

# RXO Investor Day

October 18, 2022

**RXO**



# Disclaimer and non-GAAP financial measures

## Disclaimer

This presentation (this "Presentation") has been prepared solely for informational purposes by RXO, Inc. (together with subsidiaries, "RXO," "we," "us" or "our"). The information contained in this Presentation is subject to confidentiality. Acceptance of this Presentation constitutes an agreement to preserve the confidentiality of the information set forth herein and be bound by the terms hereof. If the recipient is not willing to accept the information on the terms set forth herein, then it must return this Presentation immediately and without making any copies.

This Presentation has been prepared to assist interested parties in making their own evaluation of RXO and does not and should not be considered as a recommendation by anyone to engage in a transaction or make an investment. Each recipient of the information and data contained herein should take such steps as it deems necessary to assure that it has the information it considers material or desirable and should perform its own independent investigation and analysis of RXO. This Presentation is not intended to and does not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of securities in any jurisdiction in contravention of applicable law. No offer of securities shall be made in the United States absent registration under the Securities Act of 1933, as amended, or pursuant to an exemption from, or in a transaction not subject to, such registration requirements.

## Non-GAAP financial measures

As required by the rules of the Securities and Exchange Commission ("SEC"), we provide reconciliations of the non-GAAP financial measures contained in this Presentation to the most directly comparable measure under GAAP, which are set forth in the financial tables attached to this document.

This document contains the following non-GAAP financial measures for RXO: adjusted earnings before interest, taxes, depreciation and amortization, as further adjusted in connection with the contemplated spin-off transaction ("adjusted EBITDA") for the six months ended June 30, 2022 and 2021, and the years ended December 31, 2021, 2020 and 2019; public company pro forma adjusted EBITDA for the twelve months ended June 30, 2022, the six months ended June 30, 2022 and 2021 and the years ended December 31, 2021, 2020 and 2019; return on invested capital ("ROIC") for the twelve months ended December 31, 2021; revenue less purchased transportation for the twelve months ended June 30, 2022 and 2021 and the years ended December 31, 2021 and 2019; free cash flow and adjusted free cash flow for the twelve months ended June 30, 2022; net leverage and net debt; and net capital expenditures ("capex") and net capital expenditures as a percentage of revenue for the years ended December 31, 2021 and 2020 and the twelve months ended June 30, 2022.

We believe that the above adjusted financial measures facilitate analysis of the ongoing business operations of RXO 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 includes 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 this non-GAAP financial measure in making financial, operating and planning decisions and evaluating RXO's ongoing performance. Pro forma adjusted EBITDA includes adjustments for the reversal of allocated corporate expenses, public company operating expense and expense of being a public company.

We believe that adjusted EBITDA and pro forma adjusted EBITDA improve comparability from period to period by removing the impact of our capital structure (interest and financing expenses), asset base (depreciation and amortization), tax impacts and other adjustments as set out in the attached tables that management has determined are not reflective of core operating activities and thereby assist investors with assessing trends in our underlying businesses. We believe that 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 year ended December 31, 2021 divided by average invested capital excluding goodwill and intangible assets. NOPAT is calculated as public company pro forma adjusted EBITDA less depreciation expense and cash taxes plus operating lease interest. Invested capital is calculated as total assets excluding cash, goodwill and intangible assets less total liabilities excluding net deferred tax and operating lease liabilities. Average invested capital is calculated as the average of invested capital as of December 31, 2021 and 2020. We believe that revenue less purchased transportation improves the comparability of our operating results from period to period by removing the cost of transportation and services (exclusive of depreciation and amortization) incurred in the reporting period as set out in the attached tables. We believe that free cash flow and adjusted free cash flow are important measures of our ability to repay maturing debt or fund other uses of capital that we believe will enhance stockholder value. We calculate free cash flow as pro forma adjusted EBITDA less net interest expense, taxes, change in net working capital and net capital expenditures, and adjusted free cash flow as free cash flow as further adjusted for pro forma interest expense and incremental working capital. We believe that net leverage and net debt are important measures of our overall liquidity position and are calculated by removing cash and cash equivalents from our reported total debt and reporting net debt as a ratio of our trailing twelve-month pro forma adjusted EBITDA. We believe net capital expenditures is an important measure of our capital intensity and is calculated as payment for purchases of property and equipment, less proceeds from sale of property and equipment.

This Presentation includes LTM financial information for the LTM period ended June 30, 2022, and is calculated as: the statement of operations for the year ended December 31, 2021, minus the unaudited combined condensed statement of operations for the six months ended June 30, 2021 plus the unaudited combined condensed statements of operations for the six months ended June 30, 2022.

Furthermore, this Presentation includes pro forma information. The pro forma adjustments include transaction accounting adjustments that reflect the accounting for transactions in accordance with GAAP, and autonomous entity adjustments that reflect certain incremental expense or other changes necessary, if any, to reflect the financial condition and results of operations as if RXO was a standalone entity. The pro forma adjustments are based on available information and assumptions our management believes are reasonable; however, such adjustments are subject to change as transaction-related agreements are finalized and the costs of operating as a standalone company are determined. In addition, such adjustments are estimates and may not prove to be accurate.



# Forward-looking statements

This Presentation includes forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including statements relating to the planned spin-off and capital structure, the expected timing of the spin-off and our future growth prospects and strategies for RXO. 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 XPO's ability to effect the spin-off 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, and the risks that will be discussed in our filings with the SEC and the following: competition and pricing pressures; economic conditions generally; the severity, magnitude, duration and aftereffects of the COVID-19 pandemic and government responses to the COVID-19 pandemic; fluctuations in fuel prices; increased carrier prices; severe weather, natural disasters, terrorist attacks or similar incidents that cause material disruptions to our operations or the operations of the third-party carriers and independent contractors with which we contract; our dependence on third-party carriers and independent contractors; labor disputes or organizing efforts affecting our workforce and those of our third-party carriers; legal and regulatory challenges to the status of the third-party carriers with which we contract, and their delivery workers, as independent contractors, rather than employees; litigation that may adversely affect our business or reputation; increasingly stringent laws protecting the environment, including transitional risks relating to climate change, that impact our third-party carriers; governmental regulation and political conditions; our ability to develop and implement suitable information technology systems and prevent failures in or breaches of such systems; the impact of potential cyber-attacks and information technology or data security breaches; issues related to our intellectual property rights; our ability to attract and retain qualified personnel; our ability to successfully implement our cost and revenue initiatives and other strategies; our ability to successfully manage our growth; our reliance on certain large customers for a significant portion of our revenue; damage to our reputation through unfavorable publicity; our failure to meet performance levels required by our contracts with our customers; and the inability to achieve the level of revenue growth, cash generation, cost savings, improvement in profitability and margins, fiscal discipline, or strengthening of competitiveness and operations anticipated or targeted. 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.

# Planned spin-off will separate XPO into two transportation powerhouses

## RXO

### Leading tech-enabled brokered transportation platform

- Nimble, asset-light model with high ROIC
- A best-in-class truck brokerage provider with track record of outperforming the industry
- Highly variable cost structure provides operating flexibility to manage effectively through cycles

**\$5.1 billion**

LTM Revenue<sup>2</sup>

## XPO

### Sector leader, including one of the largest less-than-truckload (LTL) networks in North America

- \$51 billion industry, few large players
- Asset-based model; leading footprint
- ~1,300 bps of adjusted operating ratio improvement since 2015 acquisition<sup>1</sup>
- XPO-specific tech initiatives to drive hundreds more bps of margin improvement

**\$7.5 billion**

LTM Remaining Company Revenue<sup>3</sup>

The aggregate trading price of the stocks of the two standalone companies created by the spin-off **is expected to be higher** than the price that XPO's stock would trade at if the two businesses remained combined



<sup>1</sup> Improvement from Q4 2015 through Q2 2022.

<sup>2</sup> 12 months ended June 30, 2022.

<sup>3</sup> 12 months ended June 30, 2022; XPO figures exclude RXO and our North American intermodal operation divested in March 2022. Refer to the Non-GAAP Financial Measures section on page 2 and Supplemental Materials for related information

# Key investment highlights

- 1** Large addressable market with secular tailwinds
- 2** Market-leading platform with complementary transportation solutions
- 3** Proprietary technology drives efficiency, volume and margin expansion
- 4** Long-term relationships with blue-chip customers
- 5** Diverse exposure across attractive end markets
- 6** Tiered approach to sales drives multi-faceted growth opportunities
- 7** Track record of above-market growth and high profitability
- 8** Experienced and proven leadership team

# RXO overview

# Leading tech-enabled brokered transportation platform

# RXO

**\$750+ billion**  
addressable market<sup>1</sup>

**58**  
of Fortune 100  
are customers<sup>2</sup>

**~10,000**  
customers<sup>2</sup>

**16 years**  
average tenure of  
top 10 customers<sup>2</sup>

**800K+**  
truck driver downloads of  
RXO Connect™ mobile app<sup>3</sup>

**80%**  
of brokerage loads created  
or covered digitally<sup>2</sup>

**~7,400**  
employees<sup>2</sup>

**42%**  
ROIC<sup>4</sup>

**~100K**  
carriers on the platform<sup>5</sup>

**RXO**

Source: Third-party research

<sup>1</sup> Reflects total addressable for-hire truckload opportunity and industry size for Managed Transportation, Last Mile and Freight Forwarding.

<sup>2</sup> As of June 30, 2022.

<sup>3</sup> As of August 31, 2022.

<sup>4</sup> ROIC for 12 months ended December 31, 2021. Invested capital excludes goodwill and intangibles.

<sup>5</sup> Brokerage only, as of June 30, 2022.

Refer to the Non-GAAP Financial Measures section on page 2 and Supplemental Materials for related information

# 1 Large addressable market with secular tailwinds

## Sector tailwinds driving sustainable growth

Continued outsourcing of transportation services	Supply side shortage of drivers and trucks
Adoption of digital solutions and automation by shippers and carriers	Growing demand for supply chain visibility and access to data

## RXO is well positioned in fast-growing markets

Est. market growth rates ('21 - '26E CAGR)

Truck Brokerage	11%
Managed Transportation	10%
Last Mile	10% <sup>2</sup>
Freight Forwarding	3%

**\$750+ billion**  
Addressable market<sup>1</sup>

RXO is an industry leader with **direct leverage to sectors growing at multiples of GDP**

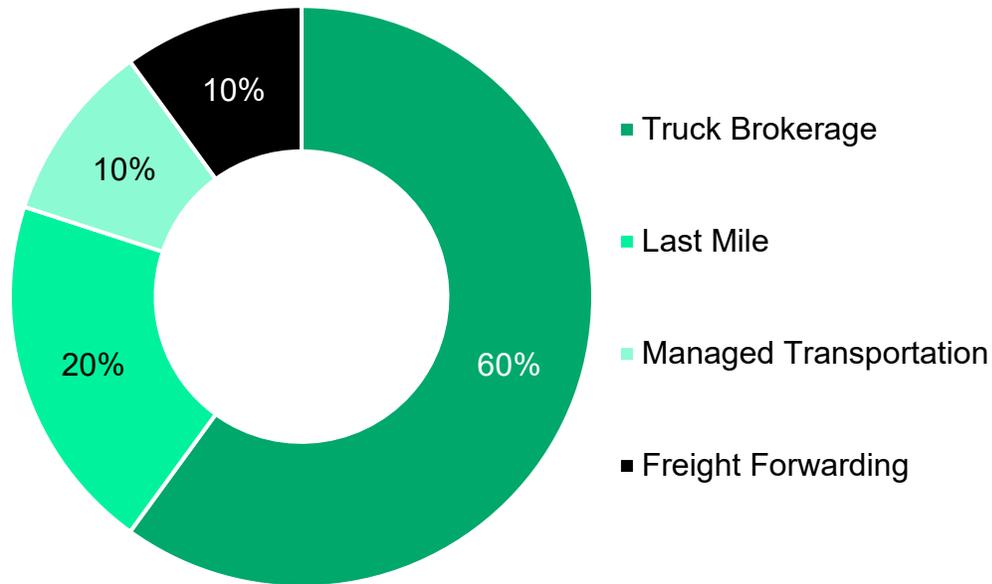


Source: Third-party research  
<sup>1</sup> Reflects total addressable for-hire truckload opportunity and industry size for Managed Transportation, Last Mile and Freight Forwarding.  
<sup>2</sup> Last Mile estimated market growth through 2024E.

