XPO Logistics

JUNE 2022

Sell-Side Brokerage Day

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 measure for XPO Logistics: return on invested capital (“ROIC”) for the twelve months ended March 31, 2022.

This document contains the following non-GAAP financial measures for our North American Truck Brokerage business: adjusted earnings before interest, taxes, depreciation and amortization (“adjusted EBITDA”) and adjusted EBITDA margin for the years ended December 31, 2021, 2020 and 2019; and margin (revenue less cost of transportation and services) and margin as a % of revenue for North American Truck Brokerage for years ended December 31, 2021, 2020 and 2019.

We believe that the above adjusted financial measures facilitate analysis of the ongoing business operations of our North American Truck Brokerage business because they exclude items that may not be reflective of, or are unrelated to, our business' 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 and adjusted EBITDA margin include adjustments for transaction and integration costs as well as restructuring costs. Transaction and integration adjustments are generally incremental costs that result from an actual or planned acquisition, divestiture or spin-off and may include transaction costs, consulting fees, retention awards, and internal salaries and wages (to the extent the individuals are assigned full-time to integration and transformation activities) and certain costs related to integrating and converging IT systems. Restructuring costs primarily relate to severance costs associated with business optimization initiatives. Management uses these non-GAAP financial measures in making financial, operating and planning decisions and evaluating our North American Truck Brokerage business’ ongoing performance.

We believe that adjusted EBITDA and adjusted EBITDA margin 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 margin (revenue less cost of transportation and services) and margin as a % of 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 table. We believe that ROIC is an important metric as it measures how effectively we deploy our capital base. ROIC is calculated as net operating profit after tax (“NOPAT”) for the trailing twelve months ended March 31, 2022 divided by invested capital as of March 31, 2022. NOPAT is calculated as adjusted EBITDA less depreciation expense, real estate gains and cash taxes plus operating lease interest. Invested capital is calculated as equity plus debt and operating lease liabilities less cash and goodwill and intangibles.

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 our North American Truck Brokerage business. 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 our ability to effect the spin-off of our tech-enabled brokered services platform and meet the related conditions of the spin-off, the expected timing of the completion of the spin-off and the terms of the spin-off, our ability to achieve the expected benefits of the spin-off, our ability to retain and attract key personnel for the separate businesses, the risks discussed in our filings with the SEC and the following: economic conditions generally; the severity, magnitude, duration and aftereffects of the COVID-19 pandemic, including supply chain disruptions due to plant and port shutdowns and transportation delays, the global shortage of certain components such as semiconductor chips, strains on production or extraction of raw materials, cost inflation and labor and equipment shortages, which may lower levels of service, including the timeliness, productivity and quality of service, and government responses to these factors; our ability to align our investments in capital assets, including equipment, service centers and warehouses, to our customers' demands; our ability to implement our cost and revenue initiatives; the effectiveness of our action plan, and other management actions, to improve our North American LTL business; our ability to benefit from a sale, spin-off or other divestiture of one or more business units, and the impact of anticipated material compensation and other expenses, including expenses related to the acceleration of equity awards, to be incurred in connection with a substantial disposition; our ability to successfully integrate and realize anticipated synergies, cost savings and profit improvement opportunities with respect to acquired companies; goodwill impairment, including in connection with a business unit sale, spin-off or other divestiture; matters related to our intellectual property rights; fluctuations in currency exchange rates; fuel price and fuel surcharge changes; natural disasters, terrorist attacks, wars or similar incidents, including the conflict between Russia and Ukraine and increased tensions between Taiwan and China; risks and uncertainties regarding the expected benefits of the spin-off of our logistics segment or a future spin-off of a business unit, the impact of the spin-off of our logistics segment or a future spin-off of a business unit on the size and business diversity of our company; the ability of the spin-off of our logistics segment or a future spin-off of a business unit to qualify for tax-free treatment for U.S. federal income tax purposes; our ability to develop and implement suitable information technology systems and prevent failures in or breaches of such systems; our indebtedness; our ability to raise debt and equity capital; our ability to achieve an investment-grade rating for our business or any spin-off business; fluctuations in fixed and floating interest rates; our ability to maintain positive relationships with our network of third-party transportation providers; our ability to attract and retain qualified drivers; 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 and independent contractors; litigation, including litigation related to alleged misclassification of independent contractors and securities class actions; risks associated with our self-insured claims; risks associated with defined benefit plans for our current and former employees; the impact of potential sales of common stock by our chairman; governmental regulation, including trade compliance laws, as well as changes in international trade policies, sanctions and tax regimes; governmental or political actions, including the United Kingdom's exit from the European Union; and competition and pricing pressures. 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.

Truck Brokerage: The Largest Driver of SpinCo Financial Performance

2021, TRUCK BROKERAGE DROVE

57%
of SpinCo revenue

84%
of SpinCo operating income

Presenters and Q&A

DREW WILKERSON
President, North American Transportation
SpinCo CEO-Elect

LOU AMO
President, Truck Brokerage
SpinCo President-Elect, Truck Brokerage

YOAV AMIEL
Senior Vice President, Technology, North American Transportation
SpinCo CIO-Elect

ALYSSA MYERS
Vice President, Technology, Brokerage

Executive Summary

XPO Brokerage: A Tech-Enabled Brokerage Platform

~$400 billion
total addressable opportunity[1]

~$88 billion
industry size[1]

4th largest
full truckload broker

~4%
market share

88,000
carriers[2]

1.5 million
trucks[2]

1,600
employees

>5,000
customers

15-year
average tenure of top 10 customers

74%
of loads created or covered digitally

>700K
downloads of Drive XPO mobile app

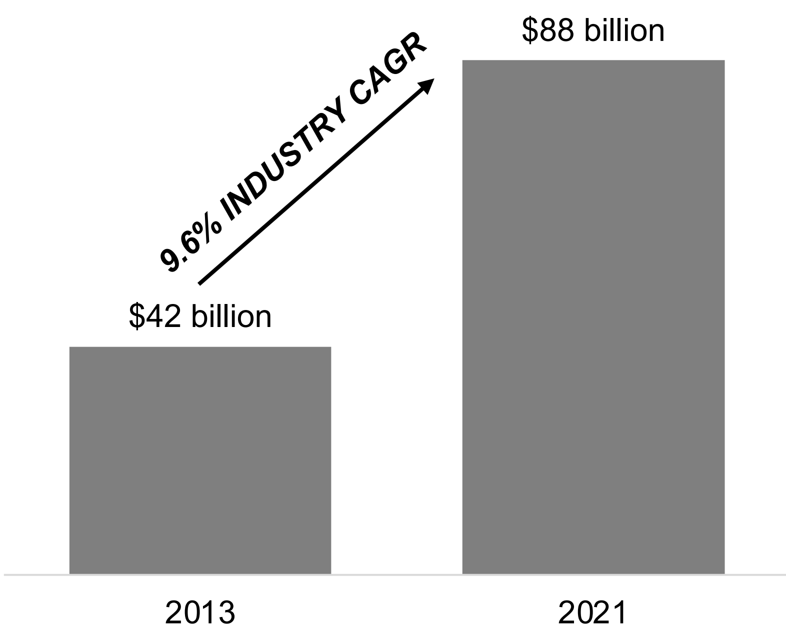
High ROIC
>38%

[1] Third-party industry research; brokered truckload industry size reflects brokered component of ~$400 billion total addressable for-hire truckload opportunity in the US
[2] As of March 31, 2022

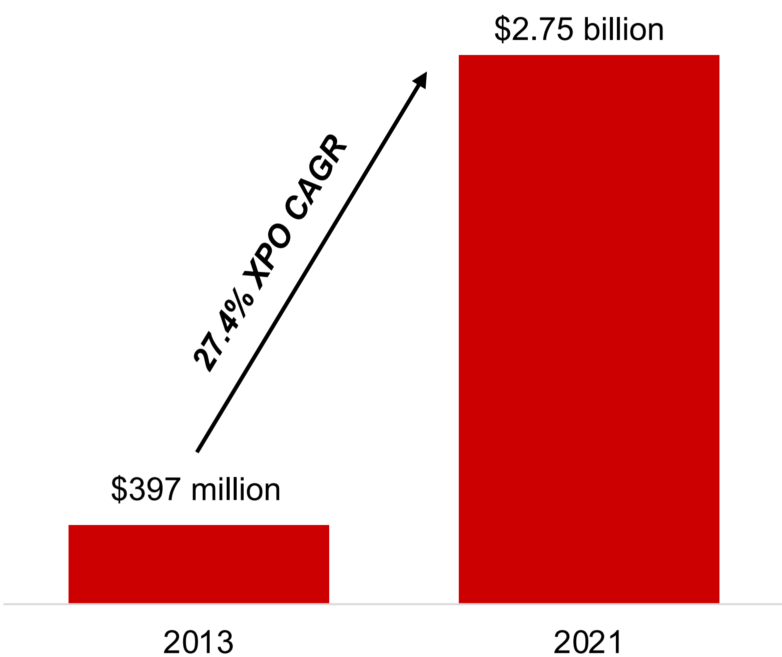
XPO Is Growing Truck Brokerage at 3x the Industry Rate

Expect to generate double-digit truck brokerage volume growth in 2022 and going forward

US BROKERAGE INDUSTRY GROWTH FROM 2013 TO 2021[1]



XPO BROKERAGE REVENUE GROWTH FROM 2013 TO 2021



Over 90% of our revenue growth was organic

Source: Third-party research

[1] US truck brokerage industry size; reflects brokered component of ~$400 billion total addressable truckload opportunity.

XPO Logistics

Key Drivers of Value Creation

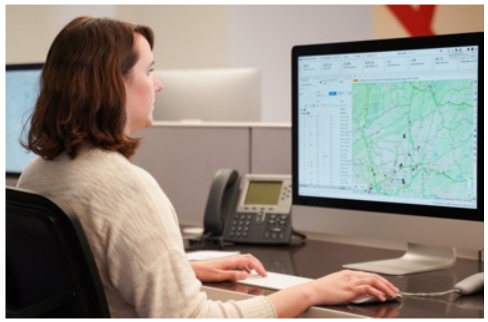
1. Expanding industry with low penetration and secular tailwinds
2. Differentiated, scaled platform with market leadership in the US
3. Long-tenured, blue-chip customer relationships in attractive verticals
4. Proprietary technology with first-mover advantage
5. Asset-light model generates high returns and substantial free cash flow
6. Experienced and proven leadership

Industry Backdrop

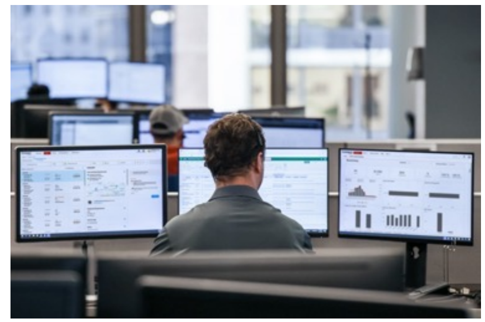
Rapid Industry Growth Propelled by Multiple Tailwinds

PRIMARY GROWTH DRIVERS

Continued outsourcing of transportation services, due to increasingly complex supply chains



Adoption of differentiated digital solutions and automation



Growing demand for supply chain visibility and access to data

Structural supply side shortage of drivers (and trucks)

Source: Third-party research

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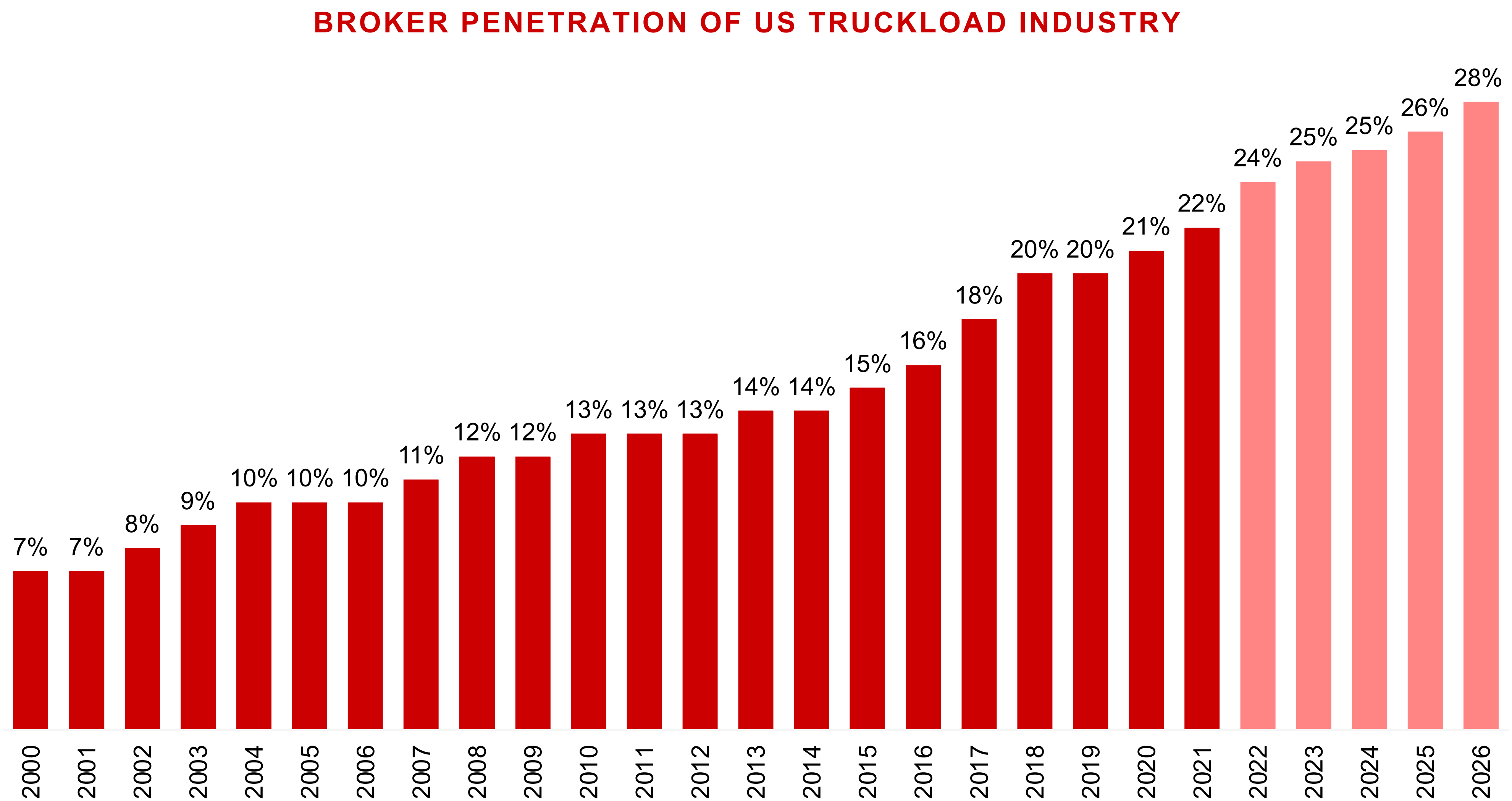
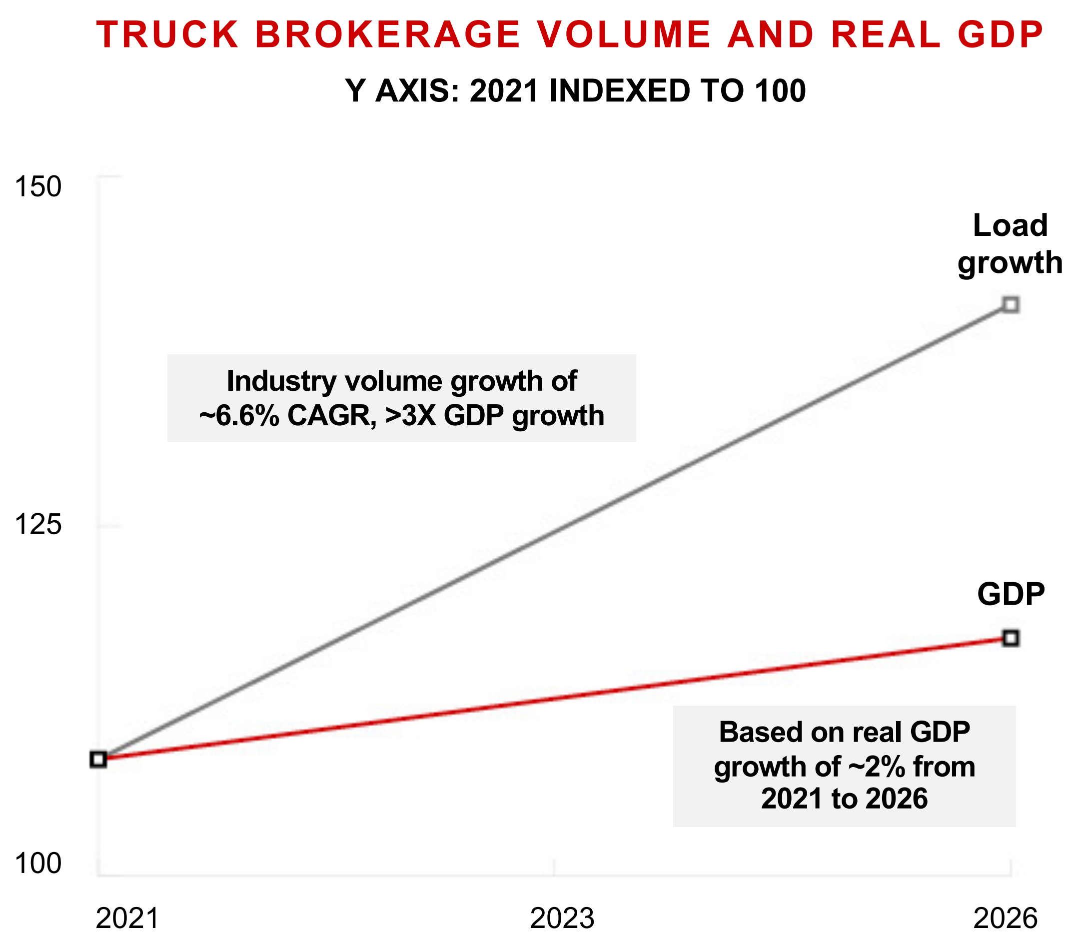
Consistent Increases in US Truck Brokerage Industry Penetration



