

## MANAGEMENT BOARD REPORT ON RESOLUTIONS TO BE PROPOSED AT THE ORDINARY GENERAL MEETING OF SHAREHOLDERS

This report describes the proposed resolutions that are being submitted to the shareholders' meeting by your Management Board. Its purpose is to draw your attention to the important points in the proposed resolutions, in accordance with applicable laws and regulations and with best corporate governance practices for companies listed in Paris. It is not intended as an exhaustive guide; therefore it is essential that you read the proposed resolutions carefully before exercising your vote.

The presentation of the financial situation, business and performance of XPO LOGISTICS EUROPE and its Group over the past financial year, as well as various information required by applicable legal and regulatory provisions, also appear in the board report on the financial year ended 31 December 2015, which you are invited to read.

Dear Shareholders,

We have convened this ordinary shareholders' meeting of XPO LOGISTICS EUROPE (the "**Company**") to submit the seventeen resolutions described in this report for your approval.

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## **Approval of financial statements and allocation of profits (first, second and third resolutions)**

The shareholders' meeting is first convened to decide on approving the unconsolidated financial statements (*first resolution*) and the consolidated financial statements (*second resolution*) of the Company for the financial year ended 31 December 2015, and to allocate the profits (*third resolution*).

The unconsolidated financial statements of the Company for the year ended 31 December 2015 show a loss of EUR 36,837,918.48. The Management Board suggests that you allocate the loss for the financial year ended on 31 December 2015 to the "Retained Earnings" account, the balance of which, after this allocation, will total EUR 69,552,935.47.

## **Approval of related agreements (fourth to ninth resolutions)**

Certain agreements entered into by the Company in connection with its activities are subject to a specific procedure: they include, in particular, agreements that may be directly or indirectly entered into between the Company and any other company with which it has corporate officers in common, or between the Company and its corporate officers or a shareholder holding more than 10% of the share capital of the Company.

Pursuant to the provisions of Article L. 225-86 of the French Commercial Code, any new "regulated" agreement, including any undertaking referred to in article L.225-90-1 of the French Commercial Code, must be the subject of prior approval by the Supervisory Board, a special report of the Statutory Auditors and approval by the shareholders' at an ordinary general meeting.

In these circumstances, we suggest that you approve the following agreements given prior approval by the Supervisory Board during the 2015 financial year (after reviewing the Statutory Auditors' special report on agreements governed by article L. 225-86 of the French Commercial Code describing these transactions):

- Loan granted by XPO Logistics, Inc. to the Company (fourth resolution)

On 8 June 2015, the Supervisory Board authorized the Company to conclude an unsecured loan agreement with XPO Logistics, Inc. (or one of its subsidiaries), to ensure the Company had the necessary financial capacity, if needed, for the early repayment of some or all of its corporate finance debt that might have come due further to a change of control. The loan was granted for all amounts that the Company might owe in connection with the disposal of its controlling stake, and also to cover any working capital requirements, cash flow needs, and in broad terms, any general purpose needs the Company or its subsidiaries might have in terms of financing of a maximum amount of EUR 775,000,000 (with a tranche in EUR amounting to EUR 75,386,408, a tranche in USD amounting to USD 407,486,870.67 and two tranches in GBP amounting to GBP 135,192,910.82 and GBP 21,507,680.64) raised to a maximum amount of EUR 950,000,000 as of July 30, 2015. The loan is amortized over a period of 9 years from the first drawdown, with annual interest of 5.625% per year. This rate was determined to correspond to normal market conditions based on a study by Morgan Stanley as well as a report of Didier Kling & Associés. The Company may repay the loan in full at any time without penalty.

As at 31 December 2015, these loans totalled EUR 286,008,265.48 and GBP 150,384,468.65 (EUR equivalent = 204,897,429.86), excluding accrued interest of EUR 340,664 and GBP 704,928 (EUR 960,457.80) respectively, generating an interest charge of EUR 24,638,111.90 on the 2015 financial year.

- Temporary trademark license agreed with XPO Logistics, Inc. (fifth resolution)

On 8 June 2015, the Supervisory Board authorized the Company to conclude a temporary trademark license agreement under which XPO Logistics, Inc. gave the Company and its subsidiaries the right to use XPO trademarks and logos free of charge for three months as from signature of the agreement, pending the negotiation of a license to be agreed between the two parties under market conditions. This authorisation was renewed by the Supervisory Board on 18 November 2015, for an agreement term extended until 8 June 2016.