## 2

# Market-leading platform with complementary transportation solutions

Percentage of revenue by solution<sup>1</sup>



**4<sup>th</sup>** largest broker with **~4% share** of full truckload freight transportation in US and **~100K carriers<sup>2</sup>**

**#6** in Managed Transportation, having **grown freight under management 1.9x** since 2019<sup>3</sup>

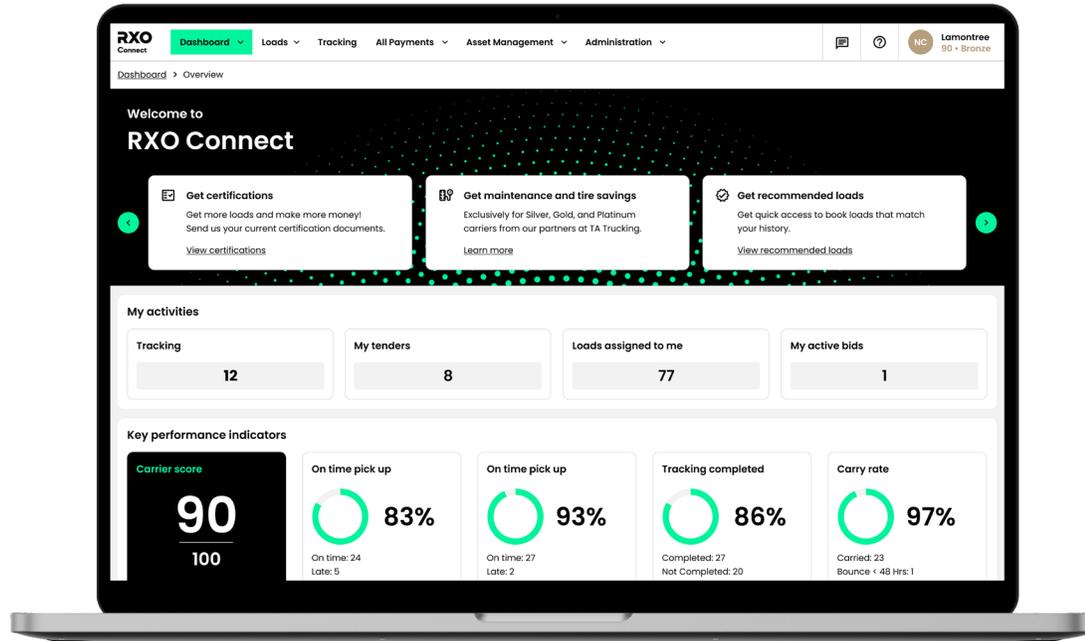
**#1** in outsourced Last Mile for heavy goods with **~7% US share** and **>11 million** annual home deliveries

Domestic and international freight forwarder, grew revenue by **45% CAGR** since 2019<sup>3</sup>

Comprehensive **brokered transportation solutions bridge service gaps** in highly fragmented freight transportation industry

### 3

# Proprietary technology drives efficiency, volume and margin expansion



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

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

Automated processes **improve productivity** per head, driving efficiency and **margin expansion**

Proprietary technology represents a **unique competitive advantage**

## 4 Long-term relationships with blue-chip customers

### Selected customers



Customers **include market leaders and world-class brands** across a diversified array of verticals

Average tenure of top 10 customers is **16 years**<sup>1</sup>

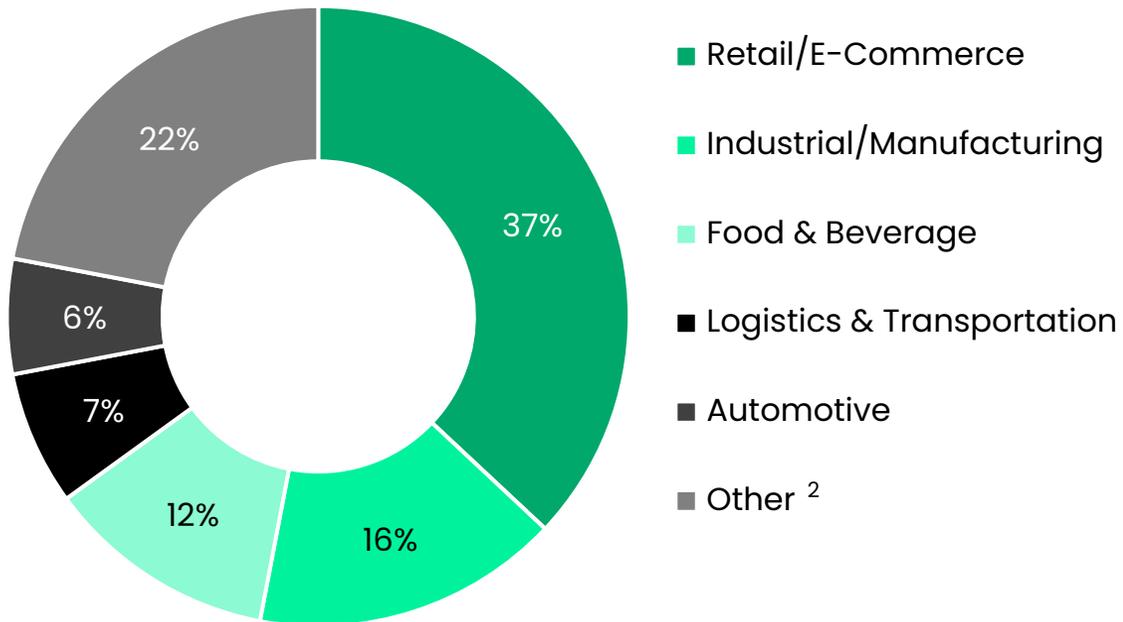
Combination of capacity, technology and agility in solving supply chain challenges drives **customer loyalty**

**Significant diversification with top 20 customers** accounting for ~35% of revenue<sup>1</sup>

**58 of the Fortune 100** entrusted their business to RXO in 2021

## 5 Diversified exposure across attractive end markets

2021 revenue<sup>1</sup> by major end markets



**Leading presence** in attractive end markets

**Diversified** exposure with **revenue split evenly** across industrial and consumer end markets

Well-positioned to **grow across economic environments** due to diverse end market exposure

# 6

## Tiered approach to sales drives multi-faceted growth opportunities

### 1

#### Strategic Account Manager Team

- Targets large **enterprise** customers
- Key account managers have vertical-specific expertise
- Tailored solutions to customer's exact needs

### 2

#### National Account Manager Team

- Targets **national** customers across three geographic regions
- Incented to **grow market share** with current customers in existing service lines and win new customers

### 3

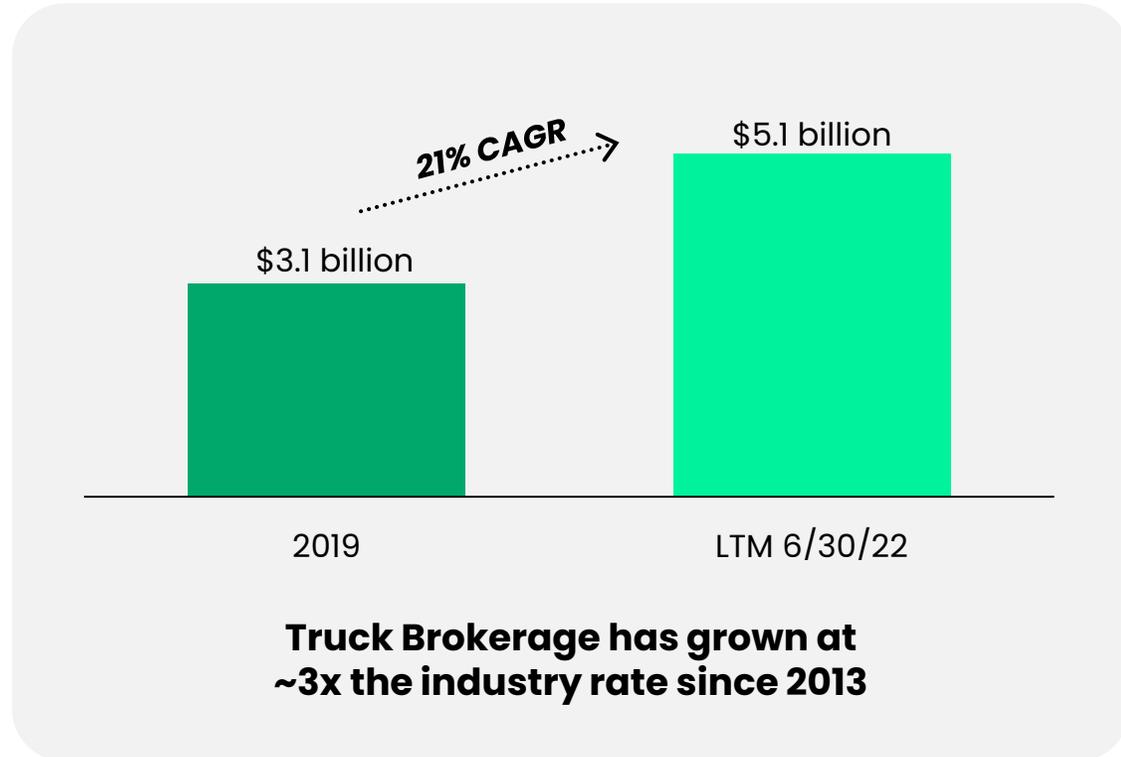
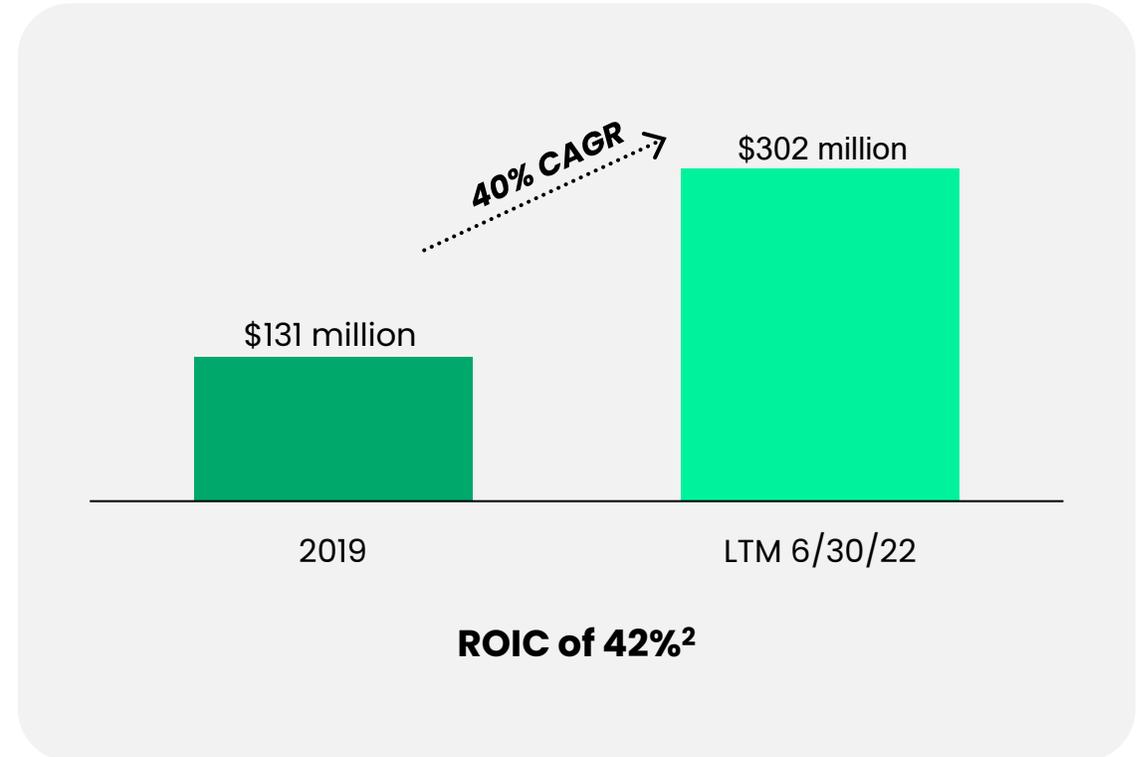
#### Inside Salesforce

- Targets large **emerging growth** customers, embedding RXO with customers early in their lifecycle
- Leverages internal resources and self-service technology platform to identify **cross-selling opportunities**

## 7

## Track record of above-market growth and high profitability

## Revenue

Pro forma adjusted EBITDA<sup>1</sup>

<sup>1</sup> Represents public company pro forma adjusted EBITDA inclusive of standalone public company costs.

<sup>2</sup> ROIC for 12 months ended December 31, 2021. Invested capital excludes goodwill and intangibles.

Refer to the Non-GAAP Financial Measures section on page 2 and Supplemental Materials for related information

