

## **RXO Investor Day, October 18, 2022**

Management discussion presented by incoming RXO leaders:

- Brad Jacobs, Chairman of the Board
- Drew Wilkerson, Chief Executive Officer
- Lou Amo, President, Truck Brokerage
- Paul Boothe, President, Managed Transportation
- Fernando Rabel, Interim President, Last Mile
- Demetri Venetis, President, Freight Forwarding
- Yoav Amiel, Chief Information Officer
- Jamie Harris, Chief Financial Officer
- Jared Weisfeld, Chief Strategy Officer

### Introduction

**Video:** More and more companies with goods to move are selecting RXO as their transportation provider of choice.

It starts with our massive capacity. One of the world's largest networks of independent carriers – giving shippers access to trucks and drivers on demand. With more than 100,000 carriers on our groundbreaking digital platform, RXO Connect. We serve more than 10,000 customers using cutting-edge, proprietary technology to source the right truck for each load. Machine learning, data science and transportation experts who are committed to solving every customer challenge.

This unique combination propels us to outperform for our customers, our carriers, our shareholders and our team members. Reliably better results – no matter the market. Now under a new name, RXO. Massive capacity. Cutting-edge technology.

### Planned spin-off will separate XPO into two transportation powerhouses

**Brad Jacobs:** Thank you, and welcome to the RXO investor day!

XPO's strategy and North Star is, and has always been, to create immense shareholder value. Everything we've done has been motivated by the desire to do right by our shareholders, and that focus made XPO the seventh best-performing stock of the Fortune 500 in the last decade.

As you all know, earlier this year, we announced our plan to separate XPO's tech-enabled brokered transportation services from its less-than-truckload business in North America. This separation is designed to create two standalone industry leaders and unlock value for our shareholders. Each company will be more focused and fit for purpose.

As standalone businesses, XPO and RXO can each pursue the long runways of growth ahead of them faster with singular management focus. And, by allowing the differentiated qualities of both businesses to be clearer, we expect the aggregate trading price of the stocks of the two standalone companies to be higher than the price of XPO's stock if the businesses remained together.

### Key investment highlights

Here are the eight reasons why I'm so confident about RXO's potential:

First, this is an enormous addressable market, and we benefit from secular tailwinds that are strongly in our favor. Brokers are gaining share in the truckload market — a trend that has been growing for years, and we expect that to continue.

Second, with our differentiated business model and best-in-class performance, we're well-positioned to continue to capture a greater share of the rapidly growing transportation services market. We're one of only a few players that can meet the complex freight transportation needs of world-class companies. And that gives us a compelling commercial edge.

Third, RXO has a first-mover advantage with proprietary technology. A decade ago, when we first entered the transportation industry, we envisioned using cutting-edge technology to grow a freight brokerage business that has massive capacity. Drew and his leadership team have done just that. Within this industry, technology is increasingly separating the leaders from the rest of the pack. And RXO has a fast-growing digital solution. Not only does this create value for our customers, it drives our profitable growth by supporting efficiency, volume and margin expansion.

Fourth, RXO will go to market with a culture of excellence. Our blue-chip customer base is long tenured. Our largest customers come back to us year after year and continue to grow with us. And these sticky relationships are a great selling point with new customers.

Fifth, our business is strategically well-diversified across attractive end markets. This gives us great flexibility to capture growth from whatever sector it's coming from.

Sixth, our tiered sales approach is a major key to our customer success. This has enabled us to grow with some of the largest companies in the world and create customized, multi-modal solutions.

Seventh, we have a proven approach that, year in, year out, has driven above-market growth, extremely high return on invested capital, and strong cash flow.

Lastly, we have an experienced leadership team that has a history of delivering exceptional results and is laser-focused on continuing our enviable track record.

Now, I'd like to turn it over to Drew Wilkerson. I've had the privilege of working closely with Drew for more than a decade as we've grown the RXO business. I'm confident in the ability of Drew and his team to continue to significantly outperform the market. And with that, I'll turn it over to Drew.

### RXO Investor Day

**Drew Wilkerson:** Thank you, Brad. Today's agenda will give you a better idea of the enormous opportunity that RXO has as a standalone business.

### Agenda

I'll start by providing an overview of RXO and our key value creation drivers.

Then, each of our business leaders will walk you through our four business lines: Lou Amo will cover our Truck Brokerage business; Paul Boothe will cover Managed Transportation; Fernando Rabel will cover Last Mile; and Demetri Venetis will cover Freight Forwarding.

Then, our chief information officer, Yoav Amiel, will do a deep dive into our industry-leading, proprietary technology.

RXO's CFO, Jamie Harris, will then discuss our financial performance and growth targets.

And then Jared Weisfeld, our Chief Strategy Officer, will wrap up with some concluding remarks.

Let's get started.

### Leading tech-enabled transportation platform

As Brad mentioned, I've been a part of this business since the beginning – helping to guide our team as we delivered industry-leading growth for over 10 years.

RXO is positioned to create substantial value with our suite of complementary transportation solutions, combined with unmatched technology, longstanding relationships, massive capacity and a deep bench of industry experts.

The opportunity in front of us starts with the huge addressable market that Brad mentioned. We operate in a \$750 billion industry, led by the \$400 billion for-hire truckload market. This market is growing rapidly and is highly fragmented. We have a tiny piece of it with lots of green space ahead.

RXO's 7,000+ employees, combined with our access to about 100,000 carriers enables us to provide exceptional service to approximately 10,000 customers. Our customers come back to us year after year because we provide the best solutions in the industry. Last year, RXO served more than 50 of the Fortune 100 companies and more than 200 of the Fortune 500.

We'll talk a lot about technology today because it's the foundation of who we are. Technology is one of the key reasons why there is such a wide gap between us and the competition. RXO was the first to introduce purpose-built technology in this industry. And over the last five years, RXO has invested hundreds of millions of dollars to further enhance our tech ecosystem. We're

committed to maintaining our leading edge and will continue to appropriately allocate resources to technological innovation.

RXO is primarily driven by our tech-enabled Truck Brokerage business. And we have three complementary transportation solutions: Managed Transportation, Last Mile and Freight Forwarding. Each of our four business lines is well positioned to continue to grow market share in its respective verticals. And, taken together, our full-service platform bridges service gaps across the highly fragmented transportation industry.

This unique combination creates significant value for our customers, and in turn, our shareholders.

