Oppenheimer & Co. 16th Annual Industrial Growth Conference
Fireside Chat with Brad Jacobs, Malcolm Wilson and Matt Fassler of XPO Logistics
Conducted by Scott Schneeberger, Senior Transportation Services Analyst, Oppenheimer
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1. **Scott Schneeberger, Oppenheimer:** Good afternoon, everyone. Thank you all for joining us today. We're excited to have XPO Logistics here to share their story, which includes the pending spin-off of GXO Logistics, the company's current logistics segment. To that note, not only are we honored to have Brad Jacobs, the founder and CEO of XPO, here today, but also Malcolm Wilson, CEO of XPO Europe, who will become the CEO of GXO upon its spin, as well as XPO's Chief Strategy Officer, Matt Fassler.

   In addition to the anticipated spin-off of GXO in the second half of this year, XPO offers global transportation services for less-than-truckload and truck brokerage, as well as last mile. These will remain part of XPO. The pending spin, on top of XPO's strong rebound from the pandemic, makes a dynamic story. To discuss it in this session, we're using a "fireside chat" format, where I'll ask management some high-level questions up front, for an overview of the business. Then, later in the session, I'll pivot to questions submitted by you in the audience via Zoom.

   Gentlemen, thanks for being here and congratulations on your strong first quarter results released earlier this week. If you could please start out by providing us with an overview of the quarter, that would be great.

2. **Brad Jacobs, XPO:** I'll take the overview. That's the easy question. It was a great quarter. Revenue was up 24%. Net income was a record. Adjusted EBITDA was up 33%. It was the fourth quarter in a row that we beat on adjusted EBITDA and the third consecutive quarter of record adjusted EBITDA. We expanded our adjusted EBITDA margin by 70 basis points, and we raised full-year guidance by more than the quarter's beat.

3. **Scott Schneeberger, Oppenheimer:** Since acquiring Con-way in 2015, XPO has doubled the adjusted EBITDA of its North American less-than-truckload business and improved the operating ratio by a thousand basis points. Please discuss internal efficiency initiatives you're currently pursuing in less-than-truckload.

4. **Brad Jacobs, XPO:** When we bought Con-way in 2015, its LTL business was doing about $380 million of adjusted EBITDA. We expect to do over $1 billion of adjusted EBITDA next year. As you say, we've improved the adjusted operating ratio by roughly a thousand basis points. So, it's been a self-help margin expansion story in LTL, and we're going to continue to do that.

   We intend to continue to grow the margin through operational excellence and execution. That means getting better and better at pickup and delivery, at managing labor, at managing the linehaul, and at using algorithms to set pricing, rather than having people guess what the pricing should be. So, it's really a bunch of singles and doubles — there are no home runs or grand slams. It's the blocking and tackling of the business.

5. **Scott Schneeberger, Oppenheimer:** Thanks, Brad. Still on LTL, business conditions in North American LTL have been progressively improving in recent quarters. How do you see 2021 shaping up for LTL volume and pricing?

6. **Brad Jacobs, XPO:** In the first quarter, tonnage was up 3.7% and yield, ex-fuel, was up 2.4%. That was an acceleration from the 1.5% yield improvement we had in the fourth quarter, and it was the strongest yield improvement we've had in 11 quarters. In April, we typically see a seasonal dip in yield as agricultural products come into the market. They're heavy, so that skews the yield. This April, though, our yield didn't drop month-over-month, which outperformed typical seasonality. And the pricing environment in LTL is the best I've ever seen. Shippers want the capacity.

   The industrial economy has recently — in the last 60 to 90 days — come back strongly. Because we're levered so much to industrial in our LTL business, we're seeing that volume and, subsequently, the pricing environment is very firm, very healthy. In Q1, contract renewals were good and now they're higher in April than they were in Q1. The LTL environment for the rest of 2021, for pricing and for tonnage, currently looks very favorable.

7. **Scott Schneeberger, Oppenheimer:** Thanks, Brad. Staying in transportation, but shifting over to truck brokerage in North America, the business has significantly outperformed solid industry trends for multiple quarters. What are the drivers of the business unit's strong efficiency and outperformance?