## 8 Experienced and proven leadership team



**Drew Wilkerson**  
Chief Executive Officer  
**16 years**



**Lou Amo**  
President,  
Truck Brokerage  
**23 years**



**Paul Boothe**  
President, Managed  
Transportation  
**20 years**



**Fernando Rabel**  
Interim President,  
Last Mile  
**31 years**



**Demetri Venetis**  
President,  
Freight Forwarding  
**24 years**



**Jamie Harris**  
Chief Financial  
Officer  
**35 years**



**Jared Weisfeld**  
Chief Strategy Officer  
**17 years**



**Yoav Amiel**  
Chief Information  
Officer  
**27 years**



**Nina Reinhardt**  
Chief Comms. Officer  
**18 years**



**Heidi Ratti**  
Chief Human  
Resources Officer  
**16 years**



**Lyndon Cron**  
Senior Vice  
President, Sales  
**28 years**



**Jeff Firestone**  
Chief Legal Officer  
**26 years**

# Business overview

# Full-service platform uniquely capable of providing comprehensive transportation solutions

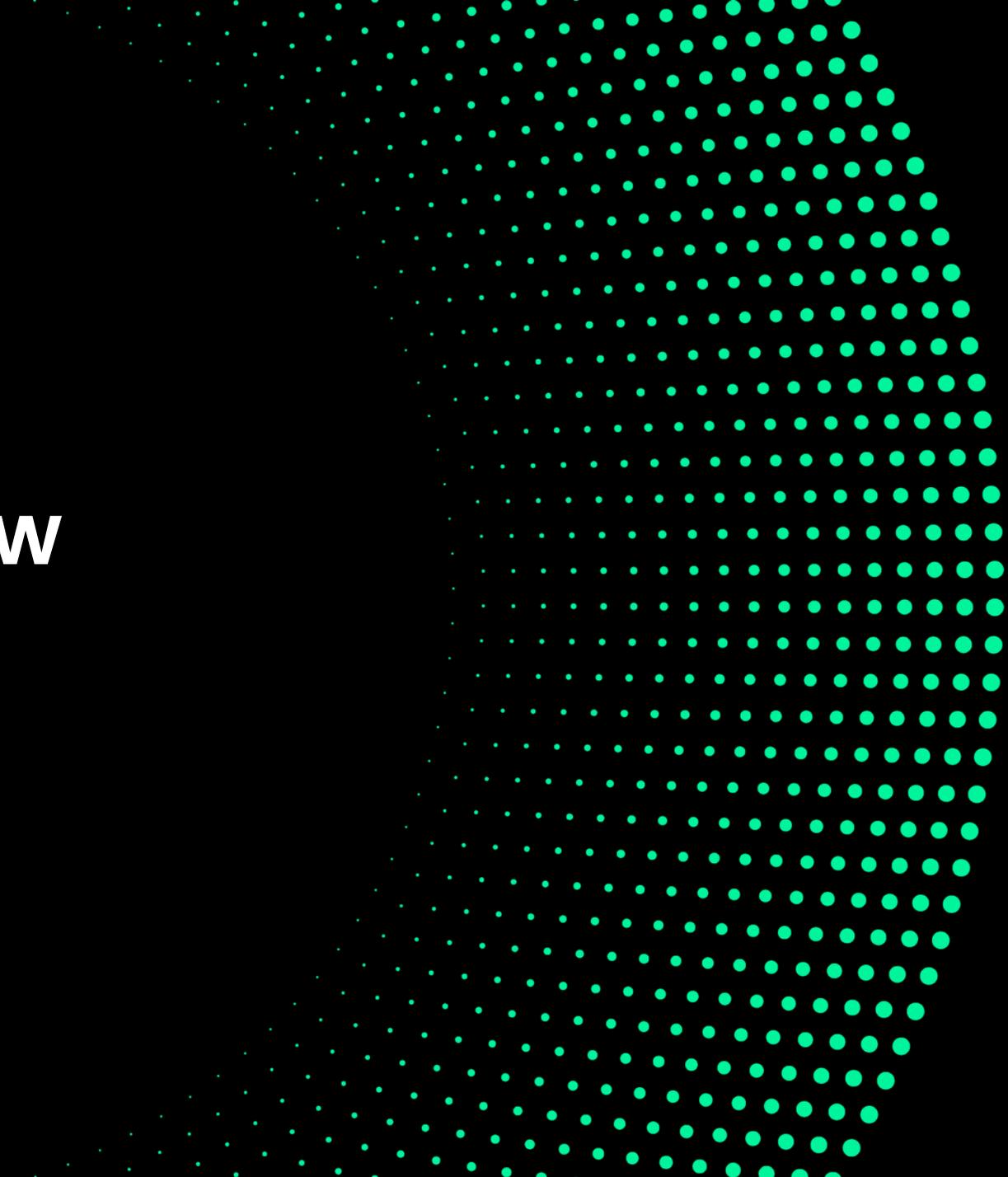
	Solution Offering	RXO	UPS (Coyote)	J.B. Hunt	C.H. Robinson	Echo	Uber Freight	Worldwide Express	TQL	Landstar
	Truck Brokerage	✓	✓	✓	✓	✓	✓	✓	✓	✓
COMPLEMENTARY SOLUTIONS	Managed Transportation	✓	✓		✓	✓	✓	✓		
	Last Mile	✓		✓						
	Freight Forwarding	✓	✓		✓					✓

RXO has a strong competitive position and **differentiated service offerings** compared to its peers

**>60%** of RXO revenue comes from customers who utilize **more than one service line**<sup>1</sup>



Source: Third-party research  
<sup>1</sup> 12 months ended December 31, 2021.



# Business overview

## Truck Brokerage

# Transportation services industry ripe for technological disruption

**RXO**  
Connect

**>1.5 million shippers<sup>1</sup>**

Spend ~\$400 billion on  
for-hire trucking<sup>2</sup>

**>1 million for-hire carriers<sup>3</sup>**

97% with fleets of ≤10  
trucks and drivers<sup>3</sup>

**>4 million drivers and  
>3.5 million trucks<sup>3</sup>**

**Highly fragmented marketplace connected by RXO's technology ecosystem**

**RXO**

<sup>1</sup> Source: 2020 US Census; represents total number of C-Corporations and S-Corporations in US with at least 10 employees.

<sup>2</sup> US truck brokerage industry size; reflects brokered component of ~\$400 billion total addressable truckload opportunity in 2021.

<sup>3</sup> Source: Federal Motor Carrier Safety Association; represents for-hire freight carriers in US as of August 31, 2022.

# Best-in-class truck broker in North America

## Business overview

- **Fourth largest broker of full truckload freight transportation** in the US, with best-in-class offering and technology
- Long track record of **outperforming the industry**
- **Thousands of loads available on a daily basis** from customer relationships, access to capacity, technology and service
- **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

## Key metrics

Total addressable market opportunity <sup>1</sup>	<b>~\$400 billion</b>
Industry size <sup>2</sup>	<b>~\$88 billion</b>
Market share / position <sup>2</sup>	<b>~4% / #4</b>
LTM revenue <sup>3</sup>	<b>\$3.1 billion</b>
Carriers <sup>4</sup>	<b>~100K</b>
Employees <sup>4,5</sup>	<b>~1,600</b>
Customers <sup>4</sup>	<b>&gt;5,000</b>



Source: Third-party research

<sup>1</sup> Reflects total addressable for-hire truckload opportunity in 2021.

<sup>2</sup> Brokered truckload industry size reflects brokered component of ~\$400 billion total addressable for-hire truckload opportunity in the US.

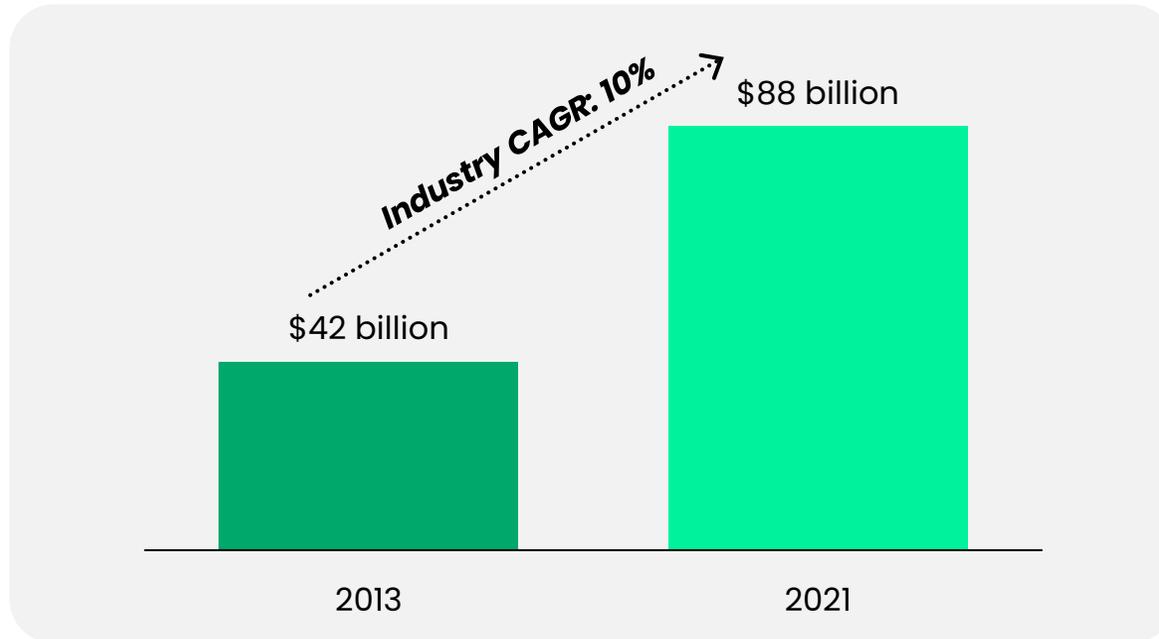
<sup>3</sup> 12-months ended June 30, 2022.

<sup>4</sup> Brokerage only, as of June 30, 2022.

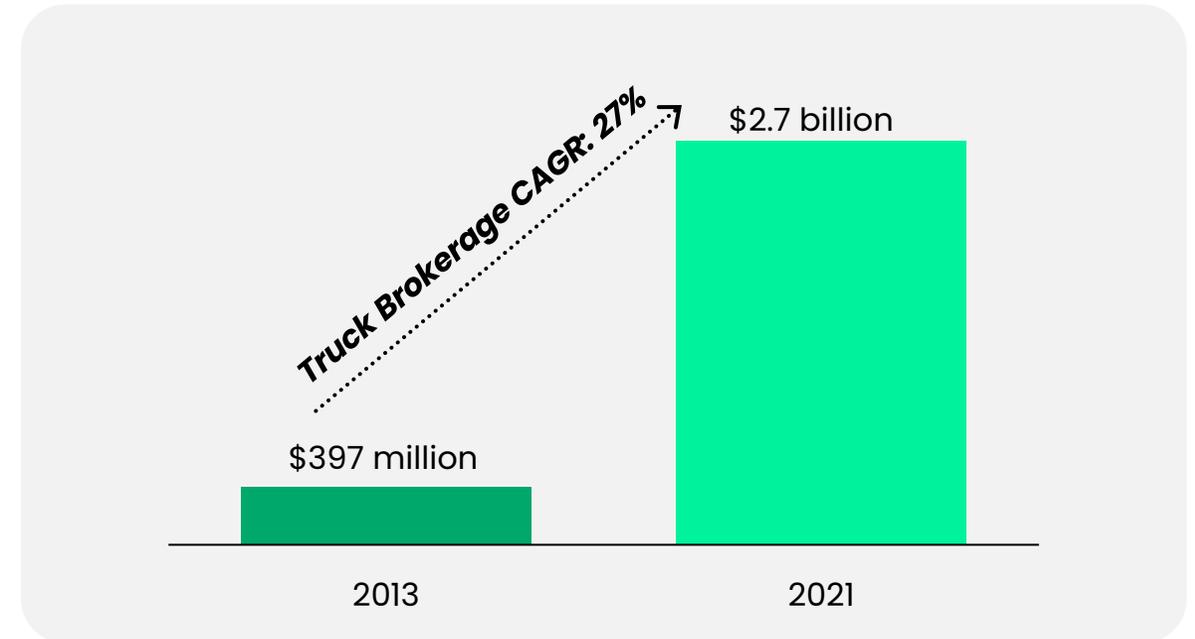
<sup>5</sup> Excludes approximately 230 temporary employees.

# RXO has grown truck brokerage at ~3x the industry rate

US truck brokerage industry growth from 2013 to 2021<sup>1</sup>



RXO truck brokerage revenue growth from 2013 to 2021



**Since 2013, less than 10% of our growth was derived from acquisitions<sup>2</sup>**



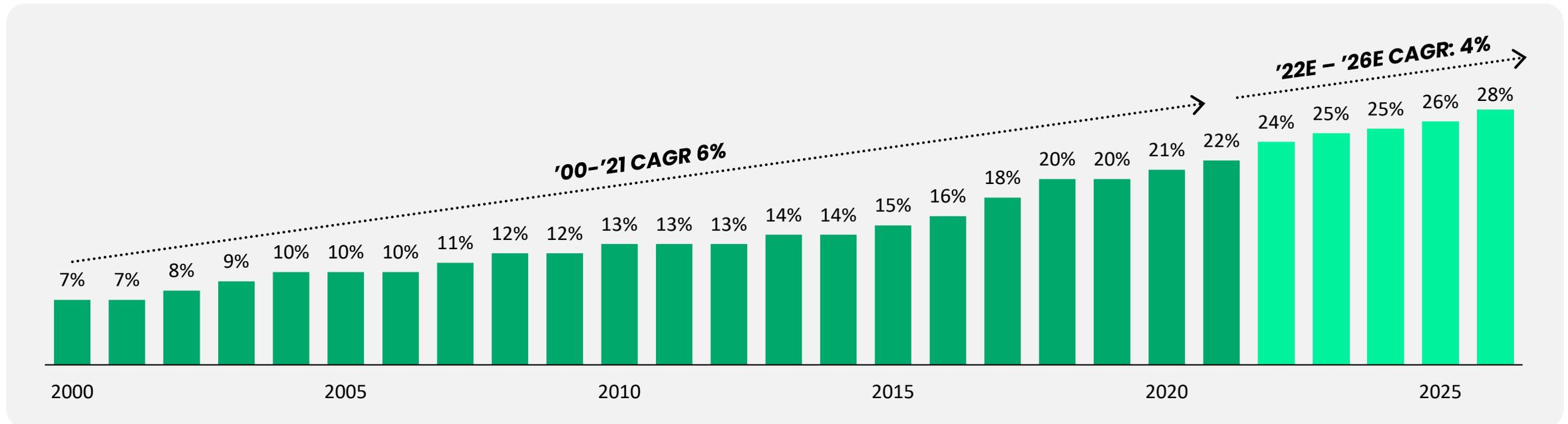
Source: Third-party research

<sup>1</sup> US truck brokerage industry size; reflects brokered component of ~\$400 billion total addressable truckload opportunity.

<sup>2</sup> 12-months ended December 31, 2013 to 12-months ended December 31, 2021.

