two and tier-three customer bases
- Leverages almost a decade of industry data

Improves capacity management

- Provides deep visibility into available capacity
- Enhances access through self-service dashboard tools, preferences and BI analytics

Heightens internal efficiency

- Reduces need for redundant systems
- Establishes architecture for continuous innovation

In Q2 2020, managed the same truck brokerage load count year-over-year in North America with 14% less headcount

Proprietary technology informs decision-making in real time

IOT DATA

TRANSACTIONAL DATA

TIME AND ATTENDANCE

Smart by XPO Logistics

Machine Learning

Model Training

Analytics

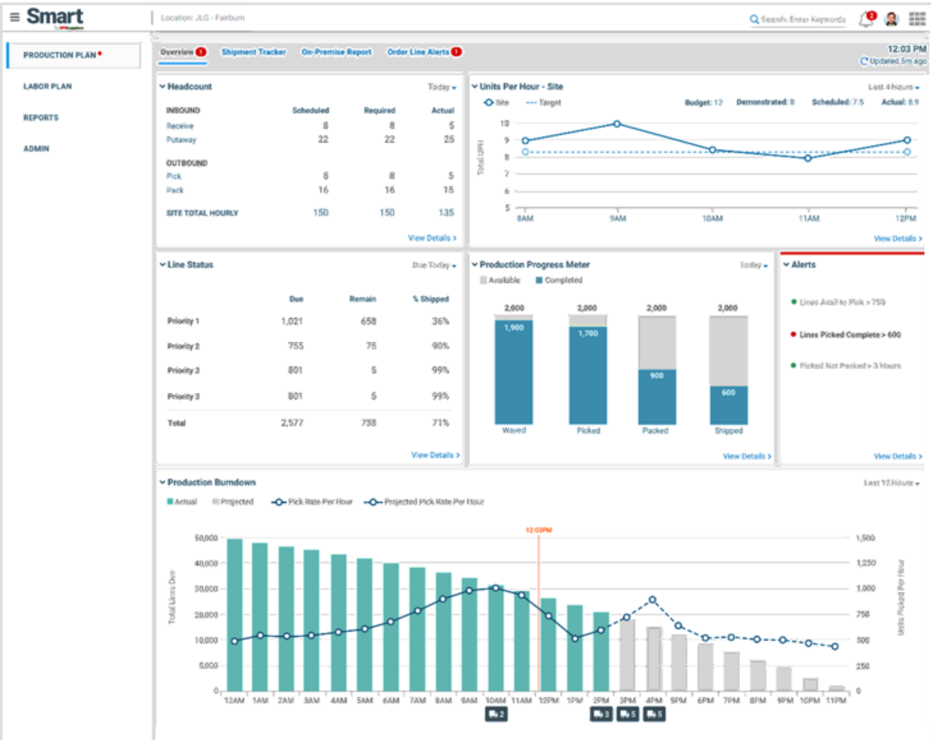
Forecasting

CLOUD APPLICATIONS

MOBILE DEVICES AND HANDHELDS

LARGE-FORMAT DISPLAYS

Large productivity upside as XPO Smart™ is fully utilized going forward



BENEFITS

- Proprietary XPO analytics show the future impact of contemplated management decisions in real time
- Business intelligence drives productivity and operational effectiveness through machine learning
- Granular-level detail in two to three clicks

CAPABILITIES

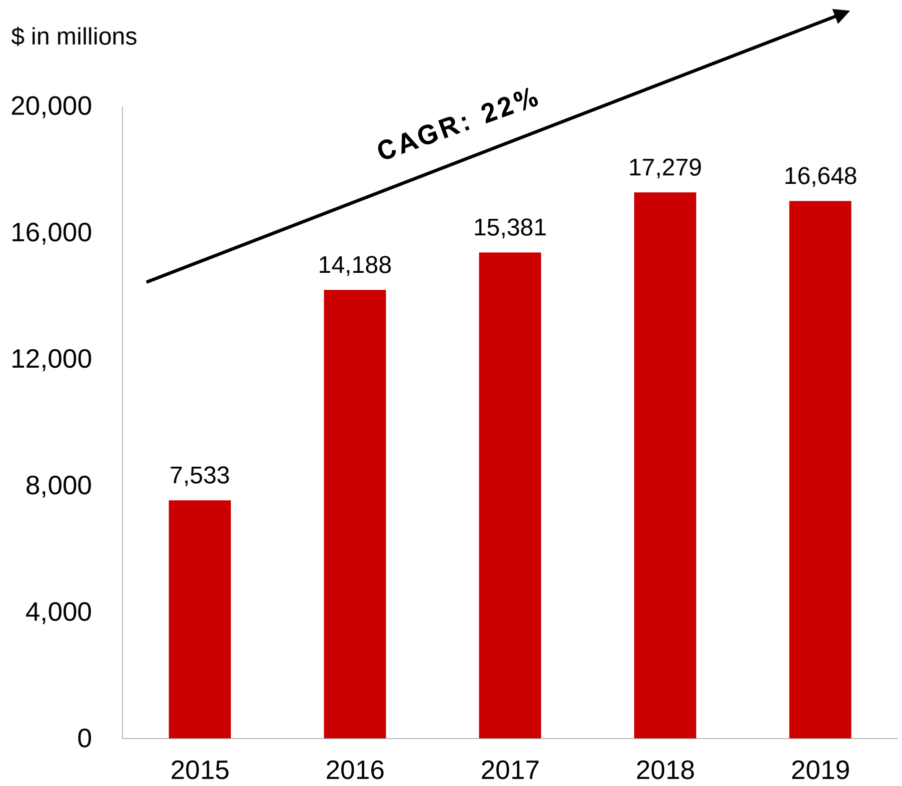
- Labor management and planning
- Attendance tracking
- Production management, inbound and outbound
- Productivity tracking
- SKU velocity

Currently utilized in two-thirds of warehouses in North America, with early implementation across the US LTL network, and European roll-out underway

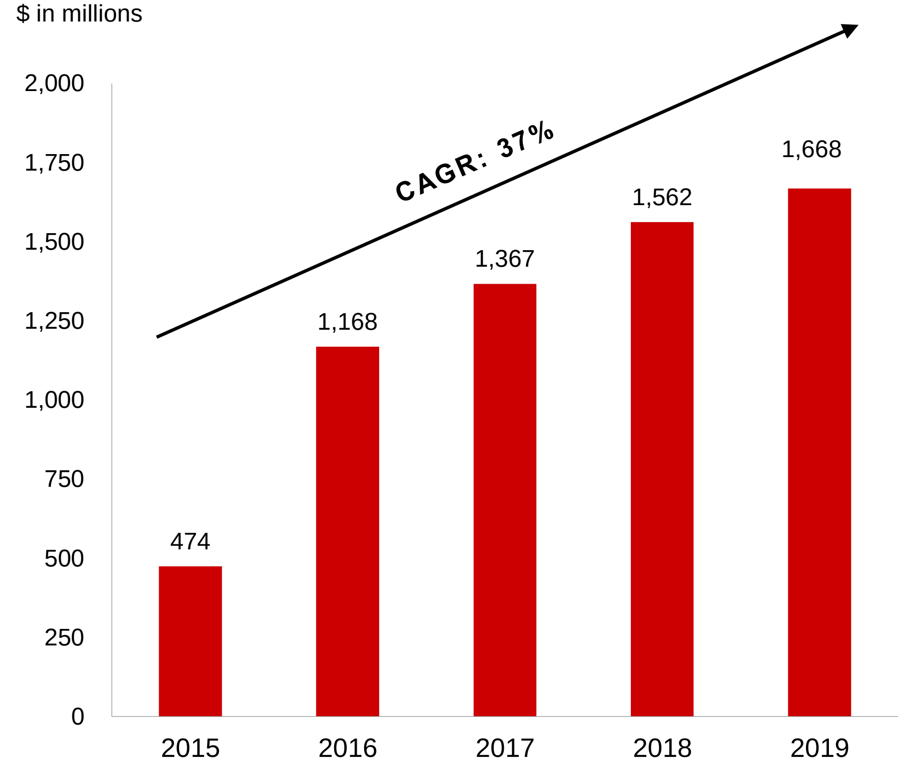
Financial highlights and key metrics

Industry-leading growth in revenue and adjusted EBITDA

REVENUE

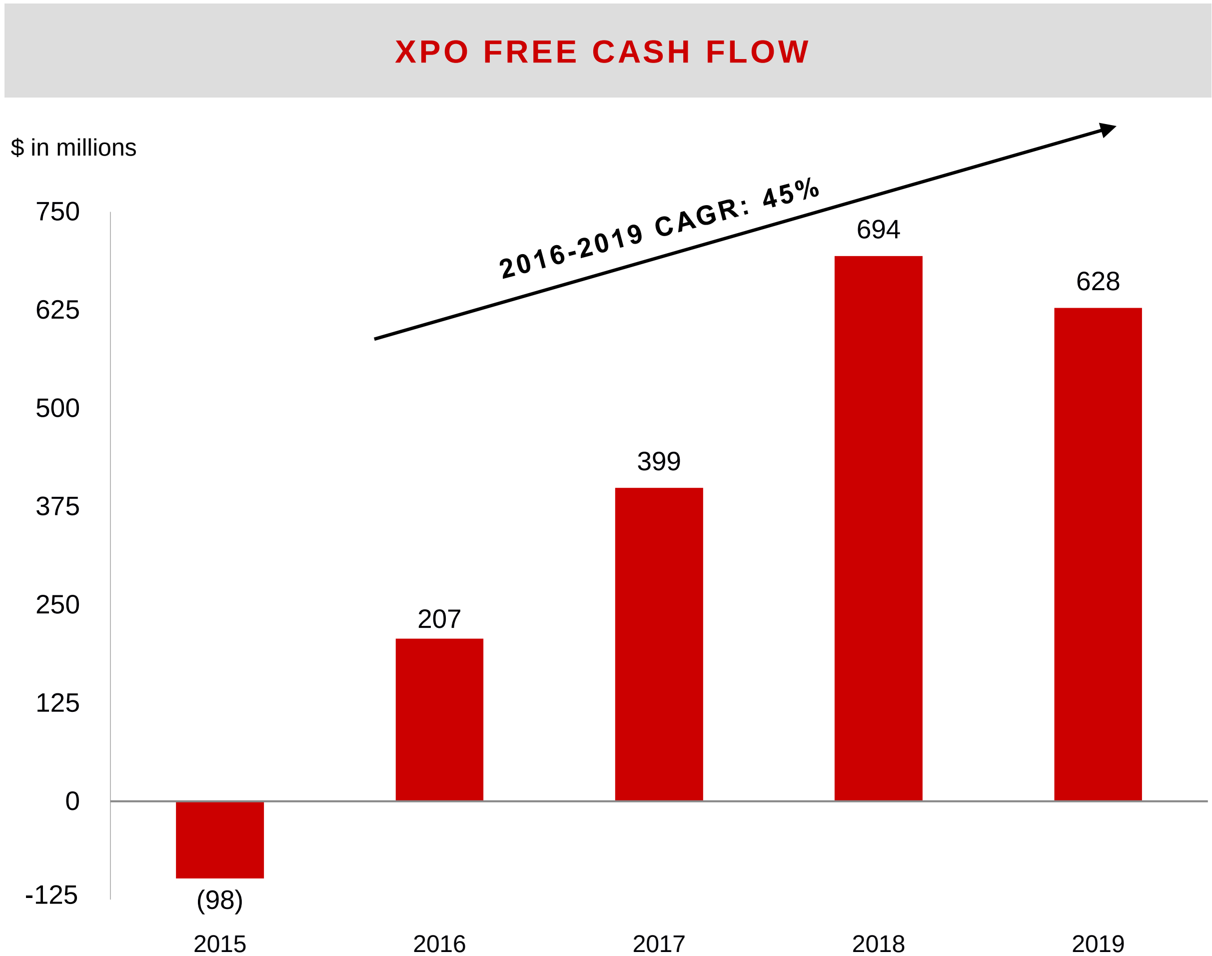


ADJUSTED EBITDA



Note: Both charts exclude the impact of the North American truckload unit divested in October 2016
Refer to the "Non-GAAP Financial Measures" section on page 2 of this document

Strong free cash flow generation



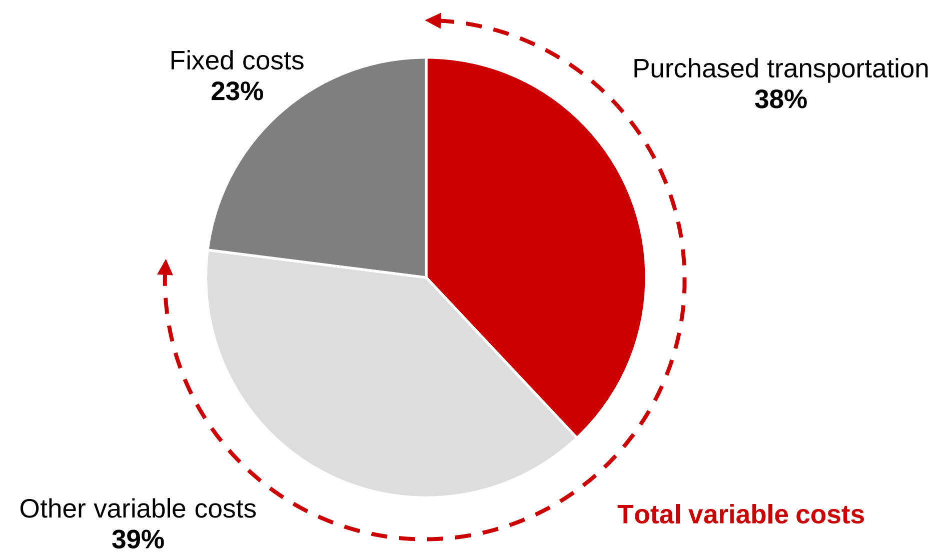
Note: 2016 and 2017 data have been recast to reflect the impact of Accounting Standards Update 2016-18
Refer to the "Non-GAAP Financial Measures" section on page 2 of this document

Operating flexibility across all economic environments

- Blended model of owned, contracted and brokered capacity for truck transportation
  - Non-asset portion is predominantly variable-cost
  - Includes brokerage operations and contracted capacity with independent providers
- Contracted businesses demonstrate greater resilience in weak economies
  - XPO's logistics relationships are typically characterized by long-term contracts with strong renewal rates
  - Last mile heavy goods business benefits from contracted revenue streams and non-asset model
  - Predecessor companies displayed strong resilience in last financial crisis
- Ability to flex capex in cyclical fluctuations

SIGNIFICANT LEVERS TO EXPAND FREE CASH FLOW ACROSS CYCLES

77% OF COST BASIS IS VARIABLE[1]



[1] Full year 2019 data

Second quarter 2020 results and third quarter 2020 guidance

Three months ended June 30, 2020

REVENUE	$3.50 billion
NET INCOME (LOSS)[1]	$(132) million
DILUTED EARNINGS (LOSS) PER SHARE	$(1.45)
ADJUSTED NET INCOME (LOSS)[1]	$(57) million
ADJUSTED DILUTED EARNINGS (LOSS) PER SHARE	$(0.63)
ADJUSTED EBITDA	$172 million
CASH FLOW FROM OPERATIONS	$214 million
FREE CASH FLOW	$121 million

- The company continued to provide essential services to its customers throughout the quarter, while taking extensive measures to keep employees safe
- Revenue and adjusted EBITDA declined year-over-year due to the impact of COVID-19 on the company's end markets
- April marked the trough, and results improved sequentially during the quarter
- Fuel and foreign exchange were additional revenue headwinds, accounting for three percentage points in total
- The company incurred $48 million of net incremental expense for PPE and other COVID-related measures
- The year-over-year decline in adjusted EBITDA was consistent with the decrease in revenue, 77% of costs being variable, and incremental COVID-related expenses
- Free cash flow benefited from diligent working capital management and lower capital expenditures than initially planned

Third quarter 2020 guidance

Based on current market conditions, the company expects to generate at least $350 million of adjusted EBITDA in the third quarter 2020.

