Non-GAAP Financial Measures

The schedule below presents net debt, net leverage and adjusted EBITDA, which represent non-GAAP financial measures. We provide reconciliations of these measures to the most directly comparable measures calculated in accordance with United States generally accepted accounting principles ("GAAP"). We believe that net debt and net leverage are important measures of our overall liquidity position and are calculated by removing cash and cash equivalents from our reported total debt and reporting net debt as a ratio of our reported adjusted EBITDA for the trailing twelve months ended June 30, 2024 and March 31, 2024. 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. Other companies may calculate net leverage, net debt and adjusted EBITDA differently and, therefore, our measures may not be comparable to similarly titled measures of other companies. Net debt, net leverage and adjusted EBITDA should only be used as supplemental measures of our operating performance.

XPO, Inc.
Reconciliations of Net Debt, Net Leverage and Adjusted EBITDA
(Unaudited)
(In millions)

	As of June 30, 2024	As of March 31, 2024
Reconciliation of Net Debt		
Total debt	$ 3,394	$ 3,386
Less: Cash and cash equivalents	250	229
Net debt	$ 3,144	$ 3,157

	Trailing Twelve Months Ended June 30, 2024	Trailing Twelve Months Ended March 31, 2024
Reconciliation of Net Leverage		
Net debt	$ 3,144	$ 3,157
Adjusted EBITDA	$ 1,173	$ 1,074
Net leverage	2.7x	2.9.x

	Trailing Twelve Months Ended June 30, 2024	Six Months Ended June 30, 2024	Year Ended December 31, 2023	Six Months Ended June 30, 2023
Reconciliation of Net Income from Continuing Operations to Adjusted EBITDA				
Net income from continuing operations	$ 361	$ 217	$ 192	$ 48
Debt extinguishment loss	2	-	25	23
Interest expense	197	114	168	85
Income tax provision	71	20	68	17
Depreciation and amortization expense	463	239	432	208
Litigation matter (1)	8	-	8	-
Transaction and integration costs	45	26	58	39
Restructuring costs	24	14	44	34
Other	1	-	1	-
Adjusted EBITDA	$ 1,173	$ 631	$ 996	$ 454

	Trailing Twelve Months Ended March 31, 2024	Three Months Ended March 31, 2024	Year Ended December 31, 2023	Three Months Ended March 31, 2023
Reconciliation of Net Income from Continuing Operations to Adjusted EBITDA				
Net income from continuing operations	$ 242	$ 67	$ 192	$ 17
Debt extinguishment loss	25	-	25	-
Interest expense	184	58	168	42
Income tax provision	87	23	68	4
Depreciation and amortization expense	448	117	432	101
Litigation matter (1)	8	-	8	-
Transaction and integration costs	50	14	58	22
Restructuring costs	28	8	44	24
Other	1	-	1	-
Adjusted EBITDA	$ 1,074	$ 288	$ 996	$ 210

Amounts may not add due to rounding.

[1] Relates to California Environmental Matters as described in Note 18 to the Company's Annual Report on Form 10-K.

Non-GAAP Financial Measures

The schedule below presents adjusted operating income and adjusted operating ratio, which represents a non-GAAP financial measure, for our North American Less-Than-Truckload segment. We provide a reconciliation of these measures 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 expenses as set out in the table below, that management has determined are not reflective of core operating activities and thereby assist investors with assessing trends in our underlying businesses. 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 and adjusted operating ratio should only be used as a supplemental measure of our operating performance.

XPO, Inc.
Reconciliations of Adjusted Operating Income and Adjusted Operating Ratio for North American Less-Than-Truckload
(Unaudited)
(In millions)

	Three Months Ended	
	June 30, 2024	**March 31, 2024**
Revenue (excluding fuel surcharge revenue)	$ 1,064	$ 1,011
Fuel surcharge revenue	208	210
Revenue	1,272	1,221
Salaries, wages and employee benefits	639	613
Purchased transportation	68	78
Fuel, operating expenses and supplies (1)	236	243
Operating taxes and licenses	16	16
Insurance and claims	20	21
Losses on sales of property and equipment	1	2
Depreciation and amortization	86	82
Restructuring costs	1	-
Operating income	203	165
Operating ratio (2)	84.1%	86.4%
Amortization expense	9	9
Restructuring costs	1	-
Adjusted operating income	$ 214	$ 175
Adjusted operating ratio (3)	83.2%	85.7%
Depreciation expense	77	73
Pension income	6	6
Adjusted EBITDA (4)	$ 297	$ 255

Amounts may not add due to rounding.

1 Fuel, operating expenses and supplies includes fuel-related taxes

2 Operating ratio is calculated as (1 - (operating income divided by revenue)) using the underlying unrounded amounts

3 Adjusted operating ratio is calculated as (1 - (adjusted operating income divided by revenue)) using the underlying unrounded amounts; adjusted operating margin is the inverse of adjusted operating ratio

4 Adjusted EBITDA is used by the company's chief operating decision maker to evaluate segment profit (loss) in accordance with ASC 280