# Brokerage industry penetration driving growth

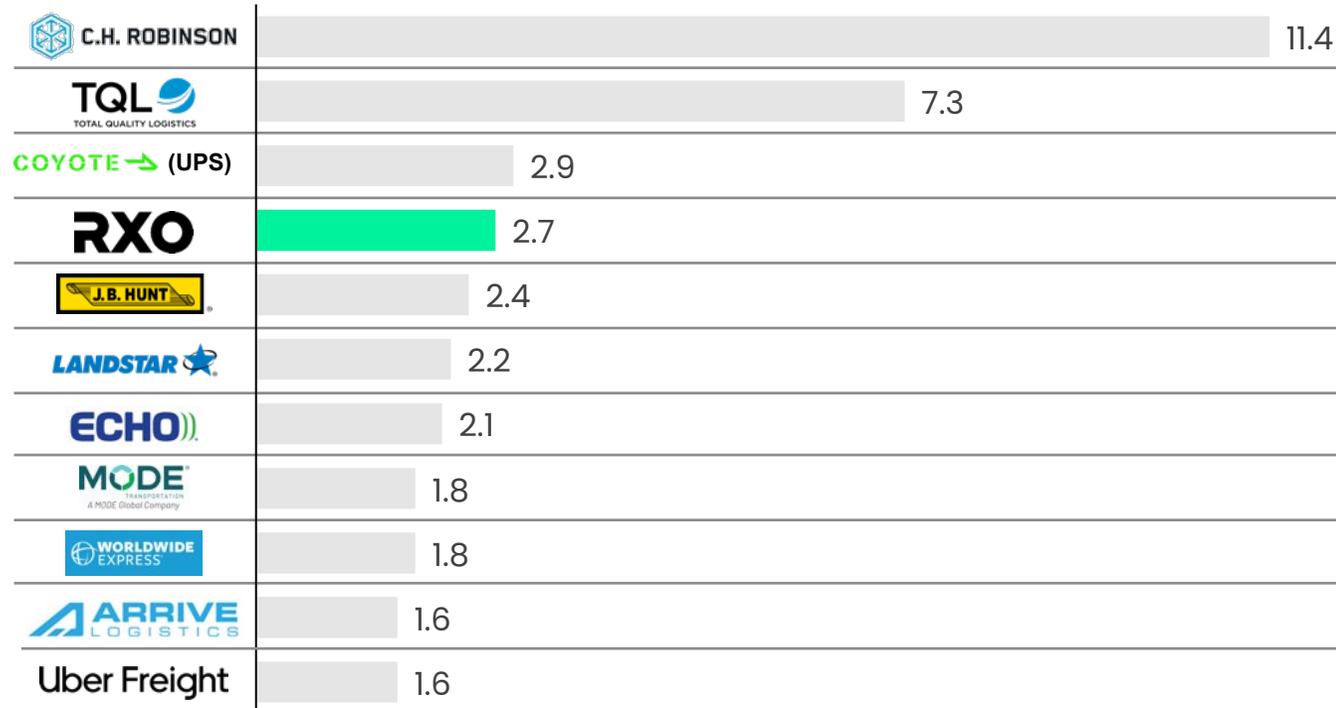
## Broker penetration of US truckload industry



Outsourced freight transportation has been **shifting from asset-based trucking companies to brokers** for decades, as shippers seek reliable access to capacity and real-time pricing

# 4th largest full truckload broker in US after just 10 years

US gross revenue – 2021 full truckload brokerage (\$ in billions)



**4<sup>th</sup>** largest broker of full truckload freight transportation in US

**~4%** share of brokered truckload market

**Critical scale** to grow reach

# Strong carrier relationships drive first-class network

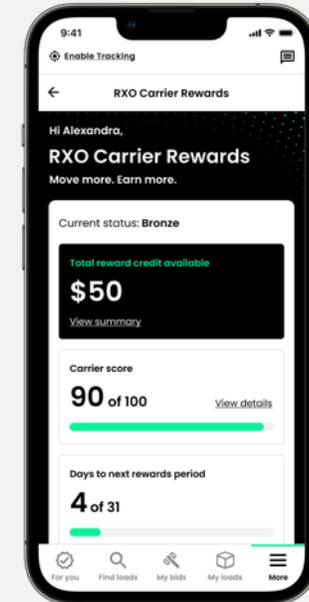
## Freight / Scale

~100k	Carriers <sup>1</sup>
11 trucks	Average fleet size <sup>1</sup>
~700 miles	Average length of haul <sup>1</sup>
>70%	Average 7-day carrier retention <sup>1</sup>
85% of carriers	Operate five or fewer trucks <sup>1</sup>
+74%	YoY growth in weekly active users <sup>1</sup>

## Carrier Ecosystem



## Carrier Rewards



RXO has a long-standing industry **reputation as a reliable partner**, creating **sticky relationships** with carriers

Optimal mode for each customer need



**Full truckload**  
*Dry van, refrigerated, hazmat*



**Expedite**  
*Time-critical, special handling*



**Capacity for transloaded OTR containers**



**Drop trailers**



**Flatbed**

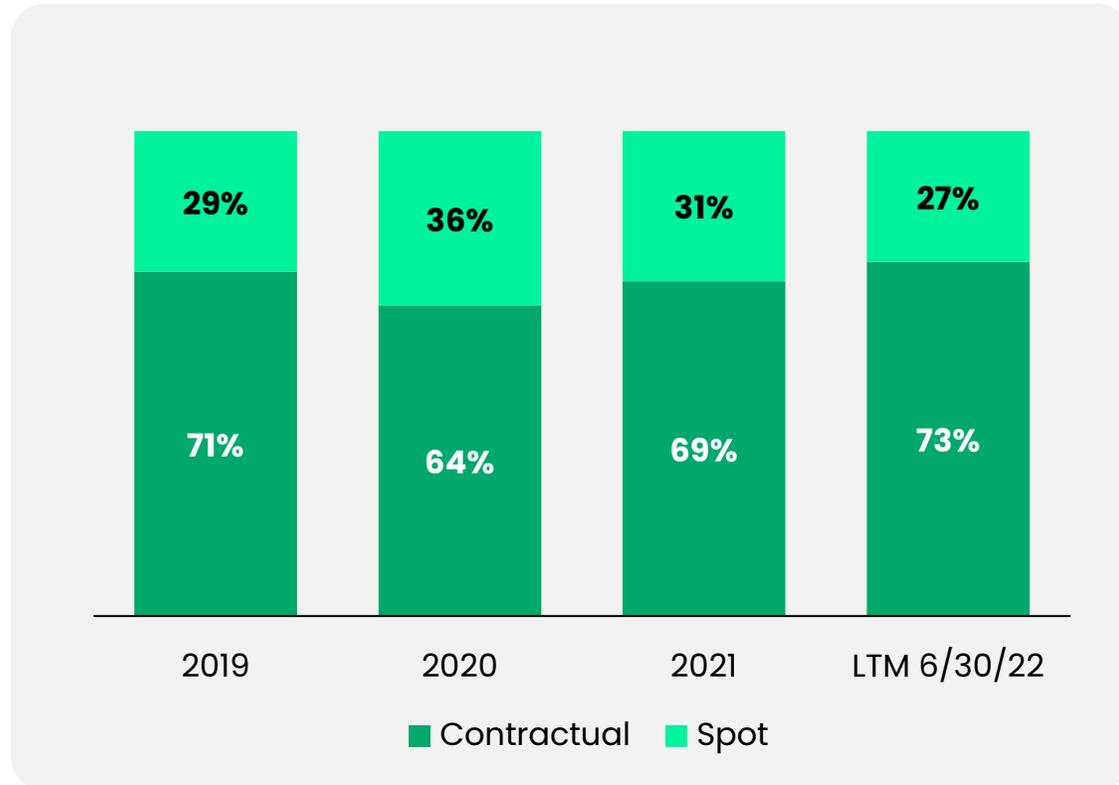


**US cross-border Mexico, Canada**

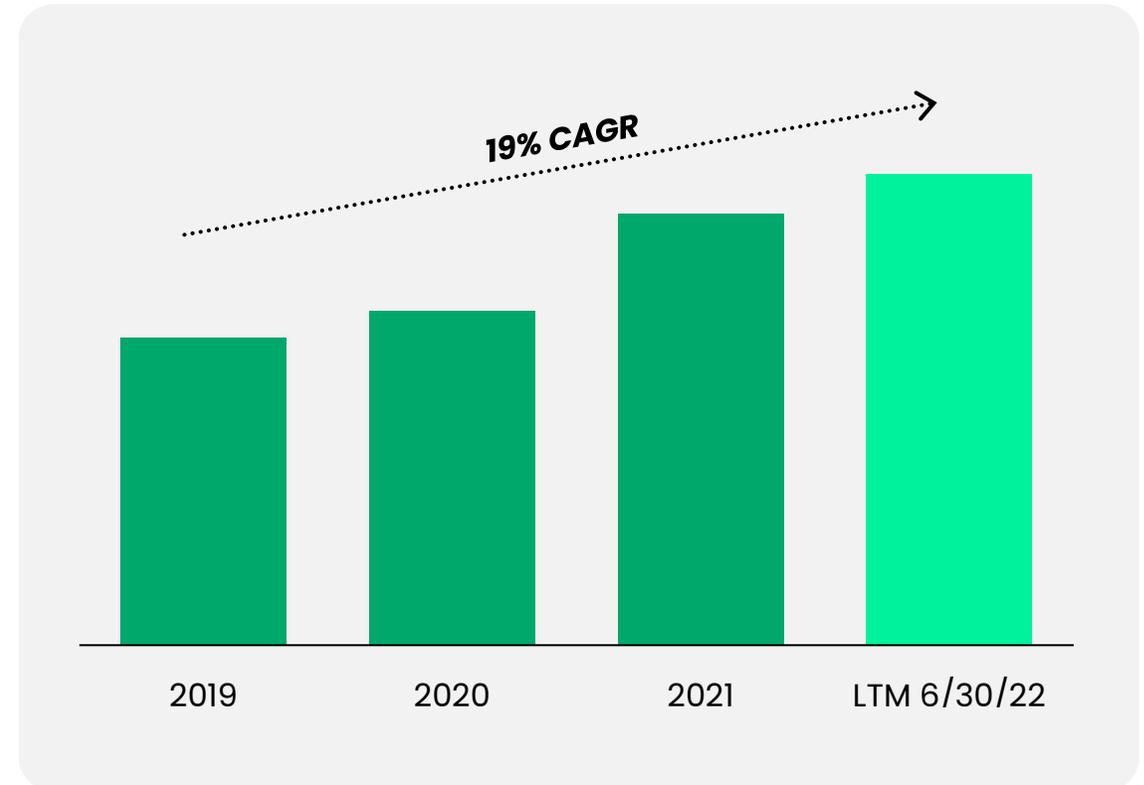
Powerful combination of solutions

# Demonstrated adaptability to flex contract and price mix to facilitate volume growth through cycles

## Spot vs. contractual mix<sup>1</sup>



## Load growth<sup>1</sup>



# RXO has demonstrated the ability to succeed across market environments

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**

RXO has grown volume by **19% CAGR** since 2019<sup>1</sup>

## 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

### RXO 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
- RXO procured capacity at the right rates, including flexing to 2x – 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

## Case study: retail (durable goods)

### Relationship origin / customer need

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

### RXO solution

- RXO 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
- RXO committed to take every uncovered load

### RXO solution

- Deep technology integration
- Extensive drop trailer effort
- 99% of loads created or covered digitally
- RXO 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



# Business overview

## Managed Transportation

# Leading managed transportation platform

## Business overview

- **Comprehensive transportation management services** ranging from load planning and procurement to tailored, complex solutions and performance monitoring
- Managed transportation **enables cross-selling opportunities** across RXO solutions
- **Tailored solutions** optimize customer transportation operations, leading to **significant cost savings**
- RXO Connect™ provides **order management, multimodal visibility** and actionable reporting
- **Diverse customer base**; most customers have long-term **contracts with average lengths of three years**

## Key metrics

Industry size	<b>~\$23 billion</b>
Market share / position	<b>~3% / #6</b>
LTM Freight Under Management <sup>1</sup>	<b>\$3.9 billion</b>
LTM revenue <sup>1</sup>	<b>\$541 million</b>
Employees <sup>2</sup>	<b>~1,700</b>
Customers <sup>2</sup>	<b>~100</b>
Average tenure of top-10 customers <sup>2</sup>	<b>12 years</b>
Customer retention <sup>2</sup>	<b>97%</b>



Source: Third-party research  
<sup>1</sup> 12-months ended June 30, 2022.  
<sup>2</sup> As of June 30, 2022.

