
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 4, 2020

XPO LOGISTICS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation)

001-32172
(Commission File Number)

03-0450326
(I.R.S. Employer
Identification No.)

Five American Lane, Greenwich, Connecticut 06831
(Address of principal executive offices)

(855) 976-6951
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Trading symbol(s)</u>	<u>Name of each exchange on which registered</u>
Common stock, par value \$0.001 per share	XPO	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 7.01. Regulation FD Disclosure.

On May 4, 2020, XPO Logistics, Inc. (the “Company”) released a slide presentation expected to be used by the Company in connection with certain future investor presentations, together with a corresponding script. Copies of the script and slide presentation are attached as Exhibit 99.1 and Exhibit 99.2, respectively, to this Current Report on Form 8-K.

The slide presentation and script should be read together and with the Company’s filings with the Securities and Exchange Commission, including the Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2020.

The information furnished in this Item 7.01, including Exhibit 99.1 and Exhibit 99.2, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that Section, and shall not be deemed to be incorporated by reference into any filing of the Company under the Exchange Act or the Securities Act of 1933, as amended, except to the extent that the registrant specifically incorporates any such information by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit No.</u>	<u>Exhibit Description</u>
99.1	Investor Presentation Script, dated May 4, 2020
99.2	Investor Presentation, dated May 4, 2020
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: May 4, 2020

XPO LOGISTICS, INC.

By: /s/ Karlis P. Kirsis
Karlis P. Kirsis
Corporate Secretary



May 4, 2020

Presentation Script and Slides

The following script should be read in conjunction with the accompanying slide presentation, which contains, among other information, source data for certain information set forth in the script.

In mid-March, the COVID-19 virus reached pandemic proportions, causing severe disruption to the global economy. XPO is widely considered to be an essential business with a responsibility to keep goods moving through supply chains. Most of our facilities have remained open as we continue to serve our customers. Our foremost priority is to keep our employees from harm, and we've taken numerous measures to ensure the well-being of our team. Whether COVID-19 is driving permanent changes in behavior, or will prove more temporary, XPO will be even more tightly bonded by this experience. We're ready to support our customers through the fits and starts of the recovery, however long it takes, and move forward together.

Thank you for joining us. We'll start with an overview of XPO Logistics today, and our strategy for driving growth, competitive differentiation and financial returns. We'll discuss a number of significant profit improvement opportunities specific to our operations. And we'll give you the details of our first quarter 2020 financial performance and the year ahead, as well as some color about the second quarter.

XPO is a top ten global logistics company with about \$17 billion in 2019 revenue and an integrated network of people, technology and physical assets. We operate under the single brand of XPO Logistics. We use our network to help our customers manage their goods most efficiently throughout their supply chains.

As context, we have two reporting segments: transportation and logistics. Approximately 64% of our 2019 revenue came from transportation. The other 36% was logistics, which we sometimes refer to as "supply chain" or "contract logistics."

Our markets are highly diversified. The more than 50,000 customers we serve span every major industry and touch every part of the economy. Our revenue comes from a mix of key verticals, such as retail and e-commerce, food and beverage, consumer packaged goods and industrial.

About 59% of our 2019 revenue was generated in the United States, 12% came from France and 12% from the United Kingdom. Of the balance, Spain was the next largest at 5% of revenue. In total, we operate in 30 countries with 1,506 locations and approximately 97,000 employees.

Investor Highlights

These are the key factors driving our growth and returns companywide:

- We hold leading positions in fast-growing areas of transportation and logistics, with outsized exposure to sectors with track records of long-term growth and sustained demand.
- Our rapid pace of innovation differentiates XPO's services and makes the most of the talent and assets within our organization.
- Our combination of scale, density, expertise and technology is critically important in e-commerce and omnichannel supply chains, where we have a strong global presence.
- Currently, we hold less than 2% share of the total addressable market opportunity. Our share growth complements opportunities for further consolidation of fragmented markets.
- Our scale also propels operating leverage, cross-selling, purchasing power and capacity to innovate.
- Our business model is optimized for free cash flow generation in all parts of the cycle: about 70% of our revenue is asset-light and 77% of our cost basis is variable.
- We serve customers in different verticals with diverse economic cycles and the vast majority of our revenue is generated under long-term contracts, making our performance more resilient in economic cycles.
- Our maintenance capex is low, and we have the ability to adjust our capex and turn working capital into a source of cash in a downturn.
- Our secret sauce has always been the world-class people we've attracted to XPO — not just our 35 executives, but also the 2,500 professionals at the next level, with blue-chip industry experience: our technologists, managers, engineers, logisticians and operators.
- We're executing on 10 profit initiatives that are specific to XPO. In total, these initiatives represent an estimated \$700 million to \$1 billion of potential profit improvement.

In addition, our business units have growth drivers that are specific to the services they provide. These drivers range from secular tailwinds to internal initiatives for sales and margin expansion.

Looking at the 10 profit initiatives in particular, all are self-driven and largely independent of the macro. They exist because we've invested in innovation for years, and our investments are bearing fruit across our operations.

We estimate that 40% of the potential opportunity is related to revenue initiatives: advanced pricing analytics and revenue management tools, our digital freight platform, our shared distribution network and cross-selling our services, primarily within transportation in North America and in Europe. The other 60% is related to cost initiatives: LTL process improvements, contract logistics automation, workforce productivity, European margin expansion, global procurement and further back-office optimization.

Operationally, we estimate that approximately 50% of the potential profit improvement opportunity is in global logistics. Another 30% of the opportunity applies to North American less-than-truckload, and the remaining 20% applies to all other transportation lines.

Six of the 10 initiatives are driven directly by our technology. For example, our proprietary algorithms are key to our plan for LTL process improvements, as well as to our advances in logistics automation — we're targeting more than \$100 million of incremental profit improvement in each of these areas. We're applying data science to capture pricing opportunities across our transportation modes. We're also building elasticity models to optimize mix, and while it's still early, we're seeing positive results.

Beyond the P&L, our technology is a way for us to strengthen our relationships with customers and serve them as completely as possible. The industry is evolving, and customers want to future-proof their supply chains. We have the ability to resolve complex problems with customized solutions that leverage machine learning and data science.

Behind these initiatives is a global technology team of approximately 1,700 experts assigned to different areas of the business, and with a common understanding of our goals. Their ability to apply cutting-edge thinking to commercial practices distinguishes XPO from other technology efforts in our industry.

We've structured our technology organization to deliver a number of important advantages:

For a number of years now, we've made one of the largest tech investments in our industry — in 2019, the size of that investment was about \$550 million. We're determined to disrupt the marketplace and, where necessary, disrupt ourselves to drive long-term earnings growth.

Second, our technology team is embedded in North America and in Europe. This allows us to address opportunities in real time, with constant feedback loops that engage our operators and customers.

Third, we can deploy innovations globally across multiple operations in a relatively short time. We've built a highly scalable platform on the cloud to speed the development of new ways to increase efficiency, control costs and leverage our footprint. This gives our large accounts an added incentive to use XPO for multiple solutions.

And fourth, we can take an innovation developed for one of our operations and create value from it in other service lines. XPO Smart™ is a case in point.

XPO Smart™

XPO Smart™ is proprietary to our company and a critical lever in our profit improvement plan. It's a suite of intelligent tools and analytics that self-adjusts site by site to drive productivity across our business units. We designed XPO Smart™ to incorporate dynamic data science and machine learning into the decision-making process for our managers. One of the most powerful aspects of the technology is its ability to generate both real-time and predictive insights.

Prior to XPO Smart™ we were managing warehouse labor spend, like most of the industry, through a combination of tribal knowledge and reactive analytics. Our workers would receive a report on a Wednesday letting them know how they did on Monday. The benefits of moving to real-time visibility have been significant, even at this early stage, as noted in the sections on LTL and logistics that follow. These are the areas of the business where we believe XPO Smart™ will deliver the greatest benefit.

The economics of rolling out XPO Smart™ are compelling: the payback is measured not in months or years, but in days. We're able to show customers how real-time insights into productivity can drive allocation of resources and cost reductions.

All of this information is interpreted using machine learning, so that our software becomes continually smarter at site-specific modeling. Our managers use the tools to make informed decisions about the optimal mix of LTL dock workers and drivers, the ratio of full-time to part-time warehouse labor, shift lengths and use of overtime.

The data also teaches our managers about infrastructure — sometimes it's the physical space that creates inefficiencies. Our analytics track how goods flow through our warehouses and freight moves around our docks. We use that information to make improvements.

The supply chain industry is wide open for disruptive thinking like this.

Company Overview

We created XPO in 2011 to provide exceptional value for our customers while generating meaningful returns for our shareholders. The supply chain industry has strong fundamentals for value creation: it's vast, growing, fragmented and ripe for innovation, with underpenetrated market sectors.

Supply chains are unique by nature; each one is a network spanning every step a company must take to move its goods from the origin to the end-user. Our customers typically have supply chains that include vendors, manufacturers, labor, assets, technologies, data and other resources. There are secular industry trends in our favor, including the ongoing growth in e-commerce, just-in-time inventory management and the globalization of supply chains by multinational companies.

Our service offering is asset-light overall, with assets accounting for just under a third of revenue. In 2019, our net capex was 2.1% of revenue — a notably lower percentage than asset-intensive competitor groups in our industry, such as less-than-truckload, truckload, parcel and rail carriers. The assets we do own or lease are critical components of the customer services we provide: 767 contract logistics facilities, 555 cross-docks, trucking assets of 15,500 tractors and 40,000 trailers, and intermodal assets of 10,000 53-ft. boxes and 5,000 chassis.

We market our service offerings using a two-pronged sales strategy: earn a greater share of wallet with our existing customer base and further penetrate high-growth verticals where our expertise and track record give us an advantage.

Over the past three years, we deepened our bench strength of senior-level sales talent in transportation and logistics in both North America and Europe and beefed up our North American LTL sales organization, including sales support personnel. We also invested in new training and analytics.

The scope of our services gives us entry to many different types of customers. We are:

- The second largest contract logistics provider worldwide, and the largest outsourced e-fulfillment provider in Europe;
- A top three LTL provider in North America, and a leading LTL provider in Western Europe;
- The second largest freight broker worldwide, with one of the largest owned road fleets in Europe;
- The largest last mile logistics provider for heavy goods in North America;
- The third largest provider of intermodal freight services in North America;
- The largest provider of managed expedite shipments in North America;
- A top five global provider of managed transportation solutions; and
- A provider of domestic and international freight forwarding services.

We share knowledge across our service range with an emphasis on best practices in high-impact areas of operation, such as customer service, sales, safety, training, warehouse management, cross-dock operations, equipment maintenance and human resources.

Overview of Logistics Operations

XPO is at the forefront of a \$130 billion logistics industry with secular growth estimated at 2-4x GDP. Our logistics footprint stands at approximately 200 million square feet of facility space — this makes us attractive to multinational customers, as does our vertical expertise, technology and sophisticated engineering capabilities.

Within our logistics segment, our two main regional distinctions are Europe and North America. North America is managed together with Asia and Latin America. In North American logistics, we've identified five key drivers of growth and margin expansion. They are:

- XPO is the logistics partner of choice for large customers, in part because of our ability to develop sophisticated solutions and drive efficiencies through automation;
- Our proprietary technology excels at visibility, speed, accuracy, agility, forecasting and control;
- Our XPO Direct™ network is a unique, shared-space distribution solution that gives customers a fluid way to position inventory close target populations, reducing fixed costs and transit times;
- Our broad range of vertical expertise capitalizes on tailwinds from the growth of e-commerce and omnichannel retail, and more universally, trends toward outsourcing; and
- Our logistics business in North America is in a strong position for growth, with a high contract renewal rate, substantial new business wins.

While these attributes also apply to our European logistics business, Europe has its own unique growth drivers:

- We have the largest outsourced e-fulfillment platform in Europe;
- Our robust multinational capabilities meet customers' high expectations for service quality across Europe;
- Our bespoke, technology-enabled solutions are high-margin and create stickiness with key customers;
- We have a large base of customer relationships that have a significant upside in share of wallet; and
- Our targeted sales strategy and macro-independent margin initiatives are already underway.

Contract Logistics

Contract logistics is an asset-light business characterized by long-term contractual relationships, low cyclicalities and a high-value-add component that deters commoditization. It has low capex requirements as a percentage of revenue, which leads to strong free cash flow conversion and ROIC.

We see a large, ongoing opportunity to expand our margins in logistics through disciplined cost management, technology-enabled labor rightsizing, a reduction of loss-makers, agile peak management and greater efficiency through automation. These initiatives, particularly those related to technology, contributed to a year-over-year increase in adjusted EBITDA in the first quarter of 2020.

The majority of our top contract logistics customers have investment-grade credit ratings. They represent the preeminent names in retail and e-commerce, food and beverage, technology, aerospace, wireless, industrial and manufacturing, chemical, agribusiness, life sciences and healthcare. We also have strong positions in fast-growing sub-verticals: for example, XPO is the number one provider of fashion logistics in Italy. There are very few logistics companies with our breadth of vertical expertise. Most of our competitors specialize in one or two verticals.

When we secure a new logistics contract, the initial tenure of that contract, globally, is approximately five years on average with a historical renewal rate around 95%. These relationships can lead to a wider use of our services, such as inbound and outbound logistics.

In addition, our logistics offering includes a range of special services unique to XPO that help our customers control costs and increase efficiency. XPO Smart™ is brilliant at both of these objectives. On average, we've seen productivity improvements of at least 5% — much higher at some sites — from rightsizing our labor resources. To date, we've implemented the tools in 200 of our warehouses in North America, with roll-outs ongoing on both sides of the Atlantic.

Here's a real-life example: a large customer had been let down by another 3PL and needed us to take on 25% more volume for the peak season. It was coming up fast in 60 days. XPO Smart™ helped us manage the surge. We organized shift schedules, moved the customer's inventory closer to the fulfillment stations and increased employee engagement. The customer's experience was so positive, they've since asked us to take on 50% more volume.

We also provide value-added warehousing and distribution, e-commerce and omnichannel fulfillment, cold-chain solutions, reverse logistics, packaging and labeling, factory support, aftermarket support, inventory management and order personalization services, such as laser etching. In addition, we provide engineered solutions for supply chain optimization, such as production flow management.

Our competitive positioning in logistics is as a technology leader. We're innovative and agile, with the ability to handle complex implementations, and we're a huge proponent of advanced automation. With robotics, for instance, we work with about 30 of the top robotics companies in the world, culled from hundreds of suppliers.

Reverse logistics, also called returns management, is a fast-growing area of contract logistics and one where we have a high profile as a quality provider. It's a demanding service that includes inspections, repackaging, refurbishment, resale or disposal, refunds and warranty management. These are high-value services for any company with consumer end-markets, because consumers are increasingly test-driving the products they buy online. Our technology is a major differentiator.

With e-commerce, it's notable that about 10% to 35% of all online orders result in returned goods. This creates strong peaks in reverse volumes at certain times of year. We've been able to shave several days off the reverse process through automation and analytics, getting our customers' products back on shelves more quickly for resale.

One of our largest contract logistics wins to date is an omnichannel reverse logistics facility we began ramping up in mid-2018. Our customer is a large footwear and apparel company; we've partnered on a 1.1 million square foot returns processing center in the US. The site has been custom-designed to dramatically improve the processing time it takes to get products back into the supply chain once they're returned through retail, wholesale and e-commerce channels.

In another omnichannel win, we signed one of our largest logistics contracts in Europe with Waitrose & Partners, a national supermarket chain in the UK. We'll begin operating two key distribution hubs for Waitrose this summer, managing the picking and dispatch of an estimated 143 million cases per year. In their press statement, Waitrose commented that they chose XPO for our expertise in omnichannel distribution.

Our complementary logistics strengths in Europe and North America give us inroads into new verticals. For example, in Europe, we're a specialist in food and beverage logistics, which includes staples that are less sensitive to economic cycles. Our European food and beverage experts are helping us build this business in North America. In the US, we're strong in high-tech sectors; this is opening new doors for us overseas.

Logistics Automation

Contract logistics processes are ripe for transformation through technology. Order fulfillment times are compressing, most notably in the direct-to-consumer space. What used to be a five-day process is now down to one day or less. The most cost-effective way to meet customer expectations is through advanced automation and intelligent machines: robots and cobots (collaborative robots), automated sortation systems, automated guided vehicles (AGVs) and goods-to-person systems.

These technologies deliver critical improvements in speed, control, accuracy and productivity. Importantly, robots are also a way to enhance worker safety and overall quality of employment. Our US warehouse safety record for OSHA reportable incidents is running at approximately 25% of the industry average.

We've found that autonomous goods-to-person systems improve employee productivity by 4-5x by bringing inventory to workers at pick-and-pack stations. Cobots have a 2x benefit to productivity. Stationary robot arms repeat demanding tasks with absolute precision 3x faster than would be possible manually. Robotics are particularly valuable in tight labor markets where wage inflation and labor shortages can erode customer margins.

Another major driver of logistics automation is consumer demand for speed, particularly in e-commerce order fulfillment. Increasingly, people want their goods in one or two days, or even the same day. The crescendos to peak order periods are steeper and the peaks themselves are higher. We use automation to help manage these demands. We've also developed analytics that predict future peaks based on data histories and forecasted customer spend.

We've further differentiated XPO from other logistics providers through our ability to create a synchronized environment across automation platforms. In 2018, we launched WMx, our proprietary warehouse management platform; it integrates robotics and other advanced automation into our operations with a high degree of control, even when complex, third-party software is involved. Our warehouse platform is a key competitive advantage, particularly in multichannel environments.

Other differentiators for XPO are our order management tool (OMx), which gives customers deep visibility into fulfillment flows, and our business analytics dashboard (BMx), which gives customers XPO tools to manage their supply chains. Our connection management software (CMx) facilitates the seamless integration of SAP, Oracle and other customer systems, allowing us to engage in sophisticated demand planning.

Numerous blue-chip companies entrust us with the satisfaction of their customers. Later this month, we'll begin operating an exciting warehouse of the future we co-developed in UK with Nestlé, the world's largest food and beverage company. Nestlé indicated to us that only two companies could execute on the goals they set, and we were seen as the most innovative and the fastest moving of the two.

The Nestlé warehouse is designed as a fully automated environment and is expected to process more than a million pallets per year. It will have the highest throughput of any facility in Nestlé's fulfillment network. Our European innovation lab is being relocated to this site, where it will function as both a think tank and a launch pad.

Overview of Transportation Operations

Our other segment — transportation — includes a range of complementary transportation services within our North American and European regions. This represents a strong lever for profitable growth through cross-selling.

In North America, the key drivers of growth and margin in our transportation segment are:

- Multimodal solutions with critical mass and leadership positions in fast-growing sectors;
- Our proprietary XPO Connect™ digital freight marketplace and Drive XPO™, which provides superior shipper and carrier experiences;
- Automation and analytics that drive productivity and share gains;
- Transformative solutions for tier-one customers, with an opportunity to penetrate tier-two and tier-three;
- Trends in outsourcing, e-commerce and digitization, which play to our strengths; and
- Our asset-light model, with high cash conversion and strong cash flow generation.

The exception to this last point in North America is our asset-based LTL business. Our opportunities in LTL have more to do with our national scale, favorable long-term industry fundamentals and the technology-driven path we're forging to capture further margin upside beyond the considerable progress we've already made.

Our European service offering has its own unique growth drivers, including:

- Our expansive transportation platform with strong leadership positions across Europe — XPO is the largest transportation provider across the UK, France, Spain, Portugal and Morocco, a leading provider of truck brokerage in Europe and a leading provider of LTL service in the UK, France, Spain and Portugal, among other distinctions.
- Established, long-term relationships with limited customer concentration;
- Multiple avenues to grow the core, enter adjacent countries, such as Germany, and expand our last mile offering through consolidation;
- Our unique value proposition as a provider of pan-European, multimodal solutions; and
- Our proprietary XPO Connect™ platform and Drive XPO™ app, currently in roll-out in Europe.