[1] Net income (loss) attributable to common shareholders
Refer to the "Non-GAAP Financial Measures" section on page 2 of this document

Balance sheet and liquidity as of June 30, 2020

NET DEBT[1]	$4.9 billion
CASH AND CASH EQUIVALENTS	$2.3 billion
NET LEVERAGE	3.5x
TOTAL LIQUIDITY	$2.8 billion

Q2 2020 activities

- Added new $350 million term loan and letter of credit facility to further strengthen liquidity
- Issued $1.15 billion of five-year, 6.25% senior notes, proceeds available for general corporate purposes
- No significant debt maturities until mid-2022

[1] Calculated as total debt less cash and cash equivalents
Refer to the “Non-GAAP Financial Measures” section on page 2 of this document

Full year 2019 results

REVENUE	$16.65 billion	ADJUSTED DILUTED EPS	$4.03
NET INCOME[1]	$379 million	ADJUSTED EBITDA	$1.67 billion
DILUTED EPS	$3.57	CASH FLOW FROM OPERATIONS	$791 million
ADJUSTED NET INCOME[1]	$428 million	FREE CASH FLOW	$628 million

[1]Net income attributable to common shareholders
Refer to the “Non-GAAP Financial Measures” section on page 2 of this document

XPOLogistics

Share repurchase program

Year-to-date through June 30, 2020, the company repurchased:

SHARES PURCHASED	1.7 million shares of XPO common stock[1]
PRICE	$66.58 average price per share
TOTAL COST	$114 million approximate total cost of repurchases

XPO has approximately $503 million remaining on the current $2.5 billion share repurchase authorization. The company is not obligated to repurchase any specific number of shares and can suspend or discontinue the program at any time.

[1] All 2020 stock repurchases through June 30 were executed in the first quarter

Business overview: North American contract logistics

Americas and Asia

#2 logistics provider in North America, with operations in Asia and Latin America

Strongly positioned with blue-chip customers who need complex solutions	▪ Expansive footprint and scale are competitive advantages ▪ Employer of choice with best-in-class ability to manage tight labor markets ▪ Top five industrial tenant, with significant real estate expertise
Proprietary technology excels at visibility, speed, accuracy, agility and control	▪ Effective cost management, labor rightsizing, reduction of loss-makers and efficient peak management are making meaningful contributions to margin ▪ Proprietary warehouse platform manages advanced automation and analytics in-house for greater agility
XPO Direct™ utilizes existing network as a flexible distribution solution	▪ Shared-space storage and distribution lets retailers flex with demand and seasonal patterns ▪ Sites positioned to serve 99% of US population through one-day and two-day ground delivery ▪ Allows companies to avoid large capital investments and fixed costs
Range of vertical expertise capitalizes on omnichannel and e-commerce tailwinds	▪ Leading 3PL across verticals for consumer technologies, e-commerce and retail, food and beverage, aerospace and defense, consumer packaged goods and industrial and automotive[1] ▪ Unique ability to deliver a consistently superior end-customer experience
Significant opportunities for profitable growth and strong free cash flow	▪ Long runway for margin expansion via XPO Smart™ and other AI and machine learning ▪ Growth opportunities in Asia and Latin America through North American customer relationships ▪ Highly integrated platform facilitates bolt-on expansion

[1] Based on number of customer relationships, per Armstrong & Associates

Preeminent reputation for innovation, expertise and quality of performance

LEADING MARKET POSITION IN DIVERSE VERTICALS[1]

	XPO POSITION
Chemicals	#1
Consumer goods	#1
Food and beverage	#1
Industrial	#1
Retail and e-commerce	#1
Automotive	#2
Technology	#2
Healthcare	#6

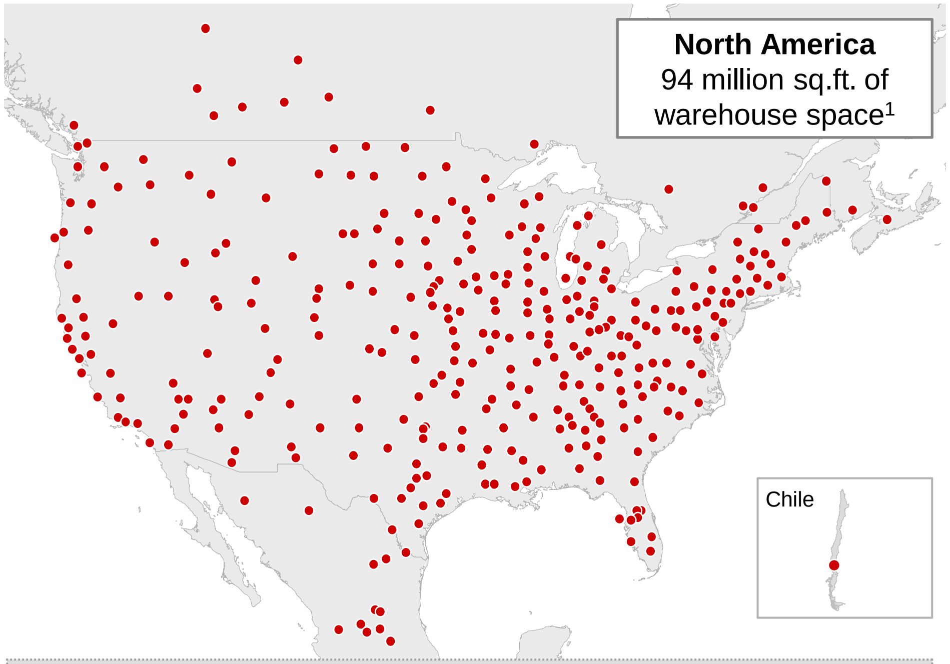
KEY METRICS[2]

Industry size	~$50 billion
2019 revenue	$2.5 billion
Countries	14
Locations	374 (North America, 311)
Warehouse space	~102 million sq. ft. (North America, Asia)
Employees	~21,000
Average contract length	~5 years

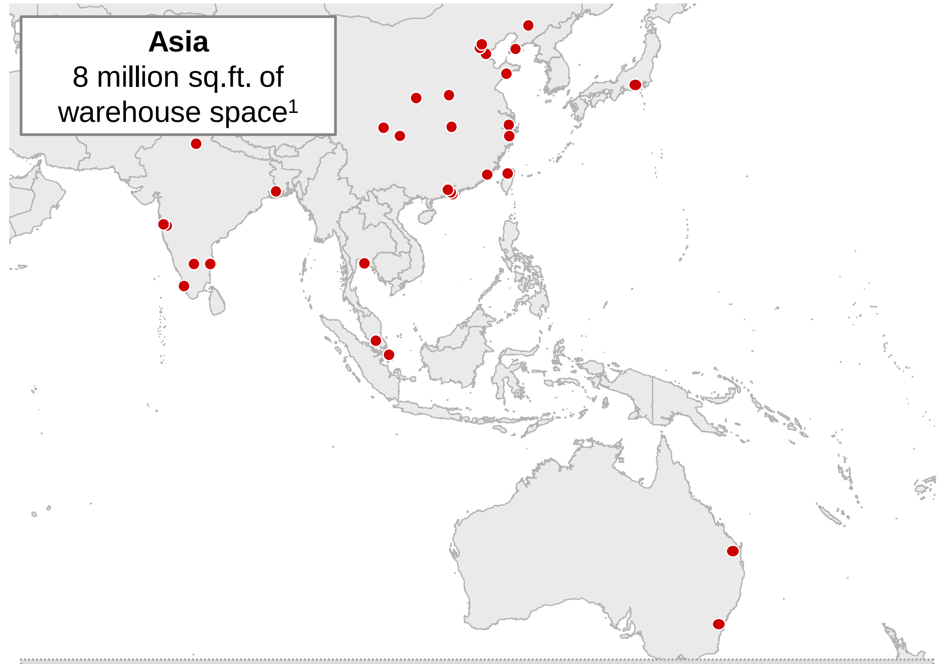
Source: Company information, industry research, Armstrong & Associates and public company filings
[1] Based on number of global customer relationships
[2] Revenue is full year 2019; all other metrics as of June 30, 2020

XPOLogistics

XPO's footprint and scale are key competitive advantages



COUNTRIES OF OPERATION	WAREHOUSE SQ. FT. (millions)
United States	91
Canada	1
Mexico	1
Chile	<1
Peru	<1



COUNTRIES OF OPERATION	WAREHOUSE SQ. FT. (millions)
Singapore	3
India	2
China	1
Taiwan	1
Thailand	1
Australia	<1
Hong Kong	<1
Japan	<1
Malaysia	<1

[1] Warehouse sq. ft. as of June 30, 2020 and includes both leased and customer square footage

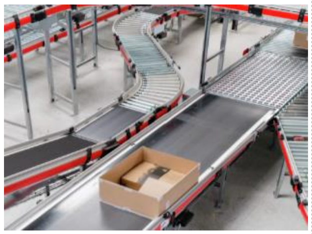
XPOLogistics

Sophisticated capabilities, deeply integrated with customer supply chains

ADVANCED AUTOMATION AND ROBOTICS

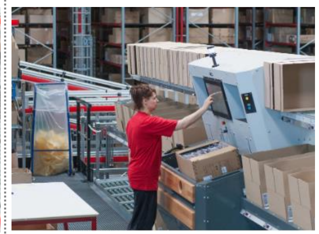
- Tech-enabled fulfillment continuously improved by AI and machine learning
- Multichannel distribution services
- Ongoing robot implementations

INBOUND LOGISTICS AND MANUFACTURING SUPPORT



- Flow optimization
- Space maximization
- Automated replenishment of materials and parts
- Vendor-managed inventory models

REVERSE LOGISTICS AND AFTERMARKET SUPPORT



- Fast-growing areas of logistics valued by large customers with demanding service standards
- Return-to-retail, refurbishment and disposal
- Aftermarket distribution

HIGH-VALUE-ADD SERVICES AND CUSTOMIZATIONS

- Packaging
- Co-packing
- Kitting
- Bundling
- Channel-specific boxing and labeling
- Retail compliance

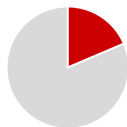
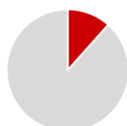
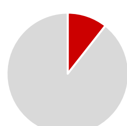
WAREHOUSING

- Ability to shift between short-term and long-term needs and from fixed to variable costs gives customers greater seasonal flexibility
- Facilitated by XPO's technology and data analytics

SUPPLY CHAIN OPTIMIZATION

- Cross-functional XPO platform with demand forecasting
- XPO-customer collaborations for speed-to-market and multichannel management strategies

XPO has decades of logistics expertise in diverse verticals in North America

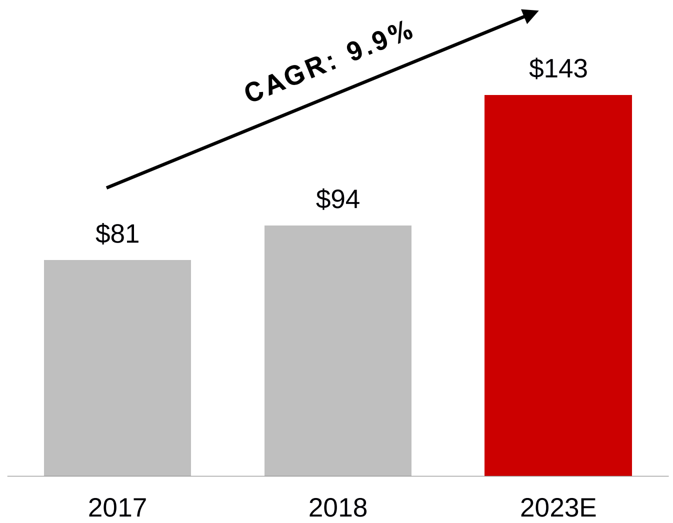
END MARKETS	% 2019 REVENUE[1]	EXPERTISE
CONSUMER TECHNOLOGY	 19%	▪ Direct-to-consumer and retail fulfillment of consumer electronics and other devices ▪ Returns management, OEM-certified repairs, warranty adjudication, product disposition and payment processing
FOOD AND BEVERAGE	 16%	▪ Warehousing, distribution, co-packaging, frozen, refrigerated and dry storage, direct-to-consumer ▪ USDA, Kosher compliant; FDA registrations; 21 CFR Part 110 / 117, GFSI benchmarked protocol
E-COMMERCE / RETAIL	 12%	▪ Seamless integration of large footprint, warehouses, transportation capacity, labor and advanced automation ▪ Superior consumer experience protects brands
AEROSPACE	 11%	▪ State-of the-art logistics infrastructure for the receipt, storage and shipping of products and classified materials ▪ AS9100 and AS912-certified, DLA and DCAA-compliant
CONSUMER PACKAGED GOODS	 11%	▪ Turnkey solutions for consistent results across national and multinational markets ▪ High-volume warehousing and distribution, reverse logistics and omnichannel fulfillment
CHEMICAL	 7%	▪ Manufacturing, packaging, storing and shipping of basic and specialty chemical products to stringent safety standards ▪ Environmentally responsible operations compliant with EPA, USDA, FDA, BRC, AIB and GMP regulations

[1] Excludes intercompany sales eliminations, quality of earnings and standalone adjustments; remaining revenue derived from healthcare, automotive, industrial and construction, and other sectors

E-commerce growth continues to drive supply chain complexity

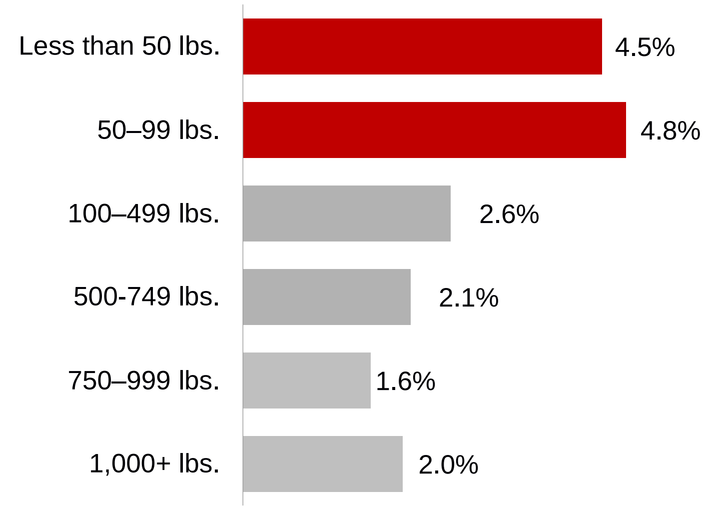
US E-COMMERCE LOGISTICS MARKET

$ in billions



INCREASING DEMAND FOR AUTOMATION TO MANAGE GROWTH

2012-2017 shipment weight CAGR



CONSUMERS EXPECT FASTER DELIVERIES AND SHOP GLOBALLY

Same-day delivery is becoming normal, expected to increase 43% per year

% of transactions

1 → 25

Omnichannel channel is growing at ~10% per year vs. offline sales growth of (2%)

