DECEMBER 2020

Planned Spin-off of the Logistics Segment

Disclaimers

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

This document contains the following non-GAAP financial measures: earnings before interest, taxes, depreciation and amortization ("EBITDA") and adjusted EBITDA for the twelve-month periods ended December 31, 2019, 2018 and 2017 for our logistics and North American truck brokerage businesses; and net revenue for our North American truck brokerage business for the twelve-month periods ended December 31, 2019, 2018 and 2017.

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 includes adjustments for transaction and integration, as well as restructuring costs and other adjustments as set forth in the attached tables. 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 EBITDA and adjusted EBITDA 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 net revenue improves the comparability of our operating results from period to period by removing the cost of transportation and services, in particular the cost of fuel, incurred in the reporting period as set out in the attached tables.

FORWARD-LOOKING STATEMENTS

This presentation 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. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements, including the statements below regarding plans, benefits and timing of the contemplated spin-off transaction as well as those regarding the 2022E adjusted EBITDA expectation for our North American LTL business. 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 the company in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors the company believes 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 (including risks, uncertainties and assumptions) that might cause or contribute to a material difference include the expected benefits and costs of the intended spin-off transaction, the expected timing of the completion of the spin-off transaction and the transaction terms, the risks discussed in our filings with the SEC and the following: the severity, magnitude, duration and aftereffects 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; 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 release 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 release 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.

Highlights of the planned spin-off transaction

- XPO Logistics currently has two global reporting segments: transportation and logistics. The company is planning a tax-free spin-off of its logistics segment as a publicly traded, pure-play company (NewCo).
- A second public company (XPORemainCo) will comprise the transportation offering, which is primarily less-than-truckload (LTL) and truck brokerage — these two services currently account for the vast majority of transportation adjusted EBITDA.
- XPO plans to change its financial profile to target investment-grade ratings for both NewCo and XPORemainCo.
- Both companies are expected to trade on the New York Stock Exchange.
- The transaction is currently expected to be completed in the second half of 2021, subject to various conditions, including final approval of the XPO board of directors. However, there can be no assurance that a separation transaction will occur or, if one does occur, of its terms or timing.

Compelling rationale for the separation

XPO expects to achieve a number of key objectives that would provide significant benefits to both companies and their stakeholders:

- XPORemainCo and NewCo would both benefit from an undiluted focus on their specific strategic priorities and customer requirements.
- Each company would be able to deepen its differentiation by enhancing the proprietary software developed specifically for its service offering.
- Each company would have an investor base aligned with a clear-cut value proposition and be valued separately by the investment community, potentially resulting in an increase in equity value that would assist the business in executing its strategy.
- Each company would have greater flexibility to tailor its decision-making, capital allocations and capital structure to its business.
- A lower debt profile with enhanced earnings potential would make it easier to achieve each company's target of an investment-grade credit rating.
- Each company would have a pure-play equity currency to pursue accretive M&A opportunities, and to attract and retain world-class employees with equity compensation that correlates closely with performance. A higher equity valuation would further increase these benefits.

Solving the conglomerate discount

- The spin-off is effectively a clear-cut separation of XPO's two reporting segments, both of which are industry leaders in their own right. Each business outperforms the competition on key metrics.
- Even so, many peers trade at large EBITDA multiple premiums to XPO, even though XPO has higher growth rates, higher margins and greater free cash flow conversion.
- The company's outperformance needs to be more obvious – and it would be, as two, focused, independent pure-plays without the conglomerate overhang.
- The company believes that XPORemainCo and NewCo would be comp-ed against the right peers – the other industry leaders in LTL, truck brokerage and contract logistics – unlocking the value that has been trapped within the XPO conglomerate and thereby benefitting both companies and their stakeholders.

Separation creates the path to higher equity value

With respect to logistics, XPO expects NewCo to trade, on average, on par with its closest peers:

- XPO's logistics business has been a consistent, double-digit compounder: 2017–2019, the company grew its adjusted EBITDA in logistics at a CAGR of 12%[1], with an average 8% revenue CAGR.

With respect to transportation, XPO expects XPORemainCo's multiples to be at least as high as those of comparable peers, due to an ability to outperform:

- In LTL, 2015–2019, XPO improved its operating ratio by more than 1,000 bps, which was 2.5x better than the second-best performer; more than doubled EBITDA; nearly tripled EBIT; and improved its operating ratio in 17 of the last 19 quarters.
- In brokerage, XPO grew North American net revenue 2017–2019 at a compounded rate of 11%[1], vs 5% for its leading competitor, despite the loss of business from its largest customer.
- During the same two years, XPO grew its brokerage adjusted EBITDA at a 14%[1] compounded rate, vs. 1% for its leading competitor.

If XPO was valued at an average of the multiples of peers[2], even at the low end of the range, the company believes that is stock price would be significantly higher today.

[1] For a reconciliation of adjusted EBITDA, adjusted EBITDA growth rate and net revenue, see pages 10–12
[2] Publicly traded peers with more specialized business models utilized in the company's study of the spin-off's potential impact on aggregate equity value

The second largest contract logistics company in the world

Post-separation, NewCo will comprise:

- A range of innovative services enabled by intelligent technology, including high-value-add warehousing, omnichannel fulfillment, reverse logistics, cold-chain logistics and supply chain optimization, and ~200 million square feet of warehouse space in its global network;[1]
- The largest outsourced e-commerce fulfillment platform in Europe, with burgeoning e-commerce and reverse logistics services in North America; and
- XPO Direct™, a shared-space distribution network in North America with the flexibility to reposition customer inventories close to demand.

NewCo will serve blue-chip customers with long-term contracts and have a massive sales pipeline, both of which give management high visibility into revenue and profits.