XPO Connect™

XPO Connect™ is our company's proprietary digital freight marketplace. It has a shipper interface, a pricing engine, a carrier interface and a mobile app for drivers. The core of the platform is our powerful Freight Optimizer system, which is the backbone of our brokerage operation. We're capitalizing on years of tech investments, market know-how and big data.

The platform provides visibility across multiple transportation modes; this is the foundation to continually improve service, capture share and reduce costs. In essence, our technology is positioning XPO for the future of transportation, where shipper and carrier activities become increasingly automated.

The current capabilities of XPO Connect™, as well as the tremendous potential of future applications, establishes this technology as a competitive moat encircling our transportation service lines.

Truck Brokerage, Truckload and Expedite

XPO utilizes a blended transportation model of brokered, owned and contracted capacity for truck transportation. The non-asset portion of our model is variable cost and gives us extensive flexibility. It includes brokered transportation services, as well as contracted capacity with independent owner-operators.

Brokerage is compelling to us for a number of reasons. In addition to low fixed costs, it has high free cash flow conversion and minimal capex requirements, with tailwinds from outsourcing and supplier consolidation. Trucking is a core supply chain service — many XPO customers who use our other lines of business need truckload brokerage as well. Examples of brokered freight include industrial flows of raw materials and finished goods, consumer goods, sensitive or high-value freight, and freight that requires high security.

XPO Connect™ is continually improving our brokerage service through automation, making us more productive and differentiating XPO to customers. We're able to tailor the brokerage experience based on a customer's freight requirements and business-specific rules. KPIs can be filtered by factors like delayed shipments, weather or traffic.

On the carrier side, drivers use the Drive XPO™ app to interact with XPO Connect™ and book loads in the marketplace. They can “buy it now” at the published price or place a counteroffer on a load. They can post their capacity, submit e-paperwork and set preferences that trigger the automatic allocation of loads based on size, type and geography, all from their truck.

In North America, over 43,000 of the independent truckload carriers in our brokerage network are already registered on XPO Connect™, with carrier adoption gaining traction every month. The network itself represents close to a million trucks. This capacity is vitally important to shippers, as they rely on us to find them trucks and drivers under all kinds of market conditions.

In Europe, brokerage is one of the three largest components of our transportation operations, the other two being LTL and dedicated truckload. In 2019, these three service lines combined accounted for about three-quarters of our European transportation EBITDA. We also have a non-dedicated truckload business in Europe that provides on-demand capacity for our customers.

Expedited transportation is a non-asset business that we offer as part of our freight brokerage operations in North America. These are shipments of time-critical goods or raw materials that have to get somewhere very quickly, typically on little notice.

We use a network of contracted owner-operators to handle expedited ground transportation, and an electronic bid platform to assign air charter loads. A large and separate component of our expedite operations is our proprietary transportation management platform, which executes transactions primarily on a machine-to-machine basis.

As the largest provider of managed expedite shipments in North America, we can act very quickly, whether it's supporting our customers or other XPO transportation lines. For example, if a track repair stalls a rail container, we can off-load those goods to an expedite ground carrier in our network or put them on a chartered aircraft. This ability to find solutions to almost any challenge is a major advantage of using XPO.

Less-Than-Truckload (LTL)

Our LTL business in North America is asset-based; it utilizes employee drivers, a fleet of tractors and trailers for linehaul, pickup and delivery of pallets, and a national network of terminals. We're a top three LTL provider in the US, with a network that covers about 99% of all zip codes.

In Western Europe, where we're a leading LTL provider, we utilize the optimal model for each national market. In the UK, for example, we own the trucks and employ the drivers, whereas in Spain, we contract with independent carriers for capacity, supporting them with terminals and staff. In France, we use a blended model.

Our LTL team is laser-focused on on-time, damage-free performance. Using one of the industry's most modern fleets, we deliver more than 20 billion pounds of freight a year. We have over 20,000 LTL customers in North America alone, primarily local accounts. We're also diversifying our base by selling LTL across more verticals.

We've doubled EBITDA in LTL in the four years since we acquired this business, and we've brought the operations a long way forward. In the first quarter of 2020, we realized an operating ratio of 85.8%, and adjusted operating ratio was a first quarter record at 83.4%. We have a well-defined opportunity to grow our LTL EBITDA to at least \$1 billion.

Our technology roadmap for LTL focuses on the main components of the LTL service lifecycle: linehaul, pickup-and-delivery and pricing. We also use XPO Smart™ to enhance productivity in yard and dock operations. In the first quarter, with XPO Smart™ rolled out to our US LTL network, we averaged approximately 7% more motor moves per hour on our cross-docks, and our employees are more highly engaged in turning in a winning performance.

Our linehaul network is how we move LTL freight across the country. To put it in perspective, we move freight 2.5 million miles a day on average, or more than 600 million miles a year. Currently, only about 15% of our volume travels direct. With intelligent route-building, such as bypass optimization, we can reduce empty miles, improve load factor and mitigate cargo damage, shaving our annual linehaul spend. The process lets us deploy trucks deeper into the network and the freight is handled fewer times, which saves time and costs.

Our linehaul bypass models work with massive amounts of data, including shipment details, customer information, ride-by times, service level agreements and hazmat designations. The data is passed through three proprietary optimization models; most other LTL carriers use one model or none. Bypass recommendations are based on volume and density, taking freight dimensions into account to identify gaps in trailer utilization. We estimate that every percentage point increase in trailer utilization translates into about \$10 million of EBITDA.

Our technology optimizes other areas of linehaul as well. Compliance and exception management information can be easily accessed by our planners and freight flow teams. Decisions are supported by key metrics, such as must-arrive-by times. Our linehaul team has the ability to look at real-time trailer-building images from service centers in our network, confirming optimal trailer counts. And we use proprietary algorithms to analyze photos of errant pallets, identify the product and reroute it. We launched this application in late 2019.

The second major component of LTL optimization is pickup-and-delivery. The new routing and visualization tools we've developed help our dispatchers improve route density, which reduces miles per stop and cost per stop. Our P&D optimization plan focuses on adjusting to traffic realities in real time, accommodating late-breaking customer requests and generally managing surprises. We've created a more intuitive interface for our dispatchers, and we use machine learning to predict loading and unloading windows based on customer service histories.

The tools give our dispatchers visibility into the profit impact of route adjustments and help them make proactive adjustments. For example, two stops near each other could be moved to the same route and handled by a single truck and driver. Our drag-and-drop tools show the dispatcher whether a contemplated adjustment will make the plan better or worse. Sometimes a route change looks reasonable on the surface but has a negative impact on cost or service.

The third area of LTL optimization is pricing. Here, we're using elasticity models to adjust for current lane conditions. The goal is to price as intelligently as possible to balance the network. Most often, but not always, this also improves yield.

For larger accounts, we're using modeling to create "sticky" pricing proposals. Our algorithms make the proposals as relevant as possible for customers by incorporating data from past customer behavior and real-time market conditions. For small to mid-sized accounts, we've greatly improved the software that our local account executives use to price lanes. Our salespeople can now price in real time, which aids our ability to capture share.

While each component of our plan delivers its own benefits, we also expect a strong synergistic effect on LTL as a whole. For example, when we optimize truck routes, this benefits asset utilization, driver utilization, customer service and yield, and should reduce our carbon footprint by decreasing empty miles.

Last Mile Logistics

Last mile for heavy goods is a service-intensive business that we do very well. Our last mile operations are predominantly asset-light: we use independent contractors to perform transportation and over-the-threshold deliveries and installations. In North America, these services are supported by a network of 85 hubs that position our last mile footprint to within 125 miles of approximately 90% of the US population.

Our last mile customers include big-box retailers that sell appliances, furniture, exercise equipment, large electronics and other heavy or bulky items. There's an ongoing trend toward consumers buying these items online, which creates tailwinds for our last mile business in omnichannel retail and e-commerce. All of our customers benefit from the tens of millions of dollars we've invested in last mile technology to deliver a superior consumer experience.

In North America, we're the largest facilitator for the home delivery of heavy goods, and yet we hold less than 8% of US share. We have a cohesive network that we launched in 2013, when we bought the leading last mile company in North America; then integrated another three highly regarded last mile providers over 18 months.

In Europe, which is another fragmented last mile landscape, there's a large opportunity for us to apply our technology and best practices. We have last mile operations for heavy goods in several European countries and we've won some sizable contracts. These are small but growing operations in a sector where our expertise is valued.

We recently launched XPO Connect™ in our last mile service for heavy goods and we've moved our first large customer onto the platform. We expect to have the technology pushed out to all last mile customers this year, providing real-time ETAs for home deliveries, and enabling custom notifications and e-rescheduling.

These features enhance our consumer-friendly capabilities already in place, such as feedback loops, voice tracking of shipments with Google Home® and Amazon Alexa®, and augmented reality, which shows an item inside the home before it's delivered. The key in last mile is to keep consumer satisfaction as high as possible. We're the only last mile provider in the heavy goods sector to invest in digital consumerization to this degree.

Intermodal and Drayage

Intermodal involves the long-haul portion of containerized freight movements. This is an additional growth opportunity for us within our freight brokerage unit. Services include rail brokerage, local drayage performed by independent trucking contractors, and on-site operational services. XPO has one of the largest drayage networks in the US, with more than 2,400 independent owner-operators and access to over 25,000 drayage trucks.

The nature of intermodal is that demand is influenced by external factors, such as the availability of truck capacity. When truck capacity is relatively tight, that's good for intermodal — the same is true of high fuel prices. In general, intermodal can be a much less expensive mode for freight that is not time sensitive. The main drivers of customer satisfaction are cost effectiveness, ready capacity and service performance.

Our proprietary Rail Optimizer technology is a growth engine and a competitive advantage for us in intermodal; it enables constant communication with the railroads and provides a high level of visibility into the door-to-door movements of long-haul freight. We use sensors that tell us where a container is located, whether it's full or empty, and whether the door is open. These are just some of the ways we add value for our intermodal customers.

Managed Transportation

XPO is a top five global provider of managed transportation. We provide this non-asset service to shippers who want to outsource some or all of their transportation modes and related activities. These activities can include freight handling, such as consolidation and deconsolidation, labor planning, inbound and outbound shipment facilitation, documentation and customs management, claims processing and 3PL supplier management, among other services.

The three arms of our managed transportation offering are control tower solutions, managed expedite and dedicated capacity. Our control tower experts are trained in operations, analytics, procurement and customer service. They design the optimal routes for a given supply chain, source the most efficient carriers and ensure a high level of performance. They also apply lean-based analysis to shipping patterns and oversee vendor performance, freight audits and payments, claims, charge-back notifications and other processes.

Our dedicated managed transportation service is a turnkey solution we tailor for each customer. It includes drivers, tractors, trailers, maintenance, management, fuel and KPI reporting. The service is facilitated by our proprietary, web-based system for the digital procurement and tracking of time-critical freight. We have thousands of vetted ground carriers in our independent expedite network with equipment ranging from cargo vans to flatbeds, as well as domestic and international air options.

In 2019, we signed a multi-year dedicated transportation agreement in the UK with British Gypsum. This is the largest contract in the history of our European transportation business. We've transformed British Gypsum's UK supply chain into a single, digitally managed transportation network with all downstream operations managed through XPO Connect™. It's a state-of-the-art solution that uses dedicated capacity, with a modern fleet fitted with telematics and advanced safety technology. Managed transportation is still a small part of our revenue, but as this win shows, it's a promising growth avenue for us.

Global Forwarding

Our forwarding operations in North America and Europe provide non-asset-based freight forwarding services for domestic and international shipments by ground, air, ocean or some combination of these modes. We have independent market experts and licensed customs brokers on four continents who provide local oversight in thousands of key trade areas, and we operate a subsidiary as a non-vessel operating common carrier (NVOCC). Global forwarding is a \$150 billion industry, and although our market position is small, our services are a source of support for our customers and other XPO lines of business.

A Culture with Purpose

In conveying our strengths, we believe that equal weight should be given to the human face of XPO. Our company employs approximately 97,000 extraordinary individuals who have great insights about our customers and our business. Our foremost priority — to keep our people from harm — has taken on new dimensions in the COVID-19 pandemic. We acted quickly to implement numerous measures designed to ensure the well-being of our employees:

- Globally, our people are working remotely if able to do so.
- For employees who need to work on site, we follow the guidance of the World Health Organization, the US Centers for Disease Control, local regulators, and our own health and safety protocols.
- Social distancing and PPE guidelines are in effect at all XPO workplaces.
- Our facilities worldwide engage in ongoing cleaning of high-touch areas, as well as deep cleaning of any facility likely to have been exposed to COVID-19.
- We added Pandemic Paid Sick Leave to our US and Canadian benefits packages and cover the cost of COVID-19 testing.
- We guarantee up to three additional paid days for employees of an XPO facility that closes temporarily for deep cleaning.
- We continue to provide alternate work arrangements for employees when medically advisable.
- We added Frontline Employee Appreciation Pay to our US and Canadian benefits packages.
- We expanded access to mental health counseling services.

Employee safety, even under normal conditions, is second nature for XPO. This is exemplified by the recordable incident rate of 1.176 our logistics team achieved in North America in 2019, which was over 75% lower than the industry average.

In addition, our culture is about being respectful, entrepreneurial, innovative and inclusive — it's about having compassion, being honest and respecting diverse points of view, while operating as a team. We also foster emotional safety at work, with robust ethical guidelines that clearly define prohibited behavior, such as harassment, dishonesty, discrimination, workplace violence, bullying, conflicts of interest, insider trading and human trafficking.

We reinforce our culture through diverse worksites, open-door management, the XPO University training curriculum, our Workplace virtual community and equal opportunity hiring policies. We also support causes important to our employees, such as the Susan G. Komen Foundation's fight against breast cancer. Last year, XPO was a proud participant in the International Pride celebration in New York City.

Our Pregnancy Care Policy is a gold standard not just for our industry, but for any industry. Any employee of XPO, female or male, who becomes a new parent through birth or adoption can qualify for six weeks of 100% paid leave as the infant's primary caregiver, or two weeks paid leave as the secondary caregiver. In addition, a woman receives up to 20 days of 100% paid prenatal leave for health and wellness and other preparations for her child's arrival.

Our female employees can request pregnancy accommodations without fear of discrimination, including "automatic yes" accommodations, such as changes to work schedules and the timing or frequency of breaks, or assistance with certain tasks. More extensive accommodations are easily determined with input from a doctor. Furthermore, we guarantee that a woman will continue to be paid her regular base wage rate while her pregnancy accommodations are in effect, even if her duties need to be adjusted, and she will remain eligible for wage increases while receiving alternate work arrangements.

We've also partnered with a leading healthcare network for women and families to offer supplemental health services from over 1,400 practitioners in 20 specialties via a virtual clinic. In total, more than 30 quality benefits are available to XPO women and families in the US. These include fertility services, prenatal and postpartum care, paid family bonding and a return-to-work program.

Sustainability is another priority for us. It's an area where XPO has already set an example in the industry, giving us an opportunity to build on that position. Our company has been named a Top 75 Green Supply Chain Partner by *Inbound Logistics* for four consecutive years.

In 2016, we were awarded the label "Objectif CO₂" for outstanding environmental performance of transport operations in Europe by the French Ministry of the Environment and the French Environment and Energy Agency. In 2019, we renewed our pledge to the CO₂ Charter in France, extending our commitment to a smaller environmental footprint into its second decade.

The warehouse of the future that we're creating with Nestlé in the UK is an amazing facility sited on landscaped, man-made plateaus. It utilizes environmentally friendly ammonia refrigeration systems, energy-saving LED lighting, air-source heat pumps for administration areas and rainwater harvesting.

A number of our other logistics facilities are ISO14001-certified, which ensures environmental and other regulatory compliances. We monitor fuel emissions from forklifts in our warehouses, and we have protocols in place to take immediate corrective action if needed. Our packaging engineers ensure that the optimal carton size is used for each product slated for distribution, and when feasible, we purchase recycled packaging. As a byproduct of our reverse logistics operations, we recycle millions of electronic components and batteries each year.

In transportation, we've made substantial capex investments in fuel-efficient Freightliner Cascadia tractors in North America; these use EPA 2013-compliant and GHG14-compliant SCR technology. Our North American LTL locations have numerous energy-saving policies in place and are implementing a phased upgrade to LED lighting.

In Europe, we own one of the industry's most modern road fleets: 98% compliant with Euro V, EEV and Euro VI standards in 2019, with an average truck age of approximately three years. We also own a large fleet of natural gas trucks operating in France, the UK, Spain and Portugal, and we've made a significant investment in 100 new Stralis Natural Power Euro VI tractors for our less-than-truckload network in France. These tractors use a combination of liquified and compressed natural gas (LNG/CNG) to generate lower NOx emissions than the Euro VI standard and reduce noise in densely populated areas.

We're piloting all-electric vehicles for last mile deliveries in some urban areas, reducing emissions to zero. And we use government-approved mega-trucks in Spain; these can significantly reduce CO₂ emissions due to their larger carrying capacity. We're now embarking on a collaborative research and development project with the General State Administration of Spain, doing real-life testing of a duo-trailer vehicle and capturing data about its environmental and safety performance. The data we provide will help the Administration determine the viability of duo-trailers for commercial freight transportation.

The development of our culture will continue to be a steady march forward, as it has since our founding in 2011. In April, we published our 2019 Sustainability Report, which provides details of our progress in key areas, including safety, employee engagement, diversity and inclusion, ethics and compliance, environmental protection and governance. The report can be downloaded from <https://sustainability.xpo.com>.

First Quarter 2020 Financial Highlights¹

Our company delivered a strong performance through January and February. Then, the COVID-19 pandemic sharply disrupted our end-markets. It started with our European operations in early March and began to affect our North American results later in the month. For the quarter, we reported:

- \$3.86 billion of revenue
- \$21 million of net income²
- \$0.20 diluted earnings per share
- \$49 million of adjusted net income²

¹ Reconciliations of non-GAAP financial measures used in this document are provided in the accompanying slide presentation.

² Net income attributable to common shareholders.

- \$0.47 adjusted diluted earnings per share
- \$333 million of adjusted EBITDA
- \$180 million of cash flow from operations
- \$95 million of free cash flow

Notably, our \$180 million of cash flow from operations and \$95 million of free cash flow compare with a cash usage of \$96 million for each of these metrics in the first quarter of 2019.

Liquidity Position and Second Quarter Commentary

On March 31, 2020, we had total cash and borrowing capacity of \$1.3 billion. In April, we issued \$850 million of 6.25% senior notes maturing in 2025 and added a new \$350 million senior secured credit facility. Pro forma for these April financing activities, our total liquidity increased to \$2.5 billion, including \$2.0 billion of cash, as of March 31, 2020. XPO has no significant debt maturing until June 2022.

In light of our decision to suspend 2020 guidance due to the pandemic, we're offering the following information about our business in the second quarter:

- We experienced a revenue decline in April in the range of 20-25%, sharply below our expectations prior to the pandemic.
- The decreases we've seen in business activity correlate strongly with stay-at-home mandates. In France and Spain, volumes hit what appears to be their lowest levels in early April and are now showing modest signs of a recovery as these countries prepare to reopen. In the US and the UK, volumes have been bouncing along the bottom since mid-April. There are many unpredictable factors to contend with in 2020, but we expect to see improvement as industries and geographies return to work.
- We anticipate positive cash flow from operations and positive free cash flow in the second quarter.

We've throttled back our capital expenditures, and currently estimate our gross capex to be approximately \$400 million this year. This reduces our pre-pandemic capex plan by more than a third.

Share Repurchase Program

In the first quarter of 2020, we repurchased 1.7 million shares of XPO common stock at an average price per share of \$66.58, for a total cost of approximately \$114 million. That brought us to approximately 91 million shares of common stock outstanding on March 31. We have approximately \$503 million remaining on the current \$2.5 billion share repurchase authorization.