8. **Brad Jacobs, XPO:** There are many drivers, but the main thing driving our outperformance in truck brokerage is the technology that we started investing in on the same day I met our CIO, Mario Harik, in my living room in 2011. We had a vision for going very deep into technology-enabled solutions in the transportation industry — to try to find every possible place where we could have tech do stuff that humans do, assuming tech could do it better. If you look at Q1 2021, we've once again continued to outperform the market.

   I think that our truck brokerage performance has been under the radar a bit overall, because there were a lot of competing elements within the XPO story. But, if the planned spin-off happens, investors will be able to focus much more on truck brokerage and LTL. Our disclosures will be more detailed, and I think the market will notice the outdistancing we're doing in truck brokerage relative to the industry. Our brokered loads per day in the first quarter were up 25%. Revenue was up 83%. Net revenue was up over 130%. These are strong, strong numbers.

We've been getting this productivity mainly through technology. On our earnings call yesterday, we compared the first quarter of 2016 to this year's first quarter in brokerage, to show that our headcount in sales and carrier reps is up by about 3% — but the loads that we've been covering are up over 40%. That's a nice productivity improvement, and it's mainly from our digital transportation platform, XPO Connect. There's been massive adoption of XPO Connect. On a year-over-year basis, carrier usage of XPO Connect is up 67%, and customer usage is up over 150%.

The outperformance in truck brokerage is one of the reasons we were able to raise our guidance for 2021 adjusted EBITDA by $75-100 million, lifting the new low end of the guidance above the previous high end of the original range.

9. **Scott Schneeberger, Oppenheimer:** Just to follow up on that, there's been a lot of talk in truck brokerage about disruptors coming in with technology.

10. **Brad Jacobs, XPO:** Yes, that's us! We started that in 2012. We were the original disruptor.

11. **Scott Schneeberger, Oppenheimer:** Yes, and I would love to get any more comments you have on that, because, clearly, you're at the forefront. Any thoughts on competitors and what you're seeing in the industry?

12. **Brad Jacobs, XPO:** Scott, do you remember the movie *Back to the Future,* when Michael J. Fox goes back to a 1950s high school and he plays contemporary rock'n'roll and they all look at him like he's crazy? I gave a presentation at NASSTRAC, the manufacturing trade group, in 2012 or 2013. I laid out a vision of how the industry will be digitized over time, and how so many functions performed by human beings will be performed more efficiently, more cost-effectively by technology. It reminded me of that movie, because everyone at that conference was looking at me like, "Are you crazy? That's not going to happen in our lifetime."

    Obviously, it did happen, and XPO, fortunately, has been one of the main proponents of that. We're not the only one. We have competitors. Robinson's got great technology. Uber's got great technology. There's a handful of competitors who have really good technology, but we've been right at the forefront of all of that. We like to invest in tech, because we're able to grow our margins and grow the business.

13. **Scott Schneeberger, Oppenheimer:** Great work on that. Let's switch over to the other side of the house — logistics — soon to be called GXO Logistics. It's the second largest contract logistics provider globally. Accelerated e-commerce growth, supply chain outsourcing, automation, these have been big drivers of the business. How is XPO positioned strategically to capitalize on these secular trends?

14. **Malcolm Wilson, XPO:** Outsourcing has been a consistent trend over the last few years, and the pandemic has accelerated that. Large companies are looking more intently at the role logistics plays in their overall commercial success. That's a big factor driving this trend of more and more outsourcing. We're seeing it from global organizations — the typical kind of customer GXO will work with. So, that trend is set to be here for the long term and it's accelerating. It plays to our strengths as a large-scale operation with a diverse geographic footprint. It's working well for us.

    The other big trend that's driving our business in a positive way is e-commerce, which in logistics is e-fulfillment, omnichannel and returns management. People today are buying more products online, and a broader range of products. Again, that's a secular shift in consumer buying behavior, and it's driving more challenges and opportunities in logistics, and adding more complexity to supply chains. It's really in the wheelhouse of GXO. It enables us to deploy more tech enablement and deliver more value into our customers' supply chains.