# Optimized solutions and capacity procurement



## Control tower solutions

- \$3.9 billion of freight under management<sup>1</sup>
- 2.8 million shipments processed through technology<sup>1</sup>
- Global network of control towers provides door-to-door visibility into order status and freight tracking



## Managed expedite

- Industry-leading expedite web technology automates procurement and tracking time-critical freight
- Fulfilment averages 16 minutes from time of request to carrier assignment
- Air charter capabilities through asset-light technology

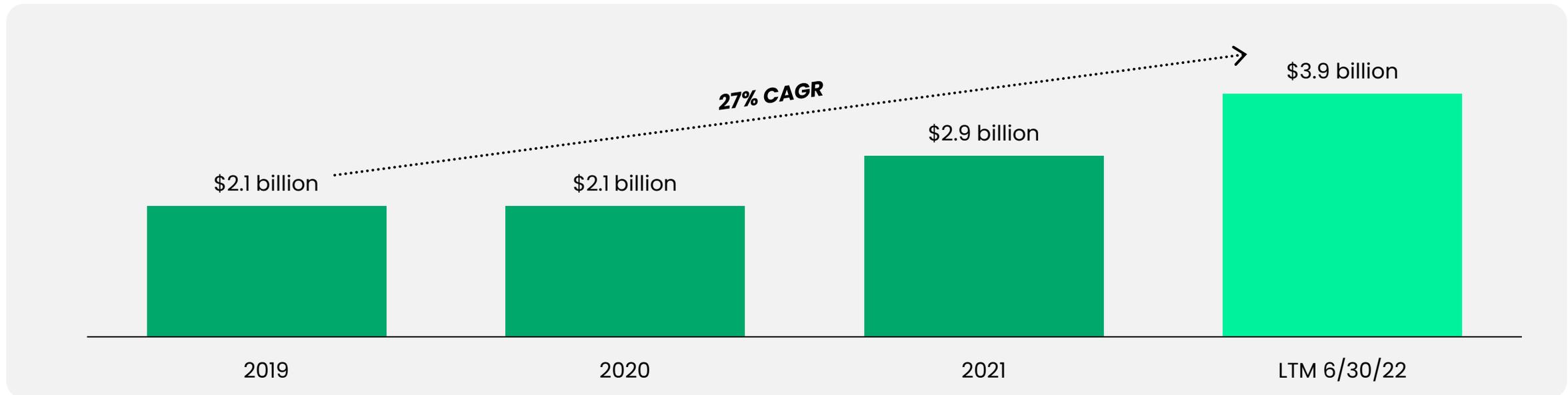


## Value-added services

- Solutions engineering, consulting & data science analytics
- Cross-border operation capabilities
- Procurement services utilizing best in class tools and technology to provide transportation RFP management, carrier sourcing, and rate benchmarking

# Continued momentum in driving higher freight under management

## Freight under management



RXO's freight under management provides network density to **accelerate future growth**

# Customer composition and retention

## Selected customers



HercRentals®



GRAINGER®

Schlumberger



Talking Rain

Well diversified customer base across a variety of industries

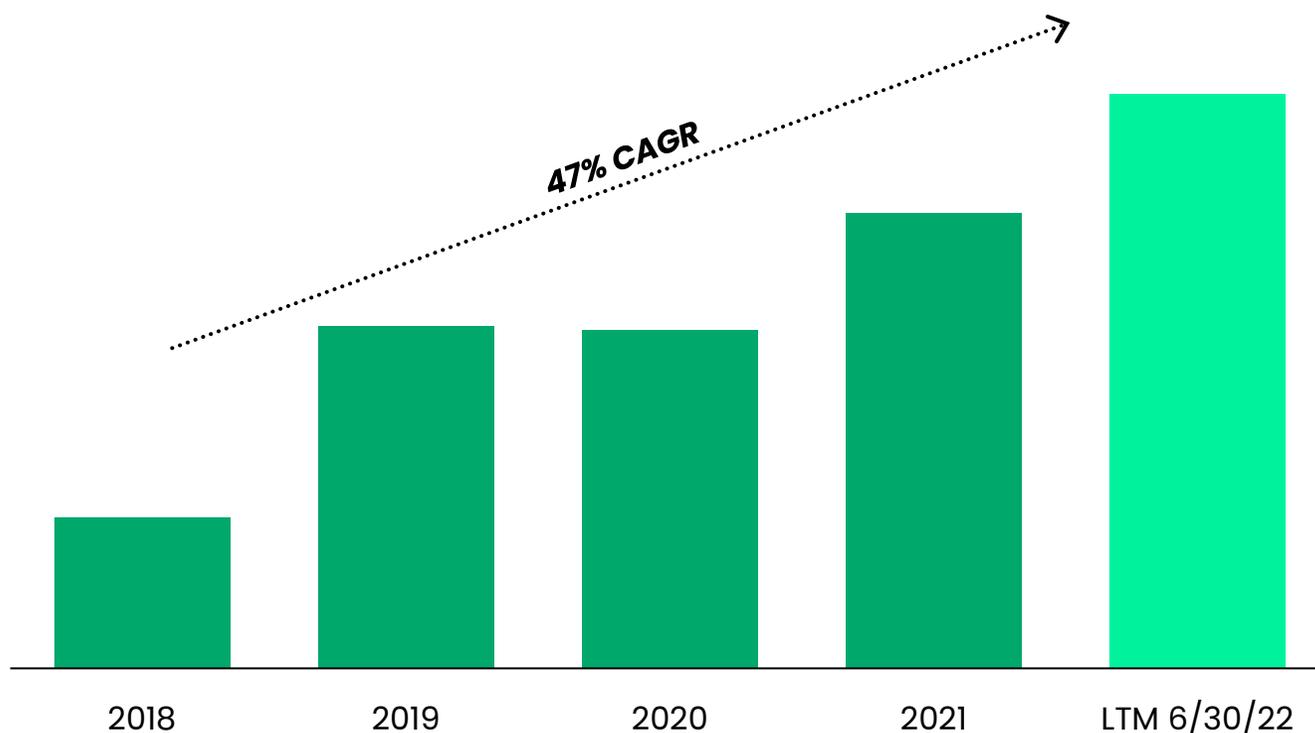
12-year average tenure of top-10 customers, with 97% overall customer retention rate<sup>1</sup>

Received **supplier of the year awards** from General Motors four years in a row and Ford three years in a row

RXO's powerful combination of scale, technology and services facilitates **long-term relationships with large blue-chip companies**

# Managed Transportation drives growth across RXO

Managed transportation cross-sell sales to RXO



**Proprietary technology used to enhance revenue synergies** and cross-sell services

**Direct API connections** for spot bids ensure maximum value for the customer and increased opportunities for RXO

**Integrated salesforce approach** drives cross-sell opportunities

## Case study: chemical manufacturer

### Relationship origin / customer need

- A global chemical manufacturing and supply company and one of the largest manufacturers of chemicals and plastics with a 25+ year relationship
- Customer was looking for a provider to manage their packaged goods network within North America

### RXO solution

- RXO utilized a centralized routing center in the Midwestern US, where it was responsible for 100K shipments per year, with roughly 5,000 lanes
- RXO's transportation management included carrier contracts, carrier compliance, service metrics and exceptions
- RXO used its proprietary TMS technology to support tracking, sourcing continuous improvement, quality management and business intelligence

### Key results

- RXO has maintained greater than 95% on-time delivery performance and route guide compliance of 90% to tier 1 assigned carriers
- RXO Managed Transportation has delivered over \$30 million in savings to this customer since 2019
- Responsible Care Partner since 2010

## Case study: automotive OEM

### Relationship origin / customer need

- Major automotive OEM sought partner to manage its supply chain, field transportation services and operations with a solution providing end-to-end visibility of its aftermarket service parts
- Customer preferred a partner that could immediately implement a Lean culture and cost savings practices

### RXO solution

- Developed solutions to create cost savings and identify improvement opportunities, with RXO embedded in customer's approval process
- Manages inbound, outbound and final mile delivery freight movements, and leads transportation, field and supply chain management services
- Oversees customer's quality standards, claims administration, freight pay and audit, carrier onboarding, contract management, engineering services and yard operations
- Created business information dashboards for customer to access via mobile app

### Key results

- Delivered \$75 million of customer cost savings and reduced customer's structural labor costs by 37% since beginning relationship in 2012
- Manages ~680K shipments and an additional ~1.5 million parcel shipments annually
- Named the Supplier of the Year for past four years

# Business overview

## Last Mile

# RXO last mile provides superior service, national scale and customer brand protection

## Business overview

- **#1 outsourced provider of last mile services for heavy goods** in the US
- 90% of the US population is within 125 miles of **national last mile hub network**
- **~6,700** independent contractor drivers
- Consistently **high customer satisfaction reinforced by proprietary technology** developed exclusively for last mile
- Proactive capacity management tools **optimize independent contractor carrier capacity** with customer needs

## Key metrics

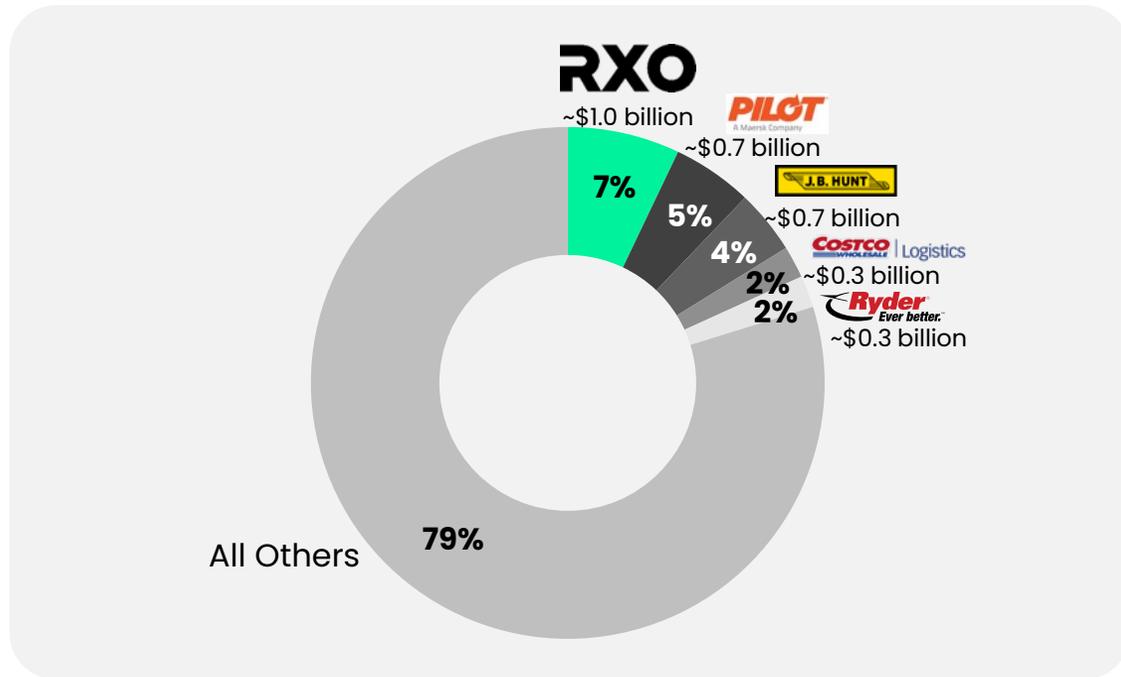
Industry size	<b>~\$16 billion</b>
Market share / position	<b>~7% / #1</b>
LTM revenue <sup>1</sup>	<b>\$1.0 billion</b>
Annual deliveries <sup>1</sup>	<b>&gt;11 million</b>
Markets <sup>2</sup>	<b>159</b>
Hub locations <sup>2</sup>	<b>82</b>
Employees <sup>2</sup>	<b>~1,800</b>
Independent contractor drivers <sup>2</sup>	<b>~6,700</b>
Average tenure of top-5 customers <sup>2</sup>	<b>17 years</b>



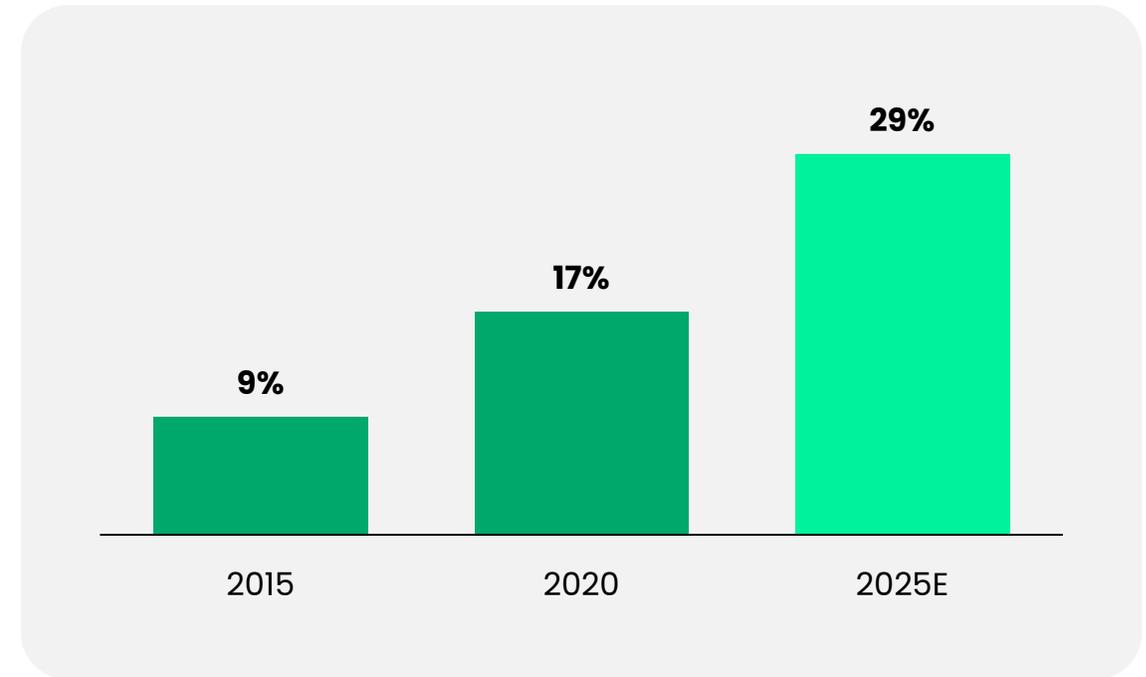
Source: Third-party research  
<sup>1</sup> 12-months ended June 30, 2022.  
<sup>2</sup> As of June 30, 2022.