% of digitally influenced offline sales

44 → 56

Cross-border e-commerce is outgrowing domestic e-commerce at ~26% per year

% of cross border e-commerce

15-20 → 25-30

Trends 2016 2021 E

Source: Third-party industry research

Proprietary warehouse platform enhances productivity, visibility and control

WMx

Warehouse management

Manages all distribution processes within the warehouse walls

OMx

Order management

Centralizes customer order data, enables real-time visibility

CMx

Connection management

Integrates customer systems with XPO product suite

WCx

Warehouse controls

Provides control of automation and robotics fully integrated with warehouse management software

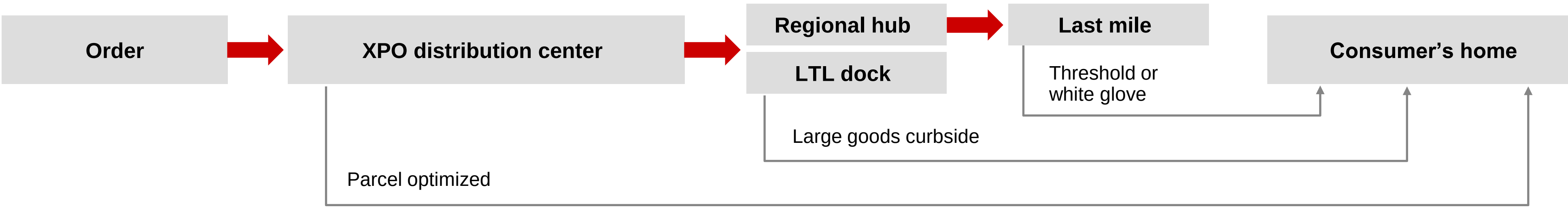
BAx

Business analytics

XPO algorithms generate reports, insights and forecasts

Special software layer enables customization

XPO Direct™ shared distribution is a game-changer for customers



SPEED AND LOW COST IN TODAY'S ON-DEMAND ECONOMY	
Scale and proximity	Speeds up store replenishment and home delivery; reaches 99% of population with one-day and two-day ground delivery; one tracking number end-to-end
Better customer experience	Retailers, e-tailers and manufacturers can improve end-customer satisfaction without large capital investments
All sizes fit	Parcel delivery for small items and white-glove, inside-the-home delivery for big and bulky items

SCALED, FLEXIBLE "FULFILLMENT AS A SERVICE" (FAAS) MODEL	
Shared resources	Shared warehouse capacity, inventory management, operations, technology, labor, and last mile logistics for heavy goods if needed
Predictive analytics	Solves challenges of seasonal peaks and fluid demand
Growth lever	Cost-effective way for small and mid-sized customers to grow their online presence

Achieving profitability in second full year of operations

Business overview:
European contract logistics

Leading provider of technology-enabled, customized logistics in Europe

#2 contract logistics provider in Europe, with the largest outsourced e-fulfillment platform	▪ Rigorous reverse logistics management is highly valued by retailers and e-tailers ▪ Strong track record of peak management with diverse SKUs amid rapidly changing demand ▪ Well-positioned in the fast-growing “click and collect” omnichannel sector
Robust multinational capabilities meet high expectations for service quality	▪ Sector-specific capabilities for receipt, storage, inventory management, fulfillment and returns ▪ Top five industrial tenant in Europe, with significant real estate expertise ▪ Proven ability to manage different types of front-line workforces in varying national labor environments
Highly engineered, technology-driven solutions solve complex challenges	▪ Advanced automation and robotics drive efficiency and profit improvement ▪ Bespoke, technology-enabled solutions are high-margin and create stickiness with customers ▪ Proprietary tools leverage machine learning to improve workforce productivity
Existing customer base represents significant growth opportunities	▪ Existing customer relationships have large share-of-wallet upside ▪ Sales strategy is geared toward high-growth e-commerce accounts and prospects ▪ XPO’s reputation is for consistently reliable logistics services on a large scale
Sales strategy and macro-independent margin initiatives underway	▪ Long runway for margin expansion from XPO Smart™ and other intelligent technology ▪ Focus is on cost management, rightsizing labor, solving loss-makers and peak management ▪ Opportunity to grow share in established specializations, such as food and beverage and omnichannel retail

Best-in-class vertical expertise, advanced technology and scale

BUSINESS OVERVIEW

- Proprietary technology manages complex warehouse operations, advanced automation, workforce productivity and fulfillment with superior speed and accuracy
- Comprehensive R&D capabilities are a source of continual innovation
- Compelling value proposition includes extensive expertise in capacity management, forecasting, industrial engineering and LEAN operations
- Sophisticated e-commerce solutions

KEY METRICS[1]

Industry size	~$80 billion
2019 revenue	$3.6 billion
Countries	15
Locations	393
Warehouse space	~99 million sq. ft. (9 million sq. m.)
Employees	~35,000
Average contract length	~5 years

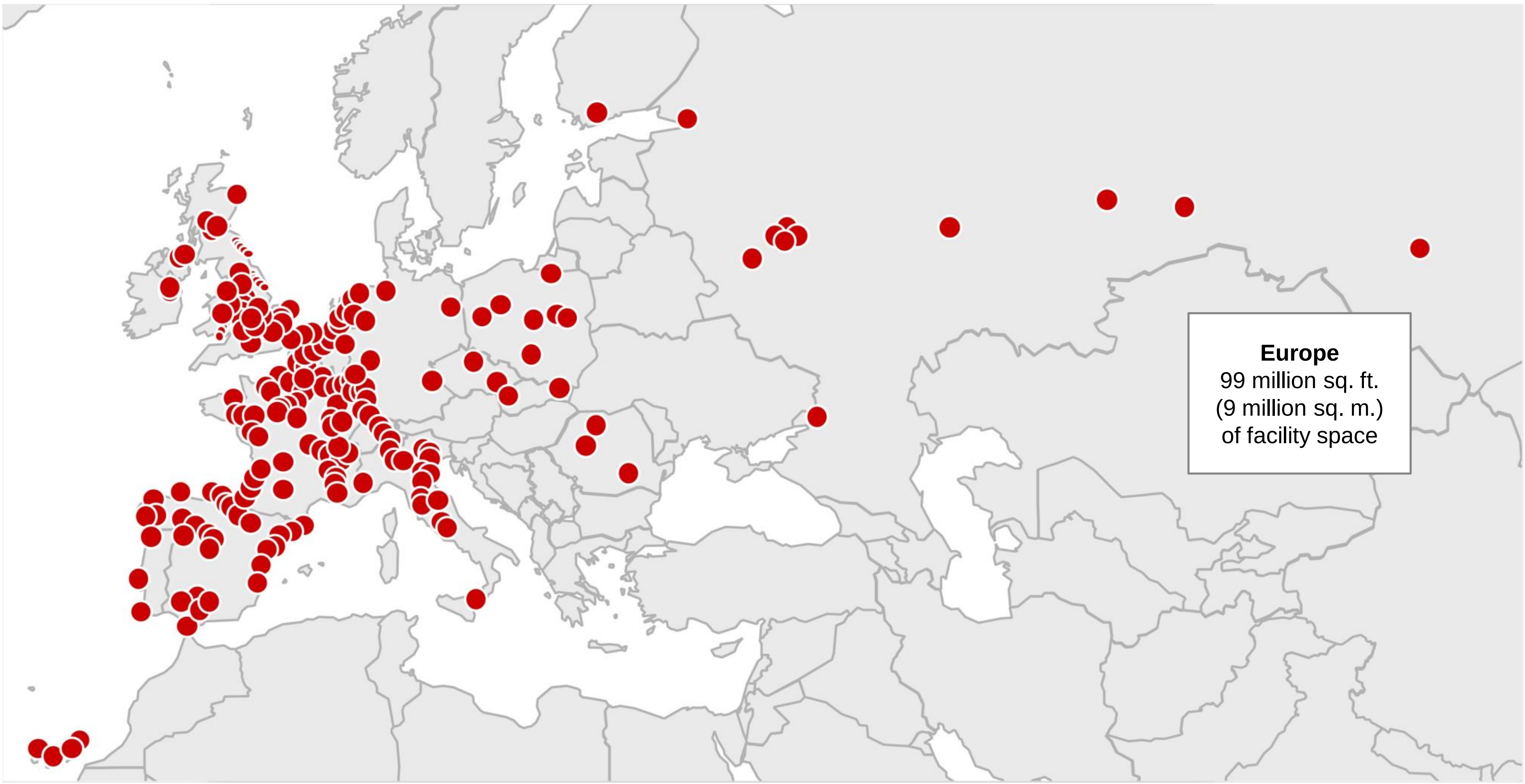
SERVICE OFFERINGS

- Fulfillment
- Inbound logistics
- Manufacturing support
- Supply chain optimization
- Value-added services
- Warehousing
- Aftermarket support

[1] Estimate of industry size based on industry research; revenue is full year 2019; all other metrics as of June 30, 2020

XPOLogistics

XPO’s logistics network footprint and scale are major competitive advantages



Belgium	Czech Republic	Finland	France	Germany
Ireland	Italy	Netherlands	Poland	Portugal
Romania	Russia	Spain	Switzerland	United Kingdom

Key service capabilities in Europe

INTEGRATED LOGISTICS NETWORK WITH EXTENSIVE REACH AND STRONG POSITIONING

CONTRACT LOGISTICS AND VALUE-ADDED SERVICES

- Inbound quality assessment and inventory inspections
- Tech-enabled fulfillment continuously improved by AI and machine learning
- Order pick, pack and customization, custom services, and pre-retailing
- In-demand e-commerce capabilities for food products
- Customer-specific quality assurance processes
- Critical solutions for high-volume retail customers, such as ironing and dry cleaning
- Parts distribution and other aftermarket support
- Expertise in sustainable waste management
- Multichannel distribution services

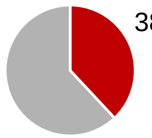
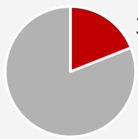
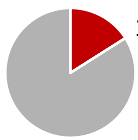
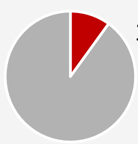
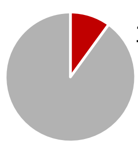
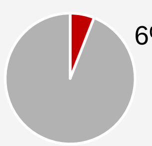
CARRIER MANAGEMENT

- 4PL carrier management
- Carrier label production (smart consign, etc.)
- Competitive service propositions – same day, next day and standard deliveries

RETURNS MANAGEMENT

- A leading reverse logistics provider in Europe
- UK market leader specializing in retail and grocery asset management
- Value added services include garment care, spot cleaning of clothing and furniture, sewing repairs, QC inspection, diagnostic testing of electrical items re-labelling and label removal and re-kitting

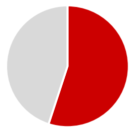
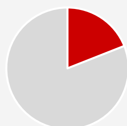
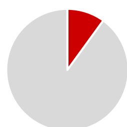
Diversified geographical exposure with tailored business strategies

END MARKETS	% 2019 REVENUE[1]	POSITIONING
UK AND IRELAND	 38%	▪ #1 in e-commerce fulfillment ▪ ~262 million units picked and packed per year ▪ Capabilities for ”big and bulky” products 50-150 lbs.
FRANCE	 19%	▪ Top three contract logistics provider ▪ Partner of choice due to breadth of vertical expertise ▪ Automation leader, with focus on labor productivity
BELGIUM, THE NETHERLANDS AND GERMANY	 16%	▪ Three countries managed as one cluster region ▪ Strategic location for pan-European e-commerce ▪ #2 in the Netherlands logistics market and regional automation leader
ITALY	 11%	▪ Top three logistics company ▪ #1 in fashion and luxury logistics ▪ Extensive pharmaceutical experience
SPAIN AND PORTUGAL	 10%	▪ #1 in e-commerce fulfillment ▪ Provides logistics for largest fresh foods network in Spain ▪ Positioned as a supply chain innovation leader
CENTRAL EUROPE AND RUSSIA	 6%	▪ Expanded in Poland to handle German e-commerce volume ▪ Central European customers primarily originate in Western Europe ▪ Exposure to growth from countries with expanding economies

[1] Excludes intercompany sales eliminations, quality of earnings and standalone adjustments; excludes pro forma impact from pending acquisition; Central Europe region includes Poland, Czech Republic and Romania

XPOLogistics

Serving sectors that are typically high growth, high margin or macro-resilient

END MARKETS	% 2019 REVENUE[1]	DESCRIPTION
E-COMMERCE AND RETAIL	 55%	▪ Seamless integration of large footprint: warehouses, transportation capacity, labor and advanced automation ▪ Advanced automation drives trend for longer customer contract tenures
FOOD AND BEVERAGE	 19%	▪ Omnichannel fulfillment and reverse logistics ▪ Recalls, code tracking, mixing and packaging of frozen, refrigerated and dry goods; compliant with ISO22000, BRCGS and HACCP
CONSUMER PACKAGED GOODS	 10%	▪ Advanced solutions for consistent results across national and multinational markets ▪ High-volume warehousing and distribution, reverse logistics and omnichannel fulfillment
TECH AND ELECTRICAL	 5%	▪ Direct-to-consumer and retail fulfillment of consumer electronics and other devices ▪ Returns management, OEM-certified repairs, warranty adjudication, product disposition and payment processing
CHEMICALS	4%	▪ Manufacturing, packaging, storing and shipping of chemical products to stringent safety standards ▪ Environmentally responsible operations in compliance with CDG/ADR, CHIP, COSHH, DSEAR, REACH, COMAH and Seveso

[1] Excludes intercompany sales eliminations, quality of earnings and standalone adjustments; excludes pro forma impact from pending acquisition; remaining 7% revenue derived from automotive, industrial and construction, and other sectors

Leading e-commerce and omnichannel service capabilities

COMPETITIVE ADVANTAGES

SCALE AND FLEXIBILITY

- Largest provider of outsourced e-fulfillment services in Europe
- Superior ability to ramp up and manage large workforces for peak seasonality
- Sophisticated inventory management system optimizes lead times for customers
- Multichannel distribution and reverse solutions

ADVANCED AUTOMATION

- Complex capabilities, deeply integrated with customer supply chains
- Automated infrastructure facilitates delivery of customer-specific services
- Deep expertise in deploying tailored automation
- Tech-enabled fulfillment continuously improved by AI and machine learning

STRONG CUSTOMER RELATIONSHIPS

- Longstanding, mutually successful relationships with global retail and e-tail brands that compete for consumer loyalty based on the shopping experience
- Highly referenceable e-commerce and omnichannel customers

