

Non-GAAP Financial Measures

The schedule below presents adjusted EBITDA (including and excluding contribution from disposed operation and 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 contribution from disposed operation and gains on real estate transactions) should only be used as a supplemental measure of our operating performance.

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

	Three Months Ended September 30,		
	2022	2021	Change %
Net income from continuing operations attributable to common shareholders	\$ 131	\$ 21	523.8%
Debt extinguishment loss	-	46	
Interest expense	35	53	
Income tax provision	34	11	
Depreciation and amortization expense	118	118	
Litigation settlements	-	29	
Transaction and integration costs	25	15	
Restructuring costs	9	14	
Adjusted EBITDA	\$ 352	\$ 307	14.7%
Contribution from disposed intermodal operation	-	(20)	
Gains on real estate transactions	-	(5)	
Adjusted EBITDA, excluding disposed operation and gains on real estate transactions	\$ 352	\$ 282	24.8%

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 September 30,	
	2022	2021
Revenue	\$ 741	\$ 757
Fuel	(241)	(208)
Foreign exchange rates	86	-
Organic revenue	\$ 586	\$ 549
Organic revenue growth ⁽¹⁾	6.8%	

¹ Organic revenue growth is calculated as the relative change in year-over-year organic revenue, expressed as a percentage of 2021 organic revenue

Non-GAAP Financial Measures

The schedule below presents margin, which represents a non-GAAP financial measure, for our North American Truck Brokerage 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 margin improves the comparability of our operating results from period to period. We believe comparability is improved by removing the cost of transportation and services, in particular the cost of fuel, incurred in the reporting period. Other companies may calculate margin differently and, therefore, our measure may not be comparable to similarly titled measures of other companies. Margin is not a measure of financial performance or liquidity under GAAP and should not be considered in isolation or as an alternative to total revenue or other similar measures determined in accordance with GAAP. Margin should only be used as a supplemental measure of our operating performance.

XPO Logistics, Inc.
Reconciliation of GAAP Revenue to Margin for North American Truck Brokerage
(Unaudited)
(In millions)

	Three Months Ended September 30,	
	2022	2019
Revenue	\$ 686	\$ 345
Cost of Transportation and Services (exclusive of depreciation and amortization)	556	292
Margin ⁽¹⁾	\$ 130	\$ 53

¹ Margin is calculated as revenue less cost of transportation and services (exclusive of depreciation and amortization). We also refer to this measure as gross profit dollars.

Non-GAAP Financial Measures

The schedule below presents adjusted EBITDA, which represent non-GAAP financial measures, for our North American Transportation business. 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 asset base (depreciation and amortization) 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 should only be used as a supplemental measure of our operating performance.

XPO Logistics, Inc.
Reconciliation of Operating Income to Adjusted EBITDA for North American Transportation
(Unaudited)
(In millions)

	Three Months Ended	
	September 30,	
	2022	
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Operating income	\$	52
Depreciation and amortization expense		23
Transaction and integration costs		1
Restructuring costs		2
Adjusted EBITDA	\$	78
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North American Transportation includes truck brokerage, managed transportation, last mile and freight forwarding services, and intermodal through its date of sale in March 2022.