# Competitive landscape and e-commerce trends

Last mile heavy goods by revenue (US), 2021

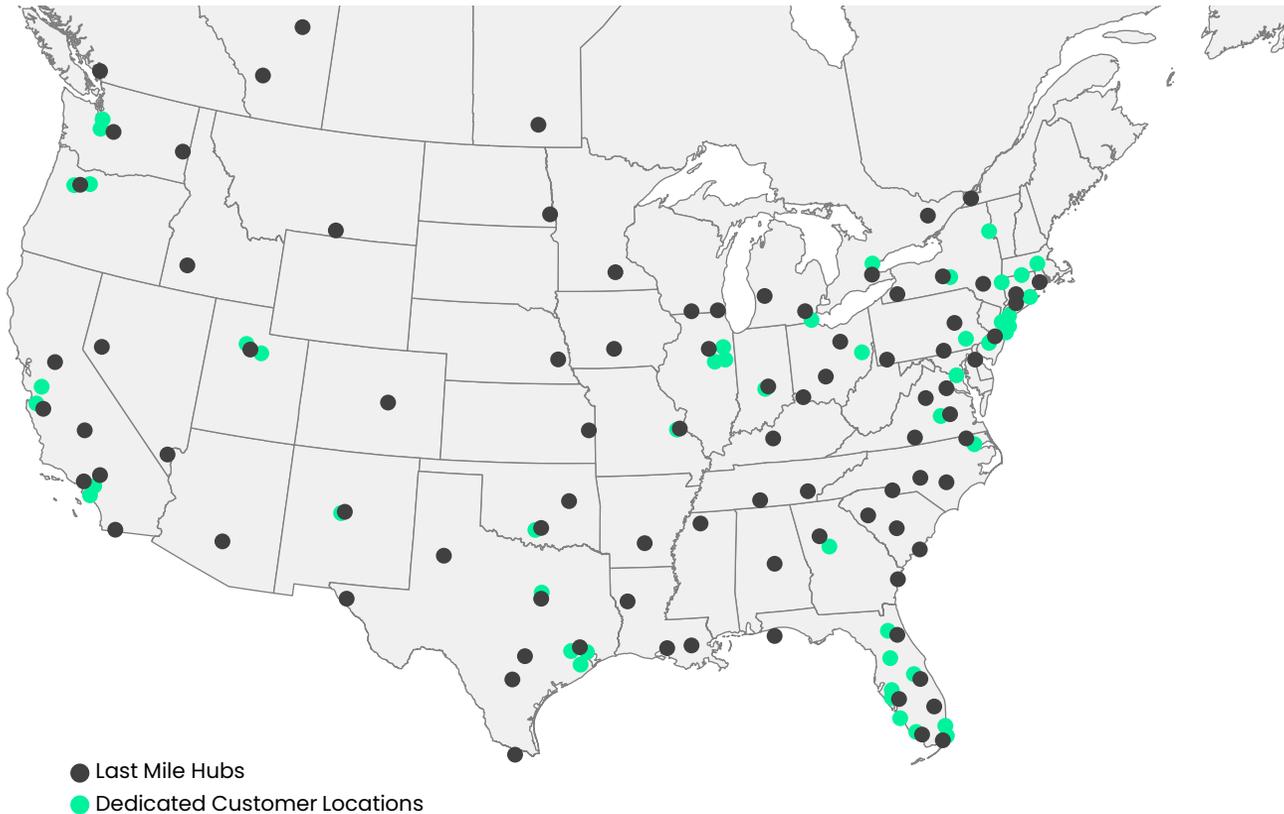


Heavy & bulky % e-commerce penetration



**Strong e-commerce penetration** preference expected across multiple segments, driving demand for last mile services

# National scale with access to all major population centers



RXO's last mile footprint is positioned **within 125 miles of 90% of the US population**, speeding fulfillment and enabling shippers to meet consumer expectations

Access to **largest capacity base in North America for** last mile deliveries of heavy goods

Rolled out **RXO Connect™ digital platform** in 2021 to the US and Canada

# RXO's technology personalizes the consumer experience

- Connect<sup>®</sup> LM, RXO's last mile-specific technology, manages key levers that enhance the consumer experience
  - ~50% of eligible orders now consumer self-scheduled via the web, Alexa or automated call<sup>1</sup>
  - 30% reduction in calls per delivery driven by automation and improved customer satisfaction<sup>1</sup>
  - All data regarding shipment visible in single platform
  - Touchless signature capture option
- Real-time tracking: on-demand ETA updates and rescheduling
- Customized notifications

The screenshot displays the RXO Connect web interface for a delivery appointment. The top navigation bar includes 'Dashboard', 'Orders', 'Inventory', 'Claims', and 'Admin'. The main content area shows the appointment details for 'Fantastic Furniture' on 09/14/2022. The appointment is marked as 'ON TIME'. A 'Stops' section shows the origin (Logan Township, NJ) and destination (Philadelphia, PA). A 'Stop details' modal window displays a photo of a kitchen with a refrigerator and a signature.

## Case study: consumer (last mile hub)

### Relationship origin / customer need

- Relationship started in 2015
- Due to increasing demand they needed solution to fulfill orders quicker

### RXO solution

- RXO proposed solution to include forward stocking in Last Mile hubs to ensure speed to consumer, with RXO's national network footprint being a key enabler of the customer's national launch
- RXO tech was able to allow point of sale scheduling and visibility to client and consumer for real-time tracking
- RXO supported peak demand over past 3 years with 200+ supplemental trucks
- Currently supporting > 70% of the deliveries Nationally to include expansion to Canada

### Key results

- RXO was awarded the majority of insourced deliveries after customer recently converted to 100% third party logistics
- Relationship revenue has grown 99% annually since 2016

## Case study: retailer (dedicated)

### Relationship origin / customer need

- 18-year relationship with large retailer that has outsourced deliveries with supply chain transformation since 2004
- Client sought to convert to third party logistics nationally to include flatbed deliveries as well as develop centralized deliveries rather than store-based deliveries

### RXO solution

- RXO agreed to support initial store-based conversion which became a successful long-term solution for the client
- RXO then agreed to purchase specialized equipment to support transition of flatbed store-based deliveries, resulting in a successful transition
- RXO has proved to be a strategic partner for the client and went from launching their first centralized delivery operation in Texas to now managing eight operations, more than any other third-party logistics provider

### Key results

- Doubled relationship revenue over last five years



# Business overview

## Freight Forwarding

# Leading freight forwarding network

## Business overview

- **Asset-light freight management solution** for domestic, cross-border and international shipments
- **Comprehensive suite** of air, ocean, domestic and customs clearance
- **Scalable platform with advanced technology** already in place offers multiple levers for profitable growth
- **Experienced team** guides freight through customs points, providing local oversight at thousands of destinations
- Provides **valuable support to other RXO operations** serving **multinational and cross-border customers**

## Key metrics

LTM revenue <sup>1</sup>	<b>\$509 million</b>
Locations <sup>2</sup>	<b>28</b>
Employees <sup>2</sup>	<b>~200</b>
Customers <sup>2</sup>	<b>~5,400</b>
Average tenure for top-10 customers <sup>2</sup>	<b>7 years</b>
Countries served <sup>2</sup>	<b>160</b>

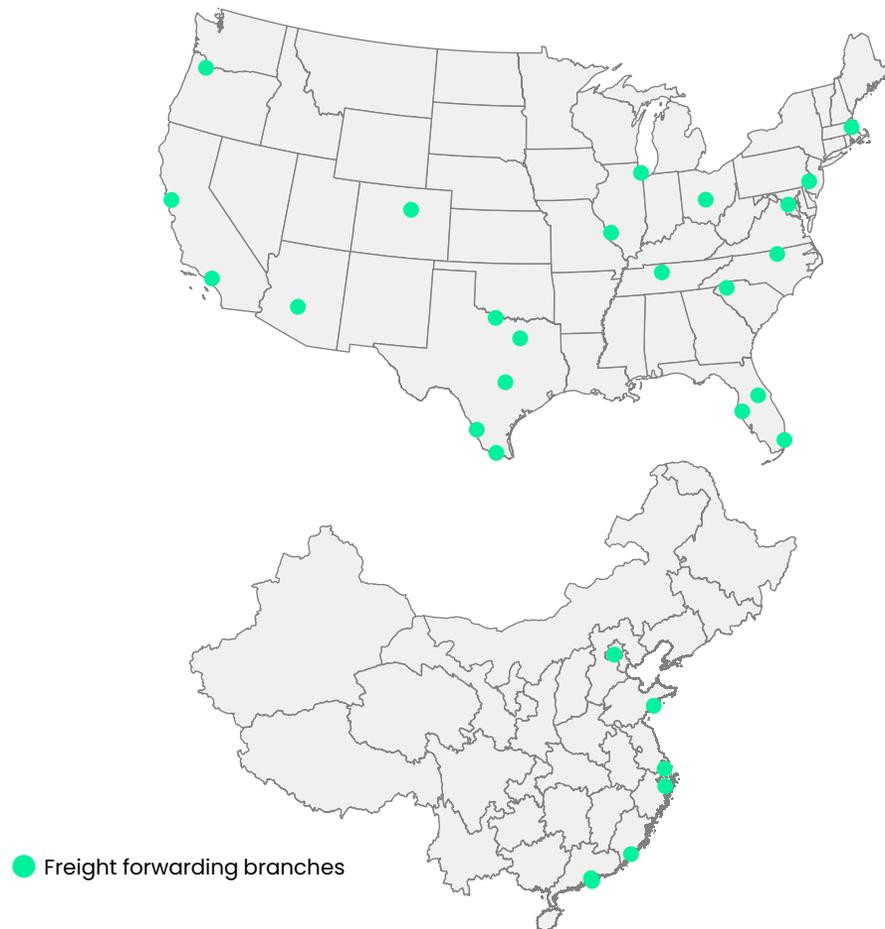


Source: Third-party research

<sup>1</sup> 12 months ended June 30, 2022.

<sup>2</sup> As of June 30, 2022. Includes territories.

# Strategic footprint in North America and Asia



**2,500+ domestic US** and **400+ international carriers** across an international footprint reaching **160 countries**<sup>1</sup>

**Centralized procurement and capacity management** leverage economies of scale and carrier relationships

Balanced network readily increases capacity to manage volume, while **providing capex flexibility**

Drawing on **local market expertise** to connect key manufacturing and consumption centers worldwide

## Case study: automotive

### Relationship origin / customer need

- Automotive OEM required a round-trip, end-to-end solution for the movement of mission critical parts and materials from Latin America to plants in Southeastern US
- Challenges included communication processes with local counterparts at point of origin and incumbent carrier's lack of reliability, including invoicing issues, inflexible contracts and transit delays

### RXO solution

- RXO designed a solution that shortened lead times for freight movements from the factory to assembly lines, eliminating transshipments and other in-transit delays
- The solution integrates ocean, rail and transload services, providing consolidated billing and end-to-end visibility of shipment status

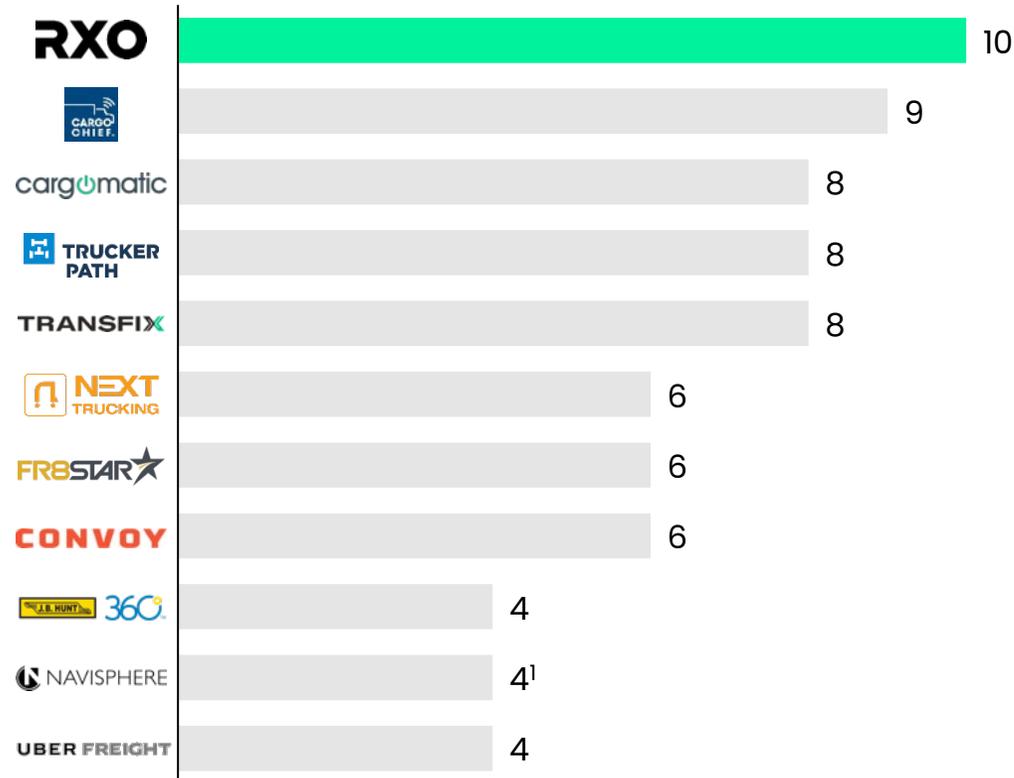
### Key results

- RXO's solution increased carrier and routing flexibility, and reduced per diem and demurrage charges
- Recognized for providing consistently reliable performance, expanding relationship to management of more than 1,200 containers annually across four customer entities, resulting in over \$6 million of annual revenue

# Technology overview

# RXO is leading technological disruption

Years in digital operation<sup>1</sup>



RXO Connect™ innovative ecosystem

## Transportation Management Systems

**RXO**

- Proprietary operational systems
- Launched October 2012

**RXO**  
**Connect**

- Digital freight marketplace
- Launched April 2018

**RXO**  
**Drive**

- Digital freight marketplace
- Launched April 2018



<sup>1</sup> Refers to digital brokerage capabilities.