#### Large addressable market with secular tailwinds

Now, I'd like to expand on each of the key investment highlights Brad mentioned, beginning with a discussion of the highly attractive market we operate in.

As you can see, each of the markets in which we operate is expected to grow over the next five years, including by double-digits in the Truck Brokerage, Managed Transportation and Last Mile businesses. And RXO is positioned to grow faster than the overall market, just as we have in the past.

That's because the market is propelled by four secular tailwinds – each of which plays right into our strengths:

First, as we've all seen, supply chains are growing more complex. More and more companies are choosing to outsource their transportation and logistics to strong third parties like RXO because of the technology and flexible, dependable capacity that we offer.

Second, adoption of digital solutions and automation continues to accelerate. Shippers increasingly recognize the efficiency and cost savings that technology can generate.

Third, the driver shortage. This has been going on for years, and it's not going away anytime soon. A shortage of drivers paired with a shortage of equipment increases the demand for large brokers like RXO who have access to massive capacity.

Finally, throughout the supply chain, our customers are demanding more visibility and intelligence. Our proprietary technology is a powerful tool that provides insights and drives efficiency for our customers.

### Market leading platform with complementary transportation solutions

Our Truck Brokerage business makes up more than half of our revenue. Over the past 10 years, we've grown to be the 4<sup>th</sup> largest full truckload broker. Importantly, about 80% of our Truck Brokerage loads are created or covered digitally, using RXO Connect.

The remainder of our revenue is split among three complementary business lines:

In Managed Transportation, we've added large new customers and doubled freight under management over the past three years. Our strength in Managed Transportation also drives growth across our other lines of business.

In Last Mile, we have been the #1 provider in big and bulky goods for years.

In freight forwarding, we provide multimodal solutions, including air and ocean, for customers with global operations. We've grown our revenue in this business by a 45% CAGR since 2019.

### Proprietary technology drives efficiency, volume and margin expansion

We have first-mover advantage in technology and continue to invest to expand our leadership position.

Later in the presentation, Yoav will do a deep dive on technology and introduce you to RXO Connect, our fast-growing digital solution, with capabilities that directly help customers automate their transactions. I don't want to steal his thunder, but I'd like to emphasize how integral our

proprietary technology is to our business, and how much it differentiates RXO from the competition.

While others in our space talk a big game about their technology, our digital ecosystem delivers the best solution for the customer – and we do it profitably. The software and algorithms developed by our team help our business optimize margin, improve productivity per head and capture volume and revenue at a lower cost to serve.

Our technology also allows carriers and shippers to transact seamlessly, receive real-time insights and optimize their business. As you'll hear later, we've seen strong adoption rates among carriers and customers over the past decade.

#### Long-term relationships with blue chip customers

Our future will be fueled by the strong relationships we have built with some of the largest and most sophisticated companies in the world. We execute highly complex, customized solutions that help customers across many sectors operate their supply chains efficiently.

We've worked with our largest clients for an average of 16 years. Our stickiness with customers results from our commitment to not just be a valued provider, but a trusted partner. When we're talking to a potential new customer, we can point to our successful track record serving leaders in any given industry.

Customers choose RXO because our carrier capacity, our superior technology, and our ability to solve their supply chain challenges. And they come back to us time and time again because we provide the best service in the market.

We have a history of growing with our largest customers, and our book of business is highly diversified.

#### Diversified exposure across attractive end markets

RXO's exposure across sectors and industries helps us respond to market conditions. While we have a strong foothold in a variety of industries, we're not overly concentrated in any one end

market. That enables us to flex up to meet customer demand as any industry, or customer, goes through a period of growth.

For example, we help a well-known electronics manufacturer prepare for and execute their sales campaigns that drive significant volume over a short period of time. Our approach allows us to support the customer while helping carriers maximize their trailer utilization.

Another example: We work with a major food and beverage company that experiences extreme seasonal upticks. By working closely with the key stakeholders, we're able to scale up our drop trailer and truckload capacity in order to meet the demands of their busiest season.

This customer has so much confidence in our solution that they have grown their revenue with us by 58% in the past year.

#### Tiered approach to sales drives multi-faceted growth opportunities

Our tiered sales approach is differentiated from our peers, and it's actively helping us win more business. We support a wide range of customers – both in terms of size and services needed – and we've invested in a layered sales organization to effectively capture advantageous customer opportunities.

Our Strategic Account Managers – or SAMs – have sector-specific expertise and hunt for new business among the largest enterprise customers. Our National Account Managers – or NAMs – bring on new national-level customers and grow our business with existing customers. Our SAMs and NAMs are out on the road cementing relationships. While that's typical in other industries, it's atypical in ours, and we get a lot of mileage from that investment.

Additionally, our inside salesforce leverages internal resources and our self-service platform to generate business from emerging growth customers.

#### Track record of above market growth and high profitability

Our tech, our capacity and our people all support our ability to drive excellent growth and continue to outperform the industry over the long run.



Looking across key indicators over the past three years, RXO's growth has led the market: Since 2019, our revenue has grown at a 21% CAGR, with strong volume growth. Concurrently, EBITDA grew even faster, at a CAGR of 40 percent.

We invest very deliberately through the economic cycle to balance our profit targets with our goal of capturing more of the enormous volume opportunity. And we've got a long runway of profitable growth ahead.

### Experienced and proven leadership team

We brought together the best technologists in the world and we partnered them with the best operators. This combination creates a differentiated experience for customers and it drives exceptional results.

Many of us have been working together for years, creating strong cohesion, consistent relationships with customers and valuable institutional knowledge. Excluding spin-related hires: Our vice presidents and above have been with us for 10 years on average; Director-level and above have an average tenure of seven years.

In addition to cultivating home-grown talent, we've been strategic about adding new leaders to accelerate our growth. We're thrilled with the outstanding talent we've attracted from blue-chip companies – all experienced leaders who believe strongly in our mission.

We're a strong group of individuals who bring a mix of diverse and fresh perspectives, along with deep industry knowledge and unique expertise.

### Business overview

Let's take a closer look at our business and the leading solutions we provide.

### Full-service platform uniquely capable of providing comprehensive transportation solutions

RXO's comprehensive platform of transportation solutions is unique in the industry and enables shippers to efficiently bridge service gaps to ensure consistent results. Compared to our truck brokerage peers, we're the only company that offers strong capabilities in three complementary solutions: Managed Transportation, Last Mile and Freight Forwarding.