    Say we pick 100 product units from storage for a brick-and-mortar retailer. If we do the same volume for e-commerce, we have 100 units going to 100 different destinations — there's a lot more work taking place in the warehouse, and it's also being done in a much tighter timeframe. You really need automation and robotics to do that well. It places us in a small number of logistics companies with those technical capabilities and the ability to flex in terms of scale. It's a strength of the GXO business on the go-forward, and a source of very strong growth.

15. **Scott Schneeberger, Oppenheimer:** Great. Thanks, Malcolm. Technology has always been a key focus of XPO over the past decade. Brad touched on it earlier. What are the robotics, automation and other technology-driven efficiency initiatives in logistics that are occurring now, and that you see going forward?

16. **Malcolm Wilson, XPO:** There's more and more tech enablement going into warehouses. What's driving that is the challenge of managing goods more quickly through the supply chain, and in particular within the warehouse. And a lot of that is coming from e-fulfillment. We all want our purchases in hand today or tomorrow. We generally don't want to wait days for that delivery.

    The kind of tech enablement that we deliver fits into two categories. One is automation — very big, industrial-sized automation where the warehouse is actually built around the automation. We have a lot of those types of operations. For example, we were privileged to be tasked by Nestlé to create a state-of-the-art logistics facility in the UK. It's the Digital Warehouse of the Future with all of the latest embodiments of technology in it.

    A major part of our value proposition is the technology aspect, and the skillset we have to bring all of the different facets of automation together — sortation, deep storage retrieval, robotics, robotic arms — and to integrate it all together as one cohesive solution for a customer. That's where our expertise plays very strongly.

Automation today is more and more about facilities. When we bring a solution together for a customer, they often want automation. They want quicker processes, more accuracy, higher quality. And equally, for us, we want our colleagues to be safe in the workplace, and automation and robotics brings that.

17. **Scott Schneeberger, Oppenheimer:** I heard you in an earlier meeting today, Malcolm, speaking about that new Nestlé warehouse that was unveiled. If you could, just remind us what the dynamic was about, with the increased productivity. I think that was a powerful comment.

18. **Malcolm Wilson, XPO:** It's a great example of a new warehouse that's able to do roughly three times what the old facility was able to do, and do it with a lot less people. And, at the same time, it does different things than the old facility did. In the past, Nestlé was typically sending product to brick-and-mortar stores. Now they want to have the ability to send smaller-sized consignments to brick-and-mortar, and also more consignments direct to consumers. The automation that's built into that warehouse allows us to do all of those things seamlessly and with a high level of accuracy, and with a high level of speed. So, it's been a super project to work with Nestlé on. It's been a big, big success.

    We were especially pleased that we brought that facility online right in the middle of Covid. We did it with all of the most stringent safety protocols because, in the end, the wellbeing of our colleagues is the number one priority in our business. It cemented our business relationship with Nestlé, as well as delivering a state-of-the-art facility for our customer.

19. **Scott Schneeberger, Oppenheimer:** Excellent, thanks for that. I'd like to touch on XPO Direct. It's an intriguing growth opportunity within logistics. If you could, share an overview of this service and the progress thus far and the future objectives.

20. **Malcolm Wilson, XPO:** We're building out the XPO Direct network across North America. We're already in an advanced environment. It's a shared service solution for retailers who want to sell online but don't necessarily want to make big investments in distribution facilities, or larger customers who are looking to supplement their existing capacity. We can position the inventory nationally in the right locations.

    The network enables us to provide a very speedy distribution service to the consumers of those customers. And not surprisingly right now, with the e-commerce boom we're seeing, we have a number of rapid customer deployments underway. Volumes are becoming very substantial. It's been a big success for us and a big help for our customers. We have a lot of runway still.

21. **Scott Schneeberger, Oppenheimer:** It's been an impressive four months of the year so far with new business wins in logistics. So, if you could, also share some information about these new customers and the magnitude of that.

