

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 June 30,		Three Months Ended March 31,	
	2022	2021	2022	2021
Revenue	\$ 807	\$ 791	\$ 787	\$ 763
Fuel	(236)	(190)	(229)	(201)
Foreign exchange rates	73	-	35	-
Organic revenue	\$ 644	\$ 601	\$ 593	\$ 562
Organic revenue growth ⁽¹⁾	7.2%		5.5%	

⁽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.

Non-GAAP Financial Measures

The schedule below presents adjusted EBITDA (including and excluding the impact of foreign exchange rate fluctuations) for our European business, which represent non-GAAP financial measures. 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 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 (including and excluding the impact of foreign exchange rate fluctuations) should only be used as a supplemental measure of our operating performance.

XPO Logistics, Inc.
Reconciliation of GAAP Operating Income to Adjusted EBITDA for Europe
(Unaudited)
(In millions)

	Three Months Ended June 30,		
	2022	2021	Change %
Operating income	\$ 14	\$ 11	27.3%
Other income	-	-	
Depreciation and amortization	32	35	
Transaction and integration costs	1	2	
Restructuring costs	1	-	
Adjusted EBITDA	\$ 48	\$ 48	1.3%
Foreign exchange rates	6		
Adjusted EBITDA, excluding foreign exchange	\$ 54	\$ 48	13.9%

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 June 30,		
	2022	2021	Change %
Net income from continuing operations attributable to common shareholders	\$ 141	\$ 113	24.8%
Debt extinguishment loss	26	-	
Interest expense	31	58	
Income tax provision	47	30	
Depreciation and amortization expense	115	120	
Unrealized loss on foreign currency option and forward contracts	-	2	
Loss on sale of business	16	-	
Transaction and integration costs	25	6	
Restructuring costs	4	1	
Adjusted EBITDA	\$ 405	\$ 330	22.7%
Contribution from disposed intermodal operation	-	(11)	
Gains on real estate transactions	-	(5)	
Adjusted EBITDA, excluding disposed operation and gains on real estate transactions	\$ 405	\$ 314	29.0%

Non-GAAP Financial Measures

The schedule below presents adjusted operating income and adjusted operating ratio, 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 and adjusted operating ratio 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	
	June 30, 2022	March 31, 2022
Revenue (excluding fuel surcharge revenue)	\$ 948	\$ 898
Fuel surcharge revenue	291	207
Revenue	1,239	1,105
Salaries, wages and employee benefits	524	495
Purchased transportation	134	136
Fuel and fuel-related taxes	121	94
Other operating expenses	159	168
Depreciation and amortization	60	55
Rents and leases	23	22
Transaction and integration costs	2	-
Restructuring costs	-	3
Operating income	216	132
Operating ratio ⁽¹⁾	82.5%	88.1%
Other income ⁽²⁾	15	15
Amortization expense	9	8
Transaction and integration costs	2	-
Restructuring costs	-	3
Adjusted operating income	\$ 242	\$ 158
Adjusted operating ratio ⁽³⁾	80.4%	85.7%

⁽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 $(1 - (\text{Adjusted operating income} \div \text{Revenue}))$; adjusted operating margin is the inverse of adjusted operating ratio