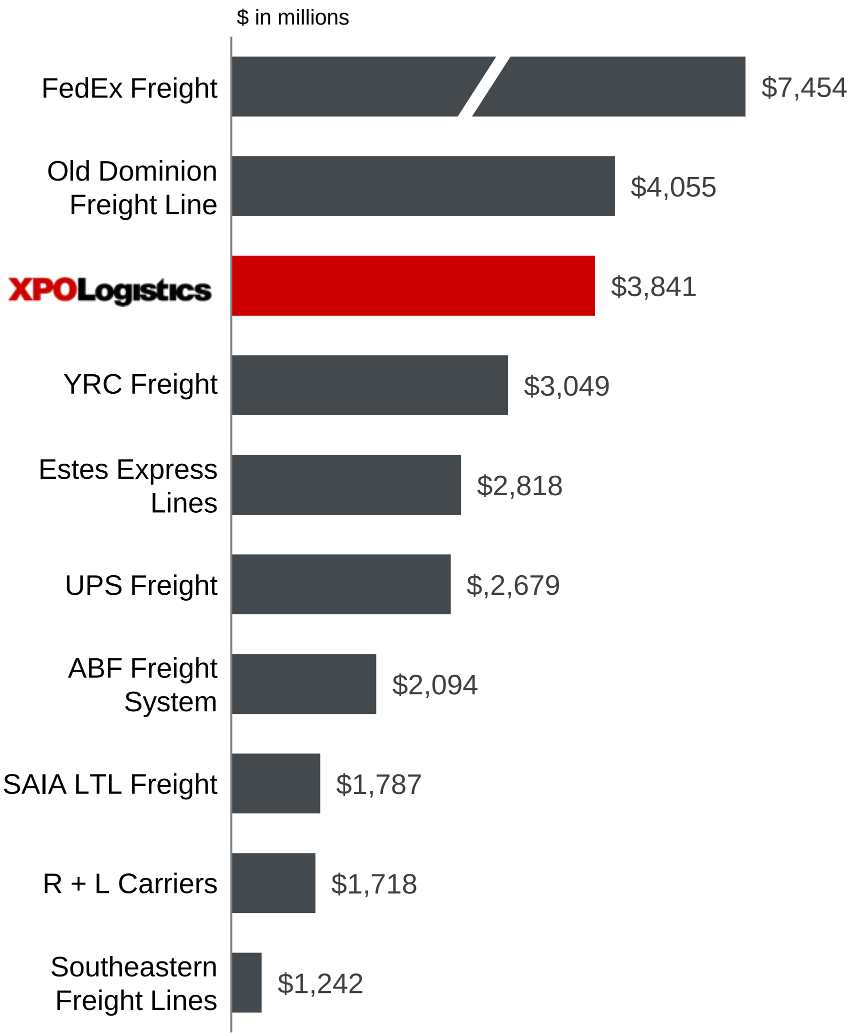
Business overview: North American less-than-truckload

LTL has a well-defined opportunity to grow EBITDA to at least $1 billion in 2022

Favorable long-term industry fundamentals	▪ Rational pricing dynamics ▪ Rapid growth of e-commerce driving retail shipments to LTL carriers
One of the few US providers with national coverage	▪ Strong advantage over regional providers, due to scale and visibility ▪ Covers every US state, including Alaska and Hawaii, and about 99% of all US postal codes
Further profit improvement via proprietary technology	▪ Intelligent load-building, yard management and routing technology ▪ XPO Smart™ tools driving process improvements, cost savings and labor productivity
Advanced pricing algorithms help balance network mix	▪ Proprietary algorithms automate pricing for small to mid-sized accounts ▪ Elasticity models help inform pricing decisions for larger accounts
Strategic focus on high-yield freight	▪ Dynamic pricing algorithms improve yield with national accounts and local accounts ▪ Diversified, high-yield customer base spans industries, regions and customer types
Five years of substantial, ongoing improvement, with additional upside	▪ Data science harnessed to balance network, reduce cost and improve utilization ▪ Resilient cash flow generation through diligent working capital and capex management

Top three provider of less-than-truckload (LTL) in North America

TOP LTL PROVIDERS BY REVENUE 2019[1]

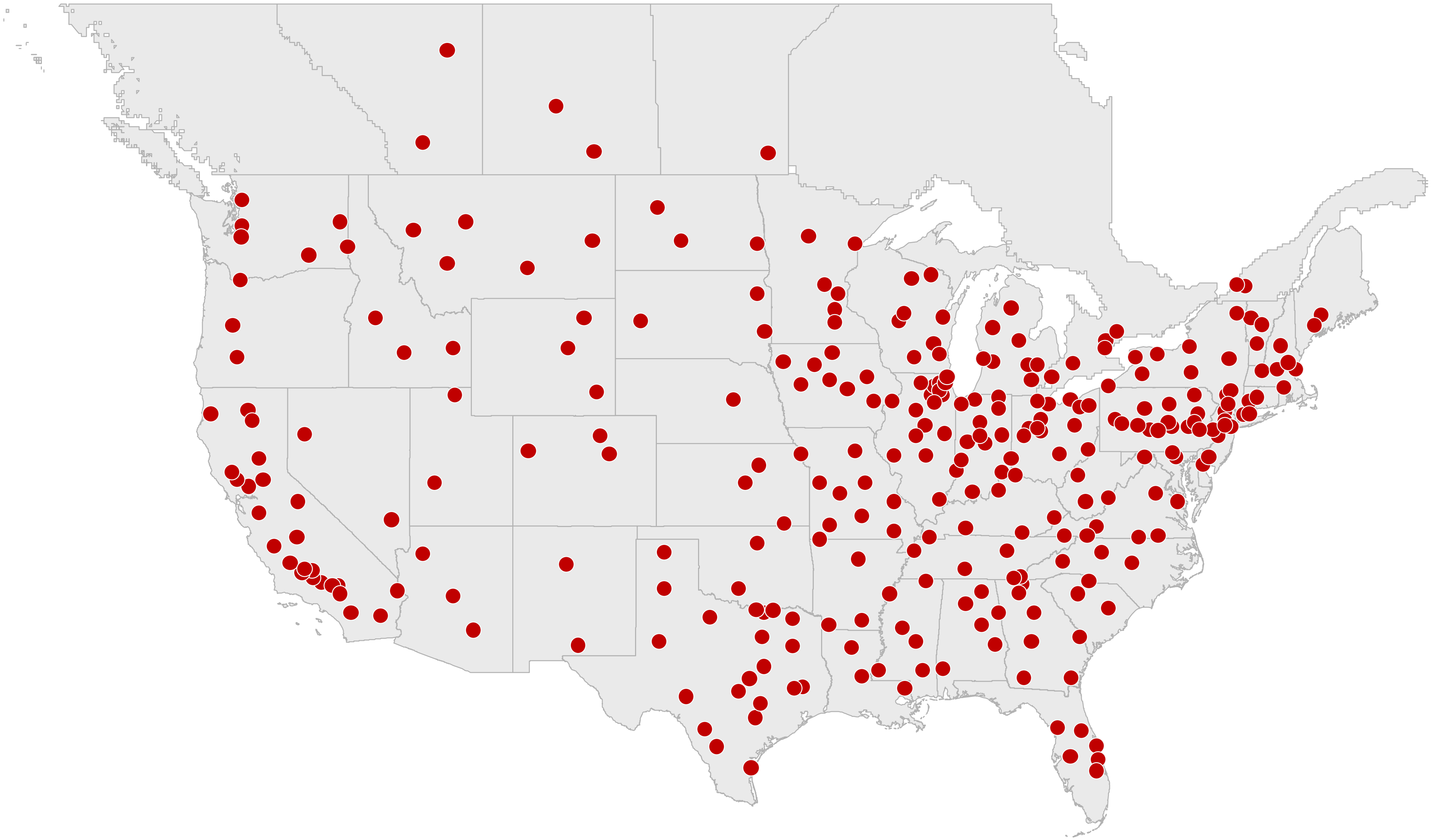


KEY METRICS[2]

Industry size	~$43 billion
2019 revenue	$3.8 billion
Employees	~19,000
Cross-dock facilities	290
Number of tractors / trailers	~7,500 / 24,000
Average length of haul	816.5 miles
Average tractor fleet age	5.19 years

[1] Source: SJ Consulting Group; data includes fuel surcharge
[2] Estimate of industry size based on industry research; revenue is full year 2019; all other metrics as of June 30, 2020

LTL customers of all sizes value XPO's scale and capacity



XPO's network of LTL terminals in US and Canada

Compelling LTL value proposition appeals to diverse customer types

KEY SERVICE ATTRIBUTES	
CAPACITY, DENSITY AND SCALE	▪ One of the largest, most modern and safest-equipped fleets in industry ▪ 7,500 tractors and 24,000 trailers[1] ▪ ~12,000 professional drivers, operating out of 290 terminals[1] ▪ All types of commodities accepted ▪ Over 75,000 next-day and two-day lanes
INTELLIGENT TECHNOLOGY	▪ Dynamic route optimization, intelligent load-building and advanced pricing algorithms ▪ XPO Smart™ tools are driving productivity improvements beyond the significant gains already made ▪ Data-driven reporting and business intelligence is customized by XPO analytics
STRONG RELATIONSHIPS	▪ Over 30 years of experience as an LTL carrier ▪ Comprehensive services for customers with delivery needs in multiple markets ▪ Longstanding relationships in place for movements to and from Mexico, Puerto Rico and Canada ▪ Responsive team committed to superior outcomes for customers

[1] As of June 30, 2020

XPOLogistics

Technology prioritizes three areas of LTL network optimization

DYNAMIC ROUTEOPTIMIZATION

- Intelligent routing and real-time visibility increase P&D pounds per person-hour, stops per hour and weight per trip
- Reduces P&D miles per stop and cost per stop
- Improves service levels through route sequencing for better control of delivery times and exception management

INTELLIGENT LOAD-BUILDING

- Proprietary technology automates load-building and optimizes linehaul network
- Real-time monitoring of compliance maximizes trailer utilization
- Bypass algorithm reduces multiple stops for trucks dedicated to direct movements

PRICING OPTIMIZATION

- Advanced algorithms balance the network, reducing cost and utilization inefficiencies, such as empty miles
- Speeds onboarding of more profitable small to mid-sized local accounts
- Provides real-time cost visibility at the shipment level

Technology becomes continually smarter at automating operations for best results

XPOLogistics

XPO Smart™ right-sizes shift scheduling and all components of LTL labor mix

- The introduction of real-time visibility is driving an average of ~7% more motor moves per hour on LTL cross-docks, with high employee engagement
- Analytics provide deep visibility into cross-dock labor activity in real time, as well as scheduled labor for future periods
- Site-specific modeling helps managers understand the future impacts of operational decisions
- Takes turnover and training time into account

FULL-TIME LABOR	PART-TIME LABOR
SHORTER WORK SHIFT	LONGER WORK SHIFT
DOCK WORKERS	DRIVERS
WORK HOURS	OVERTIME

Delivers significant labor and service efficiencies on cross-docks

Business overview:
North American transportation

Truck brokerage / expedite

Intermodal / drayage

Last mile

Managed transportation

Combination of scale, technology and service range is unique in North America

Multimodal solutions with critical mass and leadership positions in fast-growing sectors	▪ Only provider with leading positions and real-time visibility across so many modes ▪ Customers gain extensive options and access to capacity
XPO Connect™ digital freight marketplace digitizes shipper-carrier transactions	▪ Automates transactions by giving carriers easy-to-use tools for managing capacity ▪ Gives shippers a single place to track, analyze, rate and buy transportation
Automation drives productivity and share gains, and lowers cost to serve	▪ Platform integrates brokerage, managed transportation, last mile and intermodal ▪ Advanced algorithms optimize pricing per customer
Strong tier-one customer relationships with tier-two and tier-three opportunities	▪ Large customers need multiple XPO services and value flexibility ▪ Strong management teams with mode-specific experience in each service offering
Positioned to benefit from industry trends of outsourcing, e-commerce and digitization	▪ Brokers have gained steady share of for-hire trucking throughout economic cycles ▪ E-commerce drives demand for XPO's brokerage, last mile and intermodal services
Asset-light business with high cash flow generation and conversion	▪ Strong operating leverage and modest capital requirements ▪ Working capital can become a source of cash in economic slowdowns

Brokerage is a vast opportunity to sell XPO's network capacity

BUSINESS OVERVIEW

- Non-asset business places shippers' freight with an established network of independent brokered carriers on a contractual or spot basis
- Benefits from secular trend toward outsourcing
- Key component of XPO's industry-leading range of transportation modes in North America
- XPO Connect™ digital freight marketplace, Drive XPO™ carrier app and Freight Optimizer procurement engine, in combination, are a strongly differentiated offering
- #1 provider of expedited solutions for urgent freight in North America

KEY METRICS[1]

Industry size[2]	~$375 billion
2019 revenue[3]	$1.66 billion
Locations	23
Employees	~900
Carrier relationships	38,000
Accessible trucks	Over 1,000,000

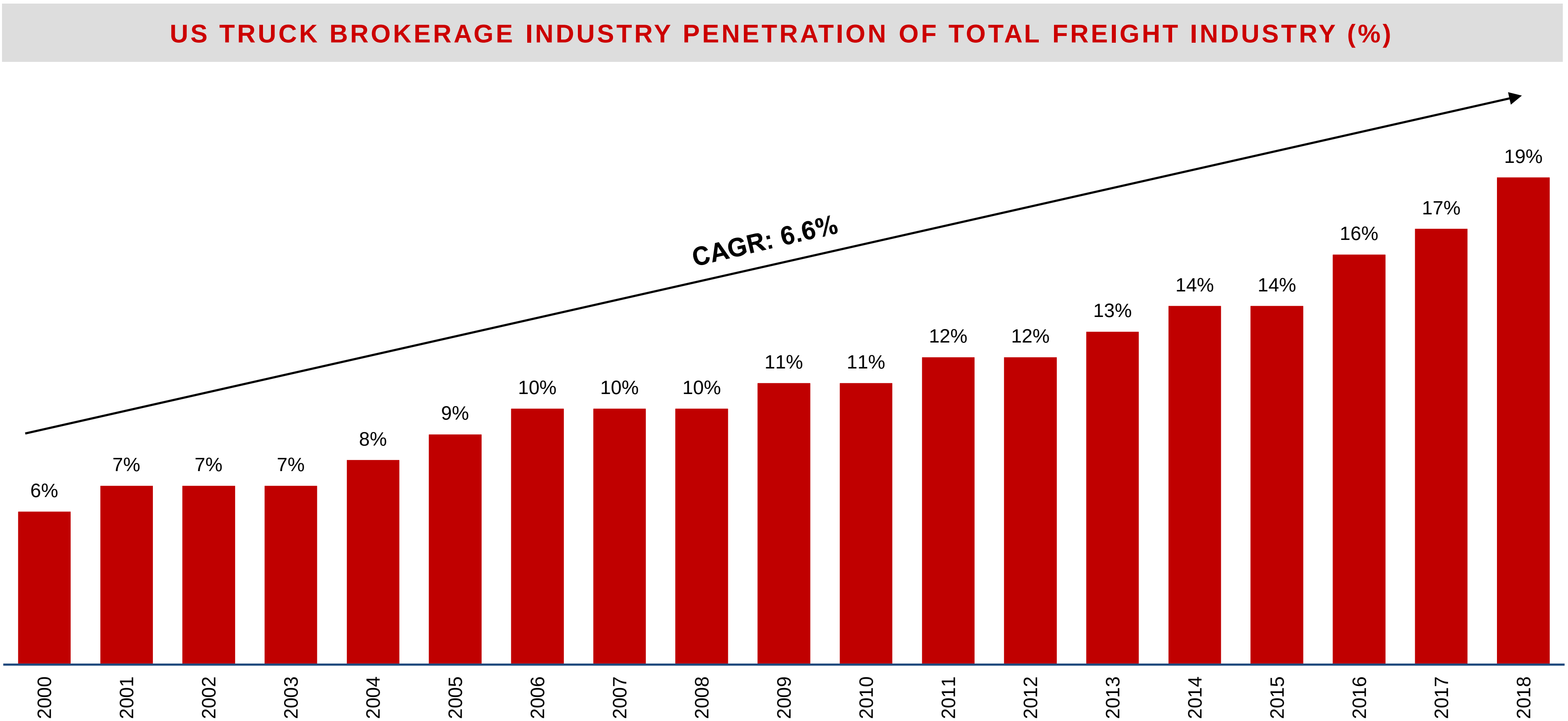
SERVICE OFFERINGS

- Full truckload, domestic and cross-border
- Refrigerated
- Heavy haul
- Expedite
- High value, high security
- Specialized equipment