NewCo will have the benefit of powerful secular tailwinds, including a growing trend toward outsourcing by large customers, increasing demand for supply chain automation, and booming growth in e-commerce – a sector that requires complex supply chains and drives both automation and outsourcing.

[1] As of September 30, 2020, XPO had asset-light logistics operations in 27 countries, with approximately 58,000 employees and 766 locations

A top provider of LTL and truck brokerage freight transportation

Post-separation, XPORemainCo will hold leading positions in transportation:

- The third largest provider of LTL transportation in North America, with an industry-best improvement in adjusted operating ratio over the five years of XPO ownership; and
- The second largest truck brokerage provider worldwide, with a digital brokerage marketplace that has the fastest carrier adoption rate in the industry.
- These two services account for ~90% of 2020E adjusted EBITDA generated by XPO's global transportation operations.[1]

XPO's North American LTL business has a track record of industry-best margin expansion, achieving more than 2.5x the margin expansion of the second-best performer 2016–2019. LTL has large opportunities for further margin expansion through XPO Smart™ and other optimization technology, and clear visibility to at least $1 billion of 2022E adjusted EBITDA.[2]

XPO's truck brokerage business is the second largest truck brokerage provider worldwide, with an industry-leading adoption rate of XPO Connect™, its digital brokerage platform. The business has the strongest net revenue growth of any brokerage peer in North America: in Q3 2020, net revenue grew by 17% and adjusted EBITDA grew by 25%[3], while competitors declined.

[1] As of September 30, 2020, XPO had transportation operations in 17 countries, with approximately 38,000 employees and 724 locations
[2] Information reconciling a forward-looking adjusted EBITDA run rate to the comparable GAAP financial measure is unavailable to the company without unreasonable effort
[3] For a reconciliation of adjusted EBITDA growth rate, see page 13

Anticipated management profile

If the spin-off is completed, it is expected that:

- Brad Jacobs would continue to serve as chairman and chief executive officer of XPORemainCo and become chairman of the NewCo board; and would be the largest shareholder of both companies.
- Troy Cooper would continue to serve as XPORemainCo's president.
- Substantially all of the executives currently leading XPO's global transportation and logistics segments would continue to hold leadership positions with XPORemainCo and NewCo, respectively.

The company is conducting searches for a chief financial officer and a head of investor relations for the planned NewCo company.

Financial reconciliations

The following table reconciles XPO's Logistics segment operating income for the years ended December 31, 2019, 2018 and 2017 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)

	Years Ended December 31, 2019	2018	2017	CAGR
Operating income	$ 241	$ 216	$ 202	
Other income (expense) [1]	22	31	20	
Total depreciation and amortization	277	244	203	
EBITDA	$ 540	$ 491	$ 425	
Transaction, integration and rebranding costs	-	4	16	
Restructuring costs	14	6	-	
Adjusted EBITDA [2]	$ 554	$ 501	$ 441	12%

[1] Other income (expense) consists of pension income and is included in Other expense (income) in the Consolidated Statements of Income.
[2] For purposes of this reconciliation, adjusted EBITDA is reconciled to operating income.

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

Financial reconciliations (cont.)

The following table reconciles XPO's revenue attributable to its North American Truck Brokerage business for the years ended December 31, 2019, 2018 and 2017 to net revenue for the same periods.

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Reconciliation of Non-GAAP Measures
Reconciliation of GAAP Revenue to Net Revenue for North American Truck Brokerage
(Unaudited)
(In millions)

	Years Ended December 31,			
	2019	**2018**	**2017**	**CAGR**
Revenue	$ 1,338	$ 1,634	$ 1,296	
Cost of transportation and services	1,115	1,387	1,116	
Net revenue	223	247	180	11%

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

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Financial reconciliations (cont.)

The following table reconciles XPO's operating income attributable to its North American Truck Brokerage business for the years ended December 31, 2019, 2018 and 2017 to EBITDA and adjusted EBITDA for the same periods.

Reconciliation of Non-GAAP Measures
Reconciliation of Operating Income to Adjusted EBITDA for North American Truck Brokerage
(Unaudited)
(In millions)

	Years Ended December 31, 2019	2018	2017	CAGR
Operating income	$ 73	$ 87	$ 58	
Other income (expense) [1]	2	-	-	
Total depreciation and amortization	12	9	10	
EBITDA	$ 87	$ 96	$ 68	
Transaction, integration and rebranding costs				
Restructuring costs	2	1	1	
Adjusted EBITDA [2]	$ 89	$ 97	$ 69	14%

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

[2] For purposes of this reconciliation, adjusted EBITDA is reconciled to operating income.

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

Financial reconciliations (cont.)

The following table reconciles XPO's revenue and operating income attributable to its North American Truck Brokerage business for the quarters ended September 30, 2020 and 2019 to net revenue and adjusted EBITDA, respectively, for the same periods.

Reconciliation of Non-GAAP Measures
Reconciliation of Revenue to Net Revenue for North American Truck Brokerage
Reconciliation of Operating Income to Adjusted EBITDA for North American Truck Brokerage
(Unaudited)
(In millions)

	Three Months Ended September 30,		
	2020	**2019**	**Change %**
Revenue	$ 426	$ 336	
Cost of transportation and services	366	284	
Net revenue	60	52	17%
Operating income	$ 22	$ 16	
Other income (expense) [1]	-	-	
Total depreciation and amortization	3	3	
EBITDA	$ 25	$ 19	
Restructuring costs	-	1	
Adjusted EBITDA [2]	$ 25	$ 20	25%

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

[2] For purposes of this reconciliation, adjusted EBITDA is reconciled to operating income.

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

XPO Logistics