# Optimized solutions and capacity procurement

## What we built...

Transportation platform, built **from the ground up**, with **microservices** architecture

**Unified** system, fully **integrated** with business solutions

**Proprietary machine learning engines**, leveraging 10+ years of data

Lane **density** with **rewards** program and rich **functionality**

**Operations driven** technology platform

Comprehensive integration offering with **tailored integrations**



## How we're better...

Highly adaptable and **scalable** platform, allowing **innovation and rapid growth**

Seamless processes, enabling **automation** and **efficiencies**

Optimize **margin** and lane matching **efficiently**

**Sticky** platform for both customers and carriers

Strong **feedback loop**, supporting operational use cases

Easy **connectivity** for carriers and shippers, increasing load volume/coverage

RXO Connect™ has first-mover advantage in helping shippers and carriers make **informed decisions** by providing real-time **information about supply and demand** for truckload capacity

# High user adoption and retention rates

**>800K**

Total mobile app downloads<sup>1</sup>

**+63%**

YoY growth in total downloads<sup>2</sup>

**+74%**

YoY growth in weekly active users<sup>2</sup>

**+47%**

YoY growth in registered carriers<sup>2</sup>

**+29%**

YoY growth in registered customer users<sup>2</sup>

**>70%**

Average 7-day carrier & customer retention<sup>2</sup>

**~100K**

Carriers on the platform<sup>3</sup>

**80%**

Loads created or covered digitally<sup>2</sup>

# RXO Connect™ is a powerful, digital ecosystem



SOLUTIONS ORIENTATION

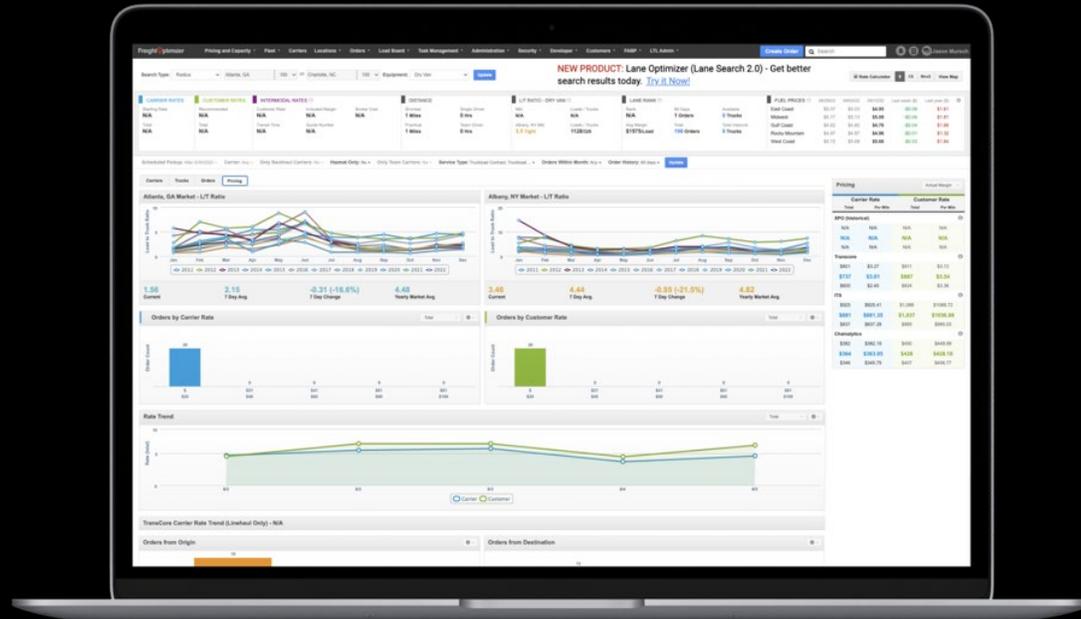
OPERATIONAL SYNERGIES

DIGITAL CAPACITY MANAGEMENT

ZERO-TOUCH AUTOMATION

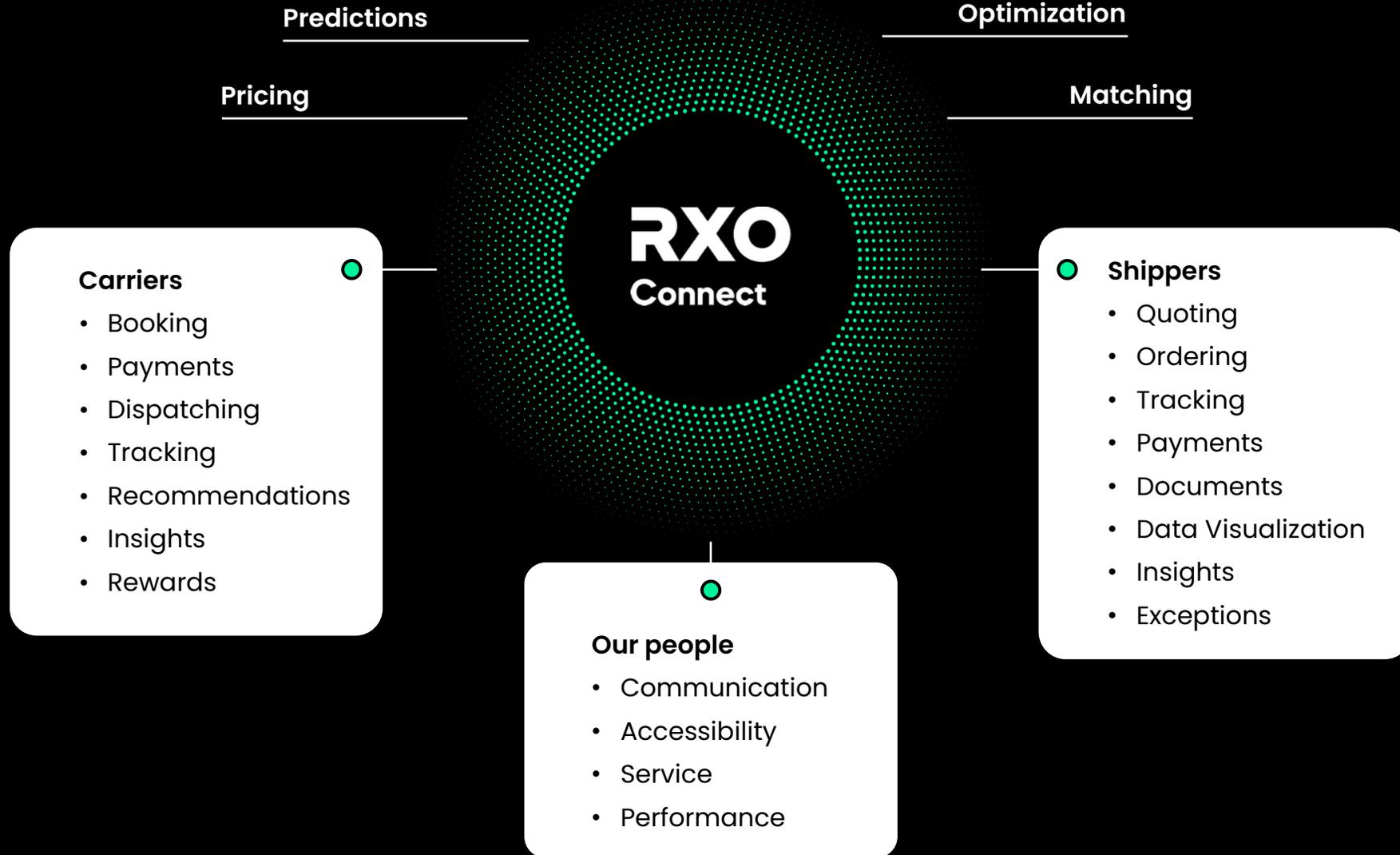
RXO Connect™ encapsulates the business' DNA

# Freight Optimizer is the scalable freight management engine of RXO Connect™



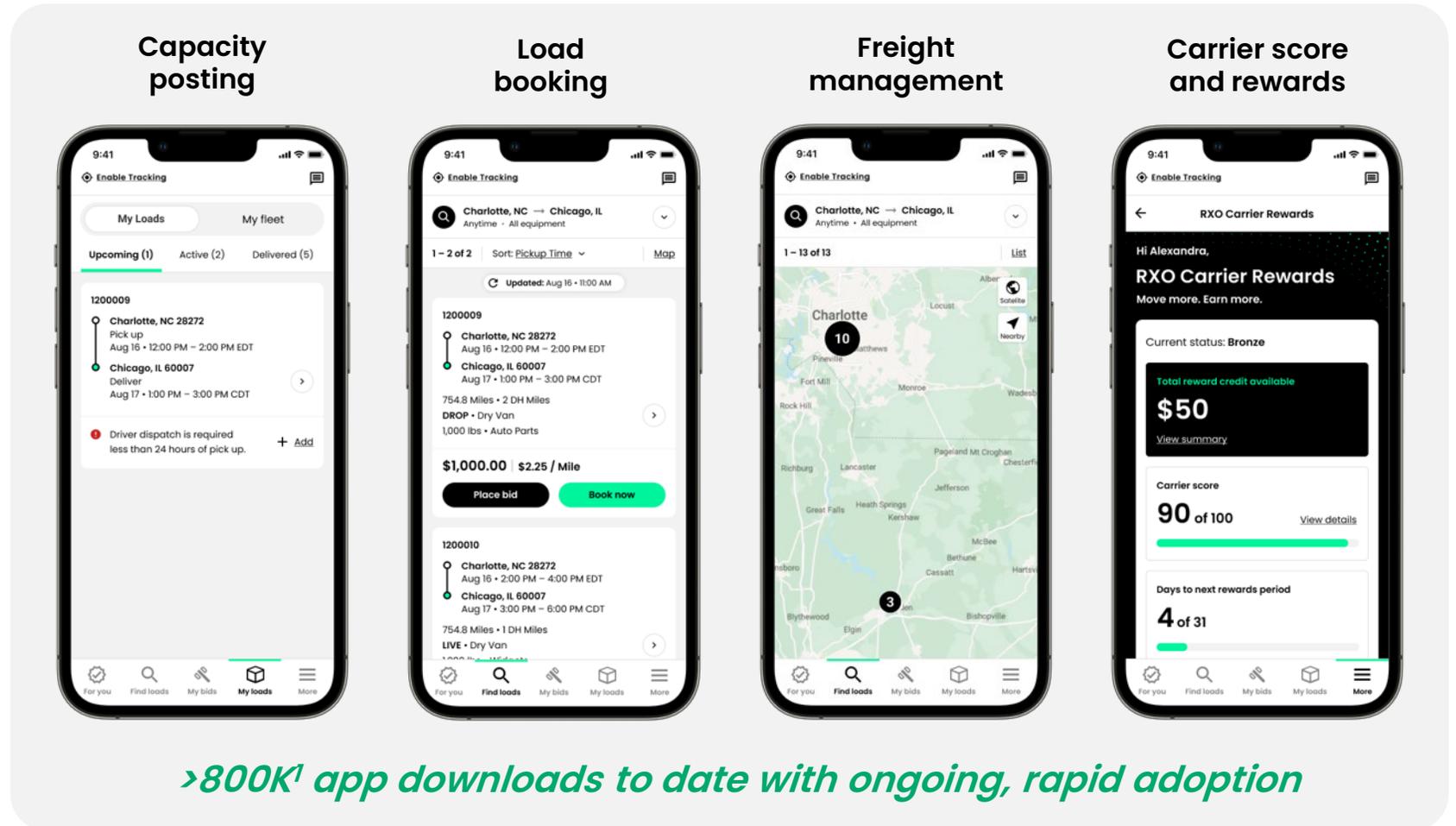
- Decision support tool surfaces real-time data and trends
- Huge capacity pool enables rapid load-matching and tendering
- Analyzes data from multiple sources
- Proprietary machine learning algorithms
- Predictive pricing algorithms
- Automates operational processes to enhance productivity

# RXO Connect™ ecosystem generates efficiencies for all stakeholders



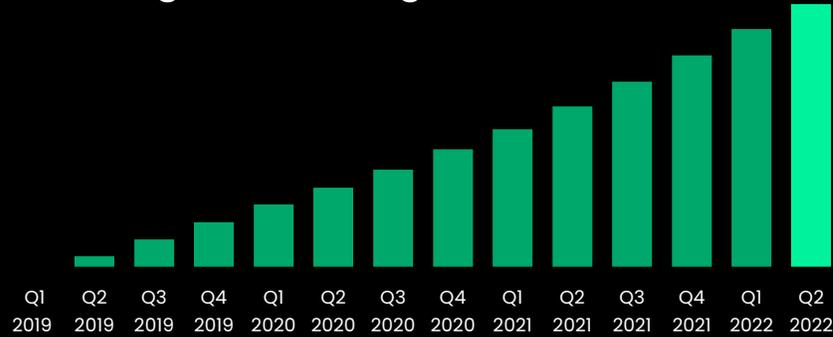
# RXO Drive™ app benefits customers and carriers by helping to automate the procurement process

- Transactional platform with mobile access is all-in-one tracking solution
- Intuitive tools for posting, bidding, negotiating, booking, tracking and e-paperwork
- Tailored role-based functionality
- Robust rewards program and financial incentives enables carrier stickiness
- Smart Load engine helps drivers maximize resources and minimize empty miles