Looking Forward

We're continuing to execute our growth strategy throughout a challenging 2020 by running the business as efficiently and profitably as possible. This disciplined focus is a major reason why nearly 70% of Fortune 100 companies rely on our services.

When we receive awards for excellence from world-class companies, such as Dow Chemical, Boeing, Diebold, Ford, GM, Nissan, Nordstrom, Raytheon, The Home Depot and Whirlpool, we know we're doing our job. Last July, we were awarded a contract extension through 2024 by the Tour de France as their official transportation partner. This will be the 40th consecutive year we've partnered with the Tour, and we take great pride in supporting the race participants on the world stage.

In 2016, we made the Fortune 500 list for the first time, and one year later, XPO was named the fastest-growing transportation company on the list. In 2018, *Fortune* named us to their Fortune Future 50 list. Gartner has ranked us as a Magic Quadrant 3PL leader for three consecutive years. Recently, we were named a Winning "W" Company by 2020 Women on Boards for the gender diversity of our board of directors.

In Italy, we were awarded Logistics Company of the Year for innovation two years in a row. *Logistics Manager* named us 3PL of the Year. And in the UK, we were voted one of Glassdoor's top three Best Places to Work. *Forbes* ranked us as the top-performing US company on the Global 2000 and one of America's Best Employers. In March, *Forbes* named us one of the best companies to work for in Spain. We thank our employees for creating the culture that has led to these recognitions.

In January, *Fortune* named us one of the World's Most Admired Companies for the third straight year and ranked us first in our category of trucking, transportation and logistics. Another recognition that speaks to our culture is our ranking by *Newsweek* in the top 100 of America's Most Responsible Companies. And we've partnered with Massachusetts Institute of Technology in their Industrial Liaison Program — the first global logistics company to collaborate on industry innovation with the top minds and research facilities at MIT.

Whether COVID-19 is driving permanent changes in behavior, or will prove more temporary, XPO will be even more tightly bonded by this experience. Importantly for our investors, we have a rock-solid balance sheet and an ironclad business model. Even against the current backdrop, we're on track to generate hundreds of millions of dollars of free cash flow this year. We're fully prepared to serve our customers through the fits and starts of the recovery, however long that takes, while continuing to invest in innovation and other ways to propel shareholder value.

Thank you for your interest!

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 document to the most directly comparable measure under GAAP, which are set forth in the financial tables attached to the accompanying slide presentation.

XPO's non-GAAP financial measures used in this document include: earnings before interest, taxes, depreciation and amortization ("EBITDA"), adjusted EBITDA and adjusted EBITDA margin for the three-month periods ended March 31, 2020 and 2019; EBITDA, adjusted EBITDA and adjusted EBITDA excluding truckload for the twelve-month periods ended December 31, 2019, 2018, 2017, 2016 and 2015; free cash flow for the three-month periods ended March 31, 2020 and 2019, and the twelve-month periods ended December 31, 2019, 2018, 2017, 2016 and 2015; adjusted net income attributable to common shareholders and adjusted earnings per share (basic and diluted) ("adjusted EPS") for the three month periods ended March 31, 2020 and 2019; adjusted operating income and adjusted operating ratio for our North American less-than-truckload business for the three month periods ended March 31, 2020 and 2019; and organic revenue and organic revenue growth for the three month periods ended March 31, 2020 and 2019, on a consolidated basis.

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, adjusted net income attributable to common shareholders and adjusted EPS include adjustments for transaction and integration, as well as restructuring costs. Transaction and integration adjustments are generally incremental costs that result from an actual or planned acquisition or divestiture and may include transaction costs, consulting fees, retention awards, and, in the case of acquisitions, 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 and each business segment's ongoing performance.

We believe that free cash flow is an important measure of our ability to repay maturing debt or fund other uses of capital that we believe will enhance stockholder value. We calculate free cash flow as adjusted net cash provided by operating activities, less payment for purchases of property and equipment plus proceeds from sale of property and equipment, with adjusted net cash provided by operating activities defined as net cash provided by operating activities plus cash collected on deferred purchase price receivables. We believe that EBITDA, adjusted EBITDA and adjusted EBITDA excluding truckload 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 attached tables 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 adjusted net income attributable to common shareholders and adjusted EPS improve the comparability of our operating results from period to period by removing the impact of certain costs and gains that management has determined are not reflective of our core operating activities. We believe that adjusted operating income and adjusted operating ratio for our North American less-than-truckload business improves the comparability of our operating results from period to period by (i) removing the impact of certain restructuring costs and amortization expenses and (ii) including the impact of pension income incurred in the reporting period as set out in the attached tables. We believe that organic revenue is an important measure because it excludes the impact of the following items: foreign currency exchange rate fluctuations, fuel surcharges and revenue associated with our direct postal injection service in last mile.

Forward-looking Statements

This document 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 future growth prospects for EBITDA in our North American less-than-truckload business and our company's potential profit growth opportunity. 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: the severity, magnitude, duration and after effects of the COVID-19 pandemic and government responses to the COVID-19 pandemic, public health crises (including COVID-19); economic conditions generally; competition and pricing pressures; our ability to align our investments in capital assets, including equipment, service centers and warehouses, to our customers' demands; our ability to successfully integrate and realize anticipated synergies, cost savings and profit improvement opportunities with respect to acquired companies; 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; our ability to implement our cost and revenue initiatives; our ability to maintain positive relationships with our network of third-party transportation providers; our ability to attract and retain qualified drivers; litigation, including litigation related to alleged misclassification of independent contractors and securities class actions; 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; risks associated with our self-insured claims; risks associated with defined benefit plans for our current and former employees; fluctuations in currency exchange rates; fluctuations in fixed and floating interest rates; fuel price and fuel surcharge changes; issues related to our intellectual property rights; governmental regulation, including trade compliance laws, as well as changes in international trade policies and tax regimes; and governmental or political actions, including the United Kingdom's exit from the European Union; and natural disasters, terrorist attacks or similar incidents. All forward-looking statements set forth in this document 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 document 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.

XPOLogistics

MAY 2020

Investor Presentation

Disclaimers

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Statement on the COVID-19 pandemic

XPO is widely considered to be an essential business with a responsibility to keep goods moving through supply chains. Our company and most of our facilities remain open as we continue to serve our customers.

The special measures we've taken in response to COVID-19 are designed to ensure the well-being of our employees:

- Globally, our people are working remotely if able to do so.
- For employees who need to work on site, we follow the guidance of the World Health Organization, the US Centers for Disease Control, local regulators, and our own health and safety protocols.
- Social distancing and PPE guidelines are in effect at all XPO workplaces.
- Our facilities worldwide engage in ongoing cleaning of high-touch areas, as well as deep cleaning of any facility likely to have been exposed to COVID-19.
- We added Pandemic Paid Sick Leave to our US and Canadian benefits packages and cover the cost of COVID-19 testing.
- We guarantee up to three additional paid days for employees of an XPO facility that closes temporarily for deep cleaning.
- We continue to provide alternate work arrangements for employees when medically advisable.
- We added Frontline Employee Appreciation Pay to our US and Canadian benefits packages.
- We expanded access to mental health counseling services.

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May 4, 2020

Table of contents

- Investor highlights
- Company overview
- Financial highlights and key metrics
- Business overview
 - North American contract logistics
 - European contract logistics
 - North American less-than-truckload
 - North American transportation
 - European transportation
- Supplemental materials
 - Company recognitions
 - People-first culture
 - Commitment to sustainability
 - Leadership team
 - Business glossary
 - Financial reconciliation tables

Investor highlights: Key factors driving growth and returns

Leading positions in fast-growing sectors	<ul style="list-style-type: none"> ▪ Top three industry positions across all major service lines in transportation and logistics ▪ Outsized exposure to sectors with track records of long-term growth and sustained demand
~\$700 million to \$1 billion pool of company-specific profit growth opportunities	<ul style="list-style-type: none"> ▪ Four revenue levers: pricing analytics, XPO Connect™, XPO Direct™ and European cross-selling ▪ Six cost levers include XPO Smart™, LTL optimization and logistics automation, among others
Strong, multimodal presence in high-growth e-commerce / omnichannel	<ul style="list-style-type: none"> ▪ Largest e-fulfillment 3PL in Europe; complex management of reverse logistics ▪ Largest provider of last mile logistics for heavy goods in North America
Opportunistic allocators of capital for M&A and organic growth drivers	<ul style="list-style-type: none"> ▪ Less than 2% share across key global markets ▪ Positioned as an expert provider of sophisticated supply chain solutions at scale
Fast pace of technological innovation	<ul style="list-style-type: none"> ▪ Proprietary technology harnesses AI and machine learning ▪ Key areas of focus: warehouse automation, digital freight marketplace and data science
Substantial advantages of scale	<ul style="list-style-type: none"> ▪ Operating leverage, purchasing power, cross-selling and capacity to innovate ▪ Ability to provide consistent, multinational solutions to global customers
Significant cash generation	<ul style="list-style-type: none"> ▪ 69% of revenue is asset-light, 77% of cost basis is variable ▪ Generated cash flow from operations of \$791 million and free cash flow of \$628 million in 2019
Ability to outperform the macro	<ul style="list-style-type: none"> ▪ Deep expertise in diverse verticals and geographies ▪ High mix of contracted business adds resilience in economic downturns
Positive free cash flow in downturns	<ul style="list-style-type: none"> ▪ Ability to modulate capex with cyclical fluctuations; low maintenance capex ▪ Working capital becomes a source of cash in downturns
Unduplicated moat of results-oriented innovators	<ul style="list-style-type: none"> ▪ 35 top executives and 2,500 professionals at the next level with blue-chip experience ▪ Technologists, managers, engineers, logisticians and operators driving every line of business

Note: Refer to the "Non-GAAP Financial Measures" section on page 2 of this document

Significant addressable growth opportunities in each area of operation

	LOGISTICS SEGMENT 36% OF 2019 XPO REVENUE		TRANSPORTATION SEGMENT 64% OF 2019 XPO REVENUE		
	<p>Second largest global provider of cutting-edge contract logistics, including e-commerce fulfillment, omnichannel solutions, reverse logistics and smart warehousing</p>		<p>A leading provider of B2B freight transportation in North America and Europe, providing massive multimodal capacity through a blended model of brokered, contracted and owned fleet</p>		
	<p>North American Contract Logistics</p> <ul style="list-style-type: none"> Highly engineered and customized solutions Longstanding relationships with blue-chip customers in key verticals 	<p>European Contract Logistics</p> <ul style="list-style-type: none"> Largest outsourced e-fulfillment platform in Europe Multinational footprint appeals to pan-European customers 	<p>North American Less-Than-Truckload</p> <ul style="list-style-type: none"> Top three LTL provider, with over 30 years' experience Routes cover every US state, including Alaska and Hawaii, and ~99% of all US postal codes 	<p>North American Transportation</p> <ul style="list-style-type: none"> Largest US provider of last mile for heavy goods Multimodal platform integrates brokerage, last mile, intermodal and managed transportation 	<p>European Transportation</p> <ul style="list-style-type: none"> LTL leader in Western Europe Multimodal platform integrates full truckload, last mile, and managed transportation
<i>\$ in billions</i>					
2019 XPO revenue ¹	~\$2.5	~\$3.6	~\$3.8	~\$4.2	~\$2.9
Industry size ²	~\$50	~\$80	~\$43	~\$600 ³	~\$460 ⁴

¹ Company revenue data, excluding intersegment elimination, as of FY 2019

² Includes only North American and European markets. Sources include Armstrong and Associates, Norbridge, Inc., EVE Partners LLC, FTR Associates, SJ Consulting Group, Inc., Bureau of Economic Analysis, US Department of Commerce, A.T. Kearney, Transport Intelligence, American Trucking Associations, Technavio, Bain and Company, Wall Street research and management estimates

³ North American transportation industry size includes entire for-hire US trucking industry

⁴ European transportation industry size includes entire for-hire trucking industry

Note: Refer to the Glossary in this document for service definitions

Global provider of expansive capacity for customers



GROUND TRANSPORTATION ASSETS

- 15,500** tractors
- 40,000** trailers
- 10,000** 53-ft. intermodal containers
- 5,000** chassis

NON-ASSET TRANSPORTATION NETWORK

- 10,000** trucks contracted via independent owner-operators
- 1,000,000+** brokered trucks

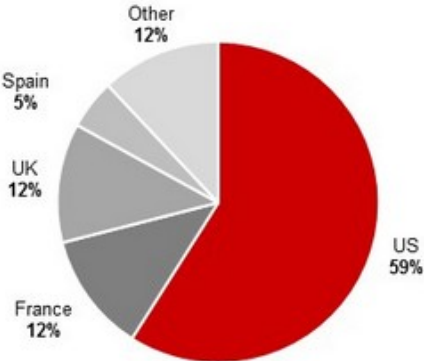
FACILITY ASSETS

- 555** cross-docks
- 767** contract logistics facilities
- 202** million sq. ft. warehouse space

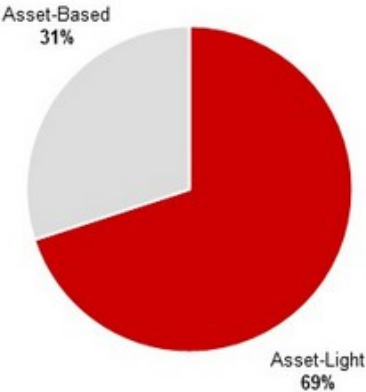
Note: Data as of March 31, 2020
INVESTOR PRESENTATION MAY 2020

Key metrics

REVENUE BY GEOGRAPHY¹



REVENUE BY MIX¹



2019 revenue: \$16.6 billion

CUSTOMERS Over 50,000
EMPLOYEES ~97,000
LOCATIONS 1,506
COUNTRIES OF OPERATION 30

¹ Geographic and mix data as of FY 2019; key statistics as of March 31, 2020

Superior e-commerce platform for fulfillment, reverse logistics and last mile

WHAT E-COMMERCE SHIPPERS DEMAND

Agile, technology-enabled logistics with visibility, speed and accuracy

WHAT XPO PROVIDES

- Integrated warehouse management, carrier management and reverse logistics
- Largest outsourced e-fulfillment platform in Europe, with a strong position in North America
- Expertise managing holiday peaks and other periods of high demand

Ability to manage complex product returns and omnichannel services

- Omnichannel and reverse logistics leader in North America
- Highly efficient product testing, refurbishment, warranty processing, refunding and other services
- Aftermarket partnerships with blue-chip customers

Reliable last mile logistics service with high-density network

- Largest US provider of last mile logistics for heavy goods, with service in Europe
- Industry-leading consumer satisfaction levels
- Over 10 million deliveries annually

Unique ability to drive efficiencies; position goods for shorter transits

- XPO Direct™ shared-space network offers flexible distribution solutions for customers
- Companywide, tracking more than seven billion units of inventory daily
- Managed transportation solutions: control tower, dedicated capacity and automated expedite

Sophisticated integration with customer technology infrastructures

- Customized logistics solutions, enabled by proprietary technology
- Holistic management of labor, automation and robotics on WMx warehouse platform
- Predictive analytics and actionable business intelligence

Potential profit growth opportunity of ~\$700 million to \$1 billion

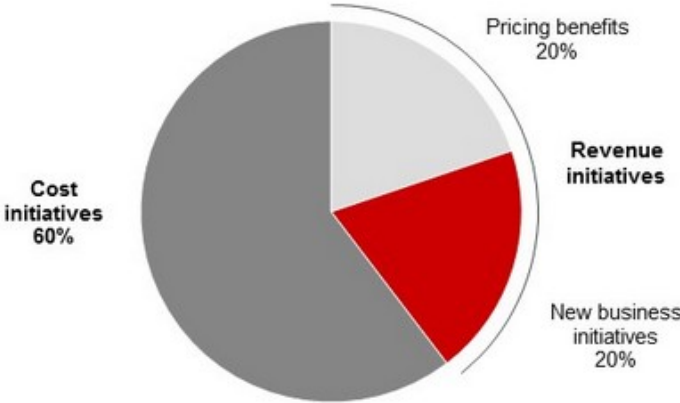
POOL OF COST OPPORTUNITIES

- XPO Smart™ workforce productivity:
 - Optimize \$5 billion of costs related to variable labor spend
- Optimize LTL linehaul spend and pickup-and-delivery (P&D) spend
- Contract logistics automation
- European logistics margin expansion
- Global procurement
- Further back-office optimization

POOL OF REVENUE OPPORTUNITIES

- Advanced pricing analytics and revenue management tools
- XPO Connect™ digital freight marketplace
- XPO Direct™ shared distribution network
- European cross-selling to strategic accounts

KEY INITIATIVES AS % OF TOTAL POTENTIAL



The profit improvement opportunity range provided above is expected to apply to current operations approximately as follows: 50% benefit to global logistics; 30% benefit to North American LTL; and 20% benefit to all other transportation lines.

XPO will continue to analyze these and other opportunities to ensure that resources are focused on endeavors that potentially can return the most value.