22. **Malcolm Wilson, XPO:** You heard on our earnings call that we delivered some great results, but also our new business was just amazing. Our North American team entered into the largest contract in the company's history. We signed that right after the end of the quarter. And several other big, whale-sized customers as well — the Apple contract in the US, which has been in the press, and in Europe, new agreements with the online fashion retailer, ASOS. We're handling the fulfilment, as well as the returns management.

    Also, in the food and beverage vertical, there were big business wins with retailers in Europe — Waitrose and Iceland. We're providing ambient and temperature-controlled logistics for them. So, there were some very big projects hitting the ground in the first part of the year, totaling over $4 billion in life-of-contract value, with a lot more still in the hopper as we progress through the year.

23. **Scott Schneeberger, Oppenheimer:** Excellent, thanks. On the spin itself, let's go there now. Could you just speak to the strategic rationale for why you're doing it, why you're doing it now, and a progress report on how it's moving along?

24. **Matt Fassler, XPO:** We're still targeting the second half of 2021 for the spin. On the strategic rationale, each management team would be purely focused on the strategic priorities and the business operations that are central to its own mission. There will be a simplified business model for each company and each management team will be able to tailor solutions to that particular company's needs, whether it's capital structure, capital allocation, M&A strategy or capex.

    There's also the development of propriety, targeted software. We're doing that today within XPO, obviously. But post-spin going forward, each technology team — XPO and GXO —will be even more targeted and more precise.

    And then each company will have its own equity currency, which it could use to motivate employees. Each person, in effect, would have greater control of their own destiny. And the equity currency could also be deployed for potential strategic transactions over time.

    Finally, consider the fact that each company, as a pure-play, would be compared to other pure-plays in their respective sectors. That would improve the clarity of the value proposition to shareholders.

25. **Scott Schneeberger, Oppenheimer:** Thanks. Obviously, there's a lot of European exposure in logistics. With European transportation, I'd love to get a taste of how that's doing currently, since there's a little bit of a different pandemic dynamic compared to the US as of late. So, if you could, compare and contrast XPO's European transportation business to that in North America, with a current business environment update.

26. **Malcolm Wilson, XPO:** The big industrial economy rebound that we're seeing in North America is happening a little bit slower in Europe, but it is happening. In Europe, our business is in a very strong position. We are the biggest LTL provider in Iberia and France and one of the largest in the UK. We also have a very strong position in truck brokerage in all of those main markets.

    In Europe, we're rolling out, very rapidly, the technology that's already been implemented in North America. And last year that started to show big results, with a lot more to come as we go forward.

27. **Scott Schneeberger, Oppenheimer:** I'm going to go over now to the audience questions. On your $700 million to $1 billion of efficiency and profit improvement initiatives, if you could speak on that comprehensively. And this question is specific to XPO Smart, so if you could touch on that, as well.

28. **Matt Fassler, XPO:** Among the profit levers that we spelled out for the business, XPO Smart is central. It's having an impact both in North American LTL, where it's improving labor productivity on our docks, and also in our logistics warehouses, where it was initially developed. We're seeing 5 to 7% labor productivity improvement on average.

    Smart has been in the rollout stage for a couple of years. Right now, within North American LTL, it's 100% rolled out in the service centers. Within our logistics business, in North America it's about 85% rolled out to our warehouses, and it moved past the 50% mark in our European rollout earlier this year. One of the beauties of Smart is that there's a process of continuous improvement. The productivity gains don't stop once it's implemented. There's an adoption curve and then we continue to see improvements in productivity, even after the tech has been in place for a year or more in a given warehouse or service center.

    On the profit improvement initiatives more broadly, we have a slew of them. And as you would expect, they're contributing to the progress we're making on strong revenue and earnings growth. Smart is having massive impact. XPO Connect is one of the levers that we previously identified. We spoke earlier about the revenue momentum and profitability that we're showing in brokerage, and XPO Connect is very central to that progress.

    Malcolm spoke earlier about supply chain automation. That's on the initiatives list as well. Automation's having a real nice impact on market share and productivity. Brad talked earlier about linehaul and route optimization within our LTL business. Those are important initiatives.