- Guarantee given by the Company to NDL Holding USA (renamed JHCI Holding USA) as part of loan entered into between XPO Logistics, Inc and NDL Holding USA (renamed JHCI Holding USA) subsequent to the assignment of the claim held by XPO Logistics, Inc. over the Company to NDL Holding USA (renamed JHCI Holding USA) (sixth resolutions)

As stated above, the Company contracted a loan of USD 407,486,870.67 from XPO Logistics, Inc., the balance of which was USD 390,936,191.51 after instalment paid on 1 December 2015. To streamline all intragroup debts and improve the Company's net debt levels, on 1 December 2015, XPO Logistics, Inc. assigned to NDL Holding USA (renamed JHCI Holding USA) a receivable of USD 390,936,191.51 owed by the Company. In consideration of this assigned receivable, XPO Logistics, Inc. and NDL Holding USA (renamed JHCI Holding USA) concluded an agreement on a non-amortizable loan for the exact same amount, maturing on 12 June 2024 and bearing interest at a rate of 5.625%. As at 31 December 2015, accumulated interest charges totalled USD 1 833 K. In the context of this loan agreement, on 18 November 2015 the Supervisory Board authorized the provision of a guarantee by the Company for an amount equivalent to the amount lent and receives in this context a commission from NDL Holding USA (renamed JHCI Holding USA) each quarter, for an annual total of 0.25% of the guaranteed amount, i.e. USD 977,340.48.

- Service agreement with XPO Logistics, Inc. (seventh resolution)

On 15 December 2015, the Supervisory Board authorized an agreement between XPO Logistics, Inc. and the Company, for an open-ended term, to cover the services rendered to the Company by XPO Logistics, Inc. and specifically: (i) to Jacobson Companies (a Company subsidiary) and (ii) to the Company (the "**Beneficiaries**"). For services provided to Jacobson Companies, the annual compensation paid to XPO Logistics, Inc. is determined based on the Beneficiaries' rate of effective use of the services for each type of assistance. For services provided to the Company, compensation covers USD 175,000 annually, i.e. 50% of Troy Cooper's gross base salary for his duties as Chairman of the Management Board. For the 2015 financial year, management fees billed by XPO Logistics, Inc. to Jacobson Companies totalled USD 3,903,868. The amount incurred on Troy Cooper's compensation during 2015 was USD 58,333, in proportion to the term of his office in 2015 (from September through December).

- Settlement agreement with Hervé Montjotin (eighth resolution)

In the context of the termination of Hervé Montjotin's office of Chairman and member of the Management Board, the Supervisory Board of the Company, at its meeting held on 3 September 2015, authorized the finalization and signing of a settlement agreement with Hervé Montjotin with a view to set the compensation and indemnity owed to him as a consequence of the subsequent termination of his employment agreement.

The settlement agreement was signed on 5 September 2015 and provides in particular for:

- the absence of any payment to Hervé Montjotin as a result of the termination of his mandate as Chairman and member of the Management Board;
- the payment by the Company of a gross mandatory dismissal indemnity (*indemnité conventionnelle de licenciement*) of EUR 417,234;

- the payment of a supplementary indemnity with respect to his employment agreement for a gross amount of EUR 80,702; and
- the entry into force of Hervé Montjotin's non-compete undertaking provided in his employment agreement, for a period of 2 years in exchange for the payment of a gross compensation of EUR 52,165.58 per month.

Furthermore, in relation to the termination of his pre-existing employment agreement with XPO Logistics, Inc., Hervé Montjotin will receive fully vested XPO Logistics, Inc. shares representing an amount of approximately EUR 250,000, with a lockup undertaking until the end of his non-compete period under his employment agreement with XPO Logistics, Inc.. In this respect, Hervé Montjotin undertakes *vis-à-vis* XPO Logistics, Inc. not to compete for a period of 33 months and commits to various non-solicitation, confidentially and cooperation undertakings. XPO Logistics, Inc. agreed with the Company to bear a portion of the termination payments due by the latter to Hervé Montjotin, for an amount of EUR 350,000.

- Settlement agreement with Patrick Bataillard (ninth resolution)

The Supervisory Board of the Company, at its meeting held on 15 December 2015, authorized that some amounts be paid to Patrick Bataillard in the context of the termination of his office as member of the Management Board and termination of his employment agreement.

The settlement agreement signed on 29 October 2015 provides the payment of the following amounts:

- a gross amount of EUR 180,000 for his variable bonus for fiscal year 2015; and
- a gross amount of EUR 282,000 corresponding to the standard termination indemnification (*indemnité spécifique de rupture conventionnelle du contrat de travail*). This amount is in consideration for Patrick Bataillard's commitment on discretion, non-disparagement and confidentiality in application of the termination agreement relating to his employment agreement.

Furthermore, the Supervisory Board approved that the Company will not enforce the non-compete clause set out in the employment agreement of Patrick Bataillard. Patrick Bataillard therefore received no payment in this respect. No further sum has been paid to Patrick Bataillard as part of the termination of his mandate as a member of the Management Board.