Six of the ten profit growth initiatives are driven by technology

Technology blueprint focuses on innovation in four areas

Digital freight marketplace

- Automated capacity management
- Customer self-service, multimodal flexibility

Automation and intelligent machines

- Robots and cobots for picking and packing
- Goods-to-person autonomous robots, advanced sortation systems
- Warehouse AGVs (automated guided vehicles),

Dynamic data science

- Artificial intelligence and machine learning
- Predictive analytics and business intelligence

Visibility and customer service

- Fully functional mobility
- Real-time tracking



~\$550 MILLION
investment in
technology
in 2019

~1,700
technology professionals,
including ~100 data
scientists

Singular technology platform propels efficiencies for customers and company

Key applications of automation and data science in XPO operations

CONTRACT LOGISTICS

- Proprietary technology suite manages all distribution processes and warehouse operations
- Provides in-house control of robotics and other automation
- XPO Smart™ tools improve labor planning, forecasting and inventory control
- Integrates last mile with contract logistics for retail, e-commerce, omnichannel and manufacturing customers on XPO Direct™

LESS-THAN-TRUCKLOAD

- Network optimization tools improve LTL linehaul, pickup and delivery, and routing
- XPO Smart™ tools improve efficiency of dock operations
- Proprietary algorithms with machine learning assimilate constant inflows of data
- Visibility facilitates selling LTL across more verticals

LAST MILE

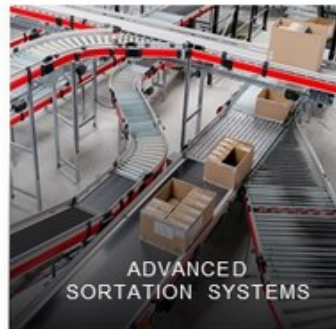
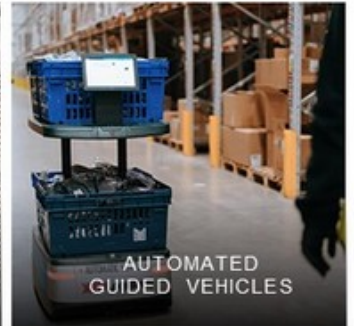
- Digital management of home deliveries on XPO Connect LM platform is seamless for consumers
- Self-service capabilities facilitate scheduling and change management
- Immediate feedback loops capture actionable consumer input post-delivery
- Augmented reality shows how items look in the home pre-delivery

TRUCK BROKERAGE

- Proprietary XPO Connect™ marketplace drives end-to-end efficiency in freight transactions
- Fully automated, multimodal platform is underpinned by proprietary Freight Optimizer technology
- Automates carrier matching; leverages machine learning
- Reduces empty miles; lowers environmental impact

Widespread benefits of intelligent automation in logistics

- Superior visibility and control of advanced automation on proprietary platform
- Can perform several steps of a process by tying in multiple technologies, increasing fulfillment speed and accuracy
- Data transmits consistently to multiple systems, eliminating data silos
- Tailored robotics work cooperatively with humans or as standalone solutions
- Cobots and goods-to-person systems overcome space and labor constraints
- Automation mitigates safety risks



4x productivity improvement with employees supported by goods-to-person systems

2x productivity improvement with employees who work alongside cobots

XPO Connect™ is at the forefront of transportation automation

XPO CONNECT™ PLATFORM

- More than 43,000 registered carriers
- Optimizes freight-matching by sourcing the best carriers for each load profile
- Brokerage automation integrates Freight Optimizer and Drive XPO™ carrier app
- Intermodal automation integrates Rail Optimizer and supports drayage network
- Last mile automation integrates XPO Connect LM and Ship XPO™

VALUE CREATION

Expands revenue and margins

- Automates load-tendering, pricing, bidding, buying and tracking
- Unlocks cross-selling opportunities across modes
- Penetrates tier-two and tier-three customer bases
- Leverages almost a decade of industry data

Improves capacity management

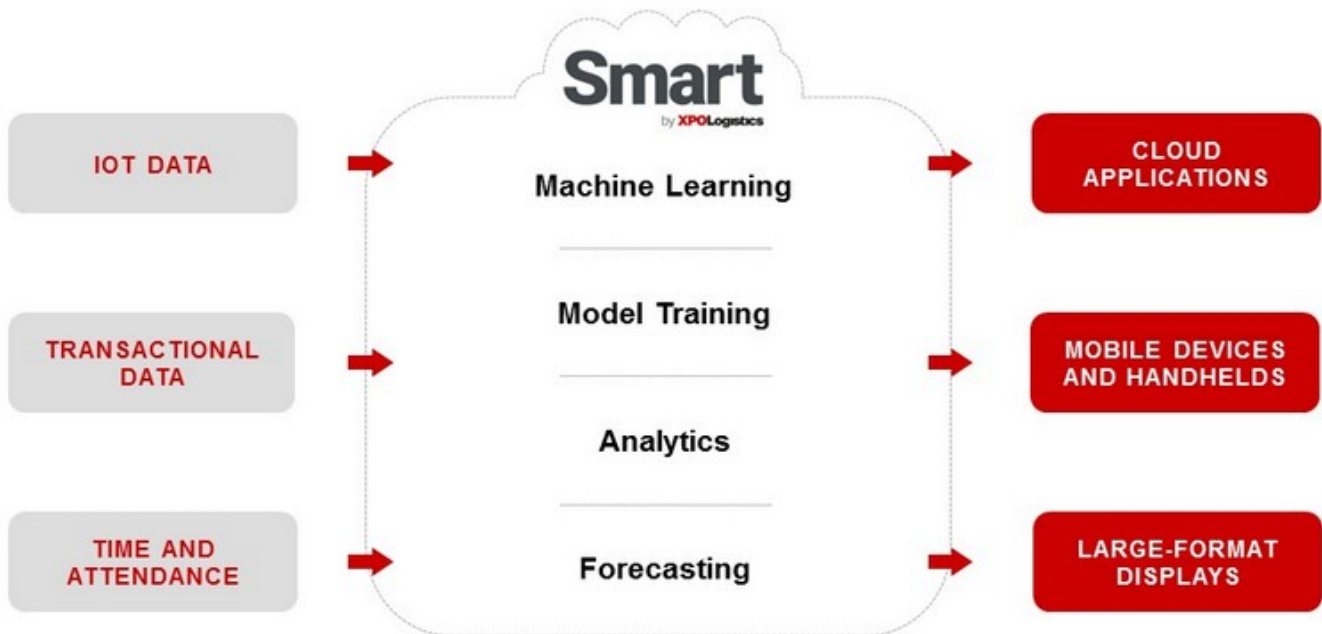
- Provides deep visibility into available capacity
- Enhances access through self-service dashboard tools, preferences and BI analytics

Heightens internal efficiency

- Reduces need for redundant systems
- Establishes architecture for continuous innovation

Achieved 21% increase in brokerage loads per head over the past year

Proprietary technology informs decision-making in real time



XPO Smart™ drives productivity through machine learning



BENEFITS

- Proprietary XPO analytics show the future impact of contemplated management decisions in real time
- Business intelligence drives productivity and operational effectiveness
- Granular-level detail in two to three clicks

CAPABILITIES

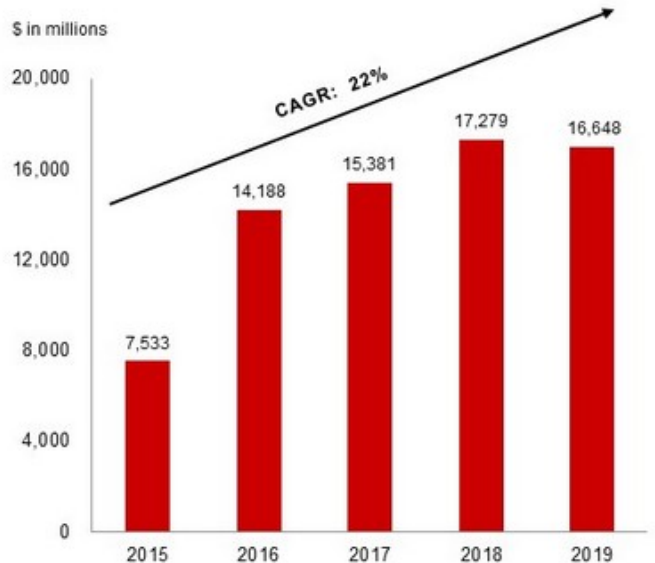
- Labor management and planning
- Attendance tracking
- Production management, inbound and outbound
- Productivity tracking
- SKU velocity

XPO Smart™ is currently implemented in 200 logistics warehouses and all LTL terminals in North America, with additional roll-outs underway

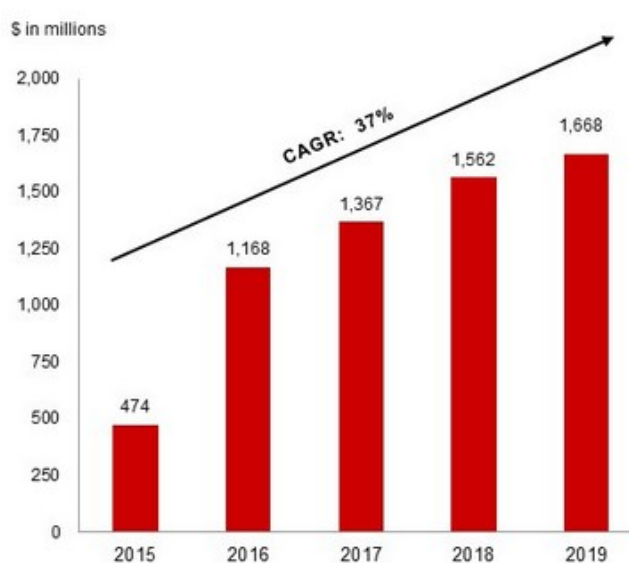
Financial highlights and key metrics

Industry-leading growth in revenue and adjusted EBITDA

REVENUE

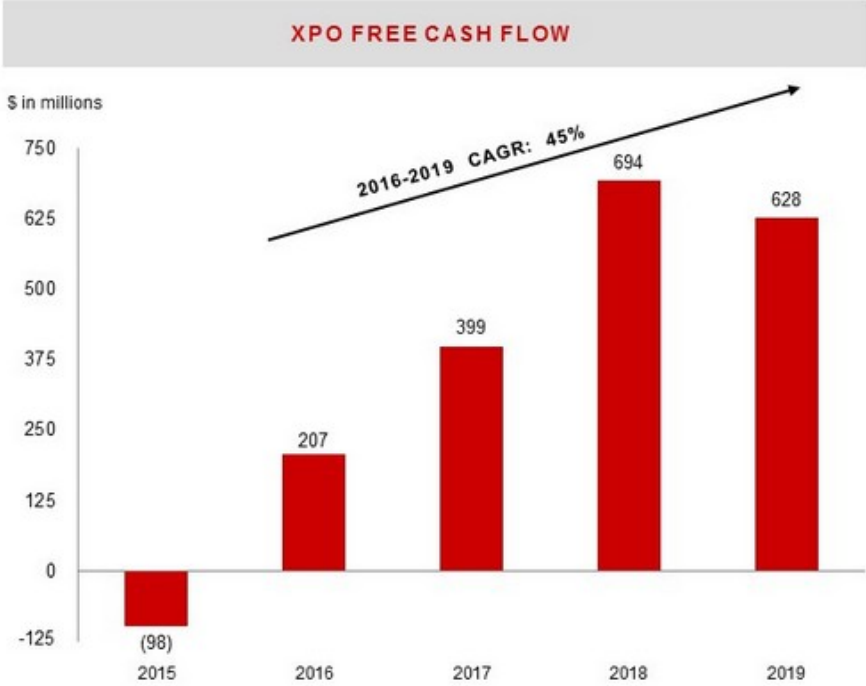


ADJUSTED EBITDA



Note: Both charts exclude the impact of the North American truckload unit divested in October 2016. Refer to the "Non-GAAP Financial Measures" section on page 2 of this document.

Strong free cash flow generation

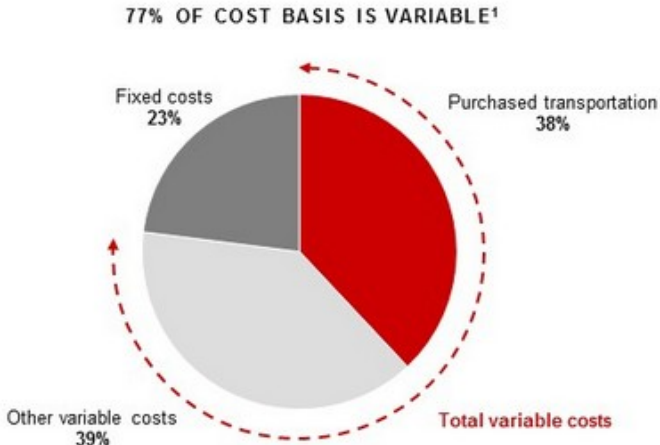


Note: 2016 and 2017 data have been recast to reflect the impact of Accounting Standards Update 2016-18. Refer to the "Non-GAAP Financial Measures" section on page 2 of this document.

Operating flexibility across all economic environments

- Blended model of owned, contracted and brokered capacity for truck transportation
 - Non-asset portion is predominantly variable-cost
 - Includes brokerage operations and contracted capacity with independent providers
- Contracted businesses demonstrate greater resilience in weak economies
 - XPO's logistics relationships are typically characterized by long-term contracts with strong renewal rates
 - Last mile heavy goods business benefits from contracted revenue streams and non-asset model
 - Predecessor companies displayed strong resilience in last financial crisis
- Ability to flex capex in cyclical fluctuations

SIGNIFICANT LEVERS TO EXPAND FREE CASH FLOW ACROSS CYCLES



¹ Full year 2019 data

First quarter 2020 results

REVENUE	\$3.86 billion
NET INCOME¹	\$21 million
DILUTED EPS	\$0.20
ADJUSTED NET INCOME¹	\$49 million
ADJUSTED DILUTED EPS	\$0.47
ADJUSTED EBITDA	\$333 million
CASH FLOW FROM OPERATIONS	\$180 million
FREE CASH FLOW	\$95 million

- Revenue and adjusted EBITDA declined year-over-year in the first quarter due in part to the impact of the COVID-19 pandemic on the company's end markets.
- The impacts in Europe began in early to mid-March.
- A substantial majority of the company's locations were open and operating in the quarter.
- The company had previously expected to report continued growth in adjusted EBITDA before the onset of COVID-19.
- Fuel and foreign exchange were revenue headwinds in the quarter, by two percentage points in total.
- Adjusted EBITDA margin increased 40 basis points year-over-year in the Transportation segment² and 80 basis points in the Logistics segment.
- LTL yield increased 2.6% year-over-year and LTL operating ratio improved by 420 basis points.²
- Free cash flow benefited from working capital management and capital expenditures that were lower than initially planned.

¹ Net income attributable to common shareholders

² Excluding real estate gains, the adjusted EBITDA margin was unchanged in the Transportation segment, and the LTL operating ratio improved by 320 basis points. Refer to the "Non-GAAP Financial Measures" section on page 2 of this document

Balance sheet and liquidity as of March 31, 2020

CASH AND CASH EQUIVALENTS	\$1.1 billion
NET DEBT	\$4.9 billion
NET LEVERAGE	2.95x
TOTAL LIQUIDITY	\$1.3 billion (\$2.5 billion pro forma for April debt financings)

- Borrowed \$600 million under ABL facility in March; proceeds held in cash and cash equivalents
- Added new \$350 million credit facility in early April to further strengthen liquidity
- Issued \$850 million of five-year, 6.25% debt in late April; proceeds available for general corporate purposes
- No significant debt maturities until mid-2022

Refer to the "Non-GAAP Financial Measures" section on page 2 of this document

Full year 2019 results

REVENUE	\$16.65 billion	ADJUSTED DILUTED EPS	\$4.03
NET INCOME¹	\$379 million	ADJUSTED EBITDA	\$1.67 billion
DILUTED EPS	\$3.57	CASH FLOW FROM OPERATIONS	\$791 million
ADJUSTED NET INCOME¹	\$428 million	FREE CASH FLOW	\$628 million

¹Net income attributable to common shareholders
Refer to the "Non-GAAP Financial Measures" section on page 2 of this document

Share repurchase program

In the first quarter 2020, the company repurchased:

SHARES PURCHASED 1.7 million shares of XPO common stock

PRICE \$66.58 average price per share

TOTAL COST \$114 million approximate total cost of repurchases

- XPO had approximately 91 million shares of common stock outstanding on March 31, 2020, compared with 127 million shares outstanding on September 30, 2018, prior to the start of the repurchase program.
- XPO has approximately \$503 million remaining on the current \$2.5 billion share repurchase authorization. The company is not obligated to repurchase any specific number of shares and can suspend or discontinue the program at any time.

Business overview: North American contract logistics

Americas and Asia

#2 logistics provider in North America, with operations in Asia and Latin America

Strongly positioned with blue-chip customers who need complex solutions

- Expansive footprint and scale are competitive advantages
- Employer of choice with best-in-class ability to manage tight labor markets
- Top five industrial tenant, with significant real estate expertise

Proprietary technology excels at visibility, speed, accuracy, agility and control

- Effective cost management, labor rightsizing, reduction of loss-makers and efficient peak management are making meaningful contributions to margin
- Proprietary warehouse platform manages advanced automation and analytics in-house for greater agility

XPO Direct™ utilizes existing network as a flexible distribution solution

- Shared-space storage and distribution network lets retailers flex with demand and seasonal patterns
- Sites positioned to serve 99% of US population through one-day and two-day ground delivery
- Allows companies to avoid large capital investments and fixed costs

Range of vertical expertise capitalizes on omnichannel and e-commerce tailwinds

- Leading 3PL across verticals for consumer technologies, e-commerce and retail, food and beverage, aerospace and defense, consumer packaged goods and industrial and automotive¹
- Unique ability to deliver a consistently superior end-customer experience

Significant opportunities for profitable growth and strong free cash flow

- Long runway for margin expansion via XPO Smart™ and other applications of AI and machine learning
- Opportunities to grow in Asia and Latin America by penetrating North American customer relationships
- Highly integrated platform facilitates bolt-on expansion

¹ Based on number of customer relationships, per Armstrong & Associates

Preeminent reputation for innovation, expertise and quality of performance

LEADING MARKET POSITION IN DIVERSE VERTICALS¹

	XPO POSITION
Chemicals	#1
Consumer goods	#1
Food and beverage	#1
Industrial	#1
Retail and e-commerce	#1
Automotive	#2
Technology	#2
Healthcare	#6

KEY METRICS²

Industry size	~\$50 billion
2019 revenue	\$2.5 billion
Countries	14
Locations	380 (North America, 314)
Facility space	~104 million sq. ft. (North America, Asia)
Employees	~21,000
Average contract length	~5 years

Source: Company information, industry research, Armstrong & Associates and public company filings

¹ Based on number of global customer relationships

² Revenue is full year 2019; all other metrics as of March 31, 2020

XPO’s footprint and scale are key competitive advantages



COUNTRIES OF OPERATION	WAREHOUSE SQ. FT. (millions)
United States	94
Canada	1
Mexico	1
Chile	<1
Peru	<1







COUNTRIES OF OPERATION	WAREHOUSE SQ. FT. (millions)
Singapore	3
India	2
China	1
Taiwan	1
Thailand	1
Australia	<1
Hong Kong	<1
Japan	<1
Malaysia	<1

¹ Warehouse sq. ft. as of March 31, 2020 and includes both leased and customer square footage

Sophisticated capabilities, deeply integrated with customer supply chains

ADVANCED AUTOMATION AND ROBOTICS	INBOUND LOGISTICS AND MANUFACTURING SUPPORT	REVERSE LOGISTICS AND AFTERMARKET SUPPORT	HIGH-VALUE-ADD SERVICES AND CUSTOMIZATIONS	WAREHOUSING	SUPPLY CHAIN OPTIMIZATION
					
<ul style="list-style-type: none"> ▪ Tech-enabled fulfillment continuously improved by AI, machine learning ▪ Multichannel distribution services ▪ Ongoing robot implementations 	<ul style="list-style-type: none"> ▪ Flow optimization ▪ Space maximization ▪ Automated replenishment of materials and parts ▪ Vendor-managed inventory models 	<ul style="list-style-type: none"> ▪ Fast-growing areas of logistics valued by large customers with demanding service standards ▪ Return-to-retail, refurbishment and disposal ▪ Aftermarket distribution 	<ul style="list-style-type: none"> ▪ Packaging ▪ Co-packing ▪ Kitting ▪ Bundling ▪ Channel-specific boxing and labeling ▪ Retail compliance 	<ul style="list-style-type: none"> ▪ Customers can shift between short-term and long-term needs and from fixed to variable costs with seasonal flexibility ▪ Facilitated by XPO's technology and data analytics 	<ul style="list-style-type: none"> ▪ Cross-functional XPO platform with demand forecasting ▪ XPO-customer collaborations for speed-to-market and multichannel management strategies

XPO has decades of logistics expertise in diverse verticals in North America

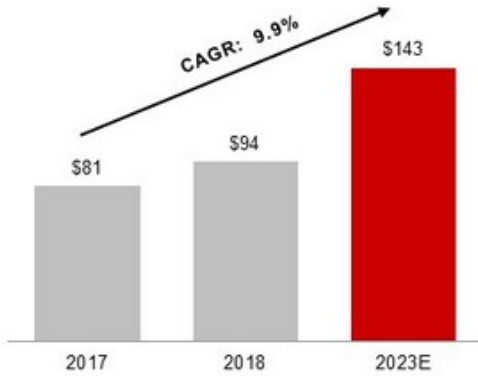
END MARKETS	% 2019 REVENUE ¹	EXPERTISE
CONSUMER TECHNOLOGY	 19%	<ul style="list-style-type: none"> ▪ Direct-to-consumer and retail fulfillment of consumer electronics and other devices ▪ Returns management, OEM-certified repairs, warranty adjudication, product disposition and payment processing
FOOD AND BEVERAGE	 16%	<ul style="list-style-type: none"> ▪ Warehousing, distribution, co-packaging, frozen, refrigerated and dry storage, direct-to-consumer ▪ USDA, Kosher compliant; FDA registrations; 21 CFR Part 110 / 117, GFSI benchmarked protocol
E-COMMERCE / RETAIL	 12%	<ul style="list-style-type: none"> ▪ Seamless integration of large footprint, warehouses, transportation capacity, labor and advanced automation ▪ Superior consumer experience protects brands
AEROSPACE	 11%	<ul style="list-style-type: none"> ▪ State-of-the-art logistics infrastructure for the receipt, storage and shipping of products and classified materials ▪ AS9100 and AS912-certified, DLA and DCAA-compliant
CONSUMER PACKAGED GOODS	 11%	<ul style="list-style-type: none"> ▪ Turnkey solutions for consistent results across national and multinational markets ▪ High-volume warehousing and distribution, reverse logistics and omnichannel fulfillment
CHEMICAL	 7%	<ul style="list-style-type: none"> ▪ Manufacturing, packaging, storing and shipping of basic and specialty chemical products to stringent safety standards ▪ Environmentally responsible operations compliant with EPA, USDA, FDA, BRC, AIB and GMP regulations