Our business lines are complementary for three reasons: high customer overlap, revenue synergies driven by cross selling and the ability to provide multimodal customized solutions.

First, we're able to serve customers end-to-end. This increases our attractiveness to large customers who are looking to achieve efficiencies by consolidating their spend.

Second, we can easily cross sell between Managed Transportation and other lines of business. We have hundreds of millions of dollars of cross-sell on an annual basis and generate significant revenue growth from this synergy.

Finally, we're able to serve customers in all modes of transportation – not just truckload. This increases our customer stickiness and drives long-term growth.

With that, let's take a deeper dive into each business. We'll start with our largest line of business, our Truck Brokerage, run by Lou Amo.

Lou and I have worked together for over a decade. We grew Brokerage from the ground up and have successfully managed through different market cycles to become the 4<sup>th</sup> largest truckload brokerage in the country and we're continuing to gain share. Lou, over to you.

#### Business overview / Truck Brokerage

**Lou Amo:** Thanks, Drew. As Drew mentioned, he and I have worked together since 2012. We've come a long way in 10 years and delivered tremendous growth.

Today, I'm excited to share more, about our tech-enabled Truck Brokerage business and how our platform is uniquely positioned to continue, delivering outsized growth.

#### Transportation services industry ripe for technological disruption

This slide gets to the heart, of RXO's opportunity.

The trucking industry is highly fragmented and inefficient. There are over 1.5 million shippers – and their truckload spend is over \$400 billion. To haul this freight, there are over 1 million carriers. 97% of these carriers have fewer than 10 trucks. Think about that. These small trucking companies are constantly challenged to run their business.

In addition, there are 3.5 million class 8 trucks on the road in the U.S.; and it's estimated that, for 20-30% of the total miles driven, each truck is empty.

To make things more complex, 17,000 truck brokerage firms exist to match supply and demand in this fragmented market. Most of these brokers are small companies. They have manual processes and high costs.

The opportunity to disrupt the trucking industry with technology is real and we're leading it. We have the first mover advantage that started over 10 years ago when we first invested in RXO Connect.

#### Best-in-class truck broker in North America

We've built massive capacity and cutting-edge technology, which has allowed us to serve the largest shippers in the world, at scale. We work with a roster of world-class brands, across many sectors.

As I just mentioned, we operate in an enormous and highly fragmented industry. Of the \$400 billion addressable market, \$88 billion is with brokers, and that number continues to grow. Our share, of the \$88 billion, is around 4%.

We have roughly 100,000 carriers in our network and 1,600 employees. We deploy these resources to serve over 5,000 customers.

Of course, technology is a key component of our success and drives our profitable growth. Our app, RXO Drive, has been downloaded over 800,000 times. We have thousands of loads

available each day. And, about 80% of our loads are created or covered digitally. By leveraging the scale of our network and machine learning tools, our technology gets smarter and more efficient over time. This ensures that we can better anticipate customers' demands, and find the best truck to meet their needs.

While we have the best technology in the industry, what sets RXO apart is our ability to combine this technology with longstanding customer relationships, massive capacity and a deep bench of industry experts.

#### RXO has grown truck brokerage at 3x the industry rate

U.S. truck brokerage is growing at a rapid pace. Industry-wide revenue, from 2013 through 2021, grew at a CAGR of 10%.

But we have grown at nearly triple this rate. And, more than 90% of that growth was organic. We've outperformed, industry growth, over the last eight years, and we anticipate that will continue.

#### Brokerage industry penetration driving growth

This chart captures one of the main reasons we love the truck brokerage business. Brokerage penetration is up, and it's accelerating through outsourcing. This positive trend has persisted for decades. It's a significant opportunity for us, and one that I've seen first-hand.

Twenty years ago, brokers held about 7% share of the for-hire truckload market. Now, that's more than tripled, and it continues to grow. There's a simple reason for this. Brokers have access to capacity that shippers need. Shippers favor large providers, like RXO, and they like the service, reliability, technology and flexibility we offer. This will be a sustained tailwind for us.

So our addressable opportunity is growing, and on top of that, RXO's brokerage growth continues to outpace the industry. We have just a small piece of the pie, and enormous opportunities for growth ahead of us.

#### 4th largest truckload broker in US after just 10 years

A decade ago, our Truck Brokerage platform didn't exist. We've quickly ascended to number four, and we continue to take share. This page reinforces how fragmented the industry is. With only 4% market share, we have a lot of room for continued growth.

### Strong carrier relationships drive first-class network

The 100,000 independent carriers we do business with are the foundation of our network and allow us to deliver capacity to our customers. There are three key differentiators that make us a preferred broker for carriers:

First, freight. Our scale and outsized volume growth allows us to draw carriers in at a phenomenal rate.

Second, our technology, which makes it easy to do business with us. Our digital ecosystem allows carriers to book loads, negotiate rates, reduce empty miles and manage their fleet with little to no human interaction. This is particularly attractive to small carriers who don't have their own platforms.

Third, our rewards program keeps carriers coming back to RXO. Members get meaningful discounts on fuel, tires and maintenance. This puts more money in their pockets. Remember, 97% of fleets have fewer than 10 trucks. We help these small companies run more profitably.

This final point on our carrier network is important: our tech allows us to connect directly with this fragmented, small-carrier market and standardize the process of working together. This is how we create a connected fleet composed of small carriers. And this aggregated capacity allows us to service the largest shippers in the world.

### Powerful combination of solutions

This slide highlights there isn't a mode of transportation or service we can't provide to our customers. I'm going to take a moment to highlight some of the key solutions we offer.

Our core service is full truckload brokerage, which is primarily standard 53-foot trailers. This includes dry van, refrigerated and hazmat to name a few.

Expedited services are essential for critical products with a huge sense of urgency. For example, in automotive, if a single part is missing, you're shutting down a plant that costs millions of dollars for every hour of downtime.

Transloading helps our customers navigate port congestion and direct product in the most efficient manner.

Drop trailers are a solution we've provided since our inception. This was typically done by asset-based carriers, but over time, we've proven ourselves to have dependable access to flexible capacity. We continue to penetrate and take share in this market.

And then there's flatbed. Think of steel, shingles, turf, or over-sized goods – anything that you could load and unload from the side of the flatbed trailer. This is a high margin business.