And then pricing. Pricing is something we're executing on across the organization. We have a tremendous opportunity, particularly in LTL and brokerage, and we're making real headway. You've seen the brokerage margins that we've been able to deliver in a very tight market. So, that's the list of some of the highest-impact levers that we're deploying today.

And when you look at the results that we've been generating, clearly they're playing a decisive role. And all of them are strategically central to our teams going forward.

29. **Scott Schneeberger, Oppenheimer:** Brad, this one's for you. You touched on it when you spoke about onboarding Mario 10 years ago. If you could speak to the staffing situation at XPO and at GXO?

30. **Brad Jacobs, XPO:** XPO is fully staffed up, there are no senior positions open. When GXO spins off, Malcolm will be the CEO. We have extremely competent country managers in logistics across Europe, and equally competent vertical leaders in North America, led by Ashfaque Chowdhury in North America and Asia, and Richard Cawston in Europe. It's a very established ops team. They've been working together for a long time.

    On the financial side of GXO, we recently hired our CFO, Baris Oran. He's the group CFO of Sabanci in Turkey. It's a publicly traded, $15 billion company. Baris is a very solid, operationally focused finance head. And we also recently hired Mark Manduca as chief investment officer. He's been the #1 rated European sell side analyst covering transports for the last eight years in a row, coming out of Citigroup.

    And we made some internal promotions of some of our shining stars. Maryclaire Hammond is going to be GXO's chief human resources officer, and Bill Fraine will be chief commercial officer — two very important roles in the company. We have a few other internal promotions you might not be familiar with. They're all high-quality people.

    We're still filling out the board of directors. It's going to be a very diverse board to reflect the diverse nature of our employees and customers. And, as we get closer to the expected spin date, we'll announce appointments for other open senior positions, like general counsel, chief strategy officer, chief communications officer and so forth. We're only hiring superstars!

31. **Scott Schneeberger, Oppenheimer:** One of my favorite businesses at XPO is last mile. I love to talk about it at every opportunity. It's not the biggest piece of the business, but I would love it if you guys could just touch on that.

32. **Matt Fassler, XPO:** Last mile is doing great. Demand for heavy goods is still very strong, as you know. In the first quarter, our revenue increased by 22% year-on-year. And an increasing amount of it is through our last mile hubs. We have 85 last mile hubs. They give us proximity to the largest population centers around the US. And as we drive more volume through these hubs, we tend to get operating leverage in last mile, as well.

    Scott, as you know, we're the largest last mile logistics provider for heavy goods in the US. We're also the leading provider to many important customers, including the largest retailers and e-commerce players, as well as some smaller, emerging businesses. Our customers tell us that we're the best, and if you look at our service metrics, they're best-in-class. Every quarter we discuss claims frequency, and this past quarter, one out of every 606 last mile deliveries had a claim associated with it. That means that our last mile service standards are quite high.

33. **Scott Schneeberger, Oppenheimer:** Thanks, Matt. The next question is mostly on capex and the impact of the spin, and how capex may look for both organizations. And I'll just add, on my part, could you discuss where you've been with capex and what mix of capex is technology.

34. **Matt Fassler, XPO:** If you think about the big differences between transportation and logistics, in transportation the capex tilts towards maintenance capex. We obviously invest in LTL fleet and facilities. We keep the fleet modern, and that's essential for driving the returns that we've been generating in that business.

    The brokerage business is an asset-light business, and the capex there tends to be technology capex.

    If you look at logistics, there's more of a tilt toward growth capex. The maintenance capex in logistics is really quite low. We have lots of high-returning business opportunities, so we're allocating a nice proportion of our capex to growth capex to pursue those opportunities. All of them, of course, are pursued with ROI in mind, which is the governing factor on any piece of business we look at.

35. **Scott Schneeberger, Oppenheimer:** We have time for one more question and it's going to be for Brad. I'm going to frame it in the context of $4 billion of contractual wins in the first four months for logistics, which is powerful. Now, I'm guessing that's not a run-rate you're going to keep, but the pipeline clearly is strong. Could you elaborate a bit about the logistics and transportation pipelines for new business wins and also contract renewal opportunities?