¹ Excludes intercompany sales eliminations, quality of earnings and standalone adjustments; remaining revenue derived from healthcare, automotive, industrial and construction, and other sectors

E-commerce growth continues to drive supply chain complexity

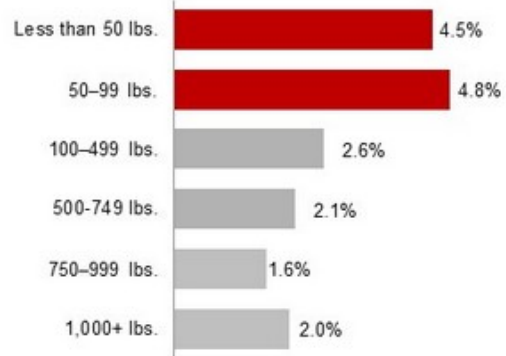
US E-COMMERCE LOGISTICS MARKET SIZE

\$ in billions



GROWING VOLUMES INCREASE DEMAND FOR AUTOMATION

2012-2017 shipment weight CAGR

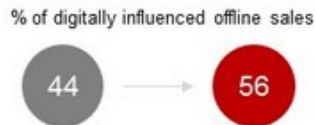


CONSUMERS EXPECT FASTER DELIVERIES AND SHOP GLOBALLY

Same-day delivery is becoming normal, expected to increase 43% per year

Omnichannel channel is growing at ~10% per year vs. offline sales growth of (2%)

Cross-border e-commerce is outgrowing domestic e-commerce at ~26% per year



Source: Third-party industry research

Trends 2016 2021 E

Proprietary warehouse platform enhances productivity, visibility and control



WMx

Warehouse management

Manages all distribution processes within the warehouse walls

OMx

Order management

Centralizes customer order data, enables real-time visibility

CMx

Connection management

Integrates customer systems with XPO product suite

WCx

Warehouse controls

Provides control of automation and robotics fully integrated with warehouse management software

BAx

Business analytics

XPO algorithms generate reports, insights and forecasts

Special software layer enables customization

XPO Direct™ shared distribution is a game-changer for customers



SPEED AND LOW COST IN TODAY'S ON-DEMAND ECONOMY

Scale and proximity	Speeds up store replenishment and home delivery; reaches 99% of population with one-day and two-day ground delivery; one tracking number end-to-end
Better customer experience	Retailers, e-tailers and manufacturers can improve end-customer satisfaction without large capital investments
All sizes fit	Parcel delivery for small items and white-glove, inside-the-home delivery for big and bulky items

SCALED, FLEXIBLE "FULFILLMENT AS A SERVICE" (FAAS) MODEL

Shared resources	Shared warehouse capacity, inventory management, operations, technology, labor, and last mile logistics for heavy goods if needed
Predictive analytics	Solves challenges of seasonal peaks and fluid demand
Growth lever	Cost-effective way for small and mid-sized customers to grow their online presence

Achieving profitability in second full year of operations

Business overview: European contract logistics

Leading provider of technology-enabled, customized logistics in Europe

#2 contract logistics provider in Europe, with the largest outsourced e-fulfillment platform

- Rigorous reverse logistics management is highly valued by retailers and e-tailers
- Strong track record of peak management across diverse SKUs with rapidly changing demand patterns
- Well-positioned in the fast-growing "click and collect" omnichannel sector

Robust multinational capabilities meet high expectations for service quality

- Sector-specific capabilities for inbound flows, storage, inventory management, fulfillment and returns
- Top five industrial tenant in Europe, with significant real estate expertise
- Proven ability to manage different types of front-line workforces in varying national labor environments

Highly engineered, technology-driven solutions solve complex challenges

- Advanced automation and robotics drive efficiency and profit improvement
- Bespoke, technology-enabled solutions are high-margin and create stickiness with key customers
- Proprietary tools leverage machine learning to improve workforce productivity

Existing customer base represents significant growth opportunities

- Existing customer relationships have large share-of-wallet upside
- Sales strategy is geared toward high-growth e-commerce accounts and prospects
- XPO's reputation is for consistently reliable logistics services on a large scale

Sales strategy and macro-independent margin initiatives underway

- Significant runway for margin expansion from roll-out of XPO Smart™ and other intelligent technology
- Focus is on cost management, labor rightsizing, reduction of loss-makers and peak management
- Opportunity to take share in established specializations, such as food and beverage and omnichannel

Best-in-class vertical expertise, advanced technology and scale

BUSINESS OVERVIEW

- Proprietary technology manages complex warehouse operations, advanced automation, workforce productivity and fulfillment with superior speed and accuracy
- Comprehensive R&D capabilities are a source of continual innovation
- Compelling value proposition includes extensive expertise in capacity management, forecasting, industrial engineering and LEAN operations
- Sophisticated e-commerce solutions

KEY METRICS¹

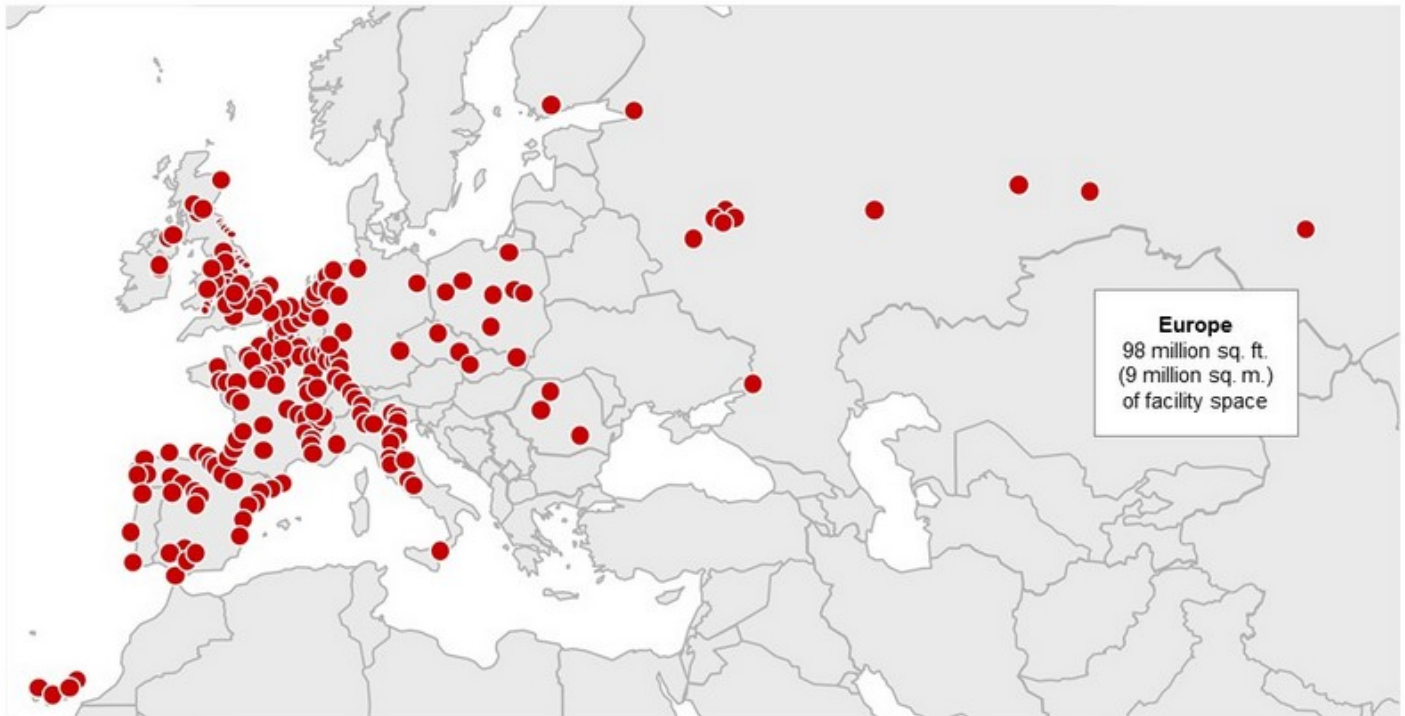
Industry size	~\$80 billion
2019 revenue	\$3.6 billion
Countries	15
Locations	387
Facility space	~98 million sq. ft. (9 million sq. m.)
Employees	~34,000
Average contract length	~5 years

SERVICE OFFERINGS

- Fulfillment
- Inbound logistics
- Manufacturing support
- Supply chain optimization
- Value-added services
- Warehousing
- Aftermarket support

¹ Estimate of industry size based on industry research; revenue is full year 2019; all other metrics as of March 31, 2020

XPO's logistics network footprint and scale are major competitive advantages



Belgium
Ireland
Romania

Czech Republic
Italy
Russia

Finland
Netherlands
Spain

France
Poland
Switzerland

Germany
Portugal
United Kingdom

Key service capabilities in Europe

INTEGRATED LOGISTICS NETWORK WITH EXTENSIVE REACH AND STRONG POSITIONING

CONTRACT LOGISTICS AND VALUE-ADDED SERVICES

- Inbound quality assessment and inventory inspections
- Tech-enabled fulfillment continuously improved by AI and machine learning
- Order pick, pack and customization, custom services, and pre-retailing
- In-demand e-commerce capabilities for food products
- Customer-specific quality assurance processes
- Critical solutions for high-volume retail customers, such as ironing and dry cleaning
- Parts distribution and other aftermarket support
- Expertise in sustainable waste management
- Multichannel distribution services







CARRIER MANAGEMENT

- 4PL carrier management
- Carrier label production (smart consign, etc.)
- Competitive service propositions – same day, next day and standard deliveries

RETURNS MANAGEMENT






- A leading reverse logistics provider in Europe
- UK market leader specializing in retail and grocery asset management
- Value added services include garment care, spot cleaning of clothing and furniture, sewing repairs, QC inspection, diagnostic testing of electrical items re-labelling and label removal and re-kitting

Diversified geographical exposure with tailored business strategies

END MARKETS	% 2019 REVENUE ¹	POSITIONING
UK AND IRELAND	 <p>38%</p>	<ul style="list-style-type: none"> #1 in e-commerce fulfillment ~262 million units picked and packed per year Capabilities for "big and bulky" products 50-150 lbs.
FRANCE	 <p>19%</p>	<ul style="list-style-type: none"> Top three contract logistics provider Partner of choice due to breadth of vertical expertise Automation leader, with focus on labor productivity
BELGIUM, THE NETHERLANDS AND GERMANY	 <p>16%</p>	<ul style="list-style-type: none"> Three countries managed as one cluster region Strategic location for pan-European e-commerce #2 in the Netherlands logistics market and regional automation leader
ITALY	 <p>11%</p>	<ul style="list-style-type: none"> Top three logistics company #1 in fashion and luxury logistics Extensive pharmaceutical experience
SPAIN AND PORTUGAL	 <p>10%</p>	<ul style="list-style-type: none"> #1 in e-commerce fulfillment Provides logistics for largest fresh foods network in Spain Positioned as a supply chain innovation leader
CENTRAL EUROPE AND RUSSIA	 <p>6%</p>	<ul style="list-style-type: none"> Expanded in Poland to handle German e-commerce volume Central European customers primarily originate in Western Europe Exposure to growth from countries with expanding economies

¹ Excludes intercompany sales eliminations, quality of earnings and standalone adjustments; excludes pro forma impact from pending acquisition; Central Europe region includes Poland, Czech Republic and Romania

Serving sectors that are typically high growth, high margin or macro-resilient

END MARKETS	% 2019 REVENUE ¹	DESCRIPTION
E-COMMERCE AND RETAIL	 55%	<ul style="list-style-type: none"> Seamless integration of large footprint: warehouses, transportation capacity, labor and advanced automation Advanced automation drives trend for longer customer contract tenures
FOOD AND BEVERAGE	 19%	<ul style="list-style-type: none"> Omnichannel fulfillment and reverse logistics Recalls, code tracking, mixing and packaging of frozen, refrigerated and dry goods; compliant with ISO22000, BRCGS and HACCP
CONSUMER PACKAGED GOODS	 10%	<ul style="list-style-type: none"> Advanced solutions for consistent results across national and multinational markets High-volume warehousing and distribution, reverse logistics and omnichannel fulfillment
TECH AND ELECTRICAL	 5%	<ul style="list-style-type: none"> Direct-to-consumer and retail fulfillment of consumer electronics and other devices Returns management, OEM-certified repairs, warranty adjudication, product disposition and payment processing
CHEMICALS	 4%	<ul style="list-style-type: none"> Manufacturing, packaging, storing and shipping of chemical products to stringent safety standards Environmentally responsible operations in compliance with CDG/ADR, CHIP, COSHH, DSEAR, REACH, COMAH and Seveso

¹ Excludes intercompany sales eliminations, quality of earnings and standalone adjustments; excludes pro forma impact from pending acquisition; remaining 7% revenue derived from automotive, industrial and construction, and other sectors

Leading e-commerce and omnichannel service capabilities

COMPETITIVE ADVANTAGES

SCALE AND FLEXIBILITY

- Largest provider of outsourced e-fulfillment services in Europe
- Superior ability to ramp up and manage large workforces for peak seasonality
- Sophisticated inventory management system optimizes lead times for customers
- Multichannel distribution and reverse solutions

ADVANCED AUTOMATION

- Complex capabilities, deeply integrated with customer supply chains
- Automated infrastructure facilitates delivery of customer-specific services
- Deep expertise in deploying tailored automation
- Tech-enabled fulfillment continuously improved by AI and machine learning

STRONG CUSTOMER RELATIONSHIPS

- Longstanding, mutually successful relationships with global retail and e-tail brands that compete for consumer loyalty based on the shopping experience
 - Highly referenceable e-commerce and omnichannel customers
-

Business overview: North American less-than-truckload

LTL has a well-defined opportunity to grow EBITDA to at least \$1 billion

Favorable long-term industry fundamentals

- Rational pricing dynamics
- Rapid growth of e-commerce driving retail shipments to LTL carriers

One of the few US providers with national coverage

- Strong advantage over regional providers, due to scale and visibility
- Covers every US state, including Alaska and Hawaii, and about 99% of all US postal codes

Further profit improvement via proprietary technology

- Intelligent load-building, yard management and routing technology
- XPO Smart™ tools driving process improvements, cost savings and labor productivity

Advanced pricing algorithms help balance network mix

- Proprietary algorithms automate pricing for small to mid-sized accounts
- Elasticity models help inform pricing decisions for larger accounts

Strategic focus on high-yield freight

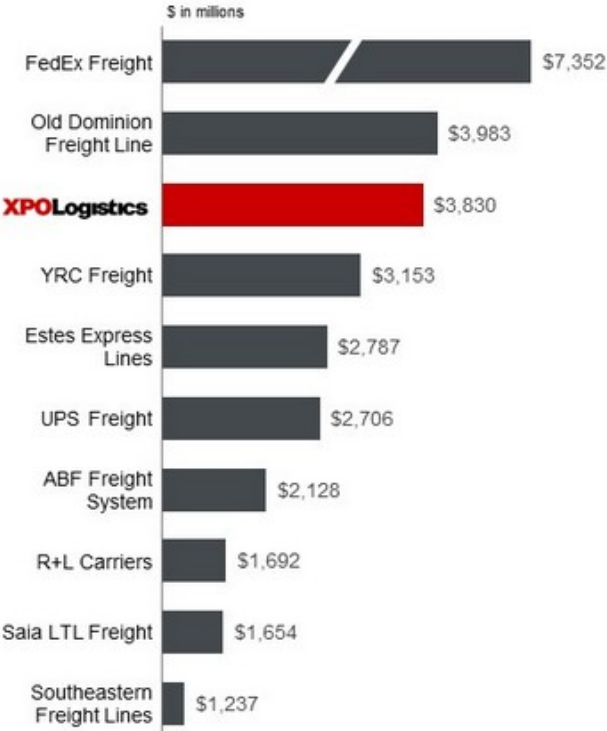
- Dynamic pricing algorithms improve yield with national accounts and local accounts
- Diversified, high-yield customer base spans industries, regions and customer types

Five years of substantial, ongoing improvement, with additional upside

- Data science harnessed to balance network, reduce cost and improve utilization
- Resilient cash flow generation through diligent working capital and capex management

Top three provider of less-than-truckload (LTL) in North America

TOP LTL PROVIDERS BY REVENUE 2018¹



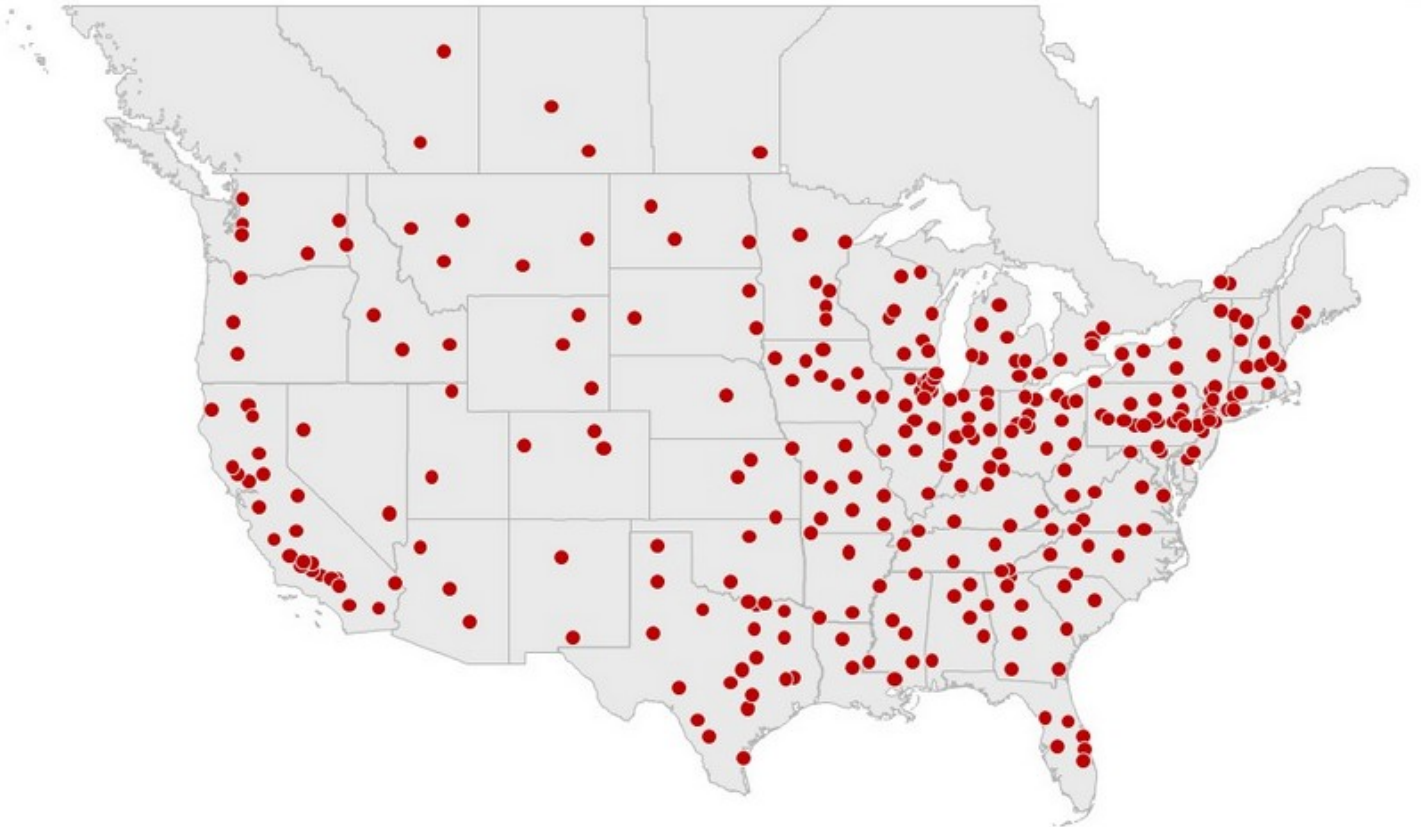
KEY METRICS²

Industry size	~\$43 billion
2019 revenue	\$3.8 billion
Employees	~20,000
Cross-dock facilities	290
Number of tractors / trailers	~8,000 / 25,000
Average length of haul	813.3 miles
Average tractor fleet age	5.15 years