Cross-border shipments allow our customers to use a single carrier for the transportation of goods involving Mexico or Canada. Nearshoring is a trend we're seeing more of, which is driving increased demand for this service.

We also offer access to LTL, which adds to our powerful combination of solutions.

Demonstrated adaptability to flex contract and price mix to facilitate volume growth through cycles

Earlier, Drew discussed our diversified customer base. I want to double click on an aspect of that: the mix between contract freight and spot.

In Q2, more than 70% of our revenue was from contract freight, which is typically awarded on an annual basis. This split between contract and spot is dynamic. There are times in the freight cycle where contract business falls as low as 60%, and other times in the cycle when contract can go into the mid- to high-70s.

For example, in 2020 and 2021, we took advantage of the market and grew our spot business. In the first half of 2022, as the market loosened, we quickly increased contract volume.

Our technology, customer relationships and experience help us manage through the cycles. This enables us to consistently grow our load count, profitably. Since 2019, we've grown volume at an average rate of 19% annually, and we expect to continue to take share.

### RXO has demonstrated the ability to succeed across market environments

We closely track a variety of leading indicators to assess the market. We monitor load-to-truck-ratios, both third-party load-boards, and our own data; we look at outbound tender rejections; we use inventory load scans through customer integrations; and we assess the results of dynamic pricing exercises. This data helps prescribe changes to our hiring, pricing and go-to-market strategy.

If the market is poised to tighten, we can expand capacity, onboard more carriers and increase our presence on the spot board. If the market is poised to loosen, we adapt accordingly. We can leverage our variable cost structure and reduce costs while maintaining productivity.

Again, for any market, there's a play. We're asset light, with massive data at our fingertips, and we can constantly adapt to succeed in any market. We're a big enough company to serve the largest shippers in the world, but we act with the agility and cohesion of a startup.

Most importantly, we've seen all market cycles and have proven our ability to successfully operate in any environment.

### Case study: industrial

The best way to talk about our ability to manage through cycles is to walk through several case studies. We're passionate about serving customers and growing with them. And that passion starts at the top. In all three of the cases I'm going to mention, someone on the RXO leadership team has a direct relationship with the customer.

Let's start with a leading manufacturer of building materials who's been a customer for over eight years. We received our first award in 2013. That was as a flatbed provider. Back in 2013, this customer didn't trust brokers. We proved ourselves by utilizing our technology and strong carrier relationships to deliver on capacity at the right rates.

Today, we're their largest provider of brokered flatbed capacity in the US, and we've expanded our service to include truckload and less-than-truckload. And, 95% of their orders are created or covered digitally. We've grown this account from less than \$1 million in revenue in the first year to over \$20 million today.

But it's about more than just capacity. We've grown the relationship by performing at a very high level, which is why this customer named us Supplier of the Year in 2020. As a result, in 2021, we were awarded \$5 million in new business.

#### Case study: retail (durable goods)

The next case study is a large home improvement retailer where we have deep relationships at multiple levels, from the dock door to the C-suite. This helped us grow revenue from about \$1 million, in 2015, to over \$100 million today.

We provide a range of services on this account. We began working with this customer providing truckload services, but we've expanded the relationship to include flatbed, seasonal projects, and transload services that were essential in helping with backlogs at the ports. This port work resulted in us winning International Carrier of the Year in 2021.

This company also depends on us for emergency shipments. Think natural disasters like hurricanes, tornadoes and wildfires. The emergency freight is so important that they only allow two carriers to haul it, and we're one of them.

Finally, I want to highlight that we're using technology in every part of the relationship to provide real-time pricing, guaranteed capacity and end-to-end visibility that competitors can't easily replicate. 90% of their orders are created or covered digitally.

#### Case study: food and beverage



Another relationship in the consumer space is a large food and beverage company. This relationship started with a \$4 million award, with one division, 15 years ago. From that first foot in the door, we expanded the relationship to other divisions. And in 2021, we booked more than \$50 million in revenue moving tens of thousands of loads.

Again, the story here is scale, technology and service. We provide an extensive drop trailer service, which gives them the flexibility to control their labor cost. Our technology is front and center. The account is highly automated on RXO Connect. Over 99% of the orders are created or covered digitally. And, like with the other accounts I mentioned, RXO is seen as a strategic partner. They have a high degree of confidence in our ability to execute. As a result, we get awarded freight like an asset-based carrier.

Now, to cover our Managed Transportation business, let me introduce you to Paul Boothe. Paul's an integral part of RXO's leadership team. And, he's helped engineer our impressive freight under management growth over the past three years. Paul.

#### Business overview / Managed Transportation

**Paul Boothe:** Thanks, Lou. RXO's leading Managed Transportation platform provides comprehensive solutions to help customers reduce costs by optimizing their transportation network.

#### Leading managed transportation platform

We provide services to manage a customer's entire transportation system, from order through to cash. This market represents a \$23 billion opportunity and we've been steadily growing our share by providing highly customized solutions to a blue-chip customer base.

It's worth noting that we have approximately 100 customers for this business, and they are strong, global companies. We focus on building deep relationships with our clients. Our customers view and treat RXO Managed Transportation as an extension of their own leadership team. This is a key differentiator in our offering.

This business is distinguished by long-term contracts, sticky customers, great revenue stability and consistent growth. And, as I'll discuss in a moment, this business is highly complementary with our other RXO services and represents a significant opportunity for cross selling.

### Optimized solutions and capacity procurement

We provide three core services to customers through Managed Transportation:

First, RXO's global network of control tower solutions provides a comprehensive offering to manage our customers' freight. These services include network design, carrier procurement, order entry, load optimization, carrier management, transportation engineering and freight audit and pay.

Secondly, managed expedite. Our industry-leading technology automates load awards and the tracking of time-critical freight. We match customer expedites with RXO's premium carrier base. The solution supports all freight, from a single package shipment to over-the-road expedites to a fully chartered aircraft. We processed nearly a half million shipments using this technology in 2021, and our time to secure premium freight capacity is 16 minutes on average, down from 25 minutes on average in years past.

The third important offering of RXO's Managed Transportation solution is our suite of value-added services. These include cross-border operations, transportation procurement, solutions engineering, supply chain consulting and data science services.

Taken together, these three core services encompass the value provided within our \$3.9 billion in freight under management.