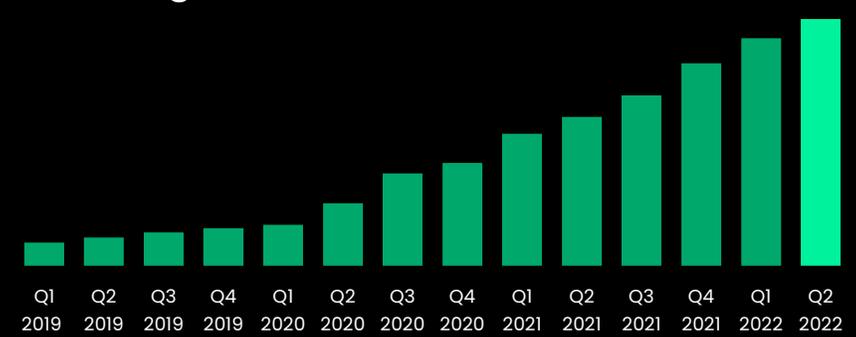


# RXO Connect™ is widely adopted and growing fast

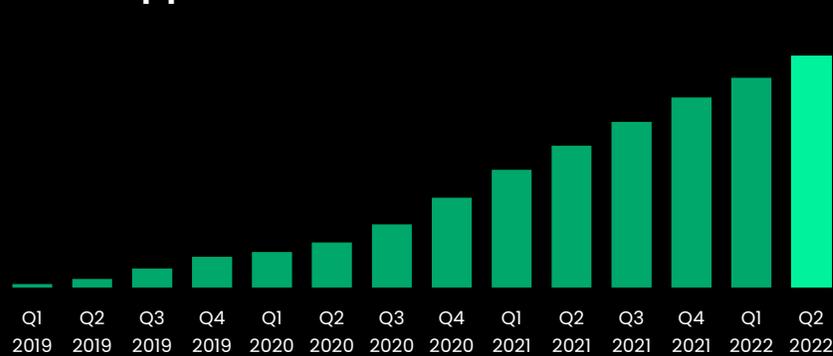
## Total digital brokerage orders



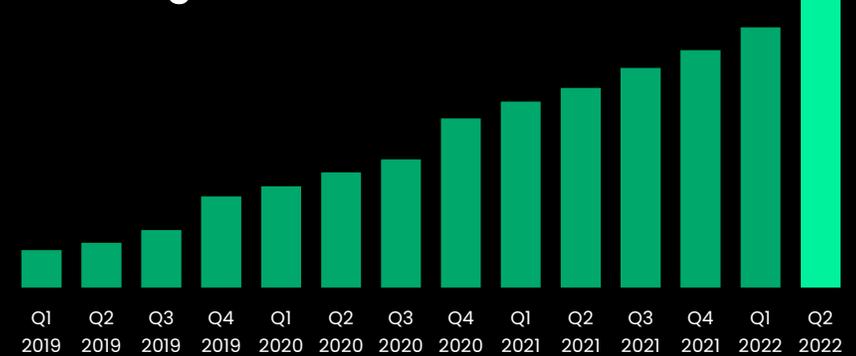
## Total registered customer users



## Total app downloads



## Total registered carrier users



Note: All data cumulative for 12-months ended June 30, 2022

# Financial overview

# Financial performance highlights

Track record of above-market growth



**21% revenue CAGR<sup>1</sup>**, underpinned by leading market share in a massive industry

Proven ability to drive long-term margin expansion



**50% increase in productivity<sup>2</sup>** (loads per head per day) over last three years

Highly variable cost structure



Only **13% of costs are fixed<sup>3</sup>**, with capacity purchased as needed

Robust free cash flow generation



**Asset-light**, tech-enabled model, with <1% of revenue for net capex spend<sup>3</sup>

Strong balance sheet to support future growth



**Expected net leverage of 1.1x**, with no near-term maturities and ample liquidity



<sup>1</sup>12-months ended December 31, 2019 to 12-months ended June 30, 2022.

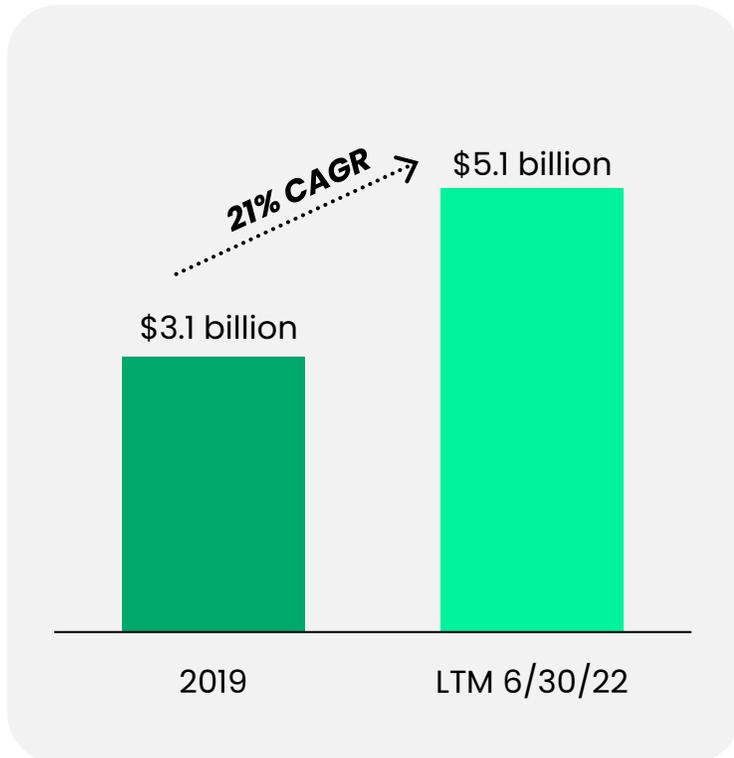
<sup>2</sup>Quarter ended December 31, 2018 to quarter ended December 31, 2021.

<sup>3</sup>12-months ended December 31, 2021.

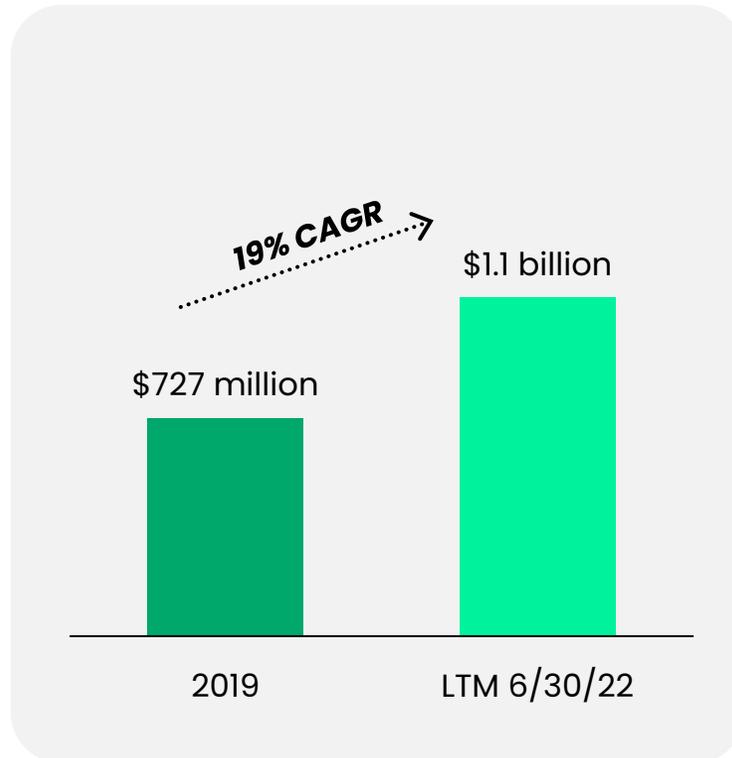
Refer to the Non-GAAP Financial Measures section on page 2 and Supplemental Materials for related information

# Track record of above-market growth<sup>1</sup>

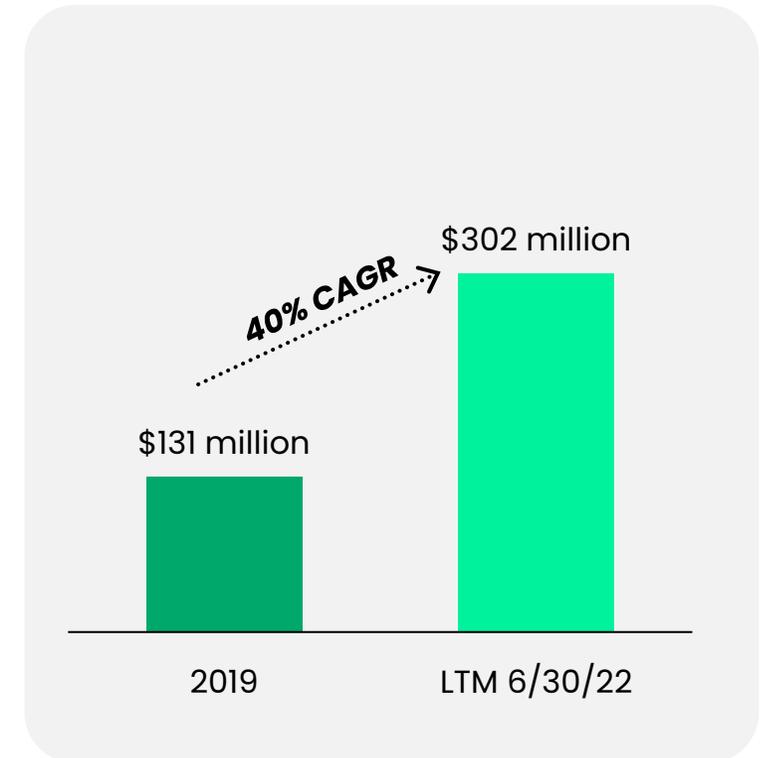
Revenue



Revenue less purchased transportation<sup>2</sup>



Pro forma adjusted EBITDA<sup>3</sup>



<sup>1</sup>Represents brokered component of US for-hire truckload opportunity in 2021.

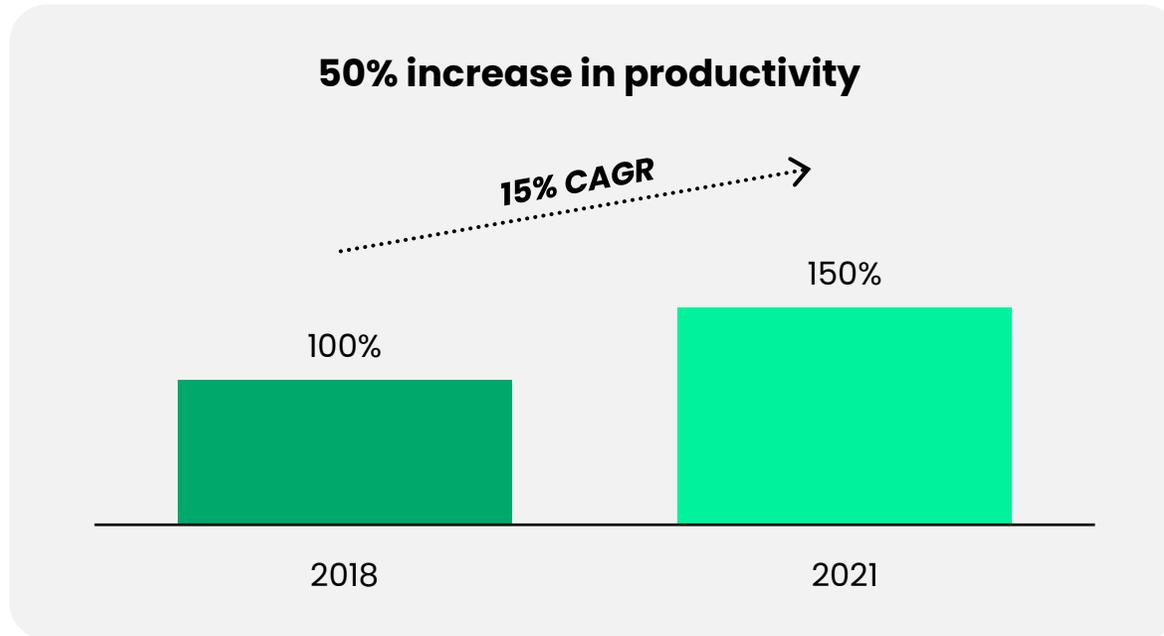
<sup>2</sup>Calculated as revenue less cost of transportation and services (exclusive of depreciation and amortization).

<sup>3</sup>Represents public company pro forma adjusted EBITDA inclusive of standalone public company costs.

Refer to the Non-GAAP Financial Measures section on page 2 and Supplemental Materials for related information

# Proven ability to drive long-term margin expansion

Loads per head per day<sup>1</sup> Q4 2018 indexed to 100%



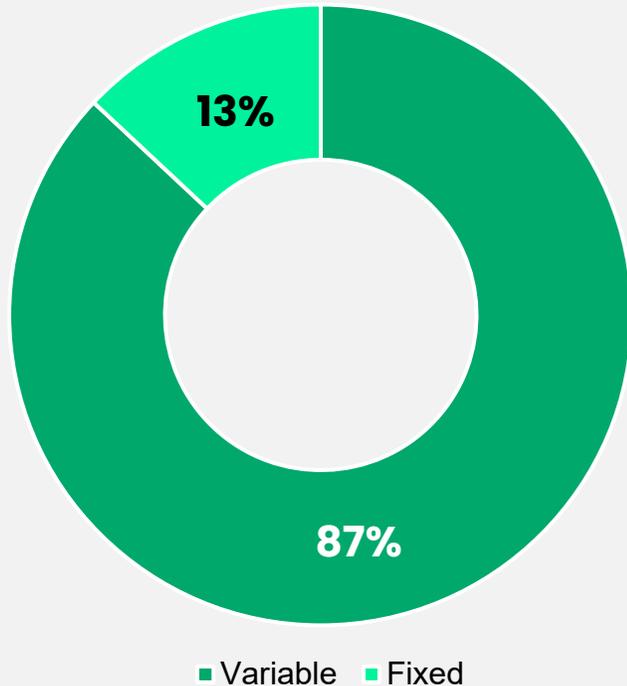
## Margin expansion levers

- Consistently improving operating efficiencies to achieve productivity gains and margin targets
- RXO Connect™ technology amplifies ROIC – minimal incremental capex yields significant EBITDA and margin expansion
- Proprietary technology excels at optimizing margin, improving productivity and capturing volume
- Asset-light with highly variable cost structure and ability to flex costs, delivering EBITDA and margin goals

Clearly defined initiatives underway for **long-term margin expansion**

# Highly variable cost structure provides operating flexibility across economic environments