¹ Source: SJ Consulting Group; data includes fuel surcharge

² Estimate of industry size based on industry research; revenue is full year 2019; all other metrics as of March 31, 2020

LTL customers of all sizes value XPO's scale and capacity



XPO's network of LTL terminals in US and Canada

Compelling LTL value proposition appeals to diverse customer types

KEY SERVICE ATTRIBUTES

CAPACITY, DENSITY AND SCALE

- One of the largest, most modern and safest-equipped fleets in industry
- 8,000 tractors and 25,000 trailers¹
- More than 12,000 professional drivers, operating out of 290 service centers¹
- All types of commodities accepted
- Over 75,000 next-day and two-day lanes

INTELLIGENT TECHNOLOGY

- Dynamic route optimization, intelligent load-building and advanced pricing algorithms
- XPO Smart™ tools are driving productivity improvements beyond the significant gains already made
- Data-driven reporting and business intelligence is customized by XPO analytics

STRONG RELATIONSHIPS

- Over 30 years of experience as an LTL carrier
 - Comprehensive services for customers with delivery needs in multiple markets
 - Longstanding relationships in place for movements to and from Mexico, Puerto Rico and Canada
 - Responsive team committed to superior outcomes for customers
-

¹ As of March 31, 2020

Technology prioritizes three areas of LTL network optimization

DYNAMIC ROUTE OPTIMIZATION

- Intelligent routing and real-time visibility increase P&D pounds per person-hour, stops per hour and weight per trip
- Reduces P&D miles per stop and cost per stop
- Improves service levels through route sequencing for better control of delivery times and exception management

INTELLIGENT LOAD-BUILDING

- Proprietary technology automates load-building and optimizes linehaul network
- Real-time monitoring of compliance maximizes trailer utilization
- Bypass algorithm reduces multiple stops for trucks dedicated to direct movements

ADVANCED PRICING OPTIMIZATION

- Speeds onboarding of more profitable small to mid-sized local accounts
- Provides real-time cost visibility at the shipment level
- Balances the network, reducing cost and utilization inefficiencies, such as empty miles

Technology becomes continually smarter at automating operations for best results

XPO Smart™ is deployed at all LTL cross-docks in North America

- Averaging ~7% more motor moves per hour on LTL cross-docks, with high employee engagement
- Analytics provide deep visibility into scheduled versus active workers by role in real time
- Site-specific modeling helps managers understand the future impacts of operational decisions
- Takes turnover and training time into account



Right-sizes shift scheduling and perm/temp labor mix

Business overview: North American transportation

Truck brokerage / expedite

Intermodal / drayage

Last mile

Managed transportation

Combination of scale, technology and service range is unique in North America

Multimodal solutions with critical mass and leadership positions in fast-growing sectors

- Only provider with leading positions and real-time visibility across so many modes
- Customers gain extensive options and access to capacity

XPO Connect™ digital freight marketplace digitizes shipper-carrier transactions

- Automates transactions by giving carriers easy-to-use tools for managing capacity
- Gives shippers a single place to track, analyze, rate and buy transportation

Automation drives productivity and share gains, and lowers cost to serve

- Platform integrates brokerage, managed transportation, last mile and intermodal
- Advanced algorithms optimize pricing per customer

Strong tier-one customer relationships with tier-two and tier-three opportunities

- Large customers need multiple XPO services and value flexibility
- Strong management teams with mode-specific experience in each service offering

Positioned to benefit from industry trends of outsourcing, e-commerce and digitization

- Brokers have gained steady share of for-hire trucking throughout economic cycles
- E-commerce drives demand for XPO's brokerage, last mile and intermodal services

Asset-light business with high cash flow generation and conversion

- Strong operating leverage and modest capital requirements
- Working capital can become a source of cash in economic slowdowns

Brokerage is a vast opportunity to sell XPO's network capacity

BUSINESS OVERVIEW

- Non-asset business places shippers' freight with an established network of independent brokered carriers on a contractual or spot basis
- Benefits from secular trend toward outsourcing
- Key component of XPO's industry-leading range of transportation modes in North America
- XPO Connect™ digital freight marketplace, Drive XPO™ carrier app and Freight Optimizer procurement engine, in combination, are a strongly differentiated offering
- #1 provider of expedited solutions for urgent freight in North America

KEY METRICS¹

Industry size²	~\$375 billion
2019 revenue³	\$1.66 billion
Locations	23
Employees	~900
Carrier relationships	38,000
Accessible trucks	Over 1,000,000

SERVICE OFFERINGS

- Full truckload, domestic and cross-border
- Refrigerated
- Heavy haul
- Expedite
- High value, high security
- Specialized equipment

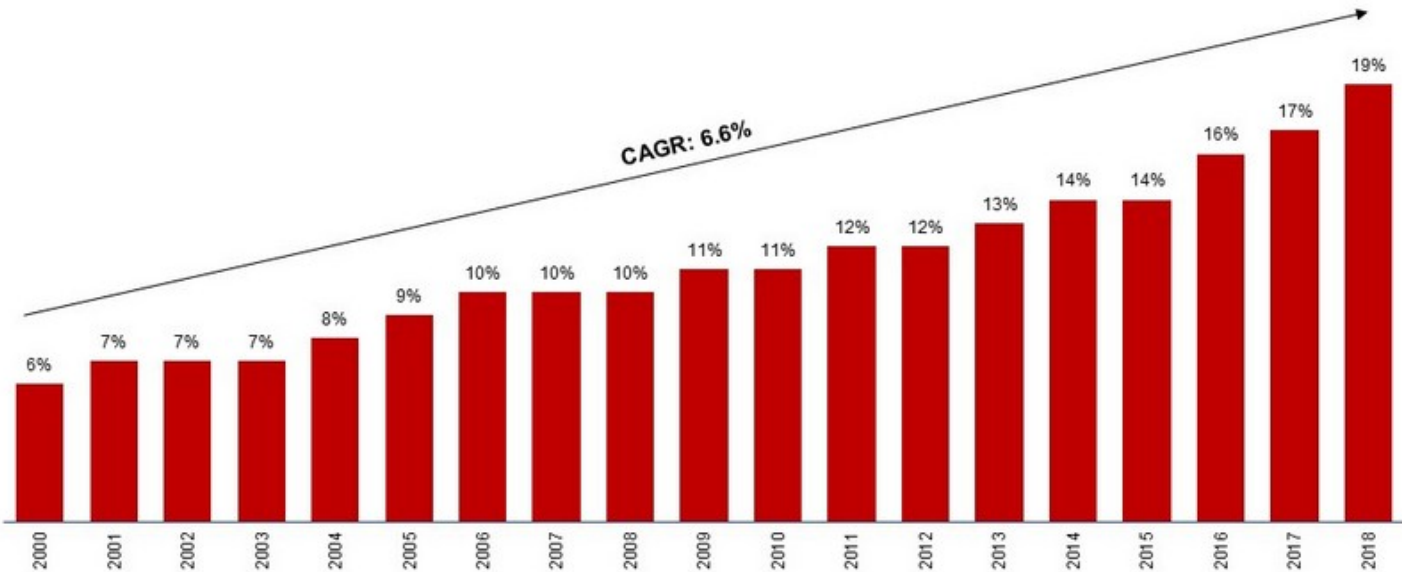
¹ Revenue is full year 2019; all other metrics as of March 31, 2020

² Total truckload industry size based on industry research, including brokerage component

³ Includes truck brokerage and expedite, excluding intercompany eliminations

Demand for XPO solutions driven by expansion of transportation outsourcing

US TRUCK BROKERAGE INDUSTRY PENETRATION OF TOTAL FREIGHT INDUSTRY (%)



Freight brokers have consistently gained transportation market share across cycles

Source: Armstrong and Associates; Industry research

XPO's brokerage value proposition is rooted in disruptive technology

KEY CAPABILITIES

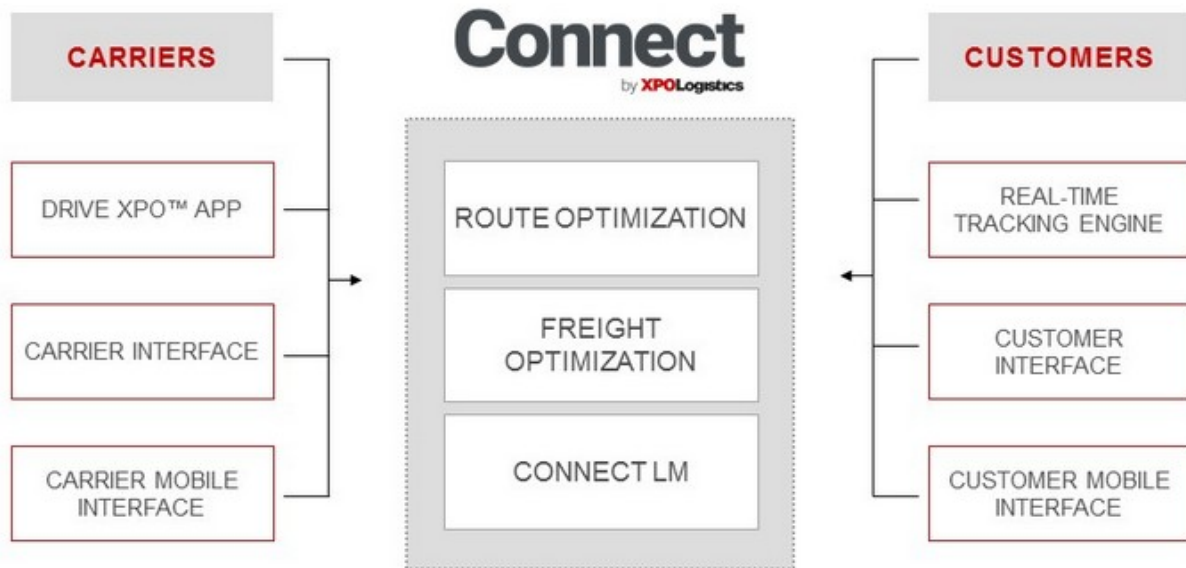
SCALE AND OPTIONALITY

- Services include full truckload, expedite ground, expedite air charter, heavy haul, cross-border shipments, specialized services, global forwarding and managed transportation
-

XPO CONNECT™ PLATFORM

- Proprietary cloud-based platform gives shippers access to capacity, load assignments and tracking
 - Shows shippers and carriers supply and demand in real time across truck, rail and ocean
 - Truck capacity data is channelled from multiple sources for optimal results
 - Carriers use personalized dashboards to post and find income opportunities
 - Proprietary Freight Optimizer carrier rating engine underpins brokerage processes
 - Proprietary algorithms, pricing tools and market analytics provide visibility into current market conditions for spot rate negotiations
 - Robust track and trace technology
 - Easily integrated with ERP systems, warehouse management systems and other technologies
-

Drives efficiency, volume and margin through cutting-edge connectivity



Rapid traction of XPO Connect™ propelled by carrier adoption

- Self-service dashboard on the Drive XPO™ app locates loads that match the carrier's capacity and routes
- Optimizes network capacity via proprietary freight matching for active and available drivers
- Provides options to “buy it now” for loads at the published price or alternatively place counteroffers
- Customized preferences trigger automatic allocation of loads based on freight size, type and geography

FULLY MOBILIZES THE PROCUREMENT PROCESS

CAPACITY POSTING

Request loads for a specific lane and date and get notified when matching loads become available

FREIGHT MANAGEMENT

Access details about assigned loads, automatically track and clear stops, and submit paperwork to get paid faster

DRIVER ENGAGEMENT AND RECRUITMENT

Preview XPO's freight opportunities using the guest access feature and sign up to start booking

LOAD BOOKING

Search for available loads, place bids and immediately purchase loads to keep moving

Third largest intermodal provider in North America

BUSINESS OVERVIEW

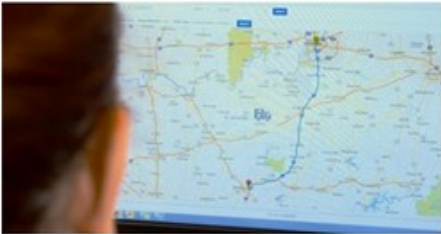
- 30-year relationships with railroads provide the long-haul portion of the shipment of containerized freight
- Container capacity, rail brokerage, local drayage, on-site operational services and door-to-door shipment management
- A leader in automotive and retail intermodal, and in US-Mexico cross-border service
- Tailwind from trend of manufacturers near-shoring in Mexico

KEY METRICS¹

Industry size	~\$43 billion
2019 revenue	\$948 million
Locations	37 terminals
Employees	~400
53-ft. containers, chassis	~10,000, 5,000
Drayage trucks under contract	Over 25,000

¹ Industry size based on industry research; revenue is full year 2019; all other metrics as of March 31, 2020

Unique competitive advantages differentiate XPO's intermodal offering



RAIL OPTIMIZER TECHNOLOGY

- Proprietary intermodal system tracks door-to-door movements of long-haul freight with GPS on containers
- Communicates constantly with railroads to proactively identify any delays
- Monitors whether containers are full or empty, doors are open or closed
- Keeps shippers informed through EDI integration and an online portal



CROSS-BORDER MEXICO SERVICE

- Decades of experience managing cross-border freight, with an extensive organization in both Mexico and US
- Longstanding relationships with the railroads, ramp operators and drayage drivers on both sides of the border
- Expedited, brokerage and global forwarding teams react quickly to help customers navigate unavoidable delays



SERVICE CAPABILITIES

- One of the largest intermodal networks for long-haul freight in North America
- US drayage leader, with container service at all major ports and ramps
- Intermodal rail ramp drayage, TWIC-compliant port drayage
- Ocean drayage management services

Largest provider of last mile logistics for heavy goods in North America

BUSINESS OVERVIEW

- Fully integrated, national platform positioned within 125 miles of 90% of the US population
- Consistently high customer satisfaction reinforced by proprietary technology developed exclusively for last mile
- One last mile tracking number and one tracking portal, providing customers with end-to-end visibility
- Point-of-sale appointment engine enables delivery and install scheduling at customer check-out
- Capacity management tools allow adjustments to available capacity, balancing route efficiency with customer availability

KEY METRICS¹

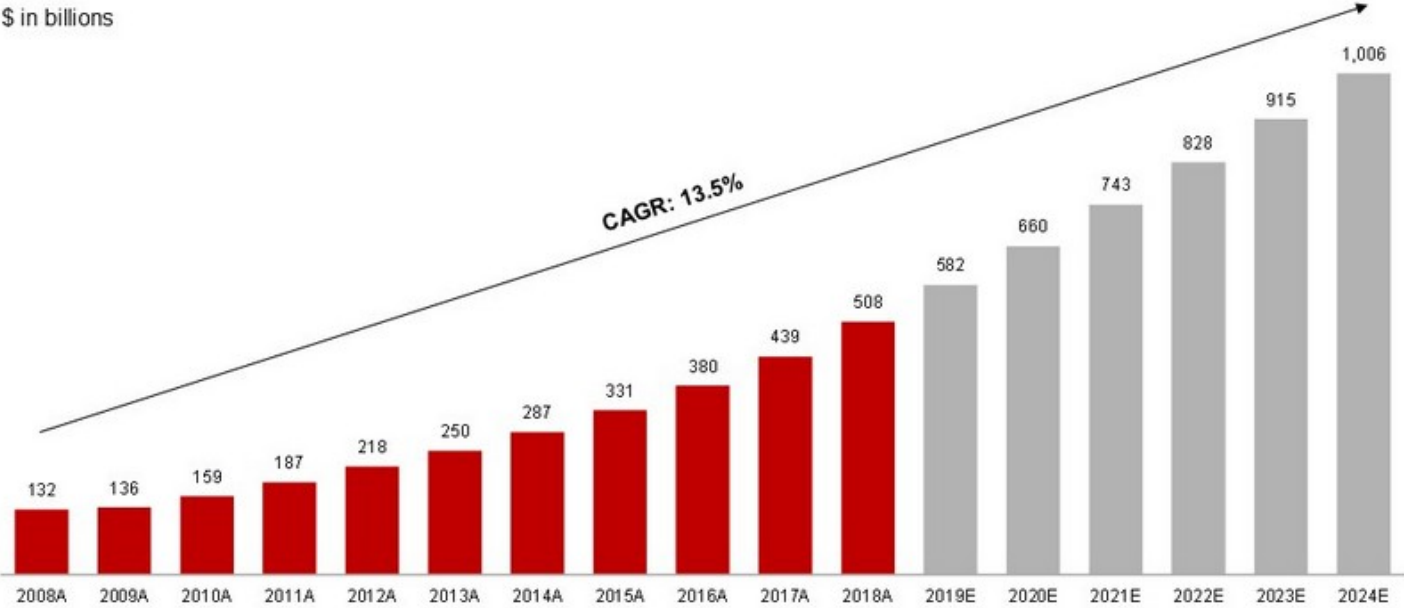
Industry size	~\$13 billion
2019 revenue	\$873 million
Hub locations	85
Employees	~2,000
Carriers / trucks	~1,500 / ~3,600
Annual deliveries	Over 10 million

¹ Industry size based on industry research; revenue is full year 2019; all other metrics as of March 31, 2020

Growth in e-commerce orders for large items benefits XPO's last mile service

E-COMMERCE SALES FORECASTED TO CONTINUE TO INCREASE

\$ in billions



Source: Wall Street research

INVESTOR PRESENTATION MAY 2020

Unmatched combination of last mile scale, technology and experience



LARGE RUNWAY

- XPO is the sector leader, yet holds less than 8% US share
- Customers include big-box retailers that sell appliances, furniture, exercise equipment, large electronics and other heavy or bulky items
- Cohesive network led by last mile experts is the partner of choice for heavy goods



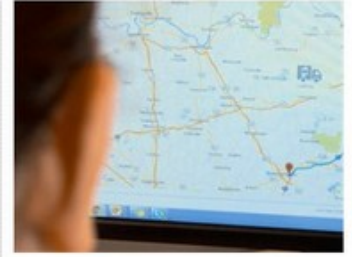
SATISFIED CONSUMERS

- Long-term relationships with best-in-class contract carriers
- Post-delivery feedback loops resolve issues quickly and protect brand loyalty
- Industry-best consumer satisfaction levels reflect XPO's decades of experience and digital, end-to-end consumer communication



PROPRIETARY TECH

- All data regarding a shipment is visible on a single platform
- Digital communication enhances the consumer experience, reduces not-at-home instances and captures signatures
- Poised to accelerate benefits from tens of millions of dollars invested in last mile technology since 2013



STRONG TAILWINDS

- Ongoing shift toward consumers buying large items online
- Large investment in new core last mile technology
- 89% of eligible orders now scheduled via email or automated call

Top five global provider of managed transportation

BUSINESS OVERVIEW

- Integrated with XPO Connect™, industry-leading multimodal technology platform
- Rigorous tracking and visibility; worry-free set-up; disaster recovery capabilities
- Technology tools collect big data and turn it into actionable information for continuous performance improvement
- Low-risk transition and comprehensive integration
- Successful deployment of complex solutions for large customers ramped up in the past two years

SERVICE OFFERINGS

Control tower solutions

- Global network of control towers provides door-to-door visibility into order status and freight tracking