### **Re-appointment of Supervisory Board members (tenth to twelfth resolutions)**

The Company Supervisory Board may be made up of three to eighteen members. On the date of this report, the Company has a 9-member Supervisory Board.

The term of office for Supervisory Board members is set at four years in the Company's articles of association.

The Management Board proposes that the shareholders in the general meeting vote to re-appoint Supervisory Board members Gordon Devens (*tenth resolution*), XPO Logistics Inc. (*eleventh resolution*) and Clare Chatfield (*twelfth resolution*), whose terms are scheduled to expire at the close of your meeting, to new four-year terms ending at the close of the shareholders' meeting called to approve the financial statements for the financial year ending 31 December 2019.

## Gordon Devens - biography

Gordon Devens, age 48, a US national, has a degree in law from the University of Michigan. As Chief Legal Officer of XPO Logistics, Inc., he is responsible for executing the company's acquisition strategy, as well as all corporate legal matters, governance and compliance, and legal interests relating to the company's growth initiatives. Before joining XPO in 2011, he was vice president–corporate development with AutoNation, Inc., where he previously held positions as vice president–associate general counsel and senior counsel for its retail automotive group. Earlier, he was an associate at the law firm of Skadden, Arps, Slate, Meagher & Flom LLP in Chicago.

The list of corporate offices held by Gordon Devens is available for the shareholders in accordance with articles R. 225-73, R. 225-81 and R. 225-83 of the French Commercial Code.

He has been a Company Supervisory Board member since June 8, 2015. He holds 100 direct registered shares in the Company.

In light of his role within the XPO Logistics, Inc. group, Gordon Devens is not considered as independent under the Company's internal regulations which reiterate all the criteria set out in the AFEP-MEDEF Code the Company uses as its official code of corporate governance, with the exception of the criterion on holding a corporate office for more than 12 years.

## XPO Logistics, Inc.

XPO Logistics, Inc. is the ultimate parent company of the XPO Logistics group. It is incorporated in the State of Delaware and its registered office is at Five Greenwich Office Park, Greenwich, Connecticut (USA).

Its shares are listed on the New York Stock Exchange.

Shareholders are invited to refer to the financial information provided on the Company's website: [www.xpo.com](http://www.xpo.com).

The list of corporate offices held by XPO Logistics, Inc. is available to shareholders in accordance with articles R. 225-73, R. 225-81 and R. 225-83 of the French Commercial Code.

XPO Logistics, Inc. has been a Company Supervisory Board member since June 8, 2015. It holds 100 direct registered shares in the Company.

In the event its term of office as a Supervisory Board member is renewed, XPO Logistics, Inc. will appoint Ms Gena Ashe as its permanent representative.

Gena Ashe, age 54, a US national, has more than two decades of broad-based executive experience with public and private companies in varied industries. She has held senior legal roles with The Brickman Group, Ltd. (now BrightView Landscapes, LLC), Catalina Marketing Corporation, Public Broadcasting Service (PBS), Darden Restaurants, Inc., Lucent Technologies, Inc. and AT&T. Earlier, she was an electrical engineer with IBM Corporation before joining IBM's legal team. Ms. Ashe holds a bachelor's degree in mathematics and physics from Spelman College, a master's degree in electrical engineering from Georgia Institute of Technology, and a doctor of law degree from Georgetown University. She is a graduate of the executive development program of the Wharton School of the University of Pennsylvania, and holds a certificate in international management from Oxford University in England.

## Clare Chatfield - Biography

Clare Chatfield, age 58, a French, Brazilian, and UK national, is a graduate of Cambridge University and has an MBA degree from INSEAD. She is particularly active in the energy and infrastructure fields at the firm LEK Consulting, an international strategic consulting firm. Clare Chatfield heads the Paris office of LEK Consulting. She began her career with Lloyd's of London before joining LEK (London and Paris).

The list of corporate offices held by Clare Chatfield is available for the shareholders in accordance with articles R. 225-73, R. 225-81 and R. 225-83 of the French Commercial Code.

She has been a Company Supervisory Board member since 24 May 2012. She holds 100 direct registered shares in the Company.

Clare Chatfield is considered as independent under the Company's internal regulations which reiterate all the criteria set out in the AFEP-MEDEF Code the Company uses as its official code of corporate governance, with the exception of the criterion on holding a corporate office for more than 12 years.

## **Opinion on the compensation components due or allocated for the financial year ended 31 December 2015 to executive directors (thirteenth, fourteenth and fifteenth resolutions)**

In accordance with the recommendations of article 24.3 of the AFEP-MEDEF code of corporate governance (revised in November 2015), which is the Company's official corporate governance code pursuant to article L. 225-68 of the French Commercial Code, it has been decided to submit the compensation components due or allocated by all group companies for the financial year ended 31 December 2015 to each executive director of the Company for shareholder approval.