Source: Third-party research

Truck Brokerage Industry Poised to Outgrow GDP



The brokerage industry is poised to continue outgrowing GDP

GROWTH DRIVERS

- Outsourcing
- Digitization
- Demand for visibility
- Supply-side shortages

Source: Third-party research

Powerful Combination of Scale, Technology and Services

Powerful Combination of Scale, Technology and Services

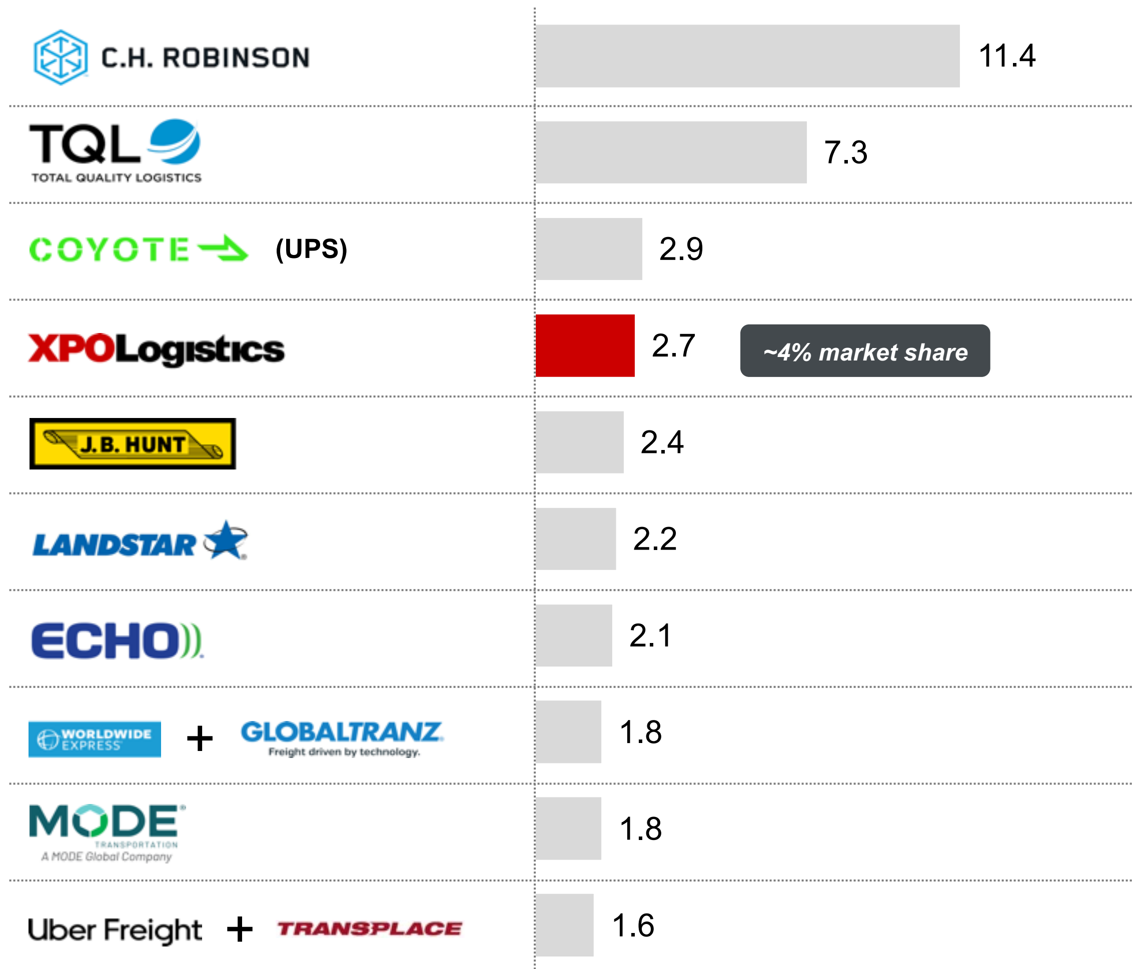
BEST-IN-CLASS TRUCK BROKER IN NORTH AMERICA

- Long track record of **outperforming the industry**
- **Thousands of loads available on a daily basis** from customer relationships, access to capacity, technology and service
- **Fourth largest broker of full truckload freight transportation** in the US, with best-in-class offering and technology
- **44 of the Fortune 100** entrusted their truck brokerage business to XPO in 2021–2022
- **Asset-light business** that facilitates the movement of **all modes of transportation**, typically from a single shipper
- **First-mover in technology investments** starting in 2011
- **High-ROIC financial model** designed to grow profits in any cycle

4th Largest Full Truckload (FTL) Broker in US after Just 11 Years

2021 FTL BROKERAGE – US GROSS REVENUE

$ in billions



Critical scale to grow market reach

Source: Third-party research

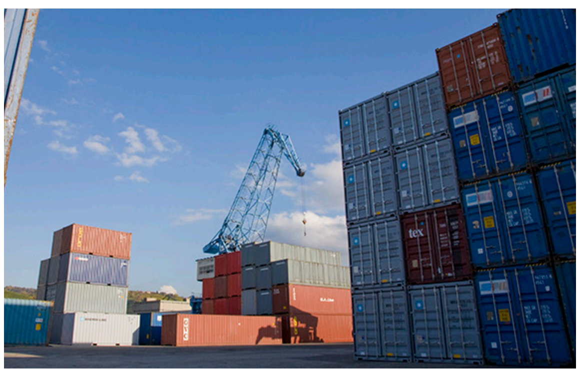
Powerful Combination of Scale, Technology and Services

OPTIMAL MODE FOR EACH CUSTOMER NEED

Full truckload
Dry van, refrigerated, hazmat

Expedite
Time-critical, special handling

Drop trailers



Capacity for transloaded OTR containers

Flatbed

US cross-border
Mexico, Canada

Flexibility to Succeed in All Market Environments

Our agility is enabled by our proprietary technology, strengthened by our pricing algorithms and amplified by our scale

WE DEPLOY LEADING INDICATORS TO ANTICIPATE THE DIRECTION OF THE MARKET

XPO "load-to-truck" ratio	**Outbound tender rejections**
Inventory load scans through customer integrations	**Results of dynamic pricing exercises**

Flexibility to Succeed in All Market Environments (cont.)

IF THE MARKET IS POISED TO *TIGHTEN*, WE…

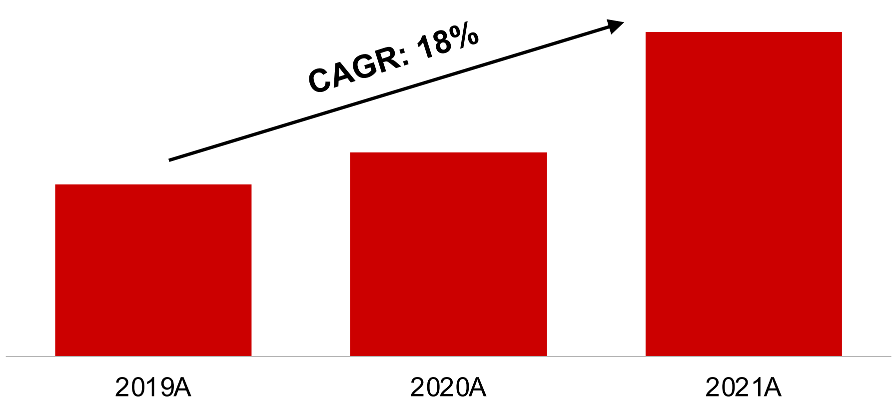
- **Review rates** with our top customers
- **Hire** to enable new capacity
- **Onboard more carriers** to intelligent lane assignment
- **Backstop rates**
- **Mitigate the impact of port congestion** with options such as transloading
- **Increase presence on spot board** through automation to capitalize on other brokers' tender rejections

IF THE MARKET IS POISED TO *LOOSEN*, WE…

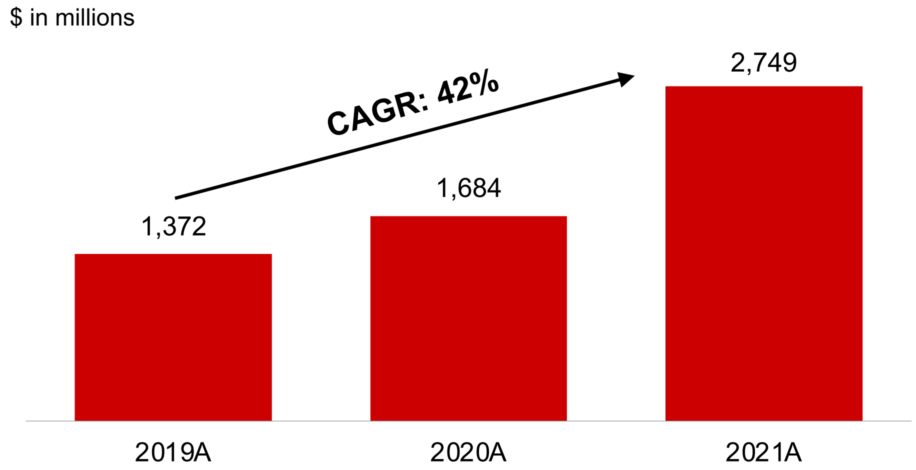
- Look for opportunities to **reduce carrier costs** to expand margin
- **Slow hiring, lean into productivity**, benefit from variable cost structure
- **Lean into contractual business**
- **Revisit contract rates**, and **optimize margin dollars** through share gains
- Offer dedicated capacity to **ensure constant capacity for key customers**

Strong Growth across Key Financial Metrics

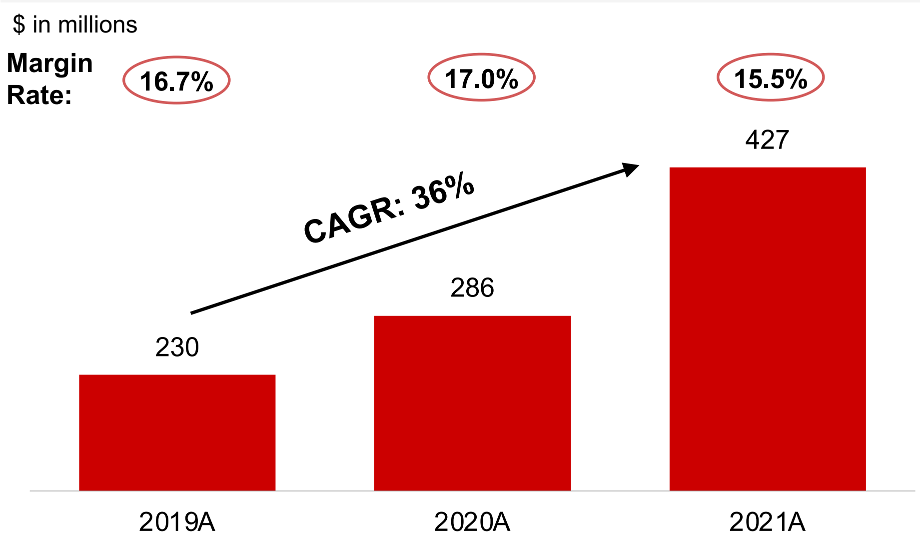
BROKERAGE LOADS



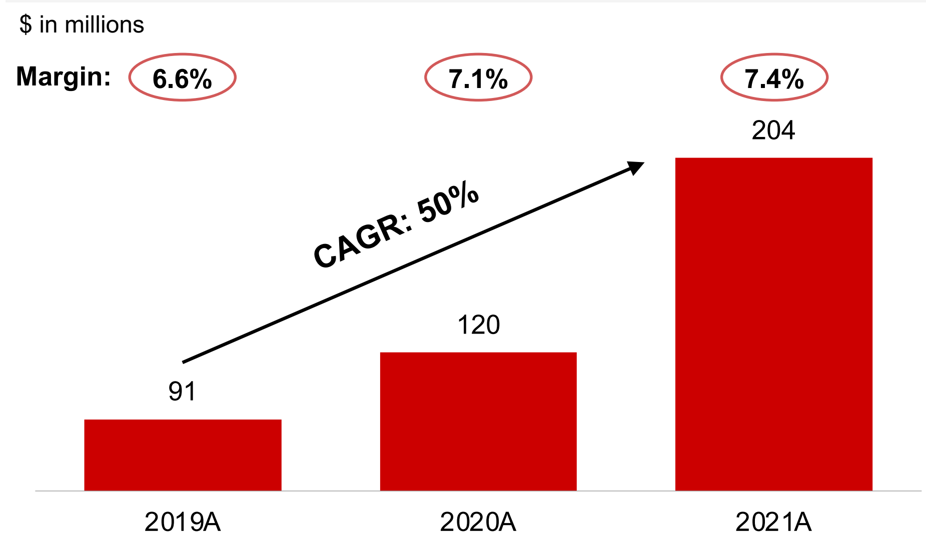
REVENUE



MARGIN



ADJUSTED EBITDA



Refer to the "Non-GAAP Financial Measures" section on page 2 and reconciliations on pages 48 and 49 for related information

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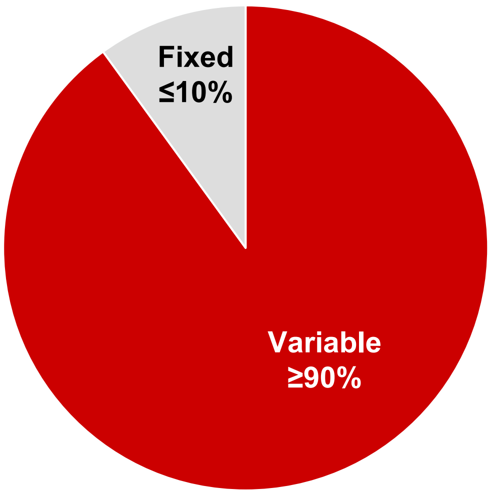
Asset-Light Model Generates High Returns and Substantial Free Cash Flow