### Continued momentum in driving higher freight under management

As you can see in this chart, we've been growing freight under management at a nearly 30% CAGR. This has begun to create a snowball effect, where higher freight under management provides more data and better buying power, which accelerates future growth.

### Customer composition and retention

RXO's scale, technology and services have enabled us to build long-term relationships with leading companies across a well-diversified mix of industries. We're very proud of the strong partnerships we have formed. And our customers recognize the value we provide.

We've earned the Ford World Excellence Award for the last three years, and we have been named one of General Motors' top suppliers for the last four years. We've also been recognized by Dow Chemical with their supplier sustainability award. This award honors our commitment to and leadership in environmental stewardship.

While we're grateful for these awards the most important recognition our customers can give is their business. Our top 10 Managed Transportation customers have an average tenure of 12 years and, overall, we have a 97% customer retention rate.

#### Managed Transportation drives growth across RXO

As I mentioned a few slides ago, our Managed Transportation business enables effective cross selling among our Brokerage, Last Mile and Freight Forwarding operations. There are three key reasons for this:

First, our technology. We have direct API connections across the RXO solutions. This ensures maximum value for customers and increased opportunities for RXO.

Second, we leverage a common salesforce. The SAMs and NAMs Drew noted earlier are integrated to drive sales across our services.

And, finally, our strategic approach to carriers. I like to say that we're carrier strategic, not carrier agnostic. We don't cover our eyes with a blindfold and choose a carrier; rather, we align freight with the most strategic transportation providers based on cost and service. RXO Brokerage, RXO Freight Forwarding and RXO Last Mile are among our key strategic providers.

Our customers look to RXO Managed Transportation to provide scale and technology. And the scale we achieve from working with our RXO business partners is something that our

competitors cannot match. Notably, these cross sales have grown at an impressive pace driving a 47% CAGR since 2018.

#### Case study: chemical manufacturer

A good example that demonstrates the longevity of our relationships is our 25+ year partnership with a major global chemical manufacturer. RXO helped this customer manage their packaged goods network in North America by utilizing a centralized control tower in the Midwest.

We deployed our proprietary technology to support transportation capacity sourcing, load visibility, continuous improvement, quality management and data analytics. The customer's highly specialized network requires hazmat-certified, tanker-endorsed and temperature-controlled carriers.

Providing scale and service helped us achieve on-time-delivery of more than 95% and route-guide compliance of over 90%. And a key component in our solution has been our partnership with RXO Brokerage. Our Brokerage team has delivered in cost and service for this customer.

#### Case study: automotive OEM

Turning to another example with a major automotive OEM. For each of the past four years RXO has been named their supplier of the year, and it's easy to see why. During our 10-year relationship, we've delivered \$75 million in cost savings and reduced their labor costs by 37%.

We first launched with this customer in 2012. And despite agreeing to a launch timeline of 18 months we got up and running in only four.

In addition to reducing costs the customer was looking for an end-to-end solution to manage its supply chain, field transportation services and operations. We've developed a highly customized solution that includes a cross-dock management system specific to this OEM's processes. In addition, we automated their transportation planning process to maximize labor utilization. And we're now heavily integrated with all functional areas of this company including finance, IT, logistics, inventory management and supply chain operations.

Today, we have approximately 400 dedicated employees supporting logistics, supply chain management and traffic office functions for this customer. Annually, we manage nearly 700,000 freight shipments and an additional 1.5 million parcel shipments.

While we're pleased with how large we've grown this account we're equally proud of the highly collaborative relationship we've established with the customer over the years. We've helped them mitigate the impact to operations caused by labor strikes, industry events and supply chain challenges.

I'd now like to turn it over to Fernando Rabel, who oversees our industry-leading Last Mile business, to share more about the opportunity we see in that important market.

#### Business overview / Last Mile

**Fernando Rabel:** Thanks, Paul. RXO is the number one outsourced provider of last mile logistics for heavy goods in the U.S.

#### RXO last mile provides superior service, national scale and customer brand protection

We're well-positioned to maintain our lead, while capturing even more share within this \$16 billion industry. We cover 159 markets and last year, we handled more than 11 million deliveries. Last Mile customers demand speed, reliability and precision. We deliver on all three with excellence.

Our unparalleled hub network puts us within 125 miles of 90% of the U.S. population. This allows us to get the product to the end consumer faster than any other third-party last mile provider. Our technology is best in class and allows us to maintain exceptional customer satisfaction levels. And, we have access to about 6,700 independent contractor drivers on a daily basis. This allows us to meet our customers' capacity needs.

More importantly, we help maintain and protect our customers' brand by ensuring the end consumer receives their product on time and damage-free. In fact, our damage free delivery rate is 99.8%.

#### Competitive landscape and e-commerce trends

The industry is highly fragmented. Our leading position still represents only 7% of the last mile heavy goods market.

The demand in this market has grown rapidly since 2015. A key driver of that growth is the increasing penetration of heavy and bulky e-commerce. Picture appliances, TVs, furniture, exercise equipment. More and more consumers are purchasing these items directly online. By 2025, heavy and bulky penetration is expected to increase to nearly 30% of all e-commerce. This tailwind will drive continued demand for last mile services, and RXO is poised to capture an outsized share of this growth.

#### National scale with access to all major population centers

As I just mentioned, our national network of hubs and RXO Direct middle-mile services has been intentionally constructed to quickly serve all major population centers. As a result, we have faster order-to-delivery times and a customer satisfaction rate that is much higher than the industry average.

And last year, we fully implemented our RXO Connect digital platform across the U.S. and Canada to accelerate our growth.

#### RXO's technology personalizes the consumer experience

Our proprietary technology is a key differentiator in Last Mile. Connect Last Mile has enabled significant efficiencies for our business, and our customers' businesses. In fact, 50% of orders are self-scheduled by the customer, driving a 30% reduction in calls.

Our customers love the visibility and functionality we provide. All of the data about a particular shipment is in one place, and we offer touchless signature capture, which we introduced during

Covid. RXO continues to enhance our technology to support the increasing need to better manage inventory in the rapidly growing reverse logistics and last mile space.

Now, I'd like to walk you through two case studies.

#### Case study: consumer (last mile hub)

Here is an example of how RXO's leading Last Mile solutions ensured a major consumer products company could dependably fulfill orders as order volume exploded.

We were approached by this customer in 2015. They were growing rapidly, and they needed a way to get products to their customers much faster and more reliably. Efficiency was key for this customer, and we proposed a solution involving forward-stocking product in hubs to increase the speed at which the customer's goods could reach end consumers.