36. **Brad Jacobs, XPO:** $4 billion is a lot of signings in logistics in four months. But that's not sustainable. It just happened to coalesce together. I do think there's more energy driving outsourcing our way. A lot of customers didn't do too well last year with their in-house logistics operations, and they're now looking to outsource. Also, customer

demand for warehouse automation is boosting sales. And, of course, e-commerce. E-commerce is our biggest vertical in logistics, and there's been a lot of demand for that. So, I think sales are going to be strong in logistics, but it's not going to be $1 billion a month forever.

With the rest of the business, on the transportation side, brokerage sales are good, LTL sales are good — sales are solid all round. Inflation isn't all bad. One thing that's good about inflation is that it creates more activity and leads to higher pricing.

37. **Scott Schneeberger, Oppenheimer:** Excellent. I'm getting the cue that we're running out of time here. Gentlemen, thank you very much. A dynamic story right now. Excellent to hear about it and nice job presenting it. Thanks so much.

38. **Brad Jacobs, XPO:** Thank you, Scott. Appreciate it.

Edited for clarity.

Non-GAAP Financial Measures

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

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

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

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

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

Forward-looking Statements

This transcript includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including our company's planned spin-off of its logistics segment and our future growth prospects for adjusted EBITDA in our North American less-than-truckload business. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. In some cases, forward-looking statements can be identified by the use of forward-looking terms such as "anticipate," "estimate," "believe," "continue," "could," "intend," "may," "plan," "potential," "predict," "should," "will," "expect," "objective," "projection," "forecast," "goal," "guidance," "outlook," "effort," "target," "trajectory" or the negative of these terms or other comparable terms. However, the absence of these words does not mean that the statements are not forward-looking. These forward-looking statements are based on certain assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate in the circumstances.

These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions that may cause actual results, levels of activity, performance or achievements to be *materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. Factors that might cause or contribute to a material difference include the risks discussed in our filings with the SEC and the following: economic conditions generally; the severity, magnitude, duration and aftereffects of the COVID-19 pandemic and government responses to the COVID-19 pandemic; our ability to align our investments in capital assets, including equipment, service centers and warehouses, to our customers' demands; our ability to implement our cost and revenue initiatives; our ability to successfully integrate and realize anticipated synergies, cost savings and profit improvement opportunities with respect to acquired companies; matters related to our intellectual property rights; fluctuations in currency exchange rates; fuel price and fuel surcharge changes; natural disasters, terrorist attacks or similar incidents; risks and uncertainties regarding the potential timing and expected benefits of the proposed spin-off of our logistics segment, including final approval for the proposed spin-off and the risk that the spin-off may not be completed on the terms or timeline currently contemplated, if at all; the impact of the proposed spin-off on the size and business diversity of our company; the ability of the proposed spin-off to qualify for tax-free treatment for U.S. federal income tax purposes; our ability to develop and implement suitable information technology systems and prevent failures in or breaches of such systems; our substantial indebtedness; our ability to raise debt and equity capital; fluctuations in fixed and floating interest rates; our ability to maintain positive relationships with our network of third-party transportation providers; our ability to attract and retain qualified drivers; labor matters, including our ability to manage our subcontractors, and risks associated with labor disputes at our customers and efforts by labor organizations to organize our employees; litigation, including litigation related to alleged misclassification of independent contractors and securities class actions; risks associated with our self-insured claims; risks associated with defined benefit plans for our current and former employees; and governmental regulation, including trade compliance laws, as well as changes in international trade policies and tax regimes; governmental or political actions, including the United Kingdom's exit from the European Union; and competition and pricing pressures.*

All forward-looking statements set forth in this transcript are qualified by these cautionary statements and there can be no assurance that the actual results or developments anticipated by us will be realized or, even if substantially realized, that they will have the expected consequences to or effects on us or our business or operations. Forward-looking statements set forth in this transcript speak only as of the date hereof, and we do not undertake any obligation to update forward-looking statements to reflect subsequent events or circumstances, changes in expectations or the occurrence of unanticipated events, except to the extent required by law.