VARIABLE COST STRUCTURE



- Highly variable cost structure, with less than 10% fixed costs, driven by purchased transportation
- Ability to reduce costs when demand is soft and flex resources to find trucks once demand returns
- Second largest expense is labor, where we continue to drive efficiencies and leverage SG&A expense over a higher revenue base
- Modest fixed base expense serves as a catalyst to drive more accretive volumes in periods of growth

HIGH FREE CASH FLOW AND RETURNS

<1%	>38%
Capex as a % of Revenue	*ROIC[1]*

- Ongoing investments in technology deliver substantial future efficiencies
- Expect capex as a percent of revenue to decline as heaviest lifting of technology development is cycled
- Free cash flow conversion to adjusted EBITDA well above historical full-company level

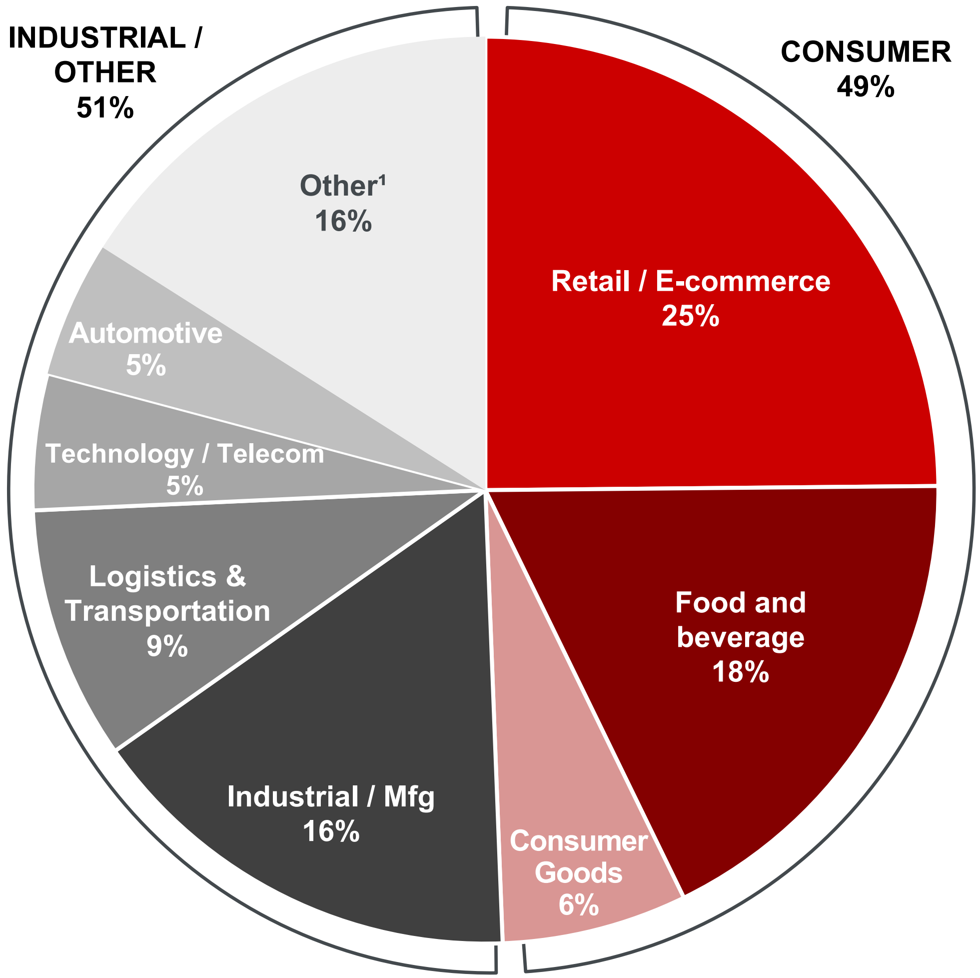
[1] For 12 months ending March 31, 2022

Refer to the “Non-GAAP Financial Measures” section on page 2 and and reconciliations on pages 48 and 49 for related information

XPO Logistics

Diversified Exposure Across Attractive End Markets

2021 XPO TRUCK BROKERAGE REVENUE DIVERSIFIED ACROSS END MARKETS



Healthy diversification across attractive verticals with low concentration risk; strategic focus on growing e-commerce and consumer goods

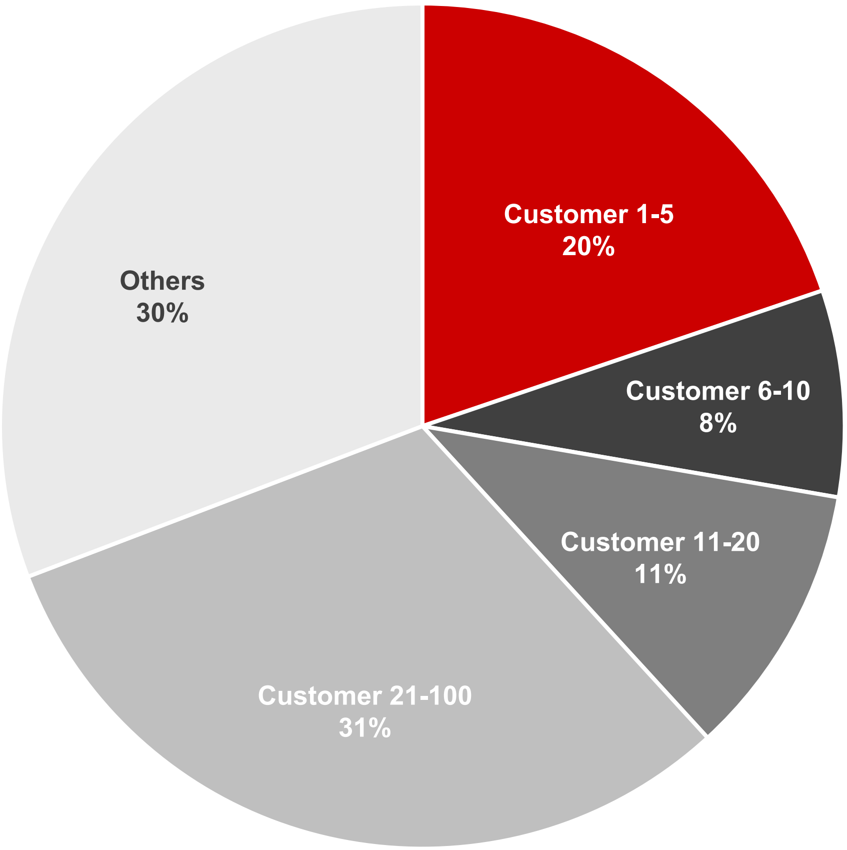
- All major verticals expected to use brokers for 20% to 30% of their truckload needs by 2026E
- XPO's diversified model serves a full array of needs in these sectors

Source: Third-party research
[1] Other includes verticals such as agriculture, chemicals, home furnishings, building materials, business and professional services, healthcare and biotechnology, energy, oil and gas, aerospace and defense, and mining

XPO Logistics

Long-Tenured, Blue-Chip Customer Relationships in Attractive Verticals

2021 REVENUE BY CUSTOMER



SELECT CUSTOMERS

Lowe's, Syngenta, Ford, Tractor Supply Co, Amcor, Owens Corning, Land O Lakes, GM, Mohawk, Veritiv, Dollar Tree, Corteva agriscience, Sonoco, Ecolab, WestRock, Ulta Beauty

Proprietary Technology

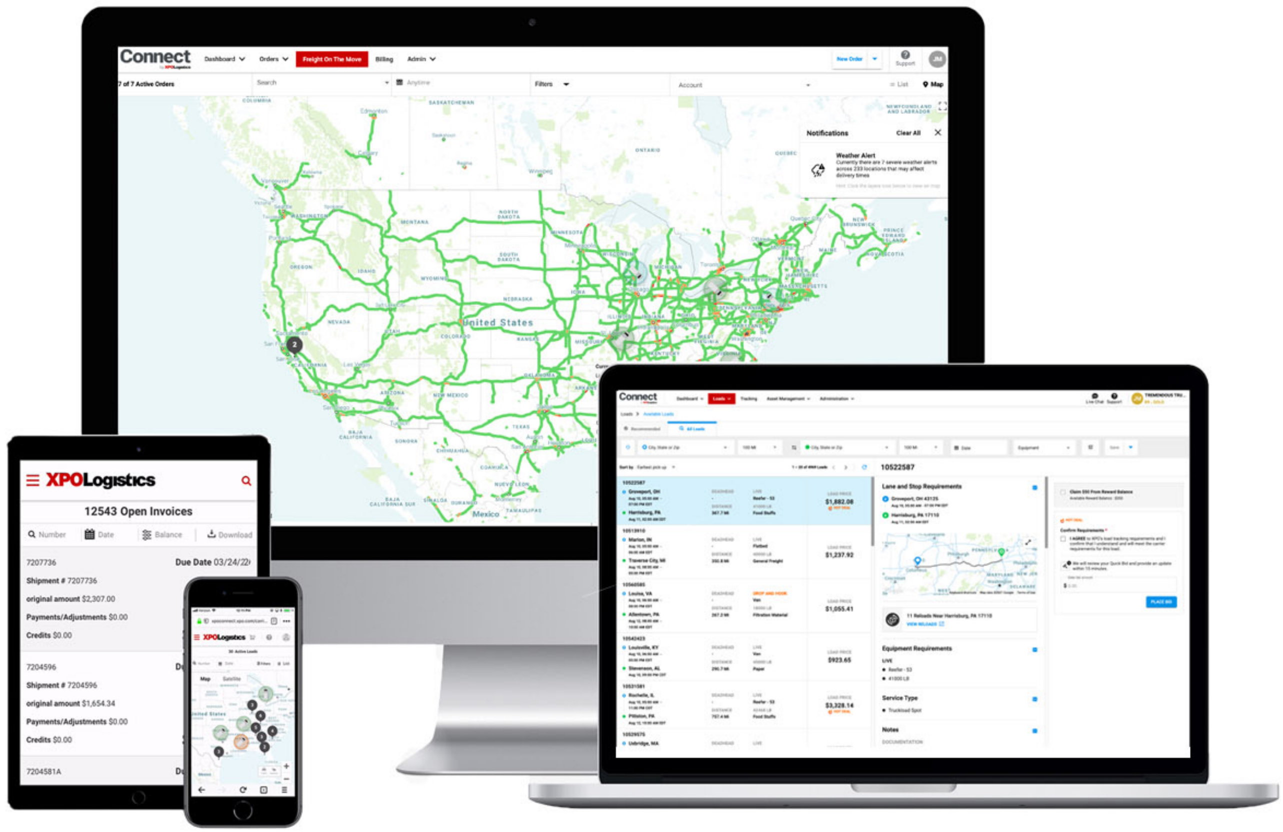
Manages capacity to best cover customer loads under all demand environments

Dynamic pricing algorithms use machine learning to optimize **margin**

Automated processes and messaging improve **productivity** per head

Captures **volume** and revenue at lower cost-to-serve, with fewer touches

PROPRIETARY LEVERS FOR PROFITABLE GROWTH



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Tiered Approach to Sales to Target Sustainable Growth

TIERED APPROACH TO SALES

1	**Strategic Account Manager Team (SAMs)**	▪ Targets large **enterprise** customers ▪ Key account managers have vertical-specific expertise ▪ Tailored solutions to customer's exact needs
2	**National Account Manager Team (NAMs)**	▪ Targets **national** customers
3	**Inside Salesforce**	▪ Targets **emerging growth** customers, leverages internal resources and self-service technology platform

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Case Study: Industrial

RELATIONSHIP ORIGIN / CUSTOMER NEED

- Customer needed help with flatbed solutions in 2013
- Due to the mission-critical nature of the company's products, supply chain continuity is critical

XPO SOLUTION

- Progressed from small flatbed carrier to the largest brokered flatbed provider in the US
- Relationship has broadened to other forms of brokered transportation, including dry van and expedite
- XPO procured enormous capacity at the right rates, including flexing to 2X to 3X original award value during periods of peak seasonal demand enabled by technology, carrier relationships, and expertise
- 95% of orders are created or covered digitally

KEY RESULTS

- **Supplier of the Year Award in 2020**
- **Brokerage revenue up from $50,000 in 2013 to over $20 million today**

XPO Logistics

Case Study: Retail (durable goods)

RELATIONSHIP ORIGIN / CUSTOMER NEED

- Dry van service commenced in 2014
- Customer needs extensive project support

XPO SOLUTION

- XPO now provides flatbed, seasonal projects, transload services (helped with backlogs at ports)
- Leading emergency freight provider (managing hurricanes, storms); dropped trailers to distribute generators; critical trust relationship
- 90% of loads created or covered digitally

KEY RESULTS

- **Top 5 customer in brokerage**
- **Brokerage revenue up more than 50X from 2017 to over $100 million today**

Case Study: Food and Beverage

RELATIONSHIP ORIGIN / CUSTOMER NEED

- Relationship originated in 2004 with Canadian bottling counterpart (later brought in-house) for cross-border freight
- XPO committed to take every uncovered load

XPO SOLUTION

- Deep technology integration
- Extensive drop trailer effort
- 99% of loads created or covered digitally
- XPO is viewed by the customer as providing the consistency of an asset-based carrier, giving us an early look at freight opportunities

KEY RESULTS

- **Revenue increased from less than $4 million to over $50 million in 2021**

Case Study: Retail (apparel)

RELATIONSHIP ORIGIN / CUSTOMER NEED

- Relationship grew enormously from 2020
- XPO has been able to satisfy outsized demand at peak when other brokers turned it down

XPO SOLUTION

- Dry van, transloading, drop trailers
- We flex up massively during peak
- Customer appreciates our customized reporting
- We provide customized trailer tracking via XPO Connect®
- 99% of loads created or covered digitally

KEY RESULTS

- **Revenue increased from less than $5 million in 2017 to well over $75 million today**

Case Study: Food and Beverage

RELATIONSHIP ORIGIN / CUSTOMER NEED

- Relationship commenced in 2012

XPO SOLUTION

- Transloading, refrigerated and drop trailer
- Massive contracted award
- 99% of loads created or covered digitally

KEY RESULTS

- **Carrier of the Year Award in 2021**
- **Brokerage revenue up over 5X from 2015 to more than $50 million today**

Case Study: Automotive

Key managed transportation collaboration

RELATIONSHIP ORIGIN / CUSTOMER NEED

- New managed transportation customer in 2021

XPO SOLUTION

- Services include cross-border brokerage, intra-Mexico brokerage, expedite, air charter, port diversion, drop trailers, air charter
- Contract won due in part to XPO being awarded “Supplier of the Year” by two other automotive OEMs