As with many of our client relationships, technology plays a key role in this engagement. In addition to providing faster delivery, RXO tech was able to ensure point-of-sale scheduling and real-time tracking for the customer, as well as its consumers.

The customer was so pleased with our solution that we're now supporting over 70% of their deliveries nationally and are expanding in Canada. We've proven that we're a trusted partner, and our revenue from this relationship has grown 97% since 2016.

#### Case study: retailer (dedicated)

Let me share another case study. Over the past two decades, we've grown our partnership with a large retailer by seamlessly enabling the transformation of their supply chain to manage deliveries from centralized hubs. This didn't happen all at once.

Initially, RXO helped successfully convert store-based deliveries to centralized deliveries. As the relationship grew, we brought specialized equipment online to support the transition of the flatbed store-based deliveries. We now manage more operations for this client than any other third-party provider and have doubled our revenue in the past five years.

I'd now like to introduce Demetri Venetis, who will provide an overview of our Freight Forwarding business. Demetri.

### Business overview / Freight Forwarding

**Demetri Venetis:** Thank you, Fernando. Freight forwarding is an enormous global market opportunity.

### Leading freight forwarding network

This is an asset-light business. We offer a comprehensive suite of ocean, air, domestic and customs clearance services. This allows us to build end-to-end solutions for our customers and grow share. Our experienced team facilitates the movement of freight to and from thousands of locations. Globally, we support 5,400 customers across about 160 different countries.

### Strategic footprint in North America and Asia

Our North American and Asian footprint is strategically built and connects us to the greater RXO network. This balanced network provides us flexibility to grow volume while also leveraging economies of scale.

We've found our technology drastically improves our customers' productivity. It enables us to connect a diverse array of ocean, air and domestic carriers to our customers. And through the platform, we're able to provide shippers with visibility into real-time tracking and milestones, document management and reporting across all modes.

### Case study: automotive

This is an example of a comprehensive Freight Forwarding solution for an auto OEM. RXO provided ocean, rail and transload services that were completely flexible and integrated. This included end-to-end visibility and consolidated billing.



With our solution, they were able to shorten lead times from the factory to their assembly line by an average of eight days. By avoiding transshipments and minimizing port congestion, we eliminated factory downtime. We estimate that this saved the customer hundreds of thousands of dollars in avoided air freight.

Our ability to adapt to market conditions and customer needs has been a key selling point and enabled us to grow the relationship. As a result, we now manage over 1,200 containers annually, and we've increased our revenue from this customer by three times.

Now, we're going to shift gears a bit, and tell you more about the tech ecosystem that powers all four of RXO's business lines. I'm going to turn it over to our Chief Information Officer, Yoav Amiel. Yoav.

#### Technology overview

**Yoav Amiel:** Thanks, Demetri. RXO has a unique combination of deep industry experience, and ground-up technology capabilities.

#### RXO is leading technology disruption

As Drew and others have pointed out, RXO was the first to invest in a robust technology platform.

So, while several other companies started to build digital capabilities more recently, we have years of head start, and we will continue to lead.

We developed the RXO Connect platform from scratch, leveraging the deep knowledge from our business

It's important to note that this platform fuels our growth. All lines of business, revenue and transportation spend, flow through RXO Connect.

We believe that transportation services will become fully automated over time, to everyone's benefit, and the RXO Connect platform positions us to gain from this transition.

The three digital pillars of our Connect platform are: first, the RXO Transportation Management Systems; second, RXO Connect web interfaces, for both shippers and carriers; and third, RXO Drive, which is our mobile app for drivers and fleet-owners.

#### Optimized solutions and capacity procurement

We've built a highly scalable logistics platform, that is fully integrated with our solutions, across all modes. I am going to highlight just a few of the platform advantages:

RXO Connect adds value for our customers, both large shippers – who usually prefer a system-to-system type of integration – and smaller shippers, who use the digital interfaces, directly. Leveraging over 10 years of data, we have built a proprietary machine learning pricing algorithm, which takes into account current market conditions, past historical data and future indicators as well. This helps our business to expand the buy/sell spread, balancing margin and share.

We're always improving our technology. Continuous feedback from operations, enables us to quickly identify and incorporate enhancements. Our robust rewards programs and rich technology capabilities drive high retention rates for both customers and carriers. Over 70% of our users consistently return to the platform within one week.

#### High user adoption and retention rates

Some key platform adoption numbers I want to highlight. We have over 800,000 total app downloads, representing 63% growth year-over-year. We've seen 74% year-over-year growth of carrier weekly active users. Our registered customers are growing at a rate of 29% year-over-year, and registered carriers at 47%. And, 80% of the loads, are created or covered digitally

The following video will give you a quick overview of our tech stack in action. You will see our shipper interface, carrier interface, and our RXO Drive mobile app.

#### RXO Connect™ is a powerful, digital ecosystem

Diving further into our technology platform, this diagram illustrates how RXO Connect serves as an integrated transportation platform.

On the left side, you see the supply. These are the carriers, which are the backbone of our capacity. Carriers and truck-drivers utilize our Connect interfaces to drive their business. On the right, we have the demand. Our customers, who have their own Connect interfaces as well.

To help explain the term platform, here is an analogy that is easy-to-visualize. Think about the roads in the city where you live. When I was the head of machine-learning-maps at Uber, we used GPS traces and street imagery to map the roads of the world. What became clear, is the complexity of our roads, and the limitations of building roads around existing obstacles. Now, imagine a world in which the roads are created first, and only then the city is built on top of it. This approach would produce a perfect, and most efficient road network – one we can only dream of!

This is the approach we took when building RXO Connect. We've designed it for scale, from the ground up. And while it continues to evolve, our ideal roads were created first, so that everything that follows is totally efficient. This gives us a huge potential upside, allows us to innovate, and maintain our leadership position.

### Freight Optimizer is the scalable freight management engine of RXO Connect™

Let's look more closely at the three pillars of our platform, starting with our transportation management systems, or in short: TMS. We have TMS systems across all lines of business, and I am going to focus on Freight Optimizer, which is used by our Brokerage group.