Managed expedite

- Industry-leading expedite web technology automates procurement and tracking of time-critical freight
- Fulfillment averages 16 minutes from time of request

Dedicated transportation

- Tailored fleet solutions help customers optimize routes and lower costs
- Detailed reports success and provide the basis for strategic planning

Outsourced fleet management solutions tailored for each supply chain

Business overview: European transportation

Truck brokerage

Dedicated truckload

Less-than-truckload

Managed transportation

Last mile

Leading positions in fast-growing sectors

Expansive platform with strong positions across Europe

- #1 transportation company by size across UK, France, Spain, Portugal and Morocco
- Mix of asset-based and non-asset over-the-road capacity optimized for each market

Long-term customer relationships, with limited concentration risk

- Blue-chip customer base diversified by geography, size, vertical, type and requirements
- Over 50% of customers in Europe have used XPO for 10 years or more

Strongly positioned to capture spend from existing customers

- Comprehensive, multimodal service range offers ways to penetrate existing base
- Approximately half of top 100 customers use multiple XPO transportation services

Technology infrastructure delivers high service levels

- Proprietary XPO Connect™ platform and Drive XPO™ app introduced in Europe in 2019
- Scalable Freight Optimizer platform matches shippers' freight with network of trucking carriers

Multiple opportunities to expand the network

- Expand account relationships by cross-selling services within the European transportation unit
- Enter other key European regions, and accelerate last mile expansion, through M&A

Demonstrated ability to drive strong performance

- Track record of robust free cash flow generation
- Growth strategy leverages service range and geographic reach

Leading provider of truck brokerage and LTL transportation in Europe

COMPETITIVE ADVANTAGES

- Leading provider of truck brokerage in Europe
- Leading less-than-truckload (LTL) provider in the UK, France, Spain and Portugal, with daily service to 30 countries
- Dedicated truckload offering is a key differentiator in European markets
- Last mile presence in countries where fragmentation among regional providers represents a large growth opportunity
- Balanced non-asset and asset-based model, with one of Europe's largest ground transportation networks
- Strategic shift underway to rebalance the capacity mix toward non-asset brokerage, while optimizing one of the largest owned road fleets in Europe
- Green transport leader in Europe, with LNG fleet, electric last mile vehicles, mega-trucks and multimodal solutions
- Long track record of operational excellence with safety and driver training

KEY METRICS¹

Industry size	~\$460 billion ²
2019 revenue	\$2.9 billion
Locations	195
Employees	~14,000
Trucks	~7,500
European countries served	30

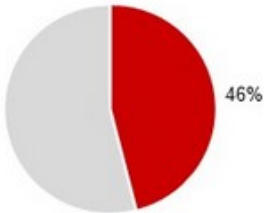
¹ Revenue is full year 2019; all other metrics as of March 31, 2020

² Source: Bain; includes truckload and brokerage

XPO's transportation network covers over 90% of Europe's GDP

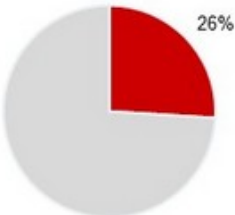
TAILORED GROWTH STRATEGIES FOR XPO'S LARGEST MARKETS BY % OF REVENUE¹

FRANCE



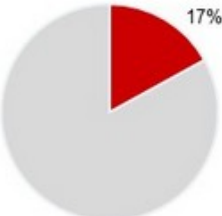
- Blended model of XPO-owned trucks and contracted independent carriers for less-than-truckload
- Last mile logistics offering for heavy goods
- Non-dedicated truckload business being phased out and replaced by truck brokerage, which is demonstrating strong growth

UNITED KINGDOM AND IRELAND



- Rapid growth of dedicated truckload being driven by increasing business from large contracts
- XPO-owned trucks and employee drivers
- Last mile logistics offering for heavy goods
- Overnight distribution service for auto dealer networks

SPAIN AND PORTUGAL



- Independent carrier contractors utilize XPO-branded equipment
- Last mile service provided as a subcontracted model
- LTL and brokerage models in strong deployment

¹ Full year 2019 data

Strong positioning in highly fragmented transportation marketplaces

XPO LEADS IN KEY EUROPEAN GEORGRAPHIES

FRANCE

- #1 in less-than-truckload
 - Top three provider of truck brokerage
 - #1 provider of dry van truckload
 - Only LTL provider fully authorized to handle hazardous goods
 - Differentiated intermodal offerings, such as road transportation + river barge
-

UNITED KINGDOM

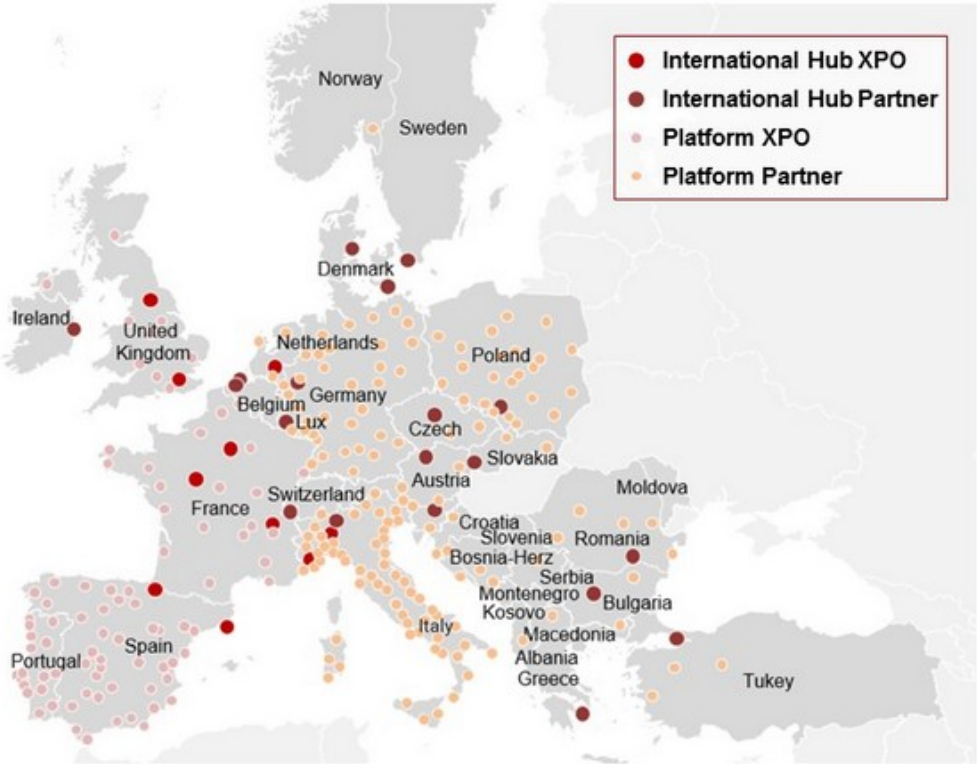
- #1 single-owner LTL network
 - Fastest-growing major transportation provider for the past three years
 - #1 in automotive aftermarket, with night delivery service
 - Fuel distribution leader
 - Top three provider of dedicated truckload
-

SPAIN, PORTUGAL AND MOROCCO

- #1 in less-than-truckload
 - #1 in truck brokerage
 - #1 in automotive aftermarket in Spain
 - #1 in night delivery in Spain
-

Over 100 LTL locations serving countries across Europe

- Transportation capabilities from a single pallet to full truckload
- ~60,000 pallets delivered daily over domestic networks
- ~9,800 pallets delivered daily over international networks
- Size and scale enable pan-European solutions for multinational customers



Numerous levers to grow revenue and expand margin in Europe

EXPAND EXISTING PLATFORM



- Take advantage of fragmented industry to drive outsized growth
- Increase scale in last mile and brokerage businesses
- Grow share of wallet with key customers

COLLABORATE ACROSS NETWORK



- Continue to develop pan-European solutions for existing and new multinational customers
- Optimize margins and grow market share with technology-enabled price discovery tools

EXECUTE PRICING INITIATIVES



- Implement pricing excellence levers and expand pricing indexation
- Improve recovery of accessorial and fuel surcharges

CONTINUE TO BUILD TECHNOLOGY ADVANTAGE



- Continually improve efficiency and reduce costs through ongoing rollouts of XPO Connect™ and Freight Optimizer
- Focus on driving operating leverage and expanding margins

Investor highlights: Key factors driving growth and returns

Leading positions in fast-growing sectors	<ul style="list-style-type: none"> ▪ Top three industry positions across all major service lines in transportation and logistics ▪ Outsized exposure to sectors with track records of long-term growth and sustained demand
~\$700 million to \$1 billion pool of company-specific profit growth opportunities	<ul style="list-style-type: none"> ▪ Four revenue levers: pricing analytics, XPO Connect™, XPO Direct™ and European cross-selling ▪ Six cost levers include XPO Smart™, LTL optimization and logistics automation, among others
Strong, multimodal presence in high-growth e-commerce / omnichannel	<ul style="list-style-type: none"> ▪ Largest e-fulfillment 3PL in Europe; complex management of reverse logistics ▪ Largest provider of last mile logistics for heavy goods in North America
Opportunistic allocators of capital for M&A and organic growth drivers	<ul style="list-style-type: none"> ▪ Less than 2% share across key global markets ▪ Positioned as an expert provider of sophisticated supply chain solutions at scale
Fast pace of technological innovation	<ul style="list-style-type: none"> ▪ Proprietary technology harnesses AI and machine learning ▪ Key areas of focus: warehouse automation, digital freight marketplace and data science
Substantial advantages of scale	<ul style="list-style-type: none"> ▪ Operating leverage, purchasing power, cross-selling and capacity to innovate ▪ Ability to provide consistent, multinational solutions to global customers
Significant cash generation	<ul style="list-style-type: none"> ▪ 69% of revenue is asset-light, 77% of cost basis is variable ▪ Generated cash flow from operations of \$791 million and free cash flow of \$628 million in 2019
Ability to outperform the macro	<ul style="list-style-type: none"> ▪ Deep expertise in diverse verticals and geographies ▪ High mix of contracted business adds resilience in economic downturns
Positive free cash flow in downturns	<ul style="list-style-type: none"> ▪ Ability to modulate capex with cyclical fluctuations; low maintenance capex ▪ Working capital becomes a source of cash in downturns
Unduplicated moat of results-oriented innovators	<ul style="list-style-type: none"> ▪ 35 top executives and 2,500 professionals at the next level with blue-chip experience ▪ Technologists, managers, engineers, logisticians and operators driving every line of business

Note: Refer to the "Non-GAAP Financial Measures" section on page 2 of this document

Supplemental materials

XPO is widely recognized for performance and culture

- Named one of the World's Most Admired Companies by Fortune, 2018, 2019, 2020
- Named one of Spain's Best Companies to Work For by Forbes, 2019, 2020
- Ranked in top 100 of America's Most Responsible Companies by Newsweek, 2019
- Named a Winning "W" Company by 2020 Women on Boards for gender diversity of the board of directors, 2019
- Named a Leader in the Magic Quadrant for 3PL Providers by Gartner, 2018, 2019
- Partnered with MIT as the first global logistics company to join the Industrial Liaison Program, 2019
- Named a Disruptive Technology Leader on the FreightWaves Freight.Tech 25, 2019
- Recognized by Dow Chemical Company with Gold Safety Excellence Award for drayage, 2019
- Recognized by Ford Motor Company with World Excellence Award for expedite innovation, 2019
- Recognized by General Motors with Supplier of the Year Award for aftermarket distribution, 2019
- Recognized by Raytheon Company with EPIC Supplier Excellence Award for on-time delivery, 2019
- Recognized by Nissan Manufacturing UK for excellence at Operational Logistics Awards, 2014, 2015, 2016, 2017, 2018, 2019
- Recognized by Boeing Company with Performance Excellence Award, 2018
- Ranked #1 on Transport Topics Top 50 Logistics list, 2017, 2018, 2019, 2020
- Named a Top 100 3PL by Inbound Logistics, 2014, 2015, 2016, 2017, 2018, 2019
- Recognized by Supply Chain Magazine with an Innovation Award at Kings of the Supply Chain in France, 2020
- Ranked by trade association CILT as a Top 30 Logistics Service Provider in the UK, 2019
- Ranked #3 of the Glassdoor Top 20 UK companies with the best leadership and culture, 2018, 2019
- Named to the Fortune Future 50 list of US companies best positioned for breakout growth, 2018
- Awarded Best Employer Practice Award for partnership with DS Workfit by British Association for Supported Employment, 2019
- Awarded a Trucks and Roads Award in Russia, 2018, 2019
- Ranked #67 of Largest US Employers by Fortune, 2018
- CEO Jacobs ranked #10 on Barron's readers list of World's Best CEOs, 2018
- Awarded Company of the Year for innovation by Assologistica (Italy), 2017, 2018, 2019
- Named a top-performing US company on the Global 2000 by Forbes, 2017
- Named one of America's Best Employers by Forbes, 2017

Highlights of XPO's people-first culture in 2019

- Launched a partnership with a leading healthcare network for women and families to offer supplemental health services from over 1,400 practitioners in 20 specialties through a virtual clinic
- Achieved a Recordable Incident Rate (RIR) of 1.176 in North American logistics operations, well below industry average
- Implemented five employee engagement surveys for hourly and salaried employees that generated 54,000 responses subsequently reviewed by management, with numerous suggestions adopted as action plans
- Introduced a tuition reimbursement benefit to provide up to \$5,250 annually for employees pursuing continuing education
- Partnered with the Susan G. Komen Foundation, a leading non-profit breast cancer organization, to engage employees and encourage them to do routine testing
- Continued robust recruitment initiatives and received more than 64,000 online job applications per month
- Hired 50 young people from the XPO Graduate Program in Europe, bringing total program hires to 300
- Participated in the 2019 International Pride celebration in New York City with a float piloted by an XPO driver

XPO'S PREGNANCY CARE AND FAMILY BONDING BENEFITS ARE PROGRESSIVE IN ANY INDUSTRY

- Any XPO employee, male or female, receives up to six weeks of 100% paid postnatal leave as the primary caregiver
- Women receive up to 20 days of 100% paid prenatal leave for health and wellness
- "Automatic yes" pregnancy accommodations are granted on request; more extensive accommodations are easily arranged with input from a doctor
- XPO guarantees that a woman will continue to be paid her regular base wage rate, and will remain eligible for wage increases, while her pregnancy accommodations are in effect
- All program enhancements provided at no additional cost to employees

XPO's latest Sustainability Report is available online at sustainability.xpo.com

Strongly committed to sustainability in transportation and logistics

TRANSPORTATION

- XPO initiated collaborative research and development project with General State Administration of Spain to capture data about environmental and safety performance of duo-trailer vehicles, 2020
- Renewed three-year commitment to the CO₂ Charter in France, extending 10-year commitment to sustainability
- Awarded the label "Objectif CO₂" for outstanding environmental performance of transport operations by the French Ministry of the Environment and the French Environment and Energy Agency
- Named a Top 75 Green Supply Chain Partner by Inbound Logistics for 2016, 2017, 2018, 2019
- Large investments in fuel-efficient Freightliner Cascadia tractors in North America (EPA 2013-compliant and GHG14-compliant SCR technology); and 100 Stralis Natural Power Euro VI tractors in Europe, which combine liquified and compressed natural gas (LNG/CNG) to reduce NOx emissions below the Euro VI standard
- One of the most modern fleets in Europe: 98% compliant with Euro V, EEV and Euro VI standards, with an average truck age of approximately three years
- Government-approved mega-trucks in Spain can reduce CO₂ emissions up to 20%
- Drivers train in responsible eco-driving and fuel usage reduction techniques
- North American LTL locations implementing phased upgrades to LED lighting
- Experimenting with diesel alternatives such as diesel-electric hybrids; piloting zero-emission electric vans in Europe for last mile service

CarbonNET, our proprietary, cloud-based calculator, helps our operations document emission sources, activity data and CO₂ calculations

Strongly committed to sustainability in transportation and logistics (cont.)

LOGISTICS

- By the end of 2020, nearly 75% of XPO's total space in Europe will operate LED lighting systems
- XPO's warehouse of the future for Nestlé in the UK will begin operating in mid-2020, equipped with environmentally friendly ammonia refrigeration systems, LED lighting, air-source heat pumps for administration areas and rainwater harvesting
- Numerous XPO facilities are ISO14001-certified to high standards for environmental management
- Waste mitigation measures, such as electronic waybills and documentation, are instilled in daily operations to reduce paper and other waste products
- Energy efficiency evaluations are performed prior to selecting warehouses to lease, and energy efficient equipment is purchased when feasible
- 79% of material handling devices used in our logistics sites operate on battery power instead of fuel
- Millions of electronic components and batteries are recycled annually as a byproduct of reverse logistics operations
- Packaging engineers ensure that the optimal carton size is used for each product slated for distribution
- Recycled packaging is purchased when feasible
- Reusable kitting tools are utilized for the installation of parts in customer operations, manufactured by XPO

We operate our business with high regard for the environment and our stakeholders

Highly skilled management team

LEADERSHIP	PRIOR EXPERIENCE
Bradley Jacobs <i>Chief Executive Officer</i>	United Rentals, United Waste
Lou Amo <i>President, Brokerage and Expedite</i>	Electrolux, Odyssey Logistics
Josephine Berisha <i>Senior Vice President, Global Compensation and Benefits</i>	Morgan Stanley
Tony Brooks <i>President, Less-Than-Truckload – North America</i>	Sysco, PepsiCo, Roadway
Erik Caldwell <i>Chief Operating Officer, Supply Chain – Americas and Asia Pacific</i>	Hudson's Bay, Luxottica
Richard Cawston <i>Managing Director, Supply Chain – Europe</i>	Norbert Dentressangle, Asda
Ashfaque Chowdhury <i>President, Supply Chain – Americas and Asia Pacific</i>	New Breed
Troy Cooper <i>President</i>	United Rentals, United Waste
Matthew Fassler <i>Chief Strategy Officer</i>	Goldman Sachs
Luis-Angel Gómez Izaguirre <i>Managing Director, Transport – Europe</i>	Norbert Dentressangle
Mario Harik <i>Chief Information Officer</i>	Oakleaf Waste Management
Tavio Headley <i>Senior Director, Investor Relations</i>	Jefferies, American Trucking Associations

Note: Partial list in alphabetical order

Highly skilled management team (cont.)