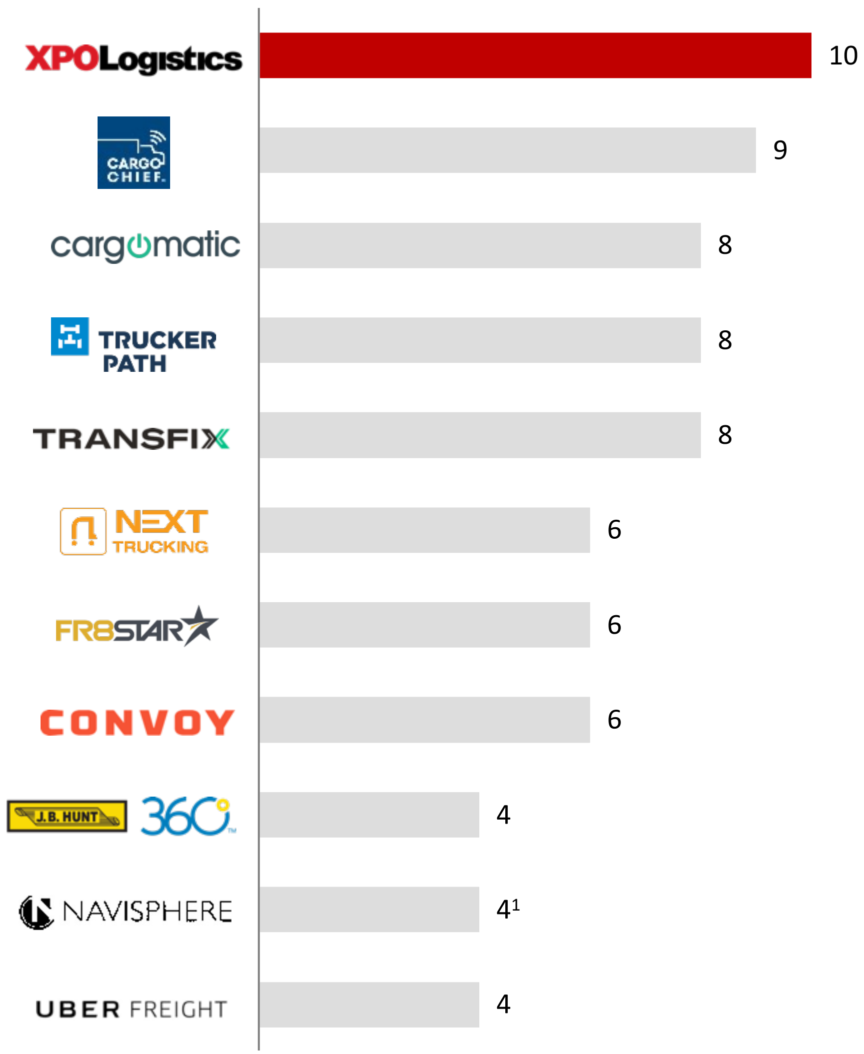
KEY RESULTS

- **Brokerage revenue increased 9X from 2015 to 2021, and is growing rapidly in 2022**

Disruptive Digital Brokerage Platform

XPO Is Leading Technological Disruption

YEARS IN OPERATION



KEY XPO CONNECT INNOVATIONS

FreightOptimizer by XPOLogistics

- XPO Connect's proprietary freight optimization system
- Launched October 2012

Connect by XPOLogistics

- Digital freight marketplace
- Launched April 2018

Drive by XPOLogistics

- Self-service mobile app for truck drivers and fleet managers
- Launched April 2018

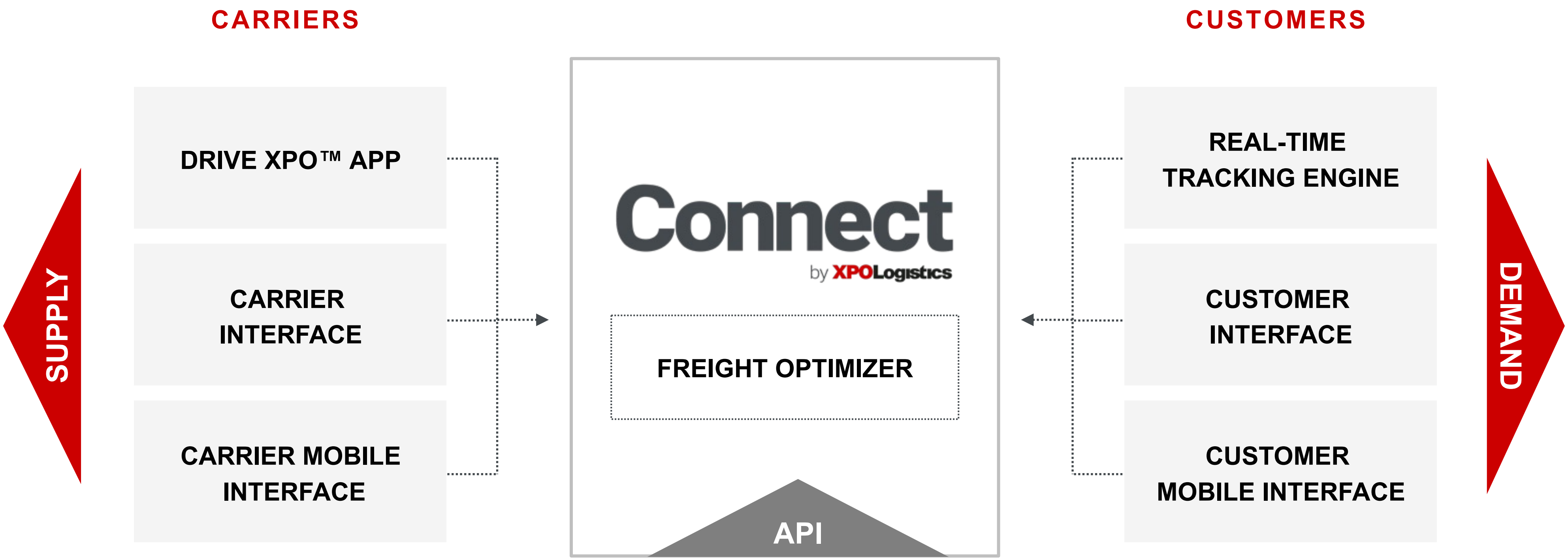
[1] Refers to digital brokerage capabilities

Executing Profit Initiatives Driven by Technology

THREE KEY AREAS	WELL-DEFINED EXECUTION WITHIN BROKERAGE
1 **Volume**	**EXPAND XPO CONNECT®** ▪ Increases volume via API deployments, integration, automation and digital interfaces ▪ Generates "touchless" revenue through marketplace interfaces with smaller customers
2 **Productivity**	**OPERATIONAL IMPROVEMENT** ▪ Automated processes increases productivity of brokerage operations ▪ Customer service and capacity management further enhanced through automation and optimization
3 **Margin**	**PRICING OPTIMIZATION** ▪ Utilize proprietary machine learning pricing engine, taking market conditions into consideration to drive revenue and margin growth ▪ Leverage real-time pricing capabilities to reduce the cost of purchased transportation, improve margin and automate accessorial billings

XPO Connect® Video

XPO Connect® Is a Powerful, Digital Ecosystem



SOLUTIONS ORIENTATION	OPERATIONAL SYNERGIES	DIGITAL CAPACITY MANAGEMENT	ZERO-TOUCH AUTOMATION

Encapsulates the business' DNA

Freight Optimizer Is the Scalable Freight Management Engine of XPO Connect®

- Leverages machine learning to procure the optimal capacity for each load by analyzing data from multiple sources, weighted by cost and performance
- Draws on ~88,000 registered carriers in XPO Connect® for rapid load-matching and tendering
- Utilizes predictive pricing algorithms that take expected freight market conditions into consideration
- Generates price options via XPO's proprietary machine-learning pricing engine
- Manages routing, carrier assignment and execution according to customer-specific business rules
- Real-time data and trends enhance operational productivity and margin expansion

XPO Connect® Generates Efficiencies for All Stakeholders

FLEXIBLE AND CUSTOMIZABLE SOLUTION

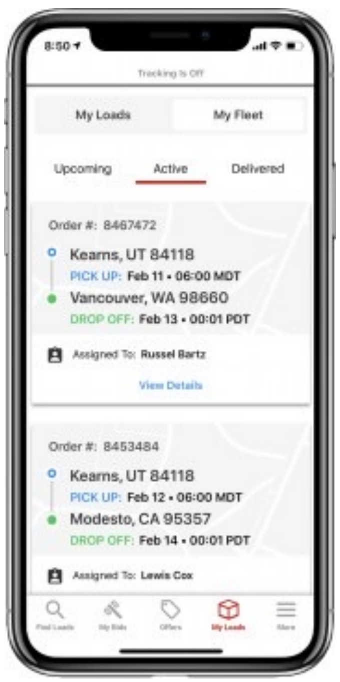
CUSTOMER ENABLEMENT	CARRIER FUNCTIONALITY	PERSONALIZED FREIGHT MANAGEMENT	TAILORED CAPACITY MANAGEMENT
▪ Quote and buy different kinds of capacity online through one point of access ▪ Leverage self-service analytics for decision-making ▪ Gain real-time visibility of shipments	▪ Post available capacity based on their preferences ▪ Book loads on the web or via the Drive XPO app ▪ Optimize utilization of equipment and driver's time	▪ Customize personal dashboard and self-service analytics to manage freight ▪ Enhance decision-making and spend with direct access to data and KPIs ▪ Tailor screen displays to the business	▪ Use mobile app to locate opportunities based on location, timing and equipment specs ▪ Analyze trends in spot rates, driving conditions and other factors that impact bids

Connect
by XPO Logistics

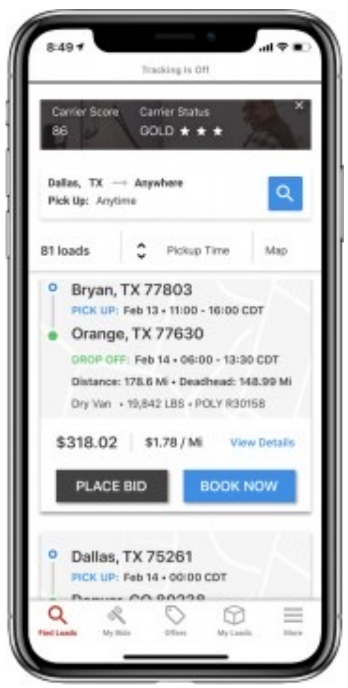
Drive XPO® App Benefits Customers and Carriers by Helping to Automate the Procurement Process

- Carriers use Drive XPO® self-service dashboard to access XPO Connect® on their mobile devices
- Over 700,000 driver downloads of the app to date with ongoing, rapid adoption
- Fully mobilized transactional platform is an all-in-one tracking solution for drivers and carriers
- Intuitive tools for capacity posting, bidding, negotiating, load booking, tracking and e-paperwork
- Smart Load recommendation engine helps drivers maximize resources and minimize empty miles

CAPACITY POSTING

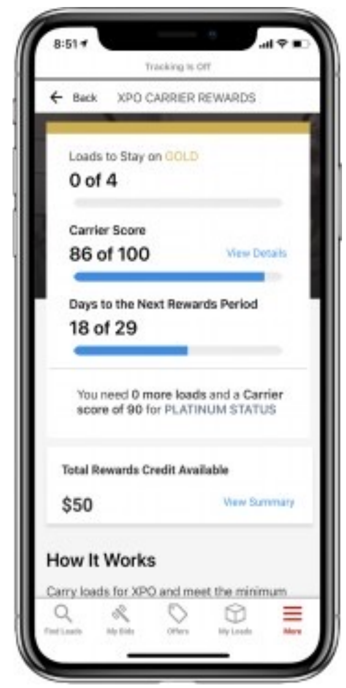


LOAD BOOKING



FREIGHT MANAGEMENT

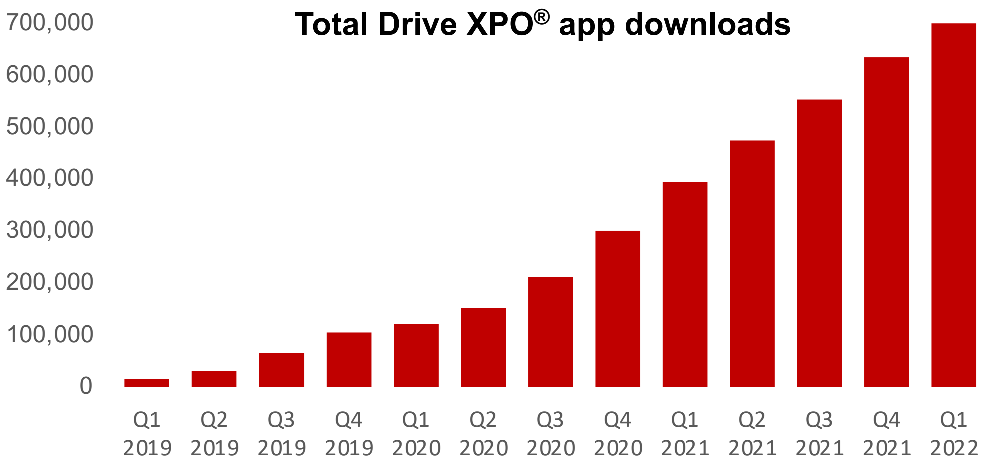
CARRIER SCORE AND REWARDS

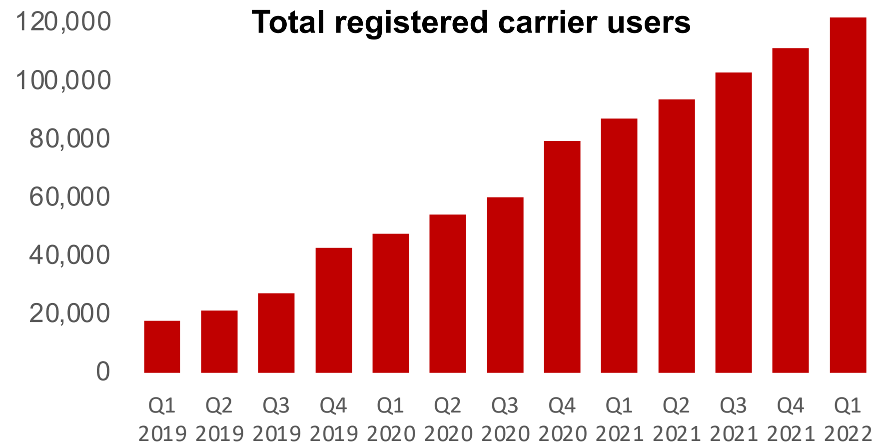


XPO Connect®
Tech Demo

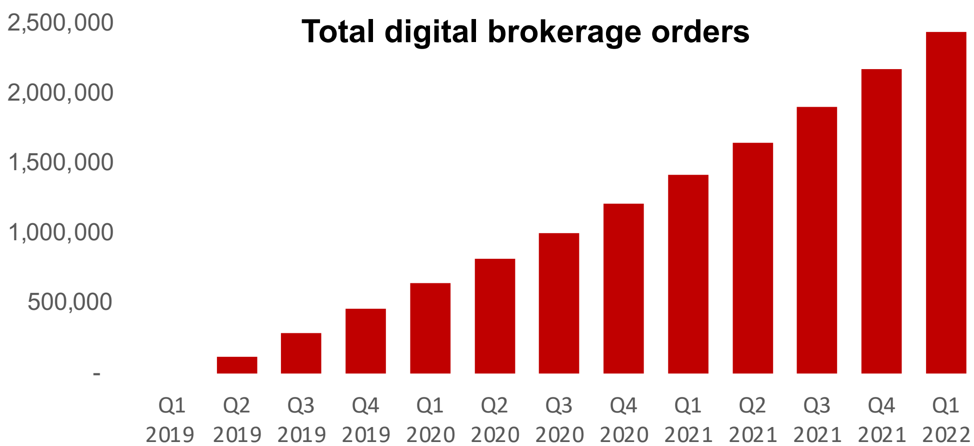
XPO Connect® is Widely Adopted and Growing Fast