[1] Revenue is full year 2019; all other metrics as of June 30, 2020
[2] Total truckload industry size based on industry research, including brokerage component
[3] Includes truck brokerage and expedite, excluding intercompany eliminations

XPOLogistics

Demand for XPO solutions driven by expansion of transportation outsourcing



Freight brokers have consistently gained transportation market share across cycles

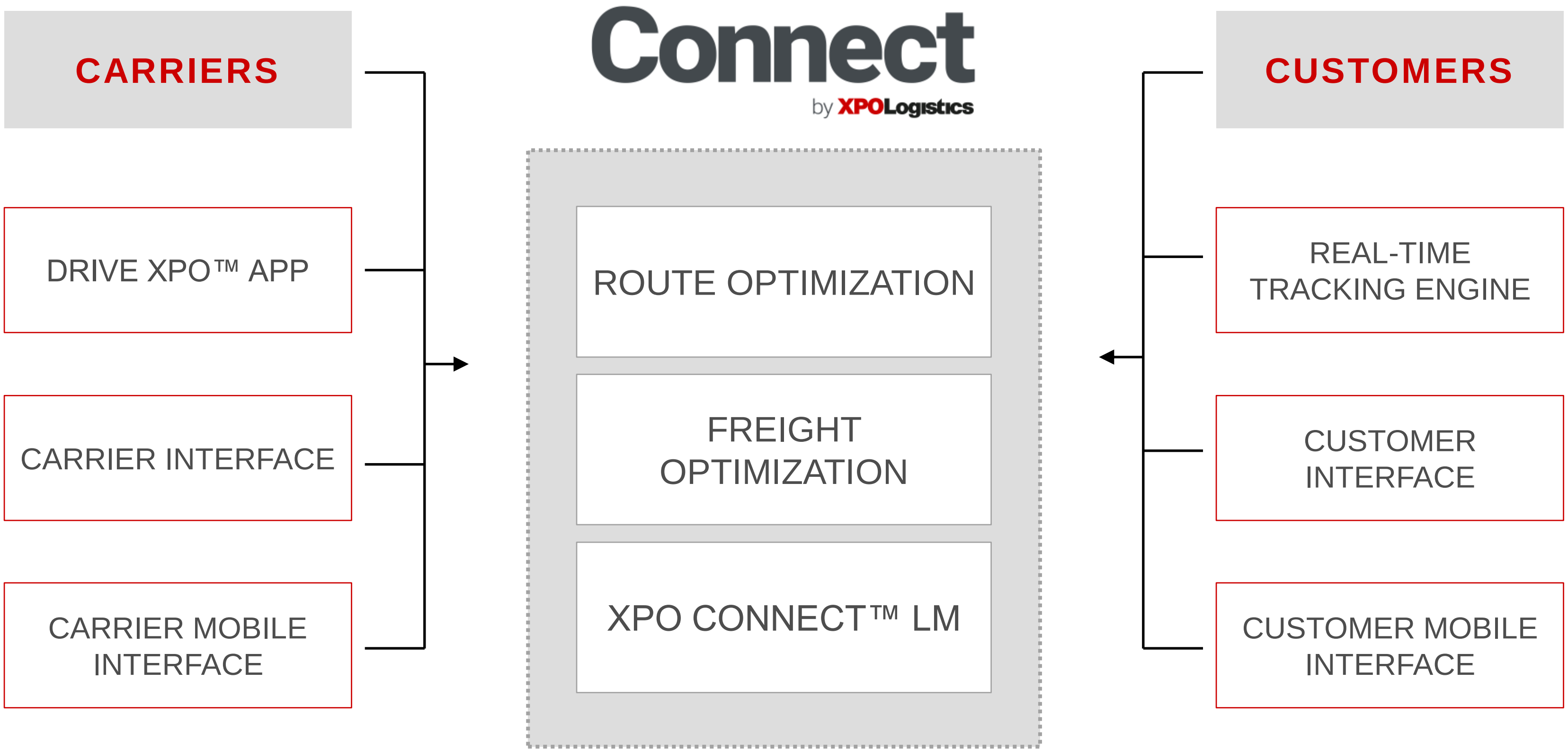
Source: Armstrong and Associates; Industry research

XPOLogistics

XPO's brokerage value proposition is rooted in disruptive technology

KEY CAPABILITIES	
SCALE AND OPTIONALITY	▪ Services include full truckload, expedite ground, expedite air charter, heavy haul, cross-border shipments, specialized services, global forwarding and managed transportation
XPO CONNECT™ PLATFORM	▪ Proprietary cloud-based platform gives shippers access to capacity, load assignments and tracking ▪ Shows shippers and carriers supply and demand in real time across truck, rail and ocean ▪ Truck capacity data is channelled from multiple sources for optimal results ▪ Carriers use personalized dashboards to post and find income opportunities ▪ Proprietary Freight Optimizer carrier rating engine underpins brokerage processes ▪ Proprietary algorithms, pricing tools and market analytics provide visibility into current market conditions for spot rate negotiations ▪ Robust track and trace technology ▪ Easily integrated with ERP systems, warehouse management systems and other technologies

Drives efficiency, volume and margin through cutting-edge connectivity



XPO Logistics

Rapid traction of XPO Connect™ propelled by carrier adoption

- Self-service dashboard on the Drive XPO™ app locates loads that match the carrier's capacity and routes
- Optimizes network capacity via proprietary freight matching for active and available drivers
- Provides options to "buy it now" for loads at the published price or alternatively place counteroffers
- Customized preferences trigger automatic allocation of loads based on freight size, type and geography

FULLY MOBILIZES THE PROCUREMENT PROCESS

CAPACITY POSTING

Request loads for a specific lane and date and get notified when matching loads become available

FREIGHT MANAGEMENT

Access details about assigned loads, automatically track and clear stops, and submit paperwork to get paid faster

DRIVER ENGAGEMENT AND RECRUITMENT

Preview XPO's freight opportunities using the guest access feature and sign up to start booking

LOAD BOOKING

Search for available loads, place bids and immediately purchase loads to keep moving

Third largest intermodal provider in North America

BUSINESS OVERVIEW

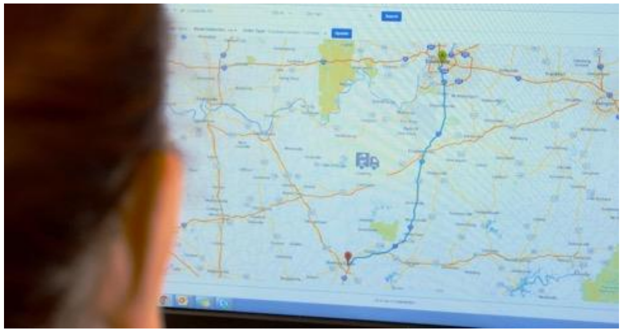
- 30-year relationships with railroads provide the long-haul portion of the shipment of containerized freight
- Container capacity, rail brokerage, local drayage, on-site operational services and door-to-door shipment management
- A leader in automotive and retail intermodal, and in US-Mexico cross-border service
- Tailwind from trend of manufacturers near-shoring in Mexico

KEY METRICS[1]

Industry size	~$43 billion
2019 revenue	$948 million
Locations	37 terminals
Employees	~400
53-ft. containers, chassis	~10,000, 5,000
Drayage trucks under contract	Over 25,000

[1] Industry size based on industry research; revenue is full year 2019; all other metrics as of June 30, 2020

Unique competitive advantages differentiate XPO’s intermodal offering



RAIL OPTIMIZER TECHNOLOGY

- Proprietary intermodal system tracks door-to-door movements of long-haul freight with GPS on containers
- Communicates constantly with railroads to proactively identify any delays
- Monitors whether containers are full or empty, doors are open or closed
- Keeps shippers informed through EDI integration and an online portal

CROSS-BORDER MEXICO SERVICE

- Decades of experience managing cross-border freight, with an extensive organization in both Mexico and US
- Longstanding relationships with the railroads, ramp operators and drayage drivers on both sides of the border
- Expedited, brokerage and global forwarding teams react quickly to help customers navigate unavoidable delays

SERVICE CAPABILITIES

- One of the largest intermodal networks for long-haul freight in North America
- US drayage leader with container service at all major ports and ramps
- Intermodal rail ramp drayage, TWIC-compliant port drayage
- Ocean drayage management services

Largest provider of last mile logistics for heavy goods in North America

BUSINESS OVERVIEW

- Fully integrated, national platform positioned within 125 miles of 90% of the US population
- Consistently high customer satisfaction reinforced by proprietary technology developed exclusively for last mile
- One last mile tracking number and one tracking portal, providing customers with end-to-end visibility
- Point-of-sale appointment engine enables delivery and install scheduling at customer check-out
- Capacity management tools allow adjustments to available capacity, balancing route efficiency with customer availability

KEY METRICS[1]

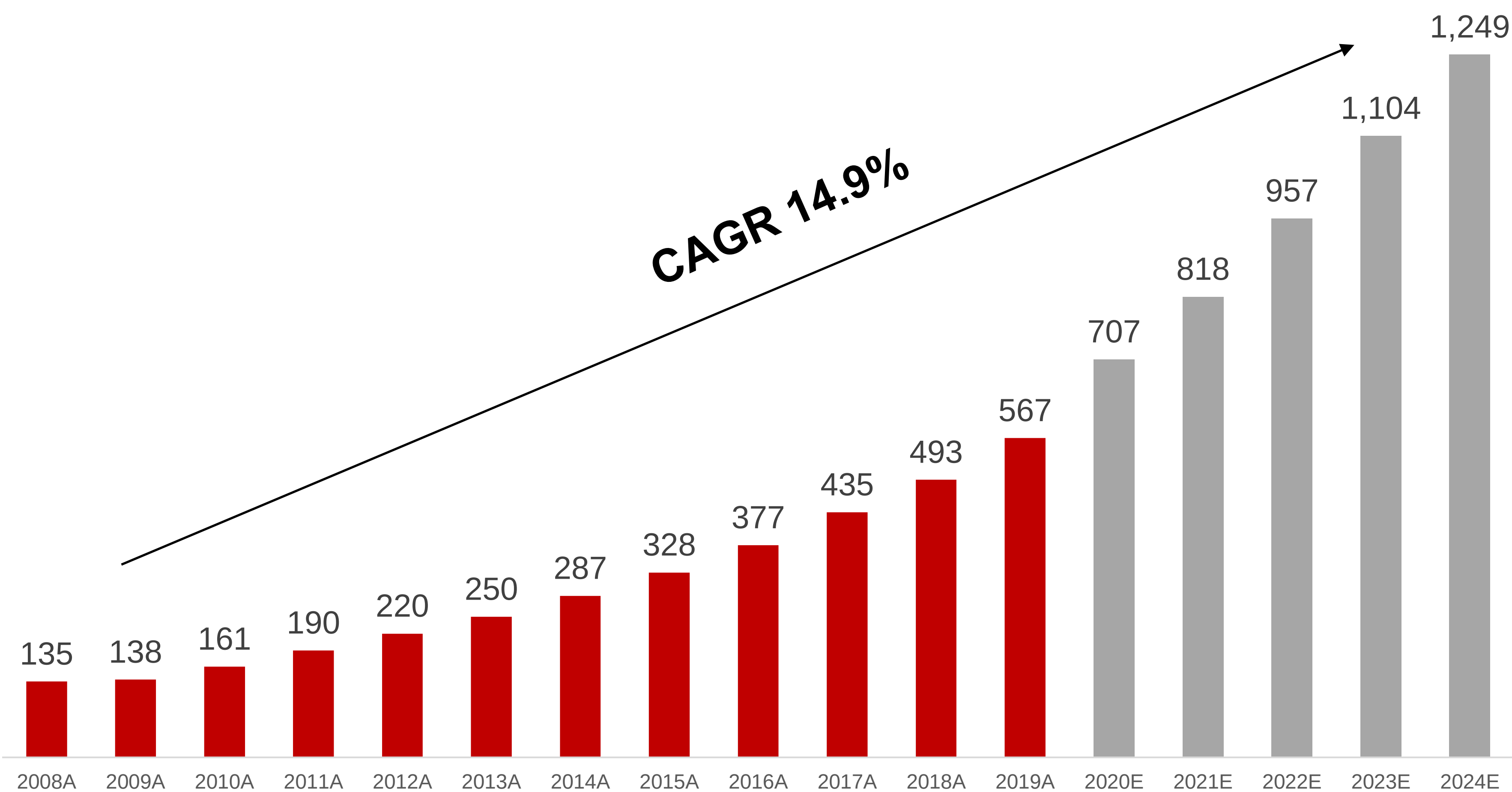
Industry size	~$13 billion
2019 revenue	$873 million
Hub locations	85
Employees	~1,800
Carriers / trucks	~1,500 / ~3,600
Annual deliveries	Over 10 million

[1] Industry size based on industry research; revenue is full year 2019; all other metrics as of June 30, 2020

Growth in US e-commerce orders for large goods benefits XPO's last mile service

US E-COMMERCE SALES FORECASTED TO CONTINUE TO INCREASE

$ in billions



Source: Wall Street research, 2020

XPOLogistics

Unmatched combination of last mile scale, technology and experience

LARGE RUNWAY

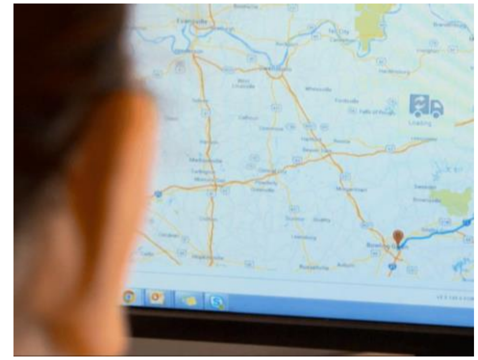
- XPO is the sector leader, yet holds less than 8% US share
- Customers include big-box retailers that sell appliances, furniture, exercise equipment, large electronics and other heavy or bulky items
- Cohesive network led by last mile experts is the partner of choice for heavy goods

SATISFIED CONSUMERS

- Long-term relationships with best-in-class contract carriers
- Post-delivery feedback loops resolve issues quickly and protect brand loyalty
- Industry-best consumer satisfaction levels reflect XPO's decades of experience and digital, end-to-end consumer communication