Freight Optimizer provides our Brokerage reps with comprehensive support for their day-to-day decisions. With about 100,000 registered carriers, RXO Connect rapidly optimizes load assignments and automatically matches supply and demand. It leverages our machine-learning matching engine and predictive pricing algorithms. These are complex, self-learning algorithms that enable us to optimize efficiencies and margins. Our proprietary pricing algorithms come up with the right sell and buy prices each time, while taking into account multiple data inputs.

## RXO Connect™ ecosystem generates efficiencies for all stakeholders

We designed RXO Connect to be responsive to the evolving needs of both shippers and carriers.

Our carriers can: post their available capacity based on their preferences; book loads on the web or through our RXO Drive mobile app; and increase the utilization of their equipment, which translates to less empty miles and more income.

Our functionality for shippers is equally robust. They can: quote and buy capacity online; leverage self-service analytics for their decision-making; and have continuous, real-time visibility into their freight.

It is also important to note that RXO Connect is designed to be used as a personalized solution. It is fully customizable, without the need for complex development or long-term maintenance. For example, customers get personalized dashboards and self-service analytics to manage their freight. They have direct access to all of their data. Even the fields and labels that display on the screen, are adjustable. And carriers have similar flexibility to manage their capacity as well.

This ability to turn RXO Connect into a personalized solution, which does not require technical training or investment, contributes to strong customer satisfaction and user adoption. It also supports a strong user retention rate that exceeds the industry average, making us a partner of choice for our customers.

## RXO Drive™ app benefits customers and carriers by helping to automate the procurement process

The third component is RXO Drive. This proprietary app provides carriers and drivers with full control over their day-to-day operations. It utilizes permission-based functionality, which grants specific capabilities to each user according to their role. For example, a self-employed driver with their own truck may need to access the load-board on the road, but a fleet driver may only need the tracking and document-upload capabilities.

The app includes features like our load recommendation engine, which helps drivers: manage capacity, optimize the utilization of their trucks and minimize empty miles. The app also offers a rewards program, with fuel discounts, maintenance discounts, and financial incentives, that create stickiness, and result in higher levels of carrier-service.

### RXO Connect™ is widely adopted and growing fast

I love this slide! All the charts are up and to the right. And this is not the future. It is happening right now. So, you can see that there is a lot of horsepower behind our technology!

In addition to the great baseline we have established, looking at our quarter-over-quarter growth history, we have proved that we have the right technology and people to continue along this trajectory.

Now, I would like to turn it over to our Chief Financial Officer, Jamie Harris, to cover our financial performance and targets. Jamie joined the team recently, and we're excited to benefit from his vast experience. Over to you, Jamie.

### Financial overview

**Jamie Harris:** Thanks, Yoav. And good morning to everyone.

Over the next few slides, I'll put some numbers behind the information you've heard from others today regarding our outstanding performance, strong track record and the exciting opportunities we see ahead.

### Financial performance highlights

Starting with the highlights. We have a proven track record of delivering above-market growth with a 21% revenue CAGR since 2019, and a leading share in the highly attractive brokerage market.

We're laser-focused on driving long-term margin expansion, and we're well positioned to do so because of the productivity enhancements we've executed.

Our cost structure is highly variable, with fixed costs at only 13%, enabling us to efficiently scale capacity and cost structure as needed.

Our asset-light, technology-enabled business model generates significant free cash flow. In fact, we spend less than 1% of our revenue on CapEx.

Finally, our strong balance sheet positions us well for future growth with expected net leverage of approximately 1.1 times with ample liquidity and no near-term maturities.

Now let's discuss each of these highlights in more detail.

#### Track record of above-market growth

This page shows our track record of above-market growth, both revenue and EBITDA.

As I just mentioned, since 2019, revenue has grown at a CAGR of 21% and revenue less purchased transportation grew at a CAGR of 19%. This reflects the strong load growth we have seen in our Brokerage business, which also grew by a 19% CAGR.

With the operating leverage inherent in our business model, we've grown adjusted EBITDA even faster at a 40% CAGR. This highlights the power of our business. We scale profitably as revenue grows.

#### Proven ability to drive long-term margin expansion

Now, turning to margins. We have several levers at our disposal to drive further expansion. We've been on a journey to improve productivity across the organization. Those efforts have translated into a 50% increase in productivity since 2018 as measured by loads per head per day.

While we're incredibly proud of that achievement, we're continuing to drive productivity and process improvements. We will continue to identify operating efficiencies and implement them to drive further productivity gains and margin expansion.

For much of this presentation, you heard the team talk about our incredible technology platform. Not only does RXO Connect differentiate us commercially in the marketplace, it is also critical to our margin expansion efforts. While we have and will continue to invest heavily in our technology – both in the form of CapEx dollars and OpEx dollars – we have very small maintenance CapEx requirements. This enables us to generate strong cash flow.

With minimal incremental CapEx needs, we're realizing significant return on invested capital from RXO Connect. We expect RXO Connect and our other technological capabilities to remain a key driver of productivity, volume growth and margin expansion.

#### Highly Variable Cost Structure provides Operating Flexibility Across Economic Environments

Another important driver is our cost structure. There are several advantages to our highly variable cost model. The most important: flexibility. With approximately 87% of our OpEx structured as a variable cost, we're able to flex our resources quickly and efficiently to meet demand.

We have attractive unit economics and a very modest fixed cost structure. During high growth periods, we're able to achieve significant leverage and accretive volumes through our purchased carrier capacity, our largest spend category. Outside of purchased transportation cost, labor is our second largest spend category comprising approximately 10% of total expenses.

We have a proven ability to manage our headcount to maximize our capacity and ability to cover loads profitably. In summary, our cost structure advantages give us significant flexibility and confidence in achieving our EBITDA targets, which I'll discuss in a few minutes.

#### Low capital intensity drives robust cash flow conversion

Our business has low capital intensity. We employ a disciplined approach to CapEx, which supports innovation without sacrificing free cash flow.

Dissecting the CapEx figure a bit further, approximately two-thirds of our spend relates to growth investments to further strengthen our technology suite. Our payback on these investments is typically less than one year.

Our maintenance CapEx spend is small and stable. Since we've already built the foundation of our technology, we expect CapEx as a percentage of revenue to stabilize going forward. This will help to drive significant free cash flow growth, and dollars, to reinvest into the business. That cash will support growth and a strong balance sheet. We'll continue to pursue returns that are accretive to the business and to our shareholders.

#### Substantial free cash flow generation

As you can see, RXO also generates strong cash flow.