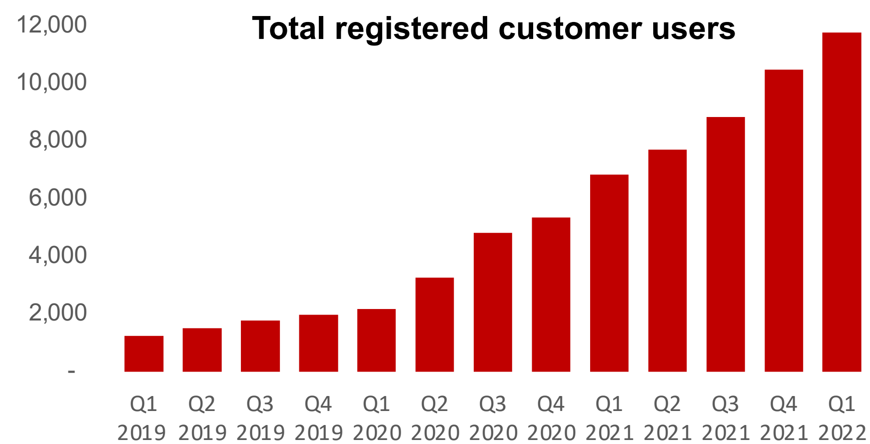
CARRIERS





CUSTOMERS





All data cumulative as of March 31, 2022

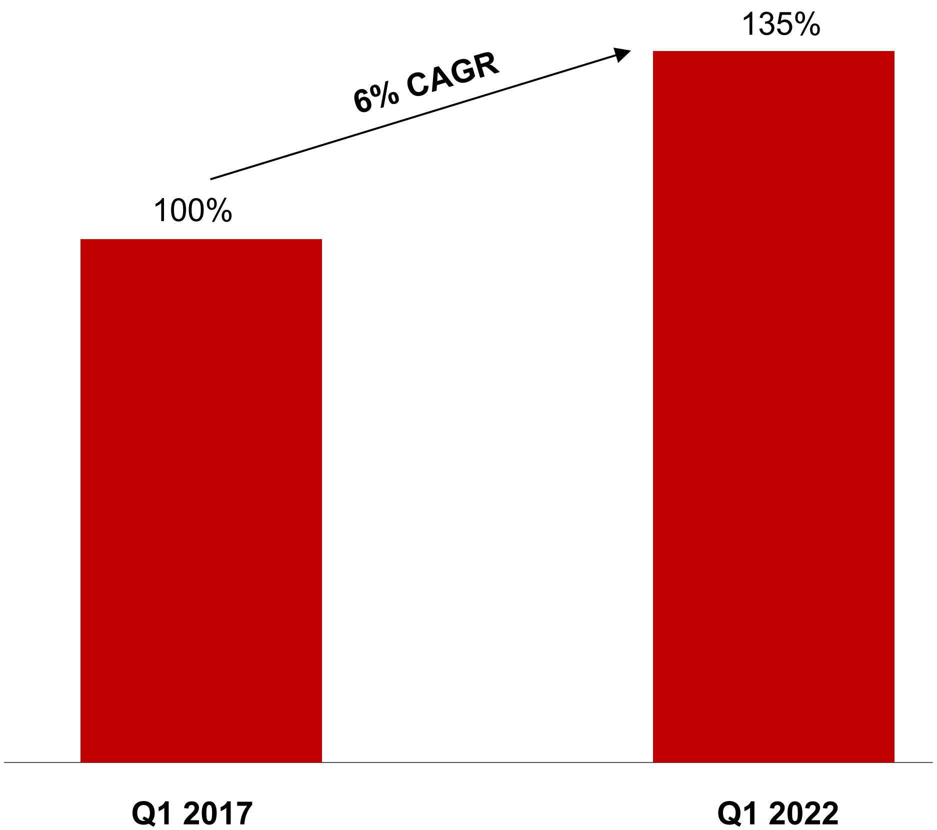
XPO Connect® Captures Share and Reduces Costs

1. Significant opportunity to unlock incremental revenue and profit well beyond current levels
2. Comprehensive digital platform enhances offering beyond traditional full truckload
3. Reaches emerging growth customers with low-cost model: primarily digital, with some over-the-phone interactions
4. Value of XPO Connect® will compound in response to fast-growing demand, further reaping the benefits of hundreds of millions of dollars of technology investment

Productivity Measures Enhance Margins

LOAD PER HEAD PER DAY (6+ MONTHS TENURE)
Q1 2017 INDEXED TO 100%

35% Increase in Productivity



Load growth of 71% vs. headcount of 27%

- Simplifies pricing execution with proprietary tools, including direct link to operational TMS
- Reduces time required to operate across modes via visibility in XPO Connect®

Pricing Levers Boost Revenue and Margins

OPTIMIZATION TOOLS

Proprietary machine-learning pricing engine for carrier procurement	▪ Costing algorithms and digital freight match capability ▪ Purchases transportation at optimal rates and expands margins ▪ Outperformed large competitors on margin 15 consecutive quarters, including 13 quarters after Dynamic Max Pay was implemented
Contract utilization	▪ Digital tool helps identify opportunities to improve margins on overutilized and underutilized contracts ▪ Helps better identify potential opportunities that can drive incremental volume and sales
Market pricing	▪ Pricing engine for enterprise and national customers optimizes market-relevant pricing, enhanced by API tools ▪ Online tool for quoting and placing orders utilizing proprietary pricing algorithm

Experienced and Cohesive Leadership

DREW WILKERSON
President, North American Transportation
- 15-year transportation industry veteran, joined XPO in 2012
- Served as president of XPO's North American brokerage business
- In 2020, named president of XPO's North American Transportation
- Prior to XPO, held leadership positions with C.H. Robinson Worldwide
- SpinCo CEO-elect

LOU AMO
President, Truck Brokerage
23 years
- Joined XPO in 2012
- Promoted to president, truck brokerage, North America in 2020
- Previously held senior positions with Electrolux, Union Pacific and SABIC (formerly GE Plastics)
- SpinCo president-elect, truck brokerage

YOAV AMIEL
Senior Vice President, Technology, North American Transportation
25 years
- Joined XPO in 2018
- Promoted to current position in 2021
- Previously held senior technology roles with leading innovators, including Amazon, Uber and Microsoft
- SpinCo CIO-elect

ALYSSA MYERS
Vice President, Technology, Brokerage
7 years
- Joined XPO in 2014
- Promoted to vice president, technology for the North American Transportation freight brokerage operations in 2019
- Previous experience with Salesforce.com partner startup

PAUL BOOTHE
President, Managed Transportation
18 years
- Joined XPO in 2016
- Promoted to president, managed transportation and dedicated transportation in 2020
- Previously held senior roles with Ryder and Pepsi Logistics Company

LYNDON CRON
Senior Vice President, Sales, North American Transportation
28 years
- Joined XPO in 2014
- Promoted to lead all outside sales customer facing teams in 2022
- Previously held leadership positions in sales for Pacer International

Note: Number of years indicate years of industry-relevant experience

XPO Logistics

Key Drivers of Value Creation

1. Expanding industry with low penetration and secular tailwinds
2. Differentiated, scaled platform with market leadership in the US
3. Long-tenured, blue-chip customer relationships in attractive verticals
4. Proprietary technology with first-mover advantage
5. Asset-light model generates high returns and substantial free cash flow
6. Experienced and proven leadership

Q&A

Reconciliation of North American Truck Brokerage Adjusted EBITDA

The following table reconciles XPO's operating income attributable to its North American Truck Brokerage business for the years ended December 31, 2019, 2020 and 2021, to adjusted EBITDA for the same periods.

$ in millions
unaudited

	2019	2020	2021
Operating Income	**$ 75**	**$ 105**	**$ 190**
Other income (expense)	2	(1)	1
Depreciation and amortization	12	13	13
Transaction and integration costs	–	2	–
Restructuring costs	2	1	–
Adjusted EBITDA	**91**	**120**	**204**
Revenue	1,372	1,684	2,749
Adjusted EBITDA margin[1]	**6.6%**	**7.1%**	**7.4%**

[1] Adjusted EBITDA margin is calculated as adjusted EBITDA divided by revenue

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

XPOLogistics

We believe that **return on invested capital (ROIC)** is an important metric, as it measures how effectively we deploy our capital base. ROIC is calculated as net operating profit after tax (NOPAT) for the trailing twelve months ended March 31, 2022, divided by invested capital as of March 31, 2022. NOPAT is calculated as adjusted EBITDA less depreciation expense, real estate gains and cash taxes plus operating lease interest. Invested capital is calculated as equity plus debt and operating lease liabilities less cash and goodwill and intangibles.

RETURN ON INVESTED CAPITAL

$ in millions
(unaudited)

Select income statement items		Trailing Twelve Months Ended March 31, 2022
Adjusted EBITDA	$	1,281
(-) Depreciation		389
(-) Real estate gains		45
(+) Operating lease interest		30
(-) Cash taxes		87
Net operating profit after tax (NOPAT) (1)	$	790

Select balance sheet items		As of March 31, 2022
Equity	$	1,598
(+) Debt		3,559
(+) Operating lease liabilities		816
(-) Cash		1,004
(-) Goodwill and intangibles		2,880
Invested capital	**$**	**2,089**

38% return on invested capital (1)

[1] Excluding the NOPAT related to our divested intermodal operation, our return on invested capital would have decreased by 4 percentage points

The following table reconciles XPO's revenue attributable to its North American Truck Brokerage business for the years ended December 31, 2021, 2020 and 2019 to margin for the same periods.

RECONCILIATION OF TRUCK BROKERAGE MARGIN

$ in millions (unaudited)	Years Ended December 31, 2019		2020		2021	
Revenue	$	1,372	$	1,684	$	2,749
Cost of transportation and services (exclusive of depreciation and amortization)		1,142		1,398		2,322
Margin (1)	$	230	$	286	$	427
Margin % of Revenue (1)		16.7%		17.0%		15.5%

(1) Margin is calculated as revenue less cost of transportation and services (exclusive of depreciation and amortization)

For the reconciliation of adjusted EBITDA TTM March 31, 2022 under "Return On Invested Capital," refer to page 50 of this document
Refer to the "Non-GAAP Financial Measures" section on page 2

The following table reconciles XPO's income from continuing operations for the trailing twelve months ended March 31, 2022, the three-month periods ended March 31, 2022 and 2021, and twelve months ended December 31, 2021, to adjusted EBITDA for the same periods.

RECONCILIATION OF INCOME FROM CONTINUING OPERATIONS TO ADJUSTED EBITDA

$ in millions (unaudited)	Trailing Twelve Months Ended March 31, 2022	Three Months Ended March 31, 2022	Twelve Months Ended December 31, 2021	Three Months Ended March 31, 2021
Income from continuing operations	$ 749	$ 489	$ 323	$ 63
Debt extinguishment loss	46	-	54	8
Interest expense	183	37	211	65
Income tax provision	181	113	87	19
Depreciation and amortization expense	473	116	476	119
Unrealized (gain) loss on foreign currency option and forward contracts	2	-	1	(1)
Gain on sale of business	(450)	(450)	-	-
Litigation settlements	31	-	31	-
Transaction and integration costs	42	10	37	5
Restructuring costs	24	6	19	1
Adjusted EBITDA	$ 1,281	$ 321	$ 1,239	$ 279

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

XPO Brokerage Day Investor Presentation and Q&A

June 2022*

Sections:

1. **Drew Wilkerson:** Good morning. Welcome to our XPO Sell-Side Brokerage Day! I'm Drew Wilkerson, President of North American transportation for XPO. I'll be the CEO of SpinCo, which we expect to spin off in the fourth quarter. We've structured this event to give you an inside look at our growth prospects, our technology and what differentiates our strategy. We'll start with a management presentation, followed by a Q&A session. Then, we're going to show you some live action on our brokerage floor. We'll split out into small groups with a senior brokerage leader guiding each group. You'll get to sit down with carrier reps and customer reps, and see how some of our digital capabilities come into play. Finally, we'll circle back for a final Q&A session and lunch before we break for the day.

   Today, we're going to focus solely on truck brokerage. As part of SpinCo's 2021 performance, truck brokerage was 57% of revenue and 84% of operating income. We'll address the broader SpinCo enterprise, including its financials and other service lines when we hold our investor days for the sell-side and buy-side in a few months.

2. **Drew Wilkerson:** I'll start by walking you through the backgrounds of the team that will be presenting today. I've been in the brokerage industry for more than 15 years and joined XPO over a decade ago from C.H. Robinson. Before becoming president of XPO's North American transportation division in 2020, I was president of brokerage operations in North America, where we tripled adjusted EBITDA during my tenure.

   Lou Amo is president of our truck brokerage business, and will have the same position with SpinCo. He's a 20-plus-year industry veteran with over 10 years at XPO. Before that, Lou had leadership roles on both the carrier and customer sides. He's worked for market leaders like GE and Electrolux. Lou's experience on the customer side gives us a unique insight into what brokerage customers are really looking for. We've been working together since the early days of XPO.

   Yoav Amiel is senior vice president of technology for North American transportation and will be our chief information officer of SpinCo. Yoav has spent the past 25 years working with some of the biggest names in technology — Amazon, Microsoft and Uber. He's

* Edited for clarity

leveraged his experience in machine learning to lead the development of our XPO Connect brokerage platform, which is one of the most rapidly adopted technologies of its kind in the industry.

Alyssa Myers, vice president of technology for brokerage, will be demonstrating XPO Connect. Alyssa joined XPO in 2014 as the leader of the intermodal product team and joined the brokerage team in 2019.

We have a very strong and cohesive team. As we started talking about preparing for this event a couple of weeks ago, I was reminiscing about the early days. I remembered my first conversation with Brad, where he told me the brokerage industry was ripe for technology disruption. His vision was to create something customers depend on for visibility and market indicators. For carriers, we would have to create enough scale and ease-of-use to make those relationships sticky, so that customers have access to capacity. Lastly, he wanted a system that would allow our employee productivity to skyrocket. We're pleased to have assembled a team that's living that vision today.

3. **Drew Wilkerson:** Now, we'll take a look at some key facts and figures about our brokerage platform. We operate in a massive industry. The total addressable market opportunity for brokered truckload transportation in North America is at least $400 billion. Of this, about $88 billion is with brokers today, and that number is growing steadily. In just 10 short years in this business, we've built the fourth largest truckload broker in North America, and our share of that $88 billion pie is only around 4%. We have approximately 88,000 carriers in our XPO Connect system, giving us access to vast capacity of more than 1.5 million trucks. We have about 1,600 employees who serve over 5,000 customers. Our top 10 customers have been with us for an average of 15 years. And, of course, technology plays a key role in our success. XPO Connect is at the center of our operations; in the first quarter, 74% of our loads were created or covered digitally. We've had over 700,000 downloads of our Drive XPO carrier app. ROIC for the brokerage business is through the roof. XPO's ROIC for the company as a whole averaged 38% for the twelve months through Q1 this year, and brokerage was well above that.

4. **Drew Wilkerson:** This industry is growing at a rapid clip. Industry-wide revenue from 2013 through 2021 had a compound annual growth rate of 9.6%. But we've grown at nearly triple the industry growth rate. We expect to keep outperforming the industry growth over the next eight years, just as we have over the past eight, driven largely by our volume growth.

5. **Drew Wilkerson:** These same themes resonate as the key drivers of our value creation, which I'll take you through now. We benefit from secular tailwinds in our industry that are strongly in our favor. Brokers are gaining share in the truckload market — the outsourcing trend has been going on for years, and we expect it to continue. The supply

chain of the future is moving toward digital, and we're at the leading edge of that evolution. We're big believers in scale. We're one of only a small number of players that can solve the freight transportation needs of world-class companies, and we have a compelling commercial edge. Our customer base is blue-chip and diversified, with long-tenured relationships and a strong presence in attractive verticals. Our largest customers come back to us year after year and continue to grow with us. When we're talking to a potential new customer, we can point to a prominent customer we already serve in the same vertical. We work with our customers to create tailored solutions that will contribute to their success. Lou will be sharing more about our tiered sales model and some customer case studies.

6. **Drew Wilkerson:** Technology is a huge factor in our outperformance. We use our proprietary technology to create value for our customers. This, in turn, creates value in our business. Yoav will be speaking about XPO Connect, which is our best-in-class platform for digital transportation. It gives us first-mover advantage with capabilities that directly address the industry shift toward automated transactions. Our platform is scalable; as we get larger, it gets more efficient. Our proprietary technology is also the bedrock for our profitable growth. As you'll see, we're on a well-established trajectory of secular adjusted EBITDA growth using our technology levers to optimize pricing, enhance productivity and expand margin, as we continuously refine our go-to-market strategy.

