

Non-GAAP Financial Measures

The schedule below presents adjusted EBITDA (including and excluding gains on real estate transactions), which represent non-GAAP financial measures, for our consolidated company. We provide a reconciliation of these measures to the most directly comparable measure calculated in accordance with United States generally accepted accounting principles ("GAAP"). We believe that presenting adjusted EBITDA improves the comparability of our operating results 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 table that management has determined are not reflective of core operating activities and thereby assist investors with assessing trends in our underlying businesses. Adjusted EBITDA includes adjustments for transaction and integration costs, as well as restructuring costs and other adjustments as set forth in the below table. 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 these non-GAAP financial measures in making financial, operating and planning decisions and evaluating XPO's ongoing performance. Other companies may calculate adjusted EBITDA differently and, therefore, our measures may not be comparable to similarly titled measures of other companies. Adjusted EBITDA (including and excluding gains on real estate transactions) should only be used as a supplemental measure of our operating performance.

XPO Logistics, Inc.
Reconciliation of Income from Continuing Operations to Adjusted EBITDA
(Unaudited)
(In millions)

	Three Months Ended March 31,		
	2022	2021	Change %
Income from continuing operations	\$ 489	\$ 63	676.2%
Debt extinguishment loss	-	8	
Interest expense	37	65	
Income tax provision	113	19	
Depreciation and amortization expense	116	119	
Unrealized (gain) loss on foreign currency option and forward contracts	-	(1)	
Gain on sale of business	(450)	-	
Transaction and integration costs	10	5	
Restructuring costs	6	1	
Adjusted EBITDA	\$ 321	\$ 279	15.1%
Revenue	\$ 3,473	\$ 2,989	16.2%
Adjusted EBITDA margin ⁽¹⁾	9.2%	9.3%	
Gains on real estate transactions	-	(22)	
Adjusted EBITDA, excluding gains on real estate transactions	\$ 321	\$ 257	24.9%
Adjusted EBITDA margin, excluding gains on real estate transactions ⁽¹⁾	9.2%	8.6%	

⁽¹⁾ Adjusted EBITDA margin is calculated as adjusted EBITDA divided by revenue

Non-GAAP Financial Measures

The schedule below presents adjusted EBITDA, which represents a non-GAAP financial measure, for our consolidated company. We provide a reconciliation of this measure to the most directly comparable measure calculated in accordance with United States generally accepted accounting principles ("GAAP"). We believe that presenting adjusted EBITDA improves the comparability of our operating results 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 table that management has determined are not reflective of core operating activities and thereby assist investors with assessing trends in our underlying businesses. Adjusted EBITDA includes adjustments for transaction and integration costs, as well as restructuring costs and other adjustments as set forth in the below table. 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 ongoing performance. Other companies may calculate adjusted EBITDA differently and, therefore, our measure may not be comparable to similarly titled measures of other companies. Adjusted EBITDA should only be used as a supplemental measure of our operating performance.

XPO Logistics, Inc.
Reconciliation of Income (Loss) from Continuing Operations to Adjusted EBITDA
(Unaudited)
(In millions)

	Three Months Ended March 31,		
	2022	2020	Change %
Income (loss) from continuing operations	\$ 489	\$ (9)	NM
Interest expense	37	67	
Income tax provision (benefit)	113	(2)	
Depreciation and amortization expense	116	115	
Unrealized (gain) loss on foreign currency option and forward contracts	-	(4)	
Gain on sale of business	(450)	-	
Transaction and integration costs	10	37	
Restructuring costs	6	3	
Adjusted EBITDA	\$ 321	\$ 207	55.1%

NM - Not meaningful.

Non-GAAP Financial Measures

The schedule below presents adjusted operating income (including and excluding gains on real estate transactions) and adjusted operating ratio (including and excluding gains on real estate transactions), which represent non-GAAP financial measures, for our North American Less-Than-Truckload segment. We provide a reconciliation of these measure to the most directly comparable measures calculated in accordance with United States generally accepted accounting principles ("GAAP"). We believe that presenting adjusted operating income and adjusted operating ratio improves the comparability of our operating results from period to period by removing the impact of certain transaction and integration costs and restructuring costs, as well as amortization expense and including the impact of pension income incurred in the reporting period. Other companies may calculate adjusted operating income and adjusted operating ratio differently and, therefore, our measures may not be comparable to similarly titled measures of other companies. Adjusted operating income (including and excluding gains on real estate transactions) and adjusted operating ratio (including and excluding gains on real estate transactions) should only be used as supplemental measures of our operating performance.

XPO Logistics, Inc.
Adjusted Operating Ratio for North American Less-Than-Truckload Segment
(Unaudited)
(In millions)

	Three Months Ended	
	March 31, 2022	December 31, 2021
Revenue (excluding fuel surcharge revenue)	\$ 898	\$ 838
Fuel surcharge revenue	207	166
Revenue	1,105	1,004
Salaries, wages and employee benefits	495	473
Purchased transportation	136	118
Fuel and fuel-related taxes	94	75
Other operating expenses	168	123
Depreciation and amortization	55	57
Rents and leases	22	21
Transaction and integration costs	-	-
Restructuring costs	3	-
Operating income	132	137
Operating ratio ⁽¹⁾	88.1%	86.4%
Other income ⁽²⁾	15	15
Amortization expense	8	8
Transaction and integration costs	-	-
Restructuring costs	3	-
Adjusted operating income	\$ 158	\$ 160
Adjusted operating ratio ⁽³⁾	85.7%	84.0%
Gains on real estate transactions	-	(35)
Adjusted operating income, excluding gains on real estate transactions	\$ 158	\$ 125
Adjusted operating ratio, excluding gains on real estate transactions ⁽³⁾	85.7%	87.5%

⁽¹⁾ Operating ratio is calculated as $(1 - (\text{Operating income} \div \text{Revenue}))$.

⁽²⁾ Other income primarily consists of pension income.

⁽³⁾ Adjusted operating ratio is calculated as $(1 - (\text{Adjusted operating income} \div \text{Revenue}))$.

Non-GAAP Financial Measures

The schedule below presents organic revenue, which represents a non-GAAP financial measure, for our European business. We provide a reconciliation of this measure to the most directly comparable measure calculated in accordance with United States generally accepted accounting principles ("GAAP"). We believe that presenting organic revenue improves the comparability of our operating results from period to period by excluding the impact of the following items: fuel and foreign currency exchange rate fluctuations. We believe comparability is improved because these items are not reflective of our normalized operating activities. Other companies may calculate organic revenue differently and, therefore, our measure may not be comparable to similarly titled measures of other companies. Organic revenue should only be used as a supplemental measure of our operating performance.

XPO Logistics, Inc. Reconciliation of GAAP Revenue to Organic Revenue for Europe (Unaudited) (In millions)

	Three Months Ended March 31,		Three Months Ended December 31,	
	2022	2021	2021	2020
Revenue	\$ 787	\$ 763	\$ 766	\$ 728
Fuel	(229)	(201)	(231)	(198)
Foreign exchange rates	35	-	14	-
Organic revenue	\$ 593	\$ 562	\$ 548	\$ 530
Organic revenue growth ⁽¹⁾	5.5%		3.5%	

⁽¹⁾ Organic revenue growth is calculated as the relative change in year-over-year organic revenue, expressed as a percentage of prior period organic revenue.