Our free cash flow, pro-forma for the new capital structure, was \$125 million over the last twelve months, which represents a 41% conversion of EBITDA to free cash flow.

Also, our growth in EBITDA less CapEx grew at a 63% CAGR to \$258 million.

#### Strong balance sheet to support future growth

Our balance sheet is another key advantage for RXO moving forward. Our expected net leverage is projected to be 1.1 times when the spin-off is complete, and we have ample liquidity. We will maintain leverage between one and two times and we're committed to maintaining investment-grade credit metrics. With no near-term debt maturities, we can use our capital to support future growth.

#### Disciplined capital allocation framework

This brings us to our capital allocation approach. Our capital allocation strategy is focused on organic growth and maintaining an investment grade balance sheet.



Our top priority is reinvesting in our business, where we see multiple avenues to deploy capital towards high-ROIC projects. Reinvesting in our business is critical to driving future growth and capitalizing on the many opportunities ahead.

Once our balance sheet requirements are met, our capital allocation will be opportunistic with regard to inorganic investment and returning capital to shareholders. Regarding M&A, any opportunities must be strategic and we'll be highly disciplined. We'll only participate in a transaction if it's accretive to shareholder value. Returning capital to shareholders is another important component of our capital allocation framework. We'll evaluate return of capital based on the satisfactory achievement of our organic growth and balance sheet objectives, as well as market conditions.

We believe this balanced and disciplined approach best positions RXO to maximize shareholder returns while minimizing risk.

#### Financial targets

We wanted to provide you with a framework on how we're thinking about the business over the next five years. We're very bullish on our ability to continue outperforming the market, no matter the market cycle, and that's contemplated in our outlook.

We expect to generate EBITDA in a range of \$475 million to \$525 million, or \$500 million at the midpoint. For modeling purposes, we continue to expect CapEx to represent about 1% of revenue. We anticipate depreciation and amortization to be similar at approximately 1% of revenue. Interest expense is expected to be \$37 million per year, our estimated tax rate is expected to be 24%, and we expect to have 117 million shares outstanding.

I'd now like to turn the program over to Jared for closing remarks.

#### Concluding remarks

**Jared Weisfeld:** Thank you, Jamie. Before we conclude, I'd like to quickly recap some key points from our presentation.

## Reasons to invest in RXO

First, this is a great business to be in. The overall market opportunity is enormous, and benefits from strong secular tailwinds.

Second, we serve customers across any vertical with our unique platform and massive carrier capacity, and we grow faster than the industry.

Next, we have strong, long-tenured relationships with our customer base and a differentiated sales approach that's winning us more business.

Our proprietary technology is truly on the cutting edge. It's highly scalable and drives efficiency, competitive advantages and financial returns.

Finally, our asset-light model generates strong returns and can pivot to grow profitably in any market.

Thank you for your time today.

### **Non-GAAP Financial Measures**

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

*RXO's non-GAAP financial measures presented include: adjusted earnings before interest, taxes, depreciation and amortization ("adjusted EBITDA") and free cash flow.*

*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, RXO 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 is calculated as net income before interest expense, income tax, depreciation and amortization expense, transaction and integration costs, restructuring costs and other adjustments as set forth in the tables found in the accompanying investor transportation. Transaction and integration costs are generally incremental costs that result from an actual or planned acquisition, divestiture or spin-off and may include third-party financial, legal and tax expenditures, consulting fees and retention awards. 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 RXO's ongoing performance.*

*We believe that adjusted EBITDA improves 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 that management has determined are not reflective of core operating activities and thereby assists investors with assessing trends in our underlying business, as set out in the tables found in the accompanying investor presentation.*

*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 net cash provided by operating activities, less payment for purchases of property and equipment plus proceeds from sale of property and equipment, as set out in the tables in the accompanying investor presentation.*

### **Forward-Looking Statements**

*This transcript includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including statements relating to the planned spin-off and capital structure, the expected timing of the spin-off and our future growth prospects and strategies for RXO. 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," "strategy" 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 XPO's ability to effect the spin-off and meet the related conditions of the spin-off, the expected timing of the completion of the spin-off and the terms of the spin-off, our ability to achieve the expected benefits of the spin-off, and the risks that will be discussed in our filings with the SEC and the following: competition and pricing pressures; economic conditions generally; the severity, magnitude, duration and aftereffects of the COVID-19 pandemic and government responses to the COVID-19 pandemic; fluctuations in fuel prices; increased carrier prices; severe weather, natural disasters, terrorist attacks or similar incidents that cause material disruptions to our operations or the operations of the third-party*

*carriers and independent contractors with which we contract; our dependence on third-party carriers and independent contractors; labor disputes or organizing efforts affecting our workforce and those of our third-party carriers; legal and regulatory challenges to the status of the third-party carriers with which we contract, and their delivery workers, as independent contractors, rather than employees; litigation that may adversely affect our business or reputation; increasingly stringent laws protecting the environment, including transitional risks relating to climate change, that impact our third-party carriers; governmental regulation and political conditions; our ability to develop and implement suitable information technology systems and prevent failures in or breaches of such systems; the impact of potential cyber-attacks and information technology or data security breaches; issues related to our intellectual property rights; our ability to attract and retain qualified personnel; our ability to successfully implement our cost and revenue initiatives and other strategies; our ability to successfully manage our growth; our reliance on certain large customers for a significant portion of our revenue; damage to our reputation through unfavorable publicity; our failure to meet performance levels required by our contracts with our customers; the inability to achieve the level of revenue growth, cash generation, cost savings, improvement in profitability and margins, fiscal discipline, or strengthening of competitiveness and operations anticipated or targeted; a determination by the IRS that the distribution or certain related transactions should be treated as taxable transactions; the possibility that any consents or approvals required in connection with the spin-off will not be received or obtained within the expected time frame, on the expected terms or at all; expected financing transactions undertaken in connection with the spin-off and risks associated with additional indebtedness; the risk that dis-synergy costs, costs of restructuring transactions and other costs incurred in connection with the spin-off will exceed our estimates; and the impact of the spin-off on our businesses, our operations, our relationships with customers, suppliers, employees and other business counterparties, and the risk that the businesses will not be separated successfully or that such spin-off may be more difficult, time-consuming or costly than expected, which could result in additional demands on our resources, systems, procedures and controls, disruption of our ongoing business, and diversion of management's attention from other business concerns. 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.*