   We're also operating with a proven business model that's extremely agile. It's asset-light with low capex requirements, and it generates significant cash flow. Return on invested capital for this business is extremely high. And, as I mentioned, our team has worked together closely for years. We're a large enough business to handle the needs of leading brands in North America, but we communicate and maneuver with the same entrepreneurial agility we've had since the very beginning. Our data is far better than what we had a decade ago, and it's improving all the time. It helps us make the most of every market backdrop.

7. **Drew Wilkerson:** Next, I want to take a step back and talk about why the truck brokerage industry exists. The for-hire truckload industry is highly fragmented, with the average carrier fleet consisting of just a handful of power units, or tractors. Shippers, particularly large shippers, need to work with intermediaries to aggregate those carrier relationships and gain access to that fragmented capacity. Carriers, in turn, need help accessing the large shippers who can be their largest sources of income. Over time, a number of durable growth drivers have emerged. Supply chains are becoming more complex, more dynamic and less predictable under stress. As a result, the increasing complexity of supply chains requires more agility, visibility and access to data, especially in categories where customer expectations have changed, such as e-commerce and consumer packaged goods. We entered this industry because we saw the opportunity to create digital tools that help larger operators get more visibility faster and more

efficiently. These tools match shippers and carriers, and help each party to the transaction realize the best value. The structural shortage of drivers has been widely reported recently, but was present long before Covid and is likely to still be with us long after the pandemic fades. This puts an ongoing premium on capacity and the essential role of brokers in procuring it.

8. **Drew Wilkerson:** Brokerage penetration is moving up and to the right, and it's accelerating through outsourcing. This positive trend has persisted for decades. It's a large opportunity for us, and one that I've seen first-hand. When I started in this industry 15 years ago, brokers held about 10% share of the for-hire trucking market, and now that's more than doubled, and it continues to grow. There's a simple reason for this. Large brokers like XPO have the capacity that shippers want. Shippers also like the service, reliability, technology and flexibility we offer. We believe this will always be a tailwind for us. So, our addressable opportunity is growing, and on top of that, XPO's brokerage growth continues to outpace the industry growth. We have just a small piece of the pie, and enormous opportunities for growth ahead of us.

9. **Drew Wilkerson:** In preparation for the spin, we worked with an independent party to assess long-run growth prospects for the brokerage industry. Real GDP is assumed to grow at a 2% rate annually. The volume in the brokerage industry is expected to grow at a 6.6% CAGR, exclusive of pricing changes. This supports the case that broker penetration of the for-hire truckload transportation spend should continue to increase. We have a long history of outperforming the brokerage market, and we plan to continue to do so.

10. **Drew Wilkerson:** Moving on to a more detailed business overview, I'll start with a deeper dive into what makes our brokerage business so successful, starting with our scale. We launched our truck brokerage business in 2012 and quickly grew into one of the largest brokers in North America. Over the last 10 years, 90% of our revenue growth was organic, and 10% was acquired. Our customers lean on us to provide capacity for thousands of loads on a daily basis, and they value us because of our strong track record on service and our best-in-class technology. In fact, we now have the fourth largest truck brokerage business in the country. Forty-four of the Fortune 100 entrusted our truck brokerage team with their transportation needs over the last year. Our asset-light business is operating exactly as we intended, with low fixed costs, a high return on invested capital and high margins. Our technology is a key driver of our margin, which is best-in-class compared with other public brokerage companies in North America.

11. **Drew Wilkerson:** Our core service is full truckload brokerage, which is primarily dry van. Our offering also includes refrigerated transport, hazmat, flatbed, drop-deck and oversized equipment. The demand we see for our specialized services — like drop trailers and transloading — tends to be tied to different verticals. For example, retailers and e-commerce customers tend to want drop trailers. We've been providing this drop

trailer service since our inception. It was typically done by asset-based carriers, and over time we've shown we have more dependable access to flexible capacity. This is a part of the market where we've been able to penetrate and take share. Transloading is another opportunity that we've seen from retail customers. We've helped them navigate port congestion over the last couple of years. That helped them direct product to their stores as efficiently as possible. The flexibility to do this makes us stickier with our customers. Expedited services are essential for time-critical shipments. For example, in automotive, if your production line is missing a single part, you're shutting down a plant that can cost you millions of dollars for being shut down even briefly. There's a huge sense of urgency with this service.

Our refrigerated service helps keep sensitive goods at a set temperature and makes sure they don't get too hot or too cold in transit. This is critical for pharmaceutical customers. Produce is another vertical where we see a lot of refrigerated service because of the need to protect perishable foods. And then there's flatbed — think of steel, shingles, turf, anything that would not typically go on a dry van — that you could load and unload from the side of the flatbed trailer versus pulling it off with a forklift and driving it on. Another example on the flatbed side is over-dimensional freight; such as a massive tire for industrial equipment — this can be very high-margin business.

Finally, cross-border shipments allow our customers to move goods with a single provider to or from Mexico or Canada. We can arrange the shipment to go through on the same trailer or transload it at the border. Transloading gives our customers more transportation options, because we can change modes at strategic points close to ports and borders. We expect the nearshoring trend to continue to drive cross-border business. Our strong presence in Laredo, Texas is a growth lever for this.

12. **Drew Wilkerson:** The freight environment is always dynamic. We embrace that, and our ability to use our data, read the market and adapt is one of our biggest competitive advantages. We closely follow a collection of leading indicators to assess the direction of the market. We monitor load-to-truck ratios generated by third-party load boards as well as our own, internal data. We look at outbound tender rejections. We use inventory load scans through customer integrations. And we assess the results of dynamic pricing exercises. These help prescribe changes to our hiring, pricing, and go-to-market strategy. Three things are really important here. First, we trust our data and the tools we have in XPO Connect, which continuously evolves our analysis. Second, we're willing to adjust to market cycles, as we've proven time and again over the years. And third, as I said at the outset, we're a big enough company to serve the largest shippers in the world, but we act with the agility of a startup.

13. **Drew Wilkerson:** If the market is poised to tighten, we've got a playbook. We review rates with our top customers. We hire people to connect with more capacity — we did this to great effect in 2020, early in the pandemic. We onboard more carriers to

intelligent lane assignment. And, we backstop rates with customers who have a waterfall on their routing guide. Based on price and service, we'll go in and pick a spot on the routing guide and give a rate where we commit to take loads 100% of the time, so the customer doesn't have to send loads out to the spot board. Automatically, it saves the customer money. Our playbook also mitigates the impact of port congestion with options like transloading. And, we can increase our presence on the spot board through automation to capitalize on tender rejections from other transportation providers.

14. **Drew Wilkerson:** If the market is poised to loosen, we play it a little differently. The first thing we can do in a softer environment is pull down carrier costs faster than customer rates. We can hire less, lean into productivity more. We emphasize contractual business. We revisit contract rates if necessary and optimize margin dollars through share gains. We offer dedicated capacity to ensure we meet the needs of our key customers. We would lean more heavily into automation, which should drive EBITDA margins up. So, for any market, there's a play. And, as we're asset light, with massive data at our fingertips, we believe we can constantly adapt to succeed under any market conditions.

15. **Drew Wilkerson:** Our tech, our capacity and our people have banded together to drive dramatic growth and industry outperformance over the long run. Earlier, I recapped how we've grown revenue at triple the industry rate over the past eight years. Looking across a broad array of indicators, you can see that our revenue growth has benefited from our strong volume growth over the past several years. We manage the business for profit growth and ROIC, but share gains are important to us. We invest very deliberately through the cycle to balance our profit targets with our goal of capturing more of the enormous volume opportunity at hand. The results are evident in the increase in our margin dollars, and in the adjusted EBITDA growth we've generated. We look forward to a long runway of profitable growth.

16. **Drew Wilkerson:** Our brokerage P&L is straightforward, given that approximately 90% of the costs are fully variable. The variable costs are driven by purchased transportation and by variable compensation. We can reduce our costs when demand is soft, because we don't own the assets, and flex our resources to find trucks as soon as demand returns. Our second-largest expense is labor, primarily in SG&A, where we continue to drive efficiencies and leverage this expense over a higher revenue base. This modest fixed expense base serves as a catalyst to drive more accretive volumes in periods of growth. Our capex, historically, has been low, at less than 1% of revenue. The bulk of our capex has been invested in technology, and now that the heavy lifting is behind us, we expect our capex as a percentage of revenue to remain quite low going forward, while continuing with a robust agenda of technology enhancements. And importantly, our free cash flow conversion is extremely strong. Critically, for brokerage, our return on capital for brokerage is at phenomenal levels. Now, I'll pass it over to Lou to discuss more of our operations, as well as our key customer relationships.

17. **Lou Amo:** Thanks, Drew. Very early on at XPO, we launched brokerage cold-starts across the US. We opened 14 of these offices over a two-year period and bought nine more companies that had brokerage operations. Our strategy of organic growth coupled with the M&A fused the best of both worlds: an aggressive startup culture, high growth, and high intensity, with more seasoned, tenured operations.

We work with a roster of world-class brands across a diversity of sectors. About half of our business relates directly to the consumer, including the 25% of our business that comes from retail and e-commerce firms. Supply chains for these customers are particularly dynamic, and we see ongoing secular growth from this sector. The other half of our business relates to a diversified mix of verticals, including industrial, technology and automotive, as well as a slew of others ranging from agriculture and chemicals to healthcare to energy. Note that industrial and automotive, in particular, are still in the midst of recovering from shortages of raw materials and unfinished goods and are expected to have long growth runways ahead of them. Some our major customers include Ulta and Tractor Supply in the consumer space; Amcor, Sonoco and Veritiv in industrial; Ford and GM in automotive; Corteva and Syngenta in agriculture and chemicals; and Owens Corning in building materials. These strong customer relationships provide stability across cycles. Our customer base includes nearly half of the Fortune 100. We have very strong representation with enterprise customers, and our volume growth with our largest customers outpaced our overall volume growth in 2021. Still, we're far from fully penetrated in the enterprise space.

18. **Lou Amo:** We have a history of growing with our largest customers, but our concentration risk is low. In 2021, our top 10 customers accounted for 28% of revenue, and customers 11 through 20 accounted for another 11%. As Drew mentioned, our top 10 customers have a 15-year average tenure, but even if you broaden it to our top 20, the average tenure is long at 13 years. These relationships are well-established and durable.

19. **Lou Amo:** Moving to technology — our tech delivers direct value to the business in three ways: margin expansion, operational productivity and increased volume. All three of these levers rely on our XPO Connect platform. Our dynamic pricing algorithms leverage machine learning to generate real-time pricing for every transportation lane at any given time. When truck capacity is bought on the spot market, spot rates fluctuate like they do in a stock market, for both our customers and carriers. Our pricing engine helps track the shifts and price the lanes accordingly. This optimizes our margins.

In terms of productivity, our platform increases the efficiency of our operations, allowing us to do more with less. To give an example, in Q1 2022, the number of loads covered digitally was up 48% year-over-year. We've also developed digital channels to drive more volume to the business. This includes automated bots, real-time quoting and ordering and an API platform that seamlessly communicates with our customers' systems. These digital channels allow us to automate customer interactions. This is important, because automated pricing and customer integration allow us to win business, and XPO Connect generates quotes faster and more consistently than our reps can. We generate thousands of spot quotes daily, 24/7.

20. **Lou Amo:** Our main growth opportunity, of course, is sales. We take a strategic view of how to approach customers of all sizes. Our strategic account managers, or SAMs, focus on our largest customers. These are customers that anyone would define as enterprise in nature, Fortune 1000 types. Our national account managers, or NAMs, focus on customers with revenue in the hundreds of millions, who have scale and, in many instances, national reach. And, our inside sales organization focuses on penetrating emerging growth businesses, for whom time is particularly precious. We onboard these customers through XPO Connect with less human interaction. Our platform helps them run their business cost-effectively. We invested in building this layered sales organization to create an important differentiator for our business. Our SAMs and NAMs are focused on cementing relationships with current customers and calling on new, large customers. While that's typical in other industries, it's atypical in brokerage, and we get a lot of mileage from that investment. We also invested in API technology and we believe that the activity we're seeing is just the beginning of the ramp up from that real-time pricing. This technology is 100% our creation, and we developed it to improve outcomes for shippers, carriers and employees, helping us capture more volume with greater efficiency.

21. **Lou Amo:** A great example of relationship growth at the enterprise level is a company we'll call Customer A. Customer A is a leading manufacturer of building materials and has been a customer of ours for over eight years. We received our first contract award in 2013. That was as a flatbed provider. Today, we're their largest provider of brokered flatbed capacity in North America, and we've expanded our services to include truckload and less-than-truckload. We've grown this account from less than $1 million in revenue the first year to $23 million in 2021. Back in 2013, this customer did not trust brokers, but we proved ourselves by delivering on capacity. And, it's not just about capacity — we've also grown this relationship by performing at a very high level, which is why Customer A named us Supplier of the Year.

22. **Lou Amo:** Customer B is a large home improvement retailer and an example of a blue-chip account where we have deep relationships at multiple levels, from the dock floor to the C-suite. This has helped us grow revenue from about $1 million in 2015 to over $100 million in 2021. We provide a range of services for this account, the biggest one being contractual, brokered freight and drop trailers for their general merchandise. We also provide flatbed capacity and another service called port diversion, where we manage expedite moves from the ports — this work resulted in our getting awarded International Carrier of the Year in 2021. Customer B also depends on us for emergency shipments during natural disasters like hurricanes, tornadoes and wildfires. This urgent

freight is so important that they only allow two carriers to haul it, and we're one of them. We became an emergency shipment provider for Customer B in August 2020 when one of their incumbent's service levels deteriorated, and this was at a time when Covid supplies were added to the emergency shipments. Our strategic decision to hire employees and leverage technology when the pandemic hit was a differentiator here.

23. **Lou Amo:** Another relationship in the consumer space is Customer C, a large food and beverage company. This relationship started with a $4 million contract award, with one division, 15 years ago — and in 2021, we booked more than $50 million in revenue moving tens of thousands of loads. Again, the story here is scale, technology and service. From that first foot in the door, we expanded the relationship to other divisions. About 25% of our business with this customer is drop trailer, which gives them flexibility to control their labor cost, and our technology is front and center. In one division, over 99% of the orders are created or covered digitally. This account is highly automated on XPO Connect; that's the way the whole industry is moving. And, like the other accounts I mentioned, XPO is seen as a strategic partner. Customer C has a high degree of confidence in our ability to execute, and as a result, we get awarded freight like an asset-based carrier. A final point on this customer: We're using our technology in every part of the relationship to provide real-time pricing, guaranteed capacity and end-to-end visibility that other providers can't easily replicate.

24. **Lou Amo:** Another example of our deep customer relationships is a retail customer I'll call Customer D. This started as a small account back in late 2016. We've grown the relationship to provide multiple services, including dry van, transloading, drop trailers and some refrigerated. We also handle anywhere from 50% to 75% of their peak overflow business, which starts in late Q3 each year and runs through Q1 of the following year. The customer's internal technology team is stretched thin, so they rely on XPO Connect's visibility and customized reporting to make critical supply chain decisions. We offer them reporting and insights that other competitors cannot or will not provide. They love our technology — it's a main reason why we get their freight awards, along with our service and access to capacity. At the end of 2021, we were one of only four carriers chosen to participate in the Customer D's Strategic Carrier Engagement initiative. We have bi-weekly syncs with the customer's supply chain leadership team, focusing on new opportunities and helping them with continuous improvement. We also work closely with this customer on technology-based operating solutions that help them better manage their business. Together, we've improved productivity and visibility for appointment scheduling and managing trailer pools. Here again, automation is front and center: 99% of their orders are created or covered digitally. We've grown this account from $3 million of revenue in 2017 to over $75 million in 2021.