PROPRIETARY TECH

- All data regarding a shipment is visible on a single platform
- Digital communication enhances the consumer experience, reduces not-at-home instances and captures signatures
- Poised to accelerate benefits from tens of millions of dollars invested in last mile technology since 2013



STRONG TAILWINDS

- Ongoing shift toward consumers buying large items online
- Large investment in new core last mile technology
- 89% of eligible orders now scheduled via email or automated call

Top five global provider of managed transportation

BUSINESS OVERVIEW

- Integrated with XPO Connect™, industry-leading multimodal technology platform
- Rigorous tracking and visibility; worry-free set-up; disaster recovery capabilities
- Technology tools collect big data and turn it into actionable information for continuous performance improvement
- Low-risk transition and comprehensive integration
- Successful deployment of complex solutions for large customers ramped up in the past two years

SERVICE OFFERINGS

Control tower solutions

- Global network of control towers provides door-to-door visibility into order status and freight tracking

Managed expedite

- Industry-leading expedite web technology automates procurement and tracking of time-critical freight
- Fulfillment averages 16 minutes from time of request

Dedicated transportation

- Tailored fleet solutions help customers optimize routes and lower costs
- Detailed reports success and provide the basis for strategic planning

Outsourced fleet management solutions tailored for each supply chain

Business overview: European transportation

Truck brokerage

Dedicated truckload

Less-than-truckload

Managed transportation

Last mile

Leading positions in fast-growing sectors

Expansive platform with strong positions across Europe	▪ #1 transportation company by size across UK, France, Spain, Portugal and Morocco ▪ Mix of asset-based and non-asset over-the-road capacity optimized for each market
Long-term customer relationships with limited concentration risk	▪ Blue-chip customer base diversified by geography, size, vertical, type and requirements ▪ Over 50% of customers in Europe have used XPO for 10 years or more
Strongly positioned to capture spend from existing customers	▪ Comprehensive, multimodal service range offers ways to penetrate existing base ▪ Approximately half of top 100 customers use multiple XPO transportation services
Technology infrastructure delivers high service levels	▪ Proprietary XPO Connect™ platform and Drive XPO™ app introduced in Europe in 2019 ▪ Scalable Freight Optimizer platform matches shippers' freight with network of trucking carriers
Multiple opportunities to expand the network	▪ Expand account relationships by cross-selling services within the European transportation unit ▪ Enter other key European regions and accelerate last mile expansion through M&A
Demonstrated ability to drive strong performance	▪ Track record of robust free cash flow generation ▪ Growth strategy leverages service range and geographic reach

Leading provider of truck brokerage and LTL transportation in Europe

COMPETITIVE ADVANTAGES

- Leading provider of truck brokerage in Europe
- Leading less-than-truckload (LTL) provider in the UK, France, Spain and Portugal, with daily service to 31 countries
- Dedicated truckload offering is a key differentiator in European markets
- Last mile presence in countries where fragmentation among regional providers represents a large growth opportunity
- Balanced non-asset and asset-based model, with one of Europe's largest ground transportation networks
- Strategic shift underway to rebalance the capacity mix toward non-asset brokerage, while optimizing one of the largest owned road fleets in Europe
- Green transport leader in Europe, with LNG fleet, electric last mile vehicles, mega-trucks and multimodal solutions
- Long track record of operational excellence with safety and driver training

KEY METRICS[1]

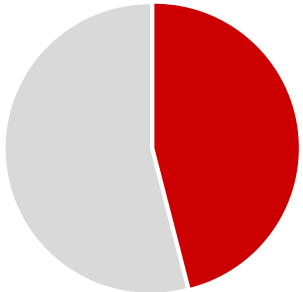
Industry size	~$460 billion[2]
2019 revenue	$2.9 billion
Locations	196
Employees	~14,000
Trucks	~7,500
European countries served	30

[1] Revenue is full year 2019; all other metrics as of June 30, 2020
[2] Source: Bain; includes truckload and brokerage

XPO's transportation network covers over 90% of Europe's GDP

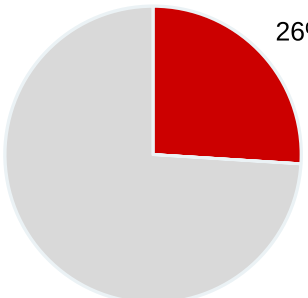
TAILORED GROWTH STRATEGIES FOR XPO'S LARGEST MARKETS BY % OF REVENUE[1]

FRANCE



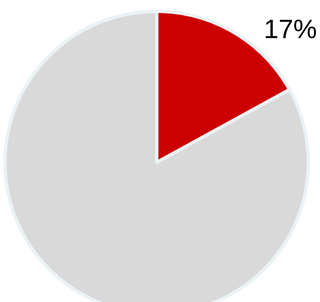
- Blended model of XPO-owned trucks and contracted independent carriers for less-than-truckload
- Last mile logistics offering for heavy goods
- Non-dedicated truckload business being phased out and replaced by truck brokerage, which is demonstrating strong growth

UNITED KINGDOM AND IRELAND



- Rapid growth of dedicated truckload being driven by increasing business from large contracts
- XPO-owned trucks and employee drivers
- Last mile logistics offering for heavy goods
- Overnight distribution service for auto dealer networks

SPAIN AND PORTUGAL



- Independent carrier contractors utilize XPO-branded equipment
- Last mile service provided as a subcontracted model
- LTL and brokerage models in strong deployment

[1] Full year 2019 data

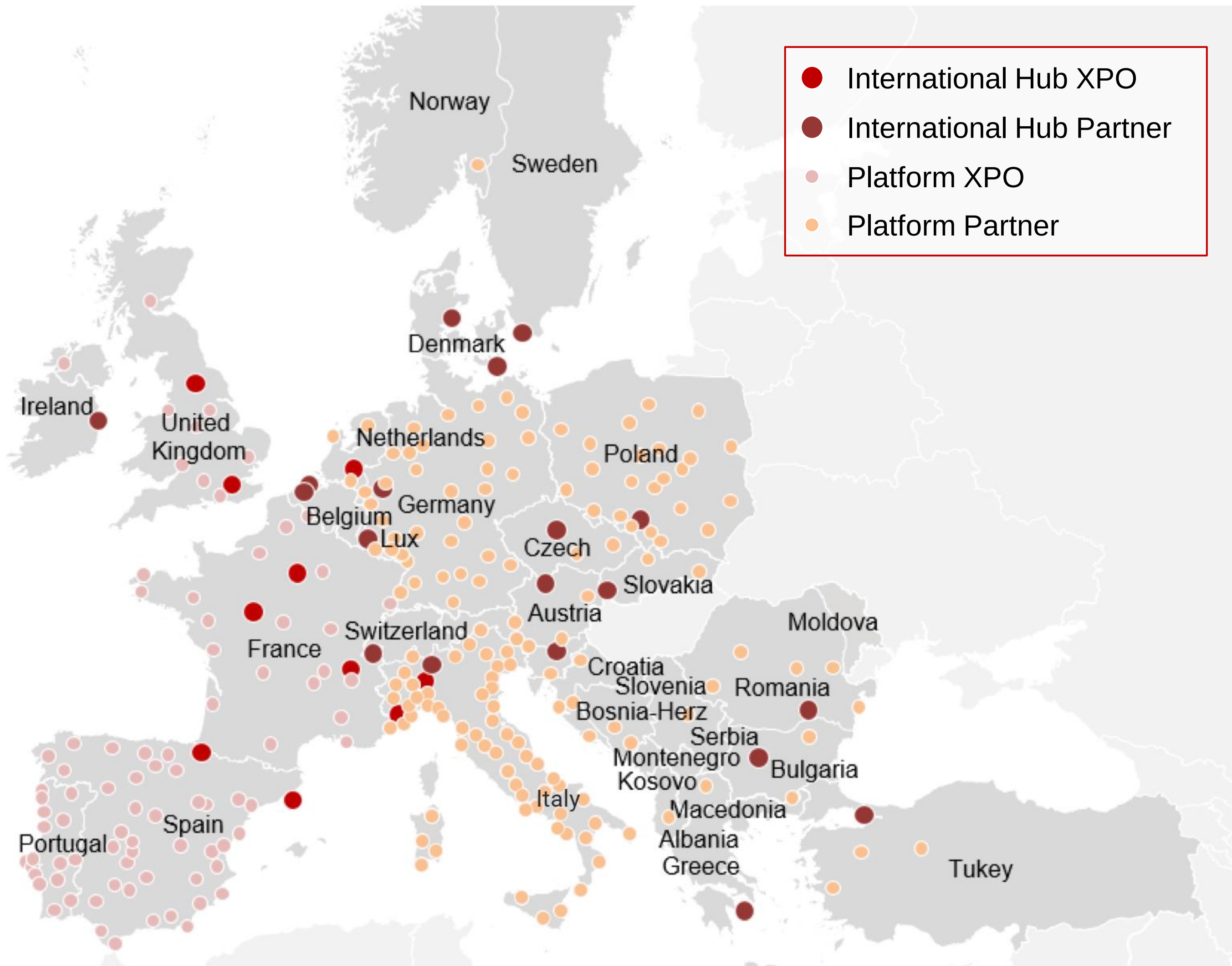
Strong positioning in highly fragmented transportation marketplaces

XPO LEADS IN KEY EUROPEAN GEORGRAPHIES	
FRANCE	▪ #1 in less-than-truckload ▪ Top three provider of truck brokerage ▪ #1 provider of dry van truckload ▪ Only LTL provider fully authorized to handle hazardous goods ▪ Differentiated intermodal offerings, such as road transportation + river barge
UNITED KINGDOM	▪ #1 single-owner LTL network ▪ Fastest-growing major transportation provider for the past three years ▪ #1 in automotive aftermarket, with night delivery service ▪ Fuel distribution leader ▪ Top three provider of dedicated truckload
SPAIN, PORTUGAL AND MOROCCO	▪ #1 in less-than-truckload ▪ #1 in truck brokerage ▪ #1 in automotive aftermarket in Spain ▪ #1 in night delivery in Spain

XPOLogistics

Over 100 LTL locations serving countries across Europe

- Transportation capabilities from a single pallet to full truckload
- ~60,000 pallets delivered daily over domestic networks
- ~9,800 pallets delivered daily over international networks
- Size and scale enable pan-European solutions for multinational customers



Numerous levers to grow revenue and expand margin in Europe

EXPAND EXISTING PLATFORM

- Take advantage of fragmented industry to drive outsized growth
- Increase scale in last mile and brokerage businesses
- Grow share of wallet with key customers

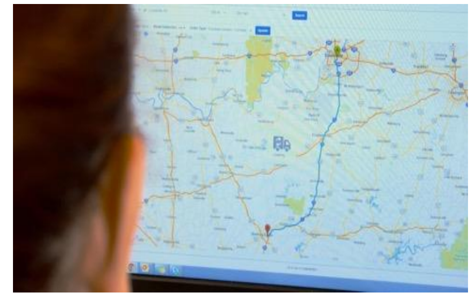
COLLABORATE ACROSS NETWORK

- Continue to develop pan-European solutions for existing and new multinational customers
- Optimize margins and grow market share with technology-enabled price discovery tools

EXECUTE PRICING INITIATIVES

- Implement pricing excellence levers and expand pricing indexation
- Improve recovery of accessorial and fuel surcharges

CONTINUE TO BUILD TECH ADVANTAGE



- Continually improve efficiency and reduce costs through ongoing rollouts of XPO Connect™ and Freight Optimizer
- Focus on driving operating leverage and expanding margins

Supplemental materials

Investor highlights: Key factors driving growth and returns

Leading positions in fast-growing sectors	▪ Top three industry positions across all major service lines in transportation and logistics ▪ Outsized exposure to sectors with track records of long-term growth and sustained demand
~$700 million to $1 billion pool of company-specific profit growth opportunities	▪ Four revenue levers: pricing analytics, XPO Connect™, XPO Direct™ and European cross-selling ▪ Six cost levers include XPO Smart™, LTL optimization and logistics automation, among others
Strong, multimodal presence in high-growth e-commerce / omnichannel	▪ Largest e-fulfillment 3PL in Europe; complex management of reverse logistics ▪ Largest provider of last mile logistics for heavy goods in North America
Opportunistic allocators of capital for M&A and organic growth drivers	▪ Less than 2% share across key global markets ▪ Positioned as an expert provider of sophisticated supply chain solutions at scale
Fast pace of technological innovation	▪ Proprietary technology harnesses AI and machine learning ▪ Key areas of focus: warehouse automation, digital freight marketplace and data science
Substantial advantages of scale	▪ Operating leverage, purchasing power, cross-selling and capacity to innovate ▪ Ability to provide consistent, multinational solutions to global customers
Significant cash generation	▪ 69% of revenue is asset-light, 77% of cost basis is variable ▪ Generated cash flow from operations of $791 million and free cash flow of $628 million in 2019
Ability to outperform the macro	▪ Deep expertise in diverse verticals and geographies ▪ High mix of contracted business adds resilience in economic downturns
Positive free cash flow in downturns	▪ Ability to modulate capex with cyclical fluctuations; low maintenance capex ▪ Working capital becomes a source of cash in downturns
Unduplicatable moat of results-oriented innovators	▪ 35 top executives and 2,500 professionals at the next level with blue-chip experience ▪ Technologists, managers, engineers, logisticians and operators driving every line of business

Note: Refer to the "Non-GAAP Financial Measures" section on page 2 of this document

XPOLogistics

XPO is widely recognized for performance and culture

- Named one of the World’s Most Admired Companies by Fortune, 2018, 2019, 2020
- Ranked #1 on the Fortune 500 in the transportation and logistics category by Fortune, 2017, 2018, 2019, 2020
- Named one of Spain’s Best Companies to Work For by Forbes, 2019, 2020
- Ranked #3 of Top 125 3PLs in France by Supply Chain Magazine, 2020
- Ranked #3 of Top 100 Logistics Providers in the Netherlands by Logistiek, 2020
- Ranked Logistics Solution Provider of the Year by Urban Transport News in India, 2020
- Ranked in top 100 of America's Most Responsible Companies by Newsweek, 2019
- Named a Winning “W” Company by 2020 Women on Boards for gender diversity of the board of directors, 2019
- Named a Leader in the Magic Quadrant for 3PL Providers by Gartner, 2018, 2019, 2020 (worldwide)
- Recognized by General Motors with Supplier of the Year Award for aftermarket distribution 2019, managed transportation 2020
- XPO Connect™ received SDCE 100 Award for Innovation from Supply & Demand Chain Executive, 2020
- Partnered with MIT as the first global logistics company to join the Industrial Liaison Program, 2019
- Named a Disruptive Technology Leader on the Freight.Tech 25 by FreightWaves, 2019
- Recognized by Dow Chemical Company with Gold Safety Excellence Award for drayage, 2019
- Recognized by Ford Motor Company with World Excellence Award for expedite innovation, 2019
- Recognized by Raytheon Company with EPIC Supplier Excellence Award for on-time delivery, 2019
- Recognized by Nissan Manufacturing UK for excellence at Operational Logistics Awards, 2014, 2015, 2016, 2017, 2018, 2019
- Recognized by Boeing Company with Performance Excellence Award, 2018
- Ranked #1 on Transport Topics Top 50 Logistics list, 2017, 2018, 2019, 2020
- Named a Top 100 3PL by Inbound Logistics, 2014, 2015, 2016, 2017, 2018, 2019
- Recognized by Supply Chain Magazine with an Innovation Award at Kings of the Supply Chain in France, 2020
- Ranked #3 of the Glassdoor Top 20 UK companies with the best leadership and culture, 2018, 2019
- Named to the Fortune Future 50 list of US companies best positioned for breakout growth, 2018
- Awarded Best Employer Practice Award for partnership with DS Workfit by British Association for Supported Employment, 2019
- Awarded a Trucks and Roads Award in Russia, 2018, 2019
- CEO Jacobs ranked #10 on Barron's readers list of World's Best CEOs, 2018
- Awarded Company of the Year for innovation by Assologistica (Italy), 2017, 2018, 2019