In accordance with the AFEP-MEDEF code and its December 2015 implementation guide, the compensation components due or allocated to each executive director that are submitted to the shareholders for an advisory vote are as follows:

- fixed remuneration;
- variable annual remuneration and if relevant, variable multi-annual remuneration along with the objectives that contribute to setting this variable remuneration;
- exceptional remuneration;
- share purchase or subscription options, performance shares or any other long-term compensation component;
- special compensation related to taking up or leaving a position;
- additional retirement contributions;
- attendance fees, and
- any and all benefits.

For the shareholders' information prior to voting, the tables appearing in the schedule to this report set out all compensation components due or allocated for the financial year ended 31 December 2015 by all group companies to (i) Hervé Montjotin, Chairman of the Management Board until 3 September 2015 (thirteenth resolution), (ii) Troy Cooper, Chairman of the Management Board since 3 September 2015 (fourteenth resolution) and (iii) Luis Angel Gomez, Ludovic Oster and Malcolm Wilson, Management Board members, and Patrick Bataillard, Management Board member until 27 November 2015 (fifteenth resolution).

You are asked to pass the thirteenth resolution, fourteenth resolution and fifteenth resolution, based on the information provided herein.

## **Share buy-back programme (sixteenth resolution)**

### **Possible reasons for use of the resolution**

The companies whose shares are admitted to trading on a regulated market may decide to set up buy-back programs of their own shares, provided that they pursue certain objectives set out by the provisions of the applicable European and French laws and regulations.

During the financial year ended 31 December 2015, the Company used the authorisations granted by the shareholders' meeting on 21 May 2014 and 21 May 2015, under the tenth and eighth resolutions respectively (it being understood that the eighth resolution of the shareholders' meeting passed on 21 May 2015 superseded the authorisation granted by the shareholders on 21 May 2014 in the tenth resolution), for the purpose of proceeding with the buy-back of its own shares. Detailed information on these transactions carried out over the course of the financial year ended 31 December 2015 is provided for in Chapter 5.4 of the 2015 Company management report.

## **Implementation modalities**

As the authorisation granted by the shareholders' meeting of 21 May 2015 will expire during the 2016 financial year, the shareholders are requested to grant the Management Board a new authorisation to carry out transactions in shares issued by the Company for the purpose of:

- allocating share purchase options or free shares to its employees, corporate officers and/or those of its affiliate companies under the applicable statutory terms and conditions,
- allocating or assigning shares to its employees for their contribution to the expansion of the company or for the implementation of a company or group savings plan [*plan d'épargne*] (or similar plan) under the applicable statutory conditions,
- cancelling all or part of the shares, under the conditions set forth in article L. 225-209(2) of the French Commercial Code and in accordance with the authorisation to reduce the share capital granted pursuant to the ninth resolution approved at the shareholders' meeting of 21 May 2015 or granted at any subsequent extraordinary shareholders' meeting,
- retaining and subsequently delivering shares (for exchange, payment or other purposes) in the scope of a merger, demerger, contribution or external growth operation,
- honouring commitments relating to securities giving access to the share capital,
- market-making in the secondary market or maintenance of the liquidity of Company shares through an investment services provider acting independently in the name and on behalf of the Company and without being influenced by the Company, pursuant to a liquidity contract compliant with the ethical code recognized by the AMF or any other applicable provision,
- carrying out any market practice that is or may become authorized by the market authorities.

The programme is also intended to allow the Company to carry out any transactions on its shares for any other purpose that is or may be authorized in the future by the applicable laws and regulations. In this case, the Company will inform its shareholders by way of a press release;

The Management Board would have full powers (with the option to sub-delegate those powers under the applicable statutory conditions) to implement this authorisation.

## **Share buy-back price**

The **maximum purchase price** is set at **EUR 230** per share (it being understood that if certain transactions are carried out, the price will be adjusted in the proportion required to match the change in the value of the shares further to the transaction).

## **Upper limit**

The maximum number of shares that may be bought by the Company or a third party on behalf of the Company is set at **10% of the Company's share capital** or **5% of the share capital** in the event of shares acquired in view of their retention and future delivery in connection with merger, de-merger, contribution or external growth transactions, at any time, as adjusted to reflect transactions affecting the share capital subsequently to this shareholders' meeting.

The **maximum amount** of funds that the Company may allocate to this share buyback program is **EUR 226,233,520**.



It is understood that, in compliance with applicable laws, **the Company cannot hold more than 10% of the Company's share capital.**

**Period of validity**

The authorisation is valid for a period of **18 months** as from this shareholders' meeting and would cancel, as of the same date, the unused portion as at the date of this shareholders' meeting, of the authorisation granted by the shareholders' meeting of 21 May 2015 under its eighth resolution.

**Powers to complete formalities (seventeenth resolution)**

You are asked to give full powers for completing all legal filing formalities resulting from the present shareholders' meeting.