25. **Lou Amo:** Customer E is a food and beverage customer that started with a $2 million contract award in 2012. Dry van is their primary service, but we also do some

refrigerated, drop trailers and transloading. Our outside sales organization got us in the door. We proved ourselves by solving their toughest freight challenges and keeping our leadership team involved. Now, 99% of our orders with Customer E are created or covered digitally. In 2021, we booked over $50 million of revenue and earned Carrier of the Year honors.

26. **Lou Amo:** We have other case studies of customers that have shown the synergistic relationship between our brokerage business and managed transportation, which will be part of the spin-off platform. To give you a brief primer on managed transportation, this is a sticky business where we work as an extension of our customers. We offer outsourced transportation solutions, which allow customers to leverage our expertise and realize cost savings. Our technology is a huge differentiator because it provides shippers visibility into all their shipments across all modes. In addition, we capture their data to achieve continuous improvement. Our average length of relationship with these customers is over seven years, with 70% of the business in multiyear deals, and with a customer retention rate of close to 100%. Our managed transportation customers trust us with nearly $4 billion of freight under management.

Within managed transportation, we have deep relationships with the largest automotive manufacturers going back 20-plus years, supporting production and aftermarket parts distribution. We've been working with one particular customer for years to gain their managed expedite business, which includes cross-border shipments, time-critical shipments, air charter, and things of that nature. It didn't go unnoticed that we'd been named Supplier of the Year in managed expedite by Ford and GM for three years each, which helped set us up. In Q3 of 2020, we stepped in and found capacity for this customer when others couldn't, and became the customer's primary managed expedite carrier. It drove a sharp increase in our awarded business, and the knock-on effect drove many millions of dollars of brokerage revenue.

27. **Lou Amo:** Again, all of the work we do is enabled by our technology. We hire the best people, and we train them well, but at the center of that training and of our long-term success is our technology. Yoav is going to walk you through how we've developed XPO Connect and infused it throughout our business.

28. **Yoav Amiel:** Thank you, Lou. XPO is a technology trailblazer. We're leading the disruption — not just because the company has invested in technology from day one, but also because we built a state-of-the-art platform that is scalable, and that predicts the way the market is evolving for both shippers and carriers. One of the things that makes XPO Connect so unique is that we developed it from scratch, leveraging deep knowledge from our operations. All the volume that flows through the system, and the decisions we make in managing that volume, add to our competitive advantage. The three digital pillars of our XPO Connect platform are Freight Optimizer, our transportation management system; our XPO Connect interfaces for both customers

and carriers; and Drive XPO, which is our mobile app for drivers and fleet owners. While several other brokerage companies started to build digital capabilities, we benefit from first-mover advantage that we believe will continue to keep us ahead of the pack.

29. **Yoav Amiel:** Before I dive into the technology, I want to highlight that the benefits of automation and machine learning flow directly to our bottom line through volume, productivity and margin. On volume, we use XPO Connect to grow our share, while lowering the cost-to-serve. Our APIs, automation and digital interfaces add value for our customers — both large customers who usually prefer system-to-system integration, and smaller customers, who can interact directly through our digital interfaces. To enhance productivity, we've automated transactional processes, improving customer service and capacity management. Our operators are able to do more with less and focus their efforts on value-added services. To enhance margin, we have proprietary dynamic pricing algorithms that use machine learning and take current market conditions, historical data and future indicators into account. This helps us to expand the buy/sell spread and balance margin and share. Overall, our technology capabilities represent a dramatic EBITDA opportunity.

30. **Yoav Amiel:** We believe that brokerage services will become fully automated over time to everyone's benefit — customers, carriers and brokers. XPO Connect positions us to gain strongly from this transition. Truck capacity is the backbone of our service offering — carriers and truck drivers utilize our XPO Connect interfaces to find loads, and shippers use our interfaces to find capacity. XPO Connect is the platform that brings them all together in the digital marketplace we created.

To help explain the term "platform", here is an analogy that's easy-to-visualize. Think about the roads in the town where you live: When I was the head of machine-learning maps at Uber, we used GPS traces and street imagery to map the roads of the world. The immense complexity of existing roads, and the limitations of building roads around existing obstacles, became very clear. Now, imagine a world in which the roads are created first, and only then is the city built on top of it. This approach would produce a perfectly efficient road network — one we can only dream of! Well, that's how we built XPO Connect. We've designed our platform for scale from the ground up, and while it continues to evolve, our "ideal roads" were created first, so everything that follows is efficient. This approach gives us a huge potential upside, and it allows us to sustain our leadership position by continuing to innovate.

31. **Yoav Amiel:** Let's look more closely at the three pillars of our platform, starting with Freight Optimizer, our transportation management system. Freight Optimizer provides our brokerage reps with comprehensive support for their day-to-day decisions. It optimizes load assignments, automatically matches supply and demand, and leverages our predictive pricing algorithms. These are complex, self-learning algorithms that enable us to optimize margins. The algorithms come up with the optimal "sell and buy"

prices each time, while taking into account multiple data inputs. They learn from each calculation and they self-improve over time. At the same time, automation is embedded across the huge number of transactions we process daily.

32. **Yoav Amiel:** This brings us pillar two, the design of XPO Connect's interfaces and the digital efficiencies they generate for all stakeholders. The key takeaway here is the architecture of the platform. We've designed the technology to be responsive to the evolving needs of both shippers and carriers. Our customers can quickly quote and buy capacity online, leverage self-service analytics for their decision-making and have continuous, real-time visibility into their freight. Our functionality for carriers is equally robust. Carriers and drivers can post their available capacity based on their preferences, and book loads on the web or through our Drive XPO app. They can increase the utilization of their vehicles and trailers, which can increase their income overall and reduce empty miles, which is better for the environment.

    It's also important to note that XPO Connect is designed to be used as a personalized solution by individual customers. It's fully customizable, without the need for complex development or long-term maintenance. For example, customers get a personal dashboard and self-service analytics to manage their freight. They have direct access to all of their data to manage their spend. Even the fields and labels that display on the screen are customizable. Carriers have similar flexibility to manage their capacity on an XPO Connect dashboard. This ability to turn XPO Connect into a personalized solution — without technical training or investment needed by the users — helps elevate customer satisfaction and accelerate user adoption. We believe it also supports a strong user retention rate that exceeds the industry average, making us a brokerage partner of choice.

33. **Yoav Amiel:** The third pillar is Drive XPO. This proprietary app provides carriers and drivers with full control over their day-to-day operations. It utilizes permission-based functionality, which grants specific capabilities to each user according to their role. For example, a self-employed truck driver may need to access the load-board while on the road. But a fleet driver for a large carrier may only need the tracking and document-upload capabilities. The app also includes features that help a driver manage capacity, reduce empty miles and improve their daily experience. The app comes with a carrier rewards program that offers fuel discounts, maintenance discounts and financial incentives that create stickiness and motivate high levels of carrier service. And, our Smart Load recommendation engine helps drivers optimize the utilization of their trucks.

34. **Yoav Amiel:** Industry adoption of XPO Connect is consistently up and to the right. We saw a 78% increase in year-over-year downloads of the app in the first quarter of this year, taking the cumulative total to over 700,000 downloads. We now have approximately 88,000 brokerage carriers registered on XPO Connect in North America

— that's a 39% increase in the past 12 months alone, and the number keeps climbing. Our Q1 2022 registered customer users grew by 41% from the prior year. So, you can see that there's a lot of horsepower behind these initiatives!

35. **Yoav Amiel:** Digitization is integrated deeply into our business and is a key engine of our growth. Shippers and carriers are demanding digital brokerage tools, and we have what we believe is the best solution in the industry. We have a clear line of sight to significant growth opportunities in brokerage in the near-term. We expect this to come from our existing relationships with large customers, as well as the capture of emerging growth customers. In the first quarter, 74% of our orders were created or covered digitally, and we expect this number to keep increasing over time.

36. **Yoav Amiel:** Another key profit initiative that's bearing fruit is pricing optimization. Here we're seeing the impact in three areas: purchasing transportation from carriers at optimal rates, utilizing contracts more fully and pricing more optimally for current market conditions. Our digital tools address all of these opportunities. There's a growing trend of enterprise customers moving to a digital carrier sourcing model. As Lou mentioned, we've been an early mover in this area, investing in API technology that gives us real-time pricing and integration capabilities with those customers. For example, the number of loads created through APIs and other digital channels grew 59% in Q1 this year vs. 2021. This kind of connectivity is an opportunity to showcase our expertise with innovation. We love to build solutions that are customer-facing, atypical and difficult to replicate.

37. **Yoav Amiel:** The third area that's benefitting from our technology initiatives is productivity. In any given quarter, we'll see hiring rise or fall based on market conditions, but over the long run we're seeing continuous enhancements in productivity. Many of the internal capabilities we've developed directly serve our customers by enabling us to purchase transportation more efficiently. Now, Drew will sum it up.

38. **Drew Wilkerson:** Thank you, Yoav. I'll bring it full circle back to our people. We have some of the best technologists in the world partnering with the best operators to create a differentiated experience for customers. We execute on every initiative with an experienced and cohesive management team, some of whom you've met today, and the strength of our team runs deep. Our vice presidents and above have been with us for over 12 years on average. Director-level and above have an average tenure of more than eight years.

39. **Drew Wilkerson:** As we get ready to move on to Q&A, I want to recap some key conclusions. Truck brokerage is a great space to be in. The overall trucking market in North America is over $400 billion, with only $88 billion currently going through brokers. The second piece is our scale. We're the fourth largest truckload broker in North

America, which gives us critical mass and about 4% industry share. We have a huge opportunity and a long runway for growth ahead of us. Third, we have strong, long-tenured relationships with our customer base. We've got a terrific customer list, with key customers who have been with us year after year, and a differentiated sales approach that's winning us more business. XPO Connect is the leading digital platform in the market. Our technology is highly scalable and drives efficiency, competitive advantages and financial returns. Our asset-light model generates strong ROIC and can pivot to win in any market environment. And again, it starts and ends with our people.

Q&A

Sections:

Technology

40. **You have a lot of impressive tech capabilities that you've built in a short time. That said, there's an arms race in technology. How do you stay ahead, and do you think your stickiness with customers will persist?**

41. **XPO:** We have a 10-year head start on technology development in the brokerage industry, and we're constantly enhancing its capabilities. Our tech offering is differentiated from some others because it makes money. We built it to create profit; you can see our strong margin percentage. A lot of it comes down to our pricing algorithms. When we take an operator who's been doing truckload brokerage for 15 or 20 years and we pair that person with a data scientist on Yoav's team, the algorithms they create become very difficult to replicate, and the more data we feed into it, the more powerful the system becomes. Also, it's not enough that you just have data; you need a strong feedback loop that shows you exactly what carriers and customers are clicking on. Our system takes these clicks as inputs and automatically learns and improves over time. We don't believe our competitors have the tools, the talent or the data to commoditize what we've done on the pricing side with our algorithms.

    As far as customer stickiness is concerned, they're typically hooked as soon as they come into the system, because they see how well our technologists understand brokerage — it's evident in the benefits they get. They see that we can recommend which mode of transportation they should be using; what day of the week they should ship a load; what their overall spend is doing and how it's trending. Our algorithms even help customers decide where to build warehouses based on their transportation needs. Our tech is an invaluable decision-making tool for our customers.

42. **As others develop capabilities that may mimic what you're doing, do you think carriers and shippers will stay with your system?**

43. **XPO:** Yes. Tech comes with the relationship, and they want to do business with us. You've got to have good service, too, and we have the best of both worlds. You can have great technology, but if you don't back it up with service, you're not going to last. With large customers, for example, you get one chance to get in there, and if you mess up, you're out the door very quickly. We have a reputation of getting in the door, staying there and continuing to move the ball forward. Our top customers are leaning in and giving us more.

We believe in delivering value to our customers and to our carriers. As long as we provide them with value, they'll continue to stick with us. We harness our lane density, our capabilities in machine learning and the massive amounts of data we generate daily through our business to deliver significant value. One of my favorite statistics is that over 70% of customers and carriers who do business with us on XPO Connect come back within one week to do more business with us.

44. **Should we view you as a disrupter or the "disrupted"? What does the industry look like 10 years from now?**

45. **XPO:** We were the original disruptors. It helped us gain share with customers and made our carrier base stickier. We haven't seen any other players come in and disrupt with technology. On the second point about what the industry will look like 10 years from now, we believe it's going to become more and more automated. The brokers who have the largest scale and are able to automate are the ones who will win.

46. **Your technology is now leading the industry, so do you feel there's an opportunity for more gains to be made?**

47. **XPO:** There are absolutely more gains to be made for us with tech. There's opportunity for more adoption; we'll continue to increase our digital brokerage orders beyond 74%. We'll continue to do new things to pull carriers in. And, most importantly, we'll continue to leverage our technology and data insights and be a strategic partner for our customers. The number one thing that has allowed us to grow over the years is our relationships with customers. Our top 10 customers have been with us for 15 years on average, and our top 20 customers have been with us for 13 years on average. These are deep relationships and they're growing.

48. **What kind of future functionality would allow you to improve XPO Connect further, or is it pretty much done in terms of scope?**

49. **XPO:** XPO Connect is evolving all the time. If we can envision it, the architecture we built for this platform will support it, whether it's scaling up, or innovation, or customization for customers. There's a ton of functionality in the tech agenda. We can't reveal what we're working on, but a lot of the capabilities are tied to productivity and leveraging our data as an advisor to our customers. We want to make sure that everything we build provides value to customers.

50. **Do you expect to be fully automated over time, and what do your employees think about that? How would you compare your level of automation to the competition?**

51. **XPO:** Automation allows people to be more productive, so it's generally a good thing for them. Our people have leaned into the productivity piece and we're not seeing pushback. We work with all our stakeholders to enhance this technology, and that includes our employees. As for as the competition, people measure automation in different ways. It's great that 74% of our loads are created or covered digitally, but it's not important that every load is automated. Not every load suits automation. If I'm a broker with a load that has $5 million of value, for example, I want to talk to the driver and the customer and follow that like a hawk. We work with some drivers who still have flip phones, and we don't want to lose that capacity. Generally speaking, though, you're going to see automation continue to increase.

52. **What's the long-term impact of enhancing your existing automation?**

53. **XPO:** We'll continue to invest in productivity, and we're constantly identifying areas where we can automate internal operations. Keep in mind that all the functionality we have externally for our carriers and shippers increases productivity for our people. For example, we developed an automated load recommendation engine for carriers, and if a carrier keeps booking loads through recommendations, it actually frees our reps to focus on growing our carrier relationships. We see the automation rate continuing to grow over time. Over the past five years, we grew loads overall by 71%, while we grew headcount by 27%. There's potential for growth all the way around, levered by productivity. There are times we choose to add headcount because we can see it will amplify growth — because the reps are talking to more customers and carriers and getting more loads. It's always a balance of driving productivity and growth.

On the topic of productivity, we have tenured reps who've been here for three, four or five years, and we also have new reps that we hired more recently. One thing we've clearly seen in our data is that our new hires are ramping up faster than ever. When we started to roll out our XPO Connect platform in 2018, our new hire productivity began to accelerate.

54. **Can you talk about the relative margin contribution from a traditional brokerage (humans interacting) versus your apps?**

55. **XPO:** Our technology allows us to increase our overall margins. All of our orders involve some form of automation, and margin is fairly constant, whether an order is fully digital or partially. The difference is in the adjusted EBITDA margin. The more digital the load is, the better the cost structure becomes, and then with more productivity we can get more loads. There's an amplifying effect.

56. **Do you foresee complete automation at some point? How are you thinking about margin?**

57. **XPO:** From an automation perspective, we believe we'll get to a percent in the high 90s. There will be some parts of our operations that will require handholding to make sure we're providing the right level of service for our shippers. The number of years it takes to get to near-complete automation depends on external parameters and market behavior. From a tech perspective, we have everything we need, such as the internal automation processes and the external features. The capabilities we offer to both shippers and carriers encourage them to handle more volume through our automated systems.