LEADERSHIP	PRIOR EXPERIENCE
Meghan Henson <i>Chief Human Resources Officer</i>	Chubb, PepsiCo
Erin Kurtz <i>Senior Vice President, Communications</i>	AOL, Thomson Reuters
Katrina Liddell <i>Senior Vice President, Transportation Sales – North America</i>	Johnson Controls International
Patrick Oestreich <i>Senior Vice President, Strategic Sales and Account Management</i>	DB Schenker
Greg Ritter <i>Chief Customer Officer</i>	Knight Transportation, C.H. Robinson
Kevin Sterling <i>Vice President, Strategy</i>	Seaport Global Securities, BB&T
Ravi Tulsyan <i>Senior Vice President and Treasurer</i>	ADT, Tyco, PepsiCo
Daniel Walsh <i>President, Last Mile</i>	Brambles, CHEP
Drew Wilkerson <i>President, Transportation – North America</i>	C.H. Robinson
Malcolm Wilson <i>Chief Executive Officer, XPO Logistics Europe</i>	Norbert Dentressangle, NYK Logistics
Kyle Wismans <i>Senior Vice President, Financial Planning and Analysis</i>	Baker Hughes, General Electric
David Wyshner <i>Chief Financial Officer</i>	Wyndham, Avis, Merrill Lynch

Note: Partial list in alphabetical order

Business glossary

- **Contract Logistics:** An asset-light, technology-enabled business characterized by long-term contractual relationships with high renewal rates, low cyclicality and a high-value-add component that minimizes commoditization. Contracts are typically structured as either fixed-variable, cost-plus or gain-share. XPO services include highly engineered solutions, e-fulfillment, reverse logistics, packaging, factory support, aftermarket support, warehousing and distribution for customers in aerospace, manufacturing, retail, life sciences, chemicals, food and beverage, and cold chain. Reverse logistics, also known as returns management, refers to processes associated with managing the flow of returned goods back through contract logistics facilities: for example, unwanted e-commerce purchases, food transport equipment or defective goods. Reverse logistics services can include cleaning, inspection, refurbishment, restocking, warranty processing and other lifecycle services.
- **Expedite:** A non-asset business that facilitates time-critical, high-value or high-security shipments, usually on very short notice. Revenue is either contractual or transactional, primarily driven by unforeseen supply chain disruptions or just-in-time inventory demand for raw materials, parts or goods. XPO provides three types of expedite service: ground transportation via a network of independent contract carriers; air charter transportation facilitated by proprietary, a web-based technology that solicits bids and assigns loads to aircraft; and a transportation management system (TMS) network that is the largest web-based expedite management system in North America.
- **Freight Brokerage:** A variable cost business that facilitates the trucking of freight by procuring carriers through the use of proprietary technology, typically referred to as a TMS (transportation management system). Freight brokerage net revenue is the spread between the price to the shipper and the cost of purchased transportation. In North America, XPO has a non-asset freight brokerage business, with a network of 38,000 independent carriers. In Europe, XPO generates over €1 billion in freight brokerage revenue annually, with capacity provided by an asset-light mix of owned fleet and independent carriers.
- **Global Forwarding:** A non-asset business that facilitates freight shipments by ground, air and ocean. Shipments may have origins and destinations within North America, to or from North America, or between foreign locations. Services are provided through a network of market experts who provide local oversight in thousands of key trade areas worldwide. XPO's global forwarding service can arrange shipments with no restrictions as to size, weight or mode, and is OTI and NVOCC licensed.

Business glossary (cont.)

- **Intermodal:** An asset-light business that facilitates the movement of long-haul, containerized freight by rail, often with a drayage (trucking) component at either end. Intermodal is a variable cost business, with revenue generated by a mix of contractual and spot market transactions. Net revenue equates to the spread between the price to the shipper and the cost of purchasing rail and truck transportation. Two factors are driving growth in intermodal in North America: rail transportation is less expensive and more fuel efficient per mile than long-haul trucking, and rail is a key mode of transportation in and out of Mexico, where the manufacturing base is booming due to a trend toward near-shoring.
- **Last Mile:** An asset-light business that facilitates the delivery of goods to their final destination, most often to consumer households. XPO specializes in two areas of last mile service: arranging the delivery and installation of heavy goods such as appliances, furniture and electronics, often with a white glove component; and providing logistics solutions to retailers and distributors to support their e-commerce supply chains and omnichannel distribution strategies. Capacity is sourced from a network of independent contract carriers and technicians.
- **Less-Than-Truckload (LTL):** The transportation of a quantity of freight that is larger than a parcel, but too small to require an entire truck, and is often shipped on a pallet. LTL shipments are priced according to the weight of the freight, its commodity class (which is generally determined by its cube/weight ratio and the description of the product), and mileage within designated lanes. An LTL carrier typically operates a hub-and-spoke network that allows for the consolidation of multiple shipments for different customers in single trucks.
- **Managed Transportation:** A service provided to shippers who want to outsource some or all of their transportation modes, together with associated activities. This can include freight handling such as consolidation and deconsolidation, labor planning, inbound and outbound shipment facilitation, documentation and customs management, claims processing, and 3PL supplier management, among other things.
- **Truckload:** The ground transportation of cargo provided by a single shipper in an amount that requires the full limit of the trailer, either by dimension or weight. Cargo typically remains on a single vehicle from the point of origin to the destination and is not handled en route. See Freight Brokerage on the prior page for additional details.

Business glossary (cont.)

- **XPO Connect™**: XPO's fully automated, self-learning digital freight marketplace connects shippers and carriers directly, as well as through company operations. XPO Connect™ gives customers comprehensive visibility across multiple transportation modes in real time, including fluctuations in capacity, spot rates by geography and digital negotiating through an automated counteroffer feature. Shippers can assign loads to carriers and track the freight through one, secure login. Carriers use the Drive XPO™ app from the road to interact with shippers and with XPO. The app also serves as a geo-locator and supports voice-to-text communications. XPO has deployed XPO Connect™ in North America and Europe for truckload freight, with additional capabilities for last mile customers and independent contractors engaged in the home delivery of heavy goods.
- **XPO Direct™**: XPO's national, shared-space distribution network gives retail, e-commerce, omnichannel and manufacturing customers new ways to distribute their goods. XPO Direct™ warehouses serve as stockholding sites and cross-docks that can be utilized by multiple customers at the same time. Transportation needs are supported by XPO's brokered, contracted and owned capacity. B2C and B2B customers essentially rent XPO's capacity for contract logistics, last mile, LTL, labor, technology, transportation and storage. They can position inventories fluidly across markets without the capital investment of adding distribution centers, while XPO uses its existing assets and supplier relationships as growth levers. The XPO Direct™ network encompasses over 90 facilities in North America.
- **XPO Smart™**: XPO's technology suite of optimization tools improve labor productivity, intelligent warehouse management and demand forecasting in the company's logistics and transportation operations. XPO Smart labor productivity tools interface with the company's proprietary warehouse management system to forecast optimal staffing levels day-by-day and shift-by-shift. In addition, the warehouse management system facilitates the integration of robotics and other advanced automation, enabling XPO to start up customer logistics projects or expand existing implementations with a high degree of efficiency. The integrated technology provides an intelligent, single solution that combines key supply chain applications, including unified order management and intuitive dashboard tools that analyze trends and guide decision-making.

Financial reconciliations

The following table reconciles XPO's net income attributable to common shareholders for the periods ended March 31, 2020 and 2019 to EBITDA and adjusted EBITDA for the same periods.

Reconciliation of Non-GAAP Measures XPO Logistics, Inc. Consolidated Reconciliation of Net Income to Adjusted EBITDA (Unaudited) (In millions)				
	Three Months Ended March 31,			
	2020	2019	\$ Variance	Change %
Net income attributable to common shareholders	\$ 21	\$ 43	\$ (22)	-51.2%
Distributed and undistributed net income	2	4	(2)	-50.0%
Net income attributable to noncontrolling interests	2	5	(3)	-60.0%
Net income	<u>25</u>	<u>52</u>	<u>(27)</u>	<u>-51.9%</u>
Debt extinguishment loss	-	5	(5)	-100.0%
Interest expense	72	71	1	1.4%
Income tax provision	10	19	(9)	-47.4%
Depreciation and amortization expense	183	180	3	1.7%
Unrealized (gain) loss on foreign currency option and forward contracts	(4)	2	(6)	-300.0%
EBITDA	<u>\$ 288</u>	<u>\$ 329</u>	<u>\$ (43)</u>	<u>-13.1%</u>
Transaction and integration costs	44	1	43	4300.0%
Restructuring costs	3	13	(10)	-76.9%
Adjusted EBITDA	<u>\$ 333</u>	<u>\$ 343</u>	<u>\$ (10)</u>	<u>-2.9%</u>
Revenue	\$ 3,884	\$ 4,120	\$ (236)	-5.7%
Adjusted EBITDA margin ⁽¹⁾	8.6%	8.3%		

¹ Adjusted EBITDA margin is calculated as adjusted EBITDA divided by revenue
Note: Adjusted EBITDA was prepared assuming 100% ownership of XPO Logistics Europe
Refer to the "Non-GAAP Financial Measures" section on page 2 of this document

Financial reconciliations (cont.)

The table reconciles XPO's net income attributable to common shareholders for the periods ended March 31, 2020 and 2019 to adjusted net income attributable to common shareholders for the same periods.

Reconciliation of Non-GAAP Measures XPO Logistics, Inc. Consolidated Reconciliation of GAAP Net Income and Net Income Per Share to Adjusted Net Income and Adjusted Net Income Per Share (Unaudited) (In millions, except per share data)			
	Three Months Ended		
	March 31,		
	2020	2019	
GAAP net income attributable to common shareholders	\$ 21	\$ 43	
Debt extinguishment loss	-	5	
Unrealized (gain) loss on foreign currency option and forward contracts	(4)	2	
Impairment of customer relationship intangibles	-	6	
Transaction and integration costs	44	1	
Restructuring costs	3	13	
Income tax associated with the adjustments above	(12)	(8)	
Impact of noncontrolling interests on above adjustments	-	(1)	
Allocation of undistributed earnings	(3)	(2)	
Adjusted net income attributable to common shareholders	\$ 49	\$ 59	
Adjusted basic earnings per share	\$ 0.53	\$ 0.55	
Adjusted diluted earnings per share	\$ 0.47	\$ 0.51	
Weighted-average common shares outstanding			
Basic weighted-average common shares outstanding	92	107	
Diluted weighted-average common shares outstanding	103	117	

Note: Refer to the "Non-GAAP Financial Measures" section on page 2 of this document

Financial reconciliations (cont.)

The following table reconciles XPO's net cash provided by (used in) operating activities for the three months ended March 31, 2020 and 2019, and the years ended December 31, 2019, 2018, 2017, 2016 and 2015, to free cash flow for the same periods.

Reconciliation of Non-GAAP Measures XPO Logistics, Inc. Reconciliation of Cash Flows From Operating Activities to Free Cash Flow (Unaudited) (In millions)							
	Three Months Ended March 31,		Years Ended December 31,				
	2020	2019	2019	2018	2017	2016	2015
Net cash provided by (used in) operating activities	\$ 180	\$ (96)	\$ 791	\$ 1,102	\$ 785	\$ 622	\$ 91
Cash collected on deferred purchase price receivable	-	71	186	-	-	-	-
Adjusted net cash provided by (used in) operating activities	180	(25)	977	1,102	785	622	91
Payment for purchases of property and equipment	(139)	(118)	(601)	(551)	(504)	(483)	(249)
Proceeds from sales of property and equipment	54	47	252	143	118	69	60
Free Cash Flow	\$ 95	\$ (96)	\$ 628	\$ 694	\$ 399	\$ 208	\$ (96)

Notes: 2016 and 2017 data have been recast to reflect the impact of Accounting Standards Update 2016-18. Refer to the "Non-GAAP Financial Measures" section on page 2 of this document.

Financial reconciliations (cont.)

The following table reconciles XPO's Transportation segment operating income for the periods ended March 31, 2020 and 2019 to EBITDA and adjusted EBITDA for the same periods.

Reconciliation of Non-GAAP Measures Transportation Reconciliation of Operating Income to Adjusted EBITDA (Unaudited) (In millions)				
	Three Months Ended March 31			
	2020	2019	\$ Variance	Change %
Revenue	\$ 2,459	\$ 2,659	\$ (200)	-7.5%
Cost of transportation and services	1,732	1,911	(179)	-9.4%
Net revenue	<u>727</u>	<u>748</u>	<u>(21)</u>	<u>-2.8%</u>
Direct operating expense	308	315	(7)	-2.2%
Sales, general and administrative expense				
Salaries and benefits	166	173	(8)	-4.6%
Other sales, general and administrative expense	59	45	14	31.1%
Purchased services	27	35	(8)	-22.9%
Depreciation and amortization	48	52	(4)	-7.7%
Total sales, general and administrative expense	<u>299</u>	<u>305</u>	<u>(6)</u>	<u>-2.0%</u>
Operating income	<u>\$ 120</u>	<u>\$ 128</u>	<u>\$ (8)</u>	<u>-6.3%</u>
Other income (expense) ⁽¹⁾	13	8	5	62.5%
Total depreciation and amortization	<u>110</u>	<u>118</u>	<u>(8)</u>	<u>-6.8%</u>
EBITDA	<u>\$ 243</u>	<u>\$ 252</u>	<u>\$ (9)</u>	<u>-3.6%</u>
Transaction and integration costs	7	-	7	100.0%
Restructuring costs	3	12	(9)	-75.0%
Adjusted EBITDA ⁽²⁾	<u>\$ 253</u>	<u>\$ 264</u>	<u>\$ (11)</u>	<u>-4.2%</u>
Adjusted EBITDA margin ⁽³⁾	10.3%	9.9%		

⁽¹⁾ Other income (expense) consists of pension income and is included in Other expense (income) in the Condensed Consolidated Statements of Income.

⁽²⁾ Adjusted EBITDA is reconciled to operating income in the Condensed Consolidated Statements of Income.

⁽³⁾ Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by Revenue.

Note: Refer to the "Non-GAAP Financial Measures" section on page 2 of this document

Financial reconciliations (cont.)

The following table reconciles XPO's Logistics segment operating income for the periods ended March 31, 2020 and 2019 to EBITDA and adjusted EBITDA for the same periods.

Reconciliation of Non-GAAP Measures Logistics Reconciliation of Operating Income to Adjusted EBITDA (Unaudited) (In millions)				
	Three Months Ended March 31,			
	2020	2019	\$ Variance	Change %
Revenue	\$ 1,437	\$ 1,494	\$ (57)	-3.8%
Cost of transportation and services	198	215	(17)	-7.9%
Net revenue	1,239	1,279	(40)	-3.1%
Direct operating expense	1,051	1,091	(40)	-3.7%
Sales, general and administrative expense				
Salaries and benefits	87	82	5	6.1%
Other sales, general and administrative expense	22	18	4	22.2%
Purchased services	19	21	(2)	-9.5%
Depreciation and amortization	22	21	1	4.8%
Total sales, general and administrative expense	150	142	8	5.6%
Operating income	\$ 38	\$ 46	\$ (8)	-17.4%
Other income (expense) ⁽¹⁾	7	5	2	40.0%
Total depreciation and amortization	89	81	8	13.1%
EBITDA	\$ 114	\$ 112	\$ 2	1.8%
Transaction and integration costs	7	-	7	100.0%
Restructuring costs	-	1	(1)	-100.0%
Adjusted EBITDA ⁽²⁾	\$ 121	\$ 113	\$ 8	7.1%
Adjusted EBITDA margin ⁽³⁾	8.4%	7.8%		

⁽¹⁾ Other income (expense) consists of pension income and is included in Other expense (income) in the Condensed Consolidated Statements of Income.

⁽²⁾ Adjusted EBITDA is reconciled to operating income in the Condensed Consolidated Statements of Income.

⁽³⁾ Adjusted EBITDA margin is calculated as Adjusted EBITDA divided by Revenue.

Note: Refer to the "Non-GAAP Financial Measures" section on page 2 of this document

Financial reconciliations (cont.)

The following table reconciles XPO's revenue attributable to its North American less-than-truckload business for the periods ended March 31, 2020 and 2019 to adjusted operating income and adjusted operating ratio for the same periods.

XPO Logistics North American Less-Than-Truckload Adjusted Operating Ratio (Unaudited) (In millions)				
	Three Months Ended March 31,			
	2020	2019	\$ Variance	Change %
Revenue (excluding fuel surcharge revenue)	\$ 775	\$ 788	\$ (11)	-1.4%
Fuel surcharge revenue	123	127	(4)	-3.1%
Revenue	898	913	(15)	-1.6%
Salaries, wages and employee benefits	437	445	(8)	-1.8%
Purchased transportation	87	100	(13)	-13.0%
Fuel and fuel-related taxes	57	70	(13)	-18.8%
Other operating expenses	94	102	(8)	-7.8%
Depreciation and amortization	56	58	(2)	-3.4%
Maintenance	23	27	(4)	-14.8%
Rents and leases	15	12	3	25.0%
Purchased labor	1	2	(1)	-50.0%
Operating income	128	97	31	32.0%
Operating ratio ⁽¹⁾	85.8%	89.4%		
Transaction and integration costs	2	-	2	100.0%
Restructuring costs	-	2	(2)	-100.0%
Amortization expense	8	8	-	0.0%
Other income ⁽²⁾	11	6	5	83.3%
Adjusted operating income	\$ 149	\$ 113	\$ 36	31.9%
Adjusted operating ratio ⁽³⁾⁽⁴⁾	83.4%	87.6%		

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

⁽²⁾ Other income primarily consists of pension income and is included in Other expense (income) on the Condensed Consolidated Statement of Income.

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

⁽⁴⁾ Excluding the impact of gains on real estate sale-leaseback transactions from both periods, the adjusted operating ratio improved by 320 basis points from 89.7% in the first quarter of 2019 to 86.5% in the first quarter of 2020.

Note: Refer to the "Non-GAAP Financial Measures" section on page 2 of this document

Financial reconciliations (cont.)

The following table reconciles XPO's net income (loss) attributable to common shareholders for the years ended December 31, 2019, 2018, 2017, 2016 and 2015 to EBITDA, adjusted EBITDA, and adjusted EBITDA excluding the North American truckload business divested in 2016.

Reconciliation of Non-GAAP Measures XPO Logistics, Inc. Consolidated Reconciliation of Net Income (Loss) to Adjusted EBITDA excluding Truckload (Unaudited) (In millions)					
	Years Ended December 31,				
	2019	2018	2017	2016	2015
Net income (loss) attributable to common shareholders	\$ 379	\$ 390	\$ 312	\$ 63	\$ (246)
Preferred stock beneficial conversion charge	-	-	-	-	52
Distributed and undistributed net income	40	32	28	6	3
Net income (loss) attributable to noncontrolling interests	21	22	20	16	(1)
Net income (loss)	<u>440</u>	<u>444</u>	<u>380</u>	<u>85</u>	<u>(192)</u>
Debt commitment fees	-	-	-	-	20
Debt extinguishment loss	5	27	36	70	-
Other interest expense	292	217	284	361	187
Loss on conversion of convertible senior notes	-	-	1	-	10
Income tax provision (benefit)	129	122	(99)	22	(91)
Accelerated amortization of trade names	-	-	-	-	2
Depreciation and amortization expense	739	716	656	643	363
Unrealized loss (gain) on foreign currency option and forward contracts	9	(20)	49	(36)	3
EBITDA	<u>\$ 1,614</u>	<u>\$ 1,506</u>	<u>\$ 1,289</u>	<u>\$ 1,145</u>	<u>\$ 302</u>
Transaction, integration and rebranding costs	5	33	78	103	201
Restructuring costs	49	21	-	-	-
Litigation costs	-	26	-	-	-
Gain on sale of equity investment	-	(24)	-	-	-
Gain on sale of intermodal equipment	-	-	-	-	(10)
Adjusted EBITDA	<u>\$ 1,668</u>	<u>\$ 1,562</u>	<u>\$ 1,367</u>	<u>\$ 1,248</u>	<u>\$ 493</u>
Adjusted EBITDA divested NA Truckload business	-	-	-	80	19
Adjusted EBITDA excluding Truckload	<u>\$ 1,668</u>	<u>\$ 1,562</u>	<u>\$ 1,367</u>	<u>\$ 1,168</u>	<u>\$ 474</u>

Notes: Adjusted EBITDA was prepared assuming 100% ownership of XPO Logistics Europe. Refer to the "Non-GAAP Financial Measures" section on page 2 of this document.

Financial reconciliations (cont.)

The following table reconciles XPO's GAAP revenue to organic revenue and organic revenue growth for the periods ended March 31, 2020 and 2019 for the consolidated company.

Reconciliation of Non-GAAP Measures XPO Logistics, Inc. Reconciliation of GAAP Revenue to Organic Revenue (Unaudited) (In millions)			
	Consolidated		
	Three Months Ended March 31,		
	2020	2019	
Revenue	\$ 3,864	\$ 4,120	
Fuel	(387)	(418)	
Direct postal injection revenue	-	(40)	
Foreign exchange rates	41	-	
Organic Revenue	\$ 3,518	\$ 3,662	
Organic Revenue Growth ⁽¹⁾	-3.9%		

⁽¹⁾ Organic revenue growth is calculated as the relative change in year-over-year organic revenue, expressed as a percentage of 2019 organic revenue.

Note: Refer to the "Non-GAAP Financial Measures" section on page 2 of this document