Highlights of XPO's people-first culture

- Maintaining a US warehouse safety record for OSHA reportable incidents that's more than four times better than the industry average
- Appointed a Chief Diversity Officer and launched a Diversity and Inclusion Council of employees in 2020
- Celebrated Black History Month, Women's History Month, Hispanic Heritage Month, Military Appreciation Month and Pride Month, and participated in the 2019 International Pride celebration in New York City
- Renewed XPO's partnership with Susan G. Komen Foundation, a leading non-profit in the fight against breast cancer
- Conducted employee engagement surveys that resulted in the development of over 600 site-level action plans
- Launched a partnership with a leading healthcare network for women and families to offer supplemental health services from over 1,400 practitioners in 20 specialties through a virtual clinic
- Introduced a tuition reimbursement benefit to provide up to $5,250 annually for employees pursuing continuing education
- Continued robust recruitment initiatives and received more than 64,000 online job applications per month
- Hired 50 young people from the XPO Graduate Program in Europe, bringing total program hires to 300

XPO'S PREGNANCY CARE AND FAMILY BONDING BENEFITS ARE PROGRESSIVE IN ANY INDUSTRY

- Any XPO employee, male or female, receives up to six weeks of 100% paid postnatal leave as the primary caregiver
- Women receive up to 20 days of 100% paid prenatal leave for health and wellness
- "Automatic yes" pregnancy accommodations granted on request; more extensive accommodations easily arranged
- XPO guarantees that a woman will continue to be paid her regular base wage rate, and will remain eligible for wage increases, while her pregnancy accommodations are in effect
- All program enhancements provided at no additional cost to employees

XPO's latest Sustainability Report is available online at sustainability.xpo.com

XPO Logistics

Strongly committed to sustainability in transportation and logistics

TRANSPORTATION

- Awarded the silver CSR rating in Europe by EcoVadis, with overall score placing XPO in the top 10% of the Freight Transport by Road category, 2019, 2020
- Initiated collaborative research and development project with General State Administration of Spain to capture data about environmental and safety performance of duo-trailer vehicles, 2020
- Renewed three-year commitment to the CO_2 Charter in France, extending 10-year commitment to sustainability
- Awarded the label "Objectif CO_2" for outstanding environmental performance of transport operations by the French Ministry of the Environment and the French Environment and Energy Agency
- Named a Top 75 Green Supply Chain Partner by Inbound Logistics for 2016, 2017, 2018, 2019, 2020
- Large investments in fuel-efficient Freightliner Cascadia tractors in North America (EPA 2013-compliant and GHG14-compliant SCR technology); and 100 Stralis Natural Power Euro VI tractors in Europe, which combine liquified and compressed natural gas (LNG/CNG) to reduce NOx emissions below the Euro VI standard
- One of the most modern fleets in Europe: 98% compliant with Euro V, EEV and Euro VI standards, with an average truck age of approximately three years
- Government-approved mega-trucks in Spain can reduce CO_2 emissions up to 20%
- Drivers train in responsible eco-driving and fuel usage reduction techniques
- North American LTL locations implementing phased upgrades to LED lighting
- Experimenting in Europe with diesel-electric hybrids and zero-emission electric vans for last mile service

CarbonNET, our proprietary, cloud-based calculator, helps our operations document emission sources, activity data and CO_2 calculations

Strongly committed to sustainability in transportation and logistics (cont.)

LOGISTICS

- By the end of 2020, nearly 75% of XPO's total space in Europe will operate LED lighting systems
- XPO's warehouse of the future for Nestlé in the UK is an environmentally advanced facility equipped with ammonia refrigeration systems, LED lighting, air-source heat pumps for administration areas and a rainwater harvesting system
- Numerous XPO facilities are ISO14001-certified to high standards for environmental management
- Waste mitigation measures, such as electronic waybills and documentation, are instilled in daily operations to reduce paper and other waste products
- Energy efficiency evaluations are performed prior to selecting warehouses to lease, and energy efficient equipment is purchased when feasible
- 79% of material handling devices used in our logistics sites operate on battery power instead of fuel
- Millions of electronic components and batteries are recycled annually as a byproduct of reverse logistics operations
- Packaging engineers ensure that the optimal carton size is used for each product slated for distribution
- Recycled packaging is purchased when feasible
- Reusable kitting tools are utilized for the installation of parts in customer operations, manufactured by XPO

We operate our business with high regard for the environment and our stakeholders

Highly skilled management team

LEADERSHIP	PRIOR EXPERIENCE
Bradley Jacobs *Chief Executive Officer*	United Rentals, United Waste
Josephine Berisha *Senior Vice President, Global Compensation and Benefits*	Morgan Stanley
Tony Brooks *President, Less-Than-Truckload – North America*	Sysco, PepsiCo, Roadway
Erik Caldwell *Chief Operating Officer, Supply Chain – Americas and Asia Pacific*	Hudson's Bay, Luxottica
Richard Cawston *Managing Director, Supply Chain – Europe*	Norbert Dentressangle, Asda
Ashfaque Chowdhury *President, Supply Chain – Americas and Asia Pacific*	New Breed
Troy Cooper *President*	United Rentals, United Waste
Matthew Fassler *Chief Strategy Officer*	Goldman Sachs
Luis-Angel Gómez Izaguirre *Managing Director, Transport – Europe*	Norbert Dentressangle
Mario Harik *Chief Information Officer*	Oakleaf Waste Management
Tavio Headley *Senior Director, Investor Relations*	Jefferies, American Trucking Associations
Meghan Henson *Chief Human Resources Officer*	Chubb, PepsiCo

Note: Partial list in alphabetical order

Highly skilled management team (cont.)

LEADERSHIP	PRIOR EXPERIENCE
LaQuenta Jacobs *Chief Diversity Officer*	Delta Air Lines, Home Depot, Turner Broadcasting
Erin Kurtz *Senior Vice President, Communications*	AOL, Thomson Reuters
Katrina Liddell *Senior Vice President, Transportation Sales – North America*	Johnson Controls International
Eduardo Pelleissone *Chief Transformation Officer*	Kraft Heinz, America Latina Logistica
Greg Ritter *Chief Customer Officer*	Knight Transportation, C.H. Robinson
Alex Santoro *Executive Vice President, Operations*	Anheuser-Bush InBev, America Latina Logistica, Popeyes
Kevin Sterling *Vice President, Strategy*	Seaport Global Securities, BB&T
Ravi Tulsyan *Senior Vice President and Treasurer*	ADT, Tyco, PepsiCo
Drew Wilkerson *President, Transportation – North America*	C.H. Robinson
Malcolm Wilson *Chief Executive Officer, XPO Logistics Europe*	Norbert Dentressangle, NYK Logistics
Kyle Wismans *Senior Vice President, Financial Planning and Analysis*	Baker Hughes, General Electric
David Wyshner *Chief Financial Officer*	Wyndham, Avis, Merrill Lynch

Note: Partial list in alphabetical order

Business glossary

- **Contract Logistics:** An asset-light, technology-enabled business characterized by long-term contractual relationships with high renewal rates, low cyclicality and a high-value-add component that minimizes commoditization. Contracts are typically structured as either fixed-variable, cost-plus or gain-share. XPO services include highly engineered solutions, e-fulfillment, reverse logistics, packaging, factory support, aftermarket support, warehousing and distribution for customers in aerospace, manufacturing, retail, life sciences, chemicals, food and beverage, and cold chain. Reverse logistics, also known as returns management, refers to processes associated with managing the flow of returned goods back through contract logistics facilities: for example, unwanted e-commerce purchases, food transport equipment or defective goods. Reverse logistics services can include cleaning, inspection, refurbishment, restocking, warranty processing and other lifecycle services.
- **Expedite:** A non-asset business that facilitates time-critical, high-value or high-security shipments, usually on very short notice. Revenue is either contractual or transactional, primarily driven by unforeseen supply chain disruptions or just-in-time inventory demand for raw materials, parts or goods. XPO provides three types of expedite service: ground transportation via a network of independent contract carriers; air charter transportation facilitated by proprietary, a web-based technology that solicits bids and assigns loads to aircraft; and a transportation management system (TMS) network that is the largest web-based expedite management system in North America.
- **Freight Brokerage:** A variable cost business that facilitates the trucking of freight by procuring carriers through the use of proprietary technology, typically referred to as a TMS (transportation management system). Freight brokerage net revenue is the spread between the price to the shipper and the cost of purchased transportation. In North America, XPO has a non-asset freight brokerage business, with a network of 38,000 independent carriers. In Europe, XPO generates over €1 billion in freight brokerage revenue annually, with capacity provided by an asset-light mix of owned fleet and independent carriers.
- **Global Forwarding:** A non-asset business that facilitates freight shipments by ground, air and ocean. Shipments may have origins and destinations within North America, to or from North America, or between foreign locations. Services are provided through a network of market experts who provide local oversight in thousands of key trade areas worldwide. XPO's global forwarding service can arrange shipments with no restrictions as to size, weight or mode, and is OTI and NVOCC licensed.

XPO Logistics

Business glossary (cont.)

- **Intermodal:** An asset-light business that facilitates the movement of long-haul, containerized freight by rail, often with a drayage (trucking) component at either end. Intermodal is a variable cost business, with revenue generated by a mix of contractual and spot market transactions. Net revenue equates to the spread between the price to the shipper and the cost of purchasing rail and truck transportation. Two factors are driving growth in intermodal in North America: rail transportation is less expensive and more fuel efficient per mile than long-haul trucking, and rail is a key mode of transportation in and out of Mexico, where the manufacturing base is booming due to a trend toward near-shoring.
- **Last Mile:** An asset-light business that facilitates the delivery of goods to their final destination, most often to consumer households. XPO specializes in two areas of last mile service: arranging the delivery and installation of heavy goods such as appliances, furniture and electronics, often with a white glove component; and providing logistics solutions to retailers and distributors to support their e-commerce supply chains and omnichannel distribution strategies. Capacity is sourced from a network of independent contract carriers and technicians.
- **Less-Than-Truckload (LTL):** The transportation of a quantity of freight that is larger than a parcel, but too small to require an entire truck, and is often shipped on a pallet. LTL shipments are priced according to the weight of the freight, its commodity class (which is generally determined by its cube/weight ratio and the description of the product), and mileage within designated lanes. An LTL carrier typically operates a hub-and-spoke network that allows for the consolidation of multiple shipments for different customers in single trucks.
- **Managed Transportation:** A service provided to shippers who want to outsource some or all of their transportation modes, together with associated activities. This can include freight handling such as consolidation and deconsolidation, labor planning, inbound and outbound shipment facilitation, documentation and customs management, claims processing, and 3PL supplier management, among other things.
- **Truckload:** The ground transportation of cargo provided by a single shipper in an amount that requires the full limit of the trailer, either by dimension or weight. Cargo typically remains on a single vehicle from the point of origin to the destination and is not handled en route. See Freight Brokerage on the prior page for additional details.

Business glossary (cont.)

- **XPO Connect™:** XPO's fully automated, self-learning digital freight marketplace connects shippers and carriers directly, as well as through company operations. XPO Connect™ gives customers comprehensive visibility across multiple transportation modes in real time, including fluctuations in capacity, spot rates by geography and digital negotiating through an automated counteroffer feature. Shippers can assign loads to carriers and track the freight through one, secure login. Carriers use the Drive XPO™ app from the road to interact with shippers and with XPO. The app also serves as a geo-locator and supports voice-to-text communications. XPO has deployed XPO Connect™ in North America and Europe for truckload freight, with additional capabilities for last mile customers and independent contractors engaged in the home delivery of heavy goods.
- **XPO Direct™:** XPO's national, shared-space distribution network gives retail, e-commerce, omnichannel and manufacturing customers new ways to distribute their goods. XPO Direct™ warehouses serve as stockholding sites and cross-docks that can be utilized by multiple customers at the same time. Transportation needs are supported by XPO's brokered, contracted and owned capacity. B2C and B2B customers essentially rent XPO's capacity for contract logistics, last mile, LTL, labor, technology, transportation and storage. They can position inventories fluidly across markets without the capital investment of adding distribution centers, while XPO uses its existing assets and supplier relationships as growth levers. The XPO Direct™ network encompasses over 90 facilities in North America.
- **XPO Smart™:** XPO's technology suite of optimization tools improve labor productivity, intelligent warehouse management and demand forecasting in the company's logistics and transportation operations. XPO Smart labor productivity tools interface with the company's proprietary warehouse management system to forecast optimal staffing levels day-by-day and shift-by-shift. In addition, the warehouse management system facilitates the integration of robotics and other advanced automation, enabling XPO to start up customer logistics projects or expand existing implementations with a high degree of efficiency. The integrated technology provides an intelligent, single solution that combines key supply chain applications, including unified order management and intuitive dashboard tools that analyze trends and guide decision-making.

Financial reconciliations

The following table reconciles XPO's net (loss) income attributable to common shareholders for the periods ended June 30, 2020 and 2019 to EBITDA and adjusted EBITDA for the same periods.

Reconciliation of Non-GAAP Measures
XPO Logistics, Inc.
Consolidated Reconciliation of Net (Loss) Income to Adjusted EBITDA
(Unaudited)
(In millions)

	Three Months Ended June 30,			Six Months Ended June 30,		
	2020	**2019**	**Change %**	**2020**	**2019**	**Change %**
Net (loss) income attributable to common shareholders [1]	$ (132)	$ 122	-208.2%	$ (110)	$ 165	-166.7%
Distributed and undistributed net income [1] [2]	1	13	-92.3%	2	17	-88.2%
Net (loss) income attributable to noncontrolling interests	(3)	10	-130.0%	(1)	15	-106.7%
Net (loss) income	(134)	145	-192.4%	(109)	197	-155.3%
Debt extinguishment loss	-	-	0.0%	-	5	-100.0%
Interest expense	82	72	13.9%	154	143	7.7%
Income tax (benefit) provision	(71)	46	-254.3%	(61)	65	-193.8%
Depreciation and amortization expense	196	180	8.9%	379	360	5.3%
Unrealized loss (gain) on foreign currency option and forward contracts	3	7	-57.1%	(1)	9	-111.1%
EBITDA	$ 76	$ 450	-83.1%	$ 362	$ 779	-53.5%
Transaction and integration costs	46	1	NM	90	2	NM
Restructuring costs	50	4	NM	53	17	211.8%
Adjusted EBITDA	$ 172	$ 455	-62.2%	$ 505	$ 798	-36.7%
Revenue	$ 3,502	$ 4,238	-17.4%	$ 7,366	$ 8,358	-11.9%
Adjusted EBITDA margin [3]	4.9%	10.7%		6.9%	9.5%	

NM - Not meaningful

(1) The sum of quarterly net (loss) income attributable to common shareholders and distributed and undistributed net income may not equal year-to-date amounts due to the impact of the two-class method of calculating (loss) earnings per share.