Over time, more automation in the business might lead to margin coming down. But, off of the same automation, we should see adjusted EBITDA margin go up, so the business will become more profitable as it needs less human interaction to operate.

58. **Do you have a way of telling how XPO Connect's platform is ranked against others in the industry?**

59. **XPO:** The biggest source of feedback we're focused on is our customers. The larger ones have worked with most or all of the major brokers, and they know the platforms. They tell us we have the best-in-class technology. It helps them operate their business more efficiently. Again, after customers first try XPO Connect, their return rate is very high: over 70% do more business with us within a week.

We're a numbers-driven company. If you look at APIs and other digital channels, we had year-over-year load growth of 59% in Q1, 39% growth in registered carriers and 41% growth in registered customer users. People love to come back and use our platform.

We get asked a lot about how our technology is differentiated from our larger peers. There are three parts to the answer. First, is our approach to building the platform. We built it for scale from the ground up, and that allows us to innovate quickly and deliver more and more functionality within relatively short timeframes. Second, we have an immense amount of data that's consumed by our machine learning tools. It allows us to fine-tune our algorithms. Every time someone does or doesn't take an action, like converting a quote to order, that's an input to machine learning and it improves our algorithms over time. The third part is how we do things. Our technologists and operators are very closely integrated. We're one team working together through tight feedback loops. It focuses us only on those projects that move the needle for volume, productivity and margin. Every initiative must tie to at least one of these key levers.

60. **Who, in the broker world, from a technology standpoint, is the most competitive?**

61. **XPO:** C.H. Robinson is the one we run up against the most with large, Fortune 500 companies. They've got a lot of data they can use to power their technology. We pay attention to what everyone has done — Uber, Convoy, JB Hunt, Echo, Knight-Swift, etc. There are a lot of players out there, but Robinson is still the north star that everybody looks to. We have a lot of respect for them.

62. **What's a recurring challenge that your customers have, that gets solved when they pivot to XPO Connect?**

63. **XPO:** Large customers are often looking for insights and access to data through our dashboard capabilities. They want to leverage the data they have, in combination with the data we have. This is an area where we really shine. It positions us as a trusted partner. Scale is also key — not just size, but how well that can be leveraged by technology. There are only a handful of brokerage companies in North America that can operate at scale. When you talk about delivering solutions for the largest customers in the world, it narrows the list. We differentiate on all of these points.

Overall, we find customers are looking for five things. They want consistent, reliable service. They want us to solve their problems. They want us to honor our commitments. They want competitive prices. And they want accurate invoicing. Our technology gives them all of that. We've put our operators and technology together in ways that deliver value to our customers, and that's why our customers keep coming back.

64. **Can you break out your technology spend between LTL and truck brokerage? Is it possible that the aggregate tech spend will need to increase post-separation?**

65. **XPO:** We'll provide more details when the Form 10 comes out. At that point, the numbers will become more meaningful. The aggregate capex in brokerage is less than 1%, and a lot of that is technology — it will continue to be our largest investment in brokerage, post-

spin. We'll continue to enhance XPO Connect, focusing on margin expansion, productivity improvement and volume growth.

Industry and Operations

66. **You saw tremendous growth in 2021, especially in your volume. How sticky is the business you got last year? And what's the outlook for adding more headcount vs. relying on more productivity from your platform?**

67. **XPO:** We believe the business we won last year is extremely sticky. If you look at our track record over the last five years, we continue to move forward with all of our largest customers. One of the examples Lou gave earlier was a customer we brought on in 2013 when we were just a flatbed provider to them. Well, that customer has since outsourced other modes to us because they value the service we provide and the trust that we've been able to build with them over time. Customers usually turn to us for other services as we move forward.

    As for headcount decisions, we're doing what the model tells us to do. It's a model that we've trusted for over a decade. The model told us to add heads in early 2020 when no one else was doing that, and it paid off in a big way.

68. **Your loads are up at an 18% CAGR and your revenue is up at a 42% CAGR from 2019 through 2021. Is that all price, or is it also mix? If rates fall, do you think the business will continue to outperform?**

69. **XPO:** The drivers have been volume growth, market pricing and mix, with the mix reflecting niche services and a longer average length of haul. At any point in the cycle, we're confident we're going to outperform. We've grown our revenue CAGR at triple the industry growth rate over the last eight years, a period that included different market cycles.

    We can't control whether the market will move up or down, but we have the tools we need in XPO Connect to increase productivity as needed. We have a highly variable cost structure: 90% of our costs are fully variable, and that gives us a lot of leverage.

70. **How do you think about the leverage points within your model? Can you talk about tech spend? Variable incentive compensation?**

71. **XPO:** If you look at our overall technology spend, everything is focused on enhancements to make us stickier with customers and carriers, and to increase employee productivity. We also evaluate the ROIC it can create for the business overall. We're extremely happy with the platform; specifically, the productivity it creates for our employees and the

satisfaction it creates for our customers. Over 70% of customers that use XPO Connect come back to us within a week. So, we're not getting complacent. We're monitoring and investing as appropriate. Right now, that investment is less than 1% of revenue.

Regarding variable compensation, our people are highly incentivized on margin dollars, on service to the customers and the volume that they're able to do.

72. **What is your mix of contract versus spot business?**

73. **XPO:** In Q1 this year, contract was at 68% and spot was at 32% of mix. We've been growing contract volume pretty consistently. A few quarters ago, it was in the lower 60s. Our customers are requesting more contract service.

74. **How far in advance do you pre-book loads? If fuel prices are moving, does the rate need to change if a load is booked a week or two in advance?**

75. **XPO:** Shippers can book a load in XPO Connect up to 30 days in advance. We don't see a lot of shippers planning their spot purchases that far out, though, so there's minimal fuel cost risk with advanced bookings. We typically see spot loads booked about a week ahead of time, and some are booked two days or one day in advance.

76. **To what degree has there been synergies between the two sides of XPO that will be separated by the spin-off: one of the nation's largest LTL carriers and one of the nation's largest truck brokers?**

77. **XPO:** There aren't a lot of synergies operationally or in terms of sales generation. On the sales side, we definitely compared notes in looking at who was doing business with who in the early days of XPO, but that wore off quickly. When you look at the business now, LTL and truck brokerage have our own, separate salesforces. Customers view us as different entities.

78. **Looking forward over the next several years, we're seeing a lot of asset-based carriers invest in their trailer pools. Do you see a day when you'll need your own trailer pool, and can you summarize how it works?**

79. **XPO:** Drop-trailer service, in a nutshell, is when a broker keeps a trailer pool at a customer's location to provide storage and time flexibility, because the customer can load or unload the trailer when it's convenient, and not timed to when the driver arrives. The margin profile on drop trailer business depends on what the freight is, and the utilization. If the commodity is retail or e-commerce, there's a chance that it's at a higher margin. We utilize the equipment strategically as a customer service.

We've had trailer pools for over a decade now, since our inception. Drop trailers are more than 10% of our business. It's a consistent revenue stream for us. Brokers and drop trailers go back over two decades. Our customers generally don't care much about what the front of the truck is. They care about the trailer being picked up and delivered on time.

80. **Is there any mode where you feel you have a gap; where you could invest in a specialist who can gather more data to feed into your technology? Or, do you feel that you're well positioned across brokerage?**

81. **XPO:** As we get larger, XPO Connect gets more efficient. The more data we get, the better we become at operating all our brokered transportation modes. We have masses of data across the board, both historical and from daily operations. We work with our internal data the most, but, to a lesser extent, we also leverage third-party data that provides insights for all our service lines. We have about $3 billion of freight moving on our brokerage platform, and our managed transportation business has around $4 billion of freight under management. That's $7 billion of freight data we can pull from.

The biggest thing our customers have wanted over the past few years is reliable capacity, whether that's full truckload or one of our other services. Ultimately, it all comes down to capacity they can count on, and we hit that out of the park.

82. **You mentioned that you can be successful in any market, but traditionally, brokerage has been challenged in a balanced market. Has something changed, or is that still the case?**

83. **XPO:** We believe we can outperform in any market and take share. That's based on our history, our relationships with customers and our technology.

84. **When you take share, do you have an idea which competitors you're taking it from?**

85. **XPO:** We're taking share from the industry as a whole. That said, we're pulling share from asset-based carriers faster than from anywhere else. There are about 10,000 brokers across the country, but there aren't many carriers who can go to a large customer and take on hundreds of loads on a daily basis. Sometimes, a carrier will overextend and that gives us an opportunity to play clean-up on the contract side.

86. **We've been through a long period of tightening capacity and rising rates. What will happen if the market loosens, and how do you see the second half of 2022?**

87. **XPO:** If the market were to loosen, we'd likely bring down carrier rates faster than our customer rates would fall. When I look at the back half of the year, we see a lot of

positives. The Shanghai ports have opened back up and are operating at about 20% of what they were doing six or seven months ago, so we know that supply will come over to the US. We'll have a back-to-school season like we haven't had in the previous two years. And then there's peak season. There's a lot of opportunity for volatility in the back half of the year. In the brokerage business, volatility is typically a good thing.

88. **You've said that your carrier base is focused on smaller carriers. How do you go about getting smaller carriers on board?**

89. **XPO:** We're big and we have the freight. It's that simple. We also try to build a relationship with the carriers and bring them back for repeat business.

90. **Do you call the carriers and tell them when their service is lagging, or that their total score is under 70%, for example?**

91. **XPO:** If a score is under 70%, then we're probably not using that carrier a whole lot. Also, the conversations our carrier reps have tend to be more strategic and more centered how we can partner with them better. The automation does the heavy lifting.

Spin-Off and Strategy

92. **Will SpinCo start as investment grade? And with XPO, does the timing of a European divestiture affect the path toward becoming investment-grade?**

93. **XPO:** SpinCo will either start out as investment-grade or we'll have a plan to get there quickly. With XPO, the company's net debt leverage was 2x at the end of Q1 2022, so well on the way to investment-grade. The potential sale of the European assets could certainly accelerate that trajectory.

94. **What are the potential dis-synergies with the spin-off?**

95. **XPO:** We believe there are very few dis-synergies associated with the spin-off. On the people side, we'll need additions to the C-suite and a new board of directors. Adding these positions will create value, but it adds cost out of the gate. There aren't any material dis-synergies where operations and sales are concerned. XPO's LTL and truck brokerage businesses already have separate salesforces. We did that because that's what customers want from us. And, of course, the operational models are completely different.

In this spin-off, as with last year's spin-off of GXO, the assets that belong together are staying together. With truck brokerage, the flywheel of this business accelerates by having complementary capabilities for managed transportation, last mile logistics and global forwarding. We expect that the spin-off will enhance value, as these lines of business can run faster and farther with a singular focus on their operations.

96. **Will you do M&A?**

97. **XPO:** We don’t rule out M&A, but our first focus is on becoming investment-grade and continuing to grow organically. Our organic growth is strong, and it’s cheaper for us to grow organically than to buy a brokerage company trading at a premium multiple. We wouldn’t buy anything for the technology, because we feel we already have the best tech out there. We have a good brand and a great reputation with our customers, and our prominent customers are reference points for new customers coming in. SpinCo will have around 10,000 customers, and we believe we have the ability to increase that ten-fold.

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 tables posted in Sell-Side Brokerage Day Presentation posted in the investor relations section of our website.

This document contains the following non-GAAP financial measure for XPO Logistics: return on invested capital ("ROIC") for the twelve months ended March 31, 2022.

This document contains the following non-GAAP financial measures for our North American Truck Brokerage business: adjusted earnings before interest, taxes, depreciation and amortization ("adjusted EBITDA") and adjusted EBITDA margin for the years ended December 31, 2021, 2020 and 2019; and margin (revenue less cost of transportation and services) and margin as a % of revenue for North American Truck Brokerage for years ended December 31, 2021, 2020 and 2019.
We believe that the above adjusted financial measures facilitate analysis of the ongoing business operations of our North American Truck Brokerage business because they exclude items that may not be reflective of, or are unrelated to, our business' 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 and adjusted EBITDA margin include adjustments for transaction and integration costs as well as restructuring costs. Transaction and integration adjustments are generally incremental costs that result from an actual or planned acquisition, divestiture or spin-off and may include transaction costs, consulting fees, retention awards, and internal salaries and wages (to the extent the individuals are assigned full-time to integration and transformation activities) and certain costs related to integrating and converging IT systems. Restructuring costs primarily relate to severance costs associated with business optimization initiatives. Management uses these non-GAAP financial measures in making financial, operating and planning decisions and evaluating our North American Truck Brokerage business' ongoing performance.

We believe that adjusted EBITDA and adjusted EBITDA margin 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 forth in the tables posted in Sell-Side Brokerage Day Presentation posted in the investor relations section of our website 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 margin (revenue less cost of transportation and services) and margin as a % of 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 forth in the tables posted in Sell-Side Brokerage Day Presentation posted in the investor relations section of our website. We believe that ROIC is an important metric as it measures how effectively we deploy our capital base. ROIC is calculated as net operating profit after tax ("NOPAT") for the trailing twelve months ended March 31, 2022 divided by invested capital as of March 31, 2022. NOPAT is calculated as adjusted EBITDA less depreciation expense, real estate gains and cash taxes plus operating lease interest. Invested capital is calculated as equity plus debt and operating lease liabilities less cash and goodwill and intangibles.

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 our North American Truck Brokerage business. 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 our ability to effect the spin-off of our tech-enabled brokered services platform and meet the related conditions of the spin-off, the expected timing of the completion of the spin-off and the terms of the spin-off, our ability to achieve the expected benefits of the spin-off, our ability to retain and attract key personnel for the separate businesses, the risks discussed in our filings with the SEC and the following: economic conditions generally; the severity, magnitude, duration and aftereffects of the COVID-19 pandemic, including supply chain disruptions due to plant and port shutdowns and transportation delays, the global shortage of certain components such as semiconductor chips, strains on production or extraction of raw materials, cost inflation and labor and equipment shortages, which may lower levels of service, including the timeliness, productivity and quality of service, and government responses to these factors; our ability to align our investments in capital assets, including equipment, service centers and warehouses, to our customers' demands; our ability to implement our cost and revenue initiatives; the effectiveness of our action plan, and other management actions, to improve our North American LTL business; our ability to benefit from a sale, spin-off or other divestiture of one or more business units, and the impact of anticipated material compensation and other expenses, including expenses related to the acceleration of equity awards, to be incurred in connection with a substantial disposition; our ability to successfully integrate and realize anticipated synergies, cost savings and profit improvement opportunities with respect to acquired companies; goodwill impairment, including in connection with a business unit sale, spin-off or other divestiture; matters related to our intellectual property rights; fluctuations in currency exchange rates; fuel price and fuel surcharge changes; natural disasters, terrorist attacks, wars or similar incidents, including the conflict between Russia and Ukraine and increased tensions between Taiwan and China; risks and uncertainties regarding the expected benefits of the spin-off of our logistics segment or a future spin-off of a business unit, the impact of the spin-off of our logistics segment or a future spin-off of a business unit on the size and business diversity of our company; the ability of the spin-off of our logistics segment or a future spin-off of a business unit to qualify for tax-free treatment for U.S. federal income tax purposes; our ability to develop and implement suitable information technology systems and prevent failures in or breaches of such systems; our indebtedness; our ability to raise debt and equity capital; our ability to achieve an investment-grade rating for our business or any spin-off business; fluctuations in fixed and floating interest rates; our ability to maintain positive relationships with our network of third-party transportation providers; our *ability to attract and retain qualified drivers; 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 and independent contractors; litigation, including litigation related to alleged misclassification of independent contractors and securities class actions; risks associated with our self-insured claims; risks associated with defined benefit plans for our current and former employees; the impact of potential sales of common stock by our chairman; governmental regulation, including trade compliance laws, as well as changes in international trade policies, sanctions and tax regimes; governmental or political actions, including the United Kingdom's exit from the European Union; and competition and pricing pressures. 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.*