(2) Relates to the Series A Preferred Stock and is comprised of actual preferred stock dividends and the non-cash allocation of undistributed earnings.

(3) Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by Revenue.

Note: Adjusted EBITDA was prepared assuming 100% ownership of XPO Logistics Europe

Refer to the "Non-GAAP Financial Measures" section on page 2 of this document

XPOLogistics

Financial reconciliations (cont.)

The following table reconciles XPO's net (loss) income attributable to common shareholders for the periods ended June 30, 2020 and 2019 to adjusted net (loss) income attributable to common shareholders for the same periods.

Reconciliation of Non-GAAP Measures
XPO Logistics, Inc.
Consolidated Reconciliation of GAAP Net (Loss) Income and Net (Loss) Income Per Share to Adjusted Net (Loss) Income and Adjusted Net (Loss) Income Per Share
(Unaudited)
(In millions, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	**2019**	**2020**	**2019**
GAAP net (loss) income attributable to common shareholders	$ (132)	$ 122	$ (110)	$ 165
Debt extinguishment loss	-	-	-	5
Unrealized loss (gain) on foreign currency option and forward contracts	3	7	(1)	9
Impairment of customer relationship intangibles	-	-	-	6
Transaction and integration costs	46	1	90	2
Restructuring costs	50	4	53	17
Income tax associated with the adjustments above (1)	(23)	(2)	(35)	(10)
Impact of noncontrolling interests on above adjustments	(1)	-	(1)	(1)
Allocation of undistributed earnings	-	-	-	(2)
Adjusted net (loss) income attributable to common shareholders	$ (57)	$ 132	$ (4)	$ 191
Adjusted basic (loss) earnings per share	$ (0.63)	$ 1.41	$ (0.04)	$ 1.92
Adjusted diluted (loss) earnings per share	$ (0.63)	$ 1.28	$ (0.04)	$ 1.74
Weighted-average common shares outstanding				
Basic weighted-average common shares outstanding	91	92	92	100
Diluted weighted-average common shares outstanding	91	102	92	110

(1) The income tax rate applied to reconciling items is based on the GAAP annual effective tax rate, excluding discrete items and contribution- and margin-based taxes.

Note: Refer to the "Non-GAAP Financial Measures" section on page 2 of this document

XPOLogistics

Financial reconciliations (cont.)

The following table reconciles XPO's net income attributable to common shareholders for the year ended December 31, 2019 to adjusted net income attributable to common shareholders for the same period.

Reconciliation of Non-GAAP Measures
XPO Logistics, Inc.
Consolidated Reconciliation of GAAP Net Income and Net Income Per Share to Adjusted Net Income and Adjusted Net Income Per Share
(Unaudited)
(In millions, except per share data)

	Year Ended December 31, 2019
GAAP net income attributable to common shareholders	$ 379
Debt extinguishment loss	5
Unrealized loss on foreign currency option and forward contracts	9
Impairment of customer relationship intangibles	6
Transaction, integration and rebranding costs	5
Restructuring costs	49
Income tax associated with the adjustments above	(18)
Impact of noncontrolling interests on above adjustments	(2)
Allocation of undistributed earnings	(5)
Adjusted net income attributable to common shareholders	$ 428
Adjusted basic earnings per share	$ 4.46
Adjusted diluted earnings per share	$ 4.03
Weighted-average common shares outstanding	
Basic weighted-average common shares outstanding	96
Diluted weighted-average common shares outstanding	106

Note: Refer to the "Non-GAAP Financial Measures" section on page 2 of this document

Financial reconciliations (cont.)

The following table reconciles XPO's net cash provided by operating activities for the periods ended June 30, 2020 and 2019, and the years ended December 31, 2019, 2018, 2017, 2016 and 2015, to free cash flow for the same periods.

Reconciliation of Non-GAAP Measures
XPO Logistics, Inc.
Reconciliation of Cash Flows From Operating Activities to Free Cash Flow
(Unaudited)
(In millions)

	Three Months Ended June 30,		Six Months Ended June 30,		Years Ended December 31,				
	2020	**2019**	**2020**	**2019**	**2019**	**2018**	**2017**	**2016**	**2015**
Net cash provided by operating activities	$ 214	$ 260	$ 394	$ 164	$ 791	$ 1,102	$ 785	$ 622	$ 91
Cash collected on deferred purchase price receivable	-	66	-	137	186	-	-	-	-
Adjusted net cash provided by operating activities	214	326	394	301	977	1,102	785	622	91
Payment for purchases of property and equipment	(116)	(118)	(255)	(236)	(601)	(551)	(504)	(483)	(249)
Proceeds from sales of property and equipment	23	38	77	85	252	143	118	69	60
Free Cash Flow	$ 121	$ 246	$ 216	$ 150	$ 628	$ 694	$ 399	$ 208	$ (98)

Note: 2016 and 2017 data have been recast to reflect the impact of Accounting Standards Update 2016-18
Refer to the "Non-GAAP Financial Measures" section on page 2 of this document

Financial reconciliations (cont.)

The following table reconciles XPO's Transportation segment operating (loss) income for the periods ended June 30, 2020 and 2019 to EBITDA and adjusted EBITDA for the same periods.

Reconciliation of Non-GAAP Measures
Transportation
Reconciliation of Operating Income to Adjusted EBITDA
(Unaudited)
(In millions)

	Three Months Ended June 30,			Six Months Ended June 30,		
	2020	**2019**	**Change %**	**2020**	**2019**	**Change %**
Revenue	$ 2,127	$ 2,747	-22.6%	$ 4,586	$ 5,406	-15.2%
Cost of transportation and services	1,469	1,914	-23.2%	3,201	3,825	-16.3%
Net revenue	658	833	-21.0%	1,385	1,581	-12.4%
Direct operating expense	321	322	-0.3%	629	637	-1.3%
Sales, general and administrative expense						
Salaries and benefits	181	160	13.1%	346	333	3.9%
Other sales, general and administrative expense	87	39	123.1%	146	84	73.8%
Purchased services	32	25	28.0%	59	60	-1.7%
Depreciation and amortization	52	44	18.2%	100	96	4.2%
Total sales, general and administrative expense	352	268	31.3%	651	573	13.6%
Operating (loss) income [1]	$ (15)	$ 243	-106.2%	$ 105	$ 371	-71.7%
Other income (expense) [2]	14	8	75.0%	27	16	68.8%
Total depreciation and amortization	113	108	4.6%	223	224	-0.4%
EBITDA	$ 112	$ 359	-68.8%	$ 355	$ 611	-41.9%
Transaction and integration costs	13	1	NM	20	1	NM
Restructuring costs	21	2	NM	24	14	71.4%
Adjusted EBITDA [3]	$ 146	$ 362	-59.7%	$ 399	$ 626	-36.3%
Adjusted EBITDA margin [4]	6.9%	13.2%		8.7%	11.6%	

NM - Not meaningful.

[1] Operating (loss) income for the three and six months ended June 30, 2020 reflects the net impact of direct and incremental COVID-19-related costs of $27 million and $28 million, respectively.

[2] Other income (expense) consists of pension income and is included in Other expense (income) in the Condensed Consolidated Statements of (Loss) Income.

[3] For purposes of the summary financial table, adjusted EBITDA is reconciled to operating income in the Condensed Consolidated Statements of (Loss) Income.

[4] Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by Revenue.

Note: Refer to the "Non-GAAP Financial Measures" section on page 2 of this document

Financial reconciliations (cont.)

The following table reconciles XPO's Logistics segment operating (loss) income for the periods ended June 30, 2020 and 2019 to EBITDA and adjusted EBITDA for the same periods.

Reconciliation of Non-GAAP Measures
Logistics
Reconciliation of Operating Income to Adjusted EBITDA
(Unaudited)
(In millions)

	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Change %	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019	Change %
Revenue	$ 1,404	$ 1,526	-8.0%	$ 2,841	$ 3,020	-5.9%
Cost of transportation and services	198	226	-12.4%	396	441	-10.2%
Net revenue	1,206	1,300	-7.2%	2,445	2,579	-5.2%
Direct operating expense	1,051	1,096	-4.1%	2,102	2,187	-3.9%
Sales, general and administrative expense						
Salaries and benefits	115	87	32.2%	202	169	19.5%
Other sales, general and administrative expense	42	14	200.0%	64	32	100.0%
Purchased services	19	19	0.0%	38	40	-5.0%
Depreciation and amortization	22	23	-4.3%	44	44	0.0%
Total sales, general and administrative expense	198	143	38.5%	348	285	22.1%
Operating (loss) income (1)	$ (43)	$ 61	-170.5%	$ (5)	$ 107	-104.7%
Other income (expense) (2)	7	7	0.0%	14	12	16.7%
Total depreciation and amortization	80	67	19.4%	149	128	16.4%
EBITDA	$ 44	$ 135	-67.4%	$ 158	$ 247	-36.0%
Transaction and integration costs	18	-	NM	25	-	NM
Restructuring costs	21	1	NM	21	2	NM
Adjusted EBITDA (3)	$ 83	$ 136	-39.0%	$ 204	$ 249	-18.1%
Adjusted EBITDA margin (4)	5.9%	8.9%		7.2%	8.2%	

NM - Not meaningful.

(1) Operating loss for the three and six months ended June 30, 2020 reflects the net impact of direct and incremental COVID-19-related costs of $19 million and $21 million, respectively.

(2) Other income (expense) consists of pension income and is included in Other expense (income) in the Condensed Consolidated Statements of (Loss) Income.

(3) For purposes of the summary financial table, adjusted EBITDA is reconciled to operating income in the Condensed Consolidated Statements of (Loss) Income.

(4) Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by Revenue.

Note: Refer to the "Non-GAAP Financial Measures" section on page 2 of this document

Financial reconciliations (cont.)

The following table reconciles XPO's revenue attributable to its North American last mile business for the period ended June 30, 2020 to net revenue and net revenue margin for the same period.

Reconciliation of Non-GAAP Measures
XPO Logistics North American Last Mile
Net Revenue Margin
(Unaudited)
(In millions)

	Three Months Ended June 30, 2020	
Revenue	$	218
Cost of transportation and services		137
Net revenue [1]	$	81
Net revenue margin [2]		37%

[1] For purposes of the net revenue margin table, Net revenue is reconciled to Revenue in the Condensed Consolidated Statements of Loss.

[2] Net revenue margin is calculated as Net revenue divided by Revenue.

Note: Refer to the "Non-GAAP Financial Measures" section on page 2 of this document

Financial reconciliations (cont.)

The following table reconciles XPO's revenue attributable to its North American less-than-truckload business for the years ended December 31, 2019, 2018, 2017, 2016 and 2015 to adjusted operating income, adjusted operating ratio and adjusted EBITDA for the same periods.

Reconciliation of Non-GAAP Measures
XPO Logistics North American Less-Than-Truckload
Adjusted Operating Ratio and Adjusted EBITDA
(Unaudited)
(In millions)

	Years Ended December 31,				
	2019	2018	2017	2016	2015
Revenue (excluding fuel surcharge revenue)	$ 3,259	$ 3,230	$ 3,140	$ 3,035	$ 3,081
Fuel surcharge revenue	532	552	455	370	448
Revenue	3,791	3,782	3,595	3,405	3,529
Salaries, wages and employee benefits	1,786	1,754	1,697	1,676	1,741
Purchased transportation	397	400	438	438	508
Fuel and fuel-related taxes	264	293	234	191	230
Other operating expenses	363	476	453	424	511
Depreciation and amortization	227	243	233	203	164
Maintenance	102	102	107	105	100
Rents and leases	49	44	42	41	49
Purchased labor	6	12	14	9	24
Operating income	597	458	377	318	202
Operating ratio (1)	84.3%	87.9%	89.5%	90.7%	94.3%
Transaction, integration and rebranding costs	-	-	19	24	21
Restructuring costs	3	3	-	-	-
Amortization expense	34	33	34	34	10
Other income (2)	22	29	12	-	-
Depreciation adjustment from updated purchase price allocation of acquired assets	-	-	-	(2)	-
Adjusted operating income (3)	$ 656	$ 523	$ 442	$ 374	$ 233
Adjusted operating ratio (4)	82.7%	86.2%	87.7%	89.0%	93.4%
Depreciation expense	193	210	199	169	154
Other	2	-	6	4	(6)
Adjusted EBITDA (3)	$ 851	$ 733	$ 647	$ 547	$ 381

(1) Operating ratio is calculated as (1 - (Operating income divided by Revenue)).
(2) Other income primarily consists of pension income and is included in Other expense (income) on the Consolidated Statement of Income (Loss).
(3) Adjusted operating income and Adjusted EBITDA is reconciled to Revenue in the Consolidated Statements of Income (Loss).
(4) Adjusted operating ratio is calculated as (1 - (Adjusted operating income divided by Revenue)).

Note: Refer to the "Non-GAAP Financial Measures" section on page 2 of this document

Financial reconciliations (cont.)

The following table reconciles XPO's net income (loss) attributable to common shareholders for the years ended December 31, 2019, 2018, 2017, 2016 and 2015 to EBITDA, adjusted EBITDA, and adjusted EBITDA excluding the North American truckload business divested in 2016.

Reconciliation of Non-GAAP Measures
XPO Logistics, Inc.
Consolidated Reconciliation of Net Income (Loss) to Adjusted EBITDA excluding Truckload
(Unaudited)
(In millions)

	Years Ended December 31,				
	2019	2018	2017	2016	2015
Net income (loss) attributable to common shareholders	$ 379	$ 390	$ 312	$ 63	$ (246)
Preferred stock beneficial conversion charge	-	-	-	-	52
Distributed and undistributed net income	40	32	28	6	3
Net income (loss) attributable to noncontrolling interests	21	22	20	16	(1)
Net income (loss)	440	444	360	85	(192)
Debt commitment fees	-	-	-	-	20
Debt extinguishment loss	5	27	36	70	-
Other interest expense	292	217	284	361	187
Loss on conversion of convertible senior notes	-	-	1	-	10
Income tax provision (benefit)	129	122	(99)	22	(91)
Accelerated amortization of trade names	-	-	-	-	2
Depreciation and amortization expense	739	716	658	643	363
Unrealized loss (gain) on foreign currency option and forward contracts	9	(20)	49	(36)	3
EBITDA	$ 1,614	$ 1,506	$ 1,289	$ 1,145	$ 302
Transaction, integration and rebranding costs	5	33	78	103	201
Restructuring costs	49	21	-	-	-
Litigation costs	-	26	-	-	-
Gain on sale of equity investment	-	(24)	-	-	-
Gain on sale of intermodal equipment	-	-	-	-	(10)
Adjusted EBITDA	$ 1,668	$ 1,562	$ 1,367	$ 1,248	$ 493
Adjusted EBITDA divested NA Truckload business	-	-	-	80	19
Adjusted EBITDA excluding Truckload	$ 1,668	$ 1,562	$ 1,367	$ 1,168	$ 474

Note: Adjusted EBITDA was prepared assuming 100% ownership of XPO Logistics Europe
Refer to the "Non-GAAP Financial Measures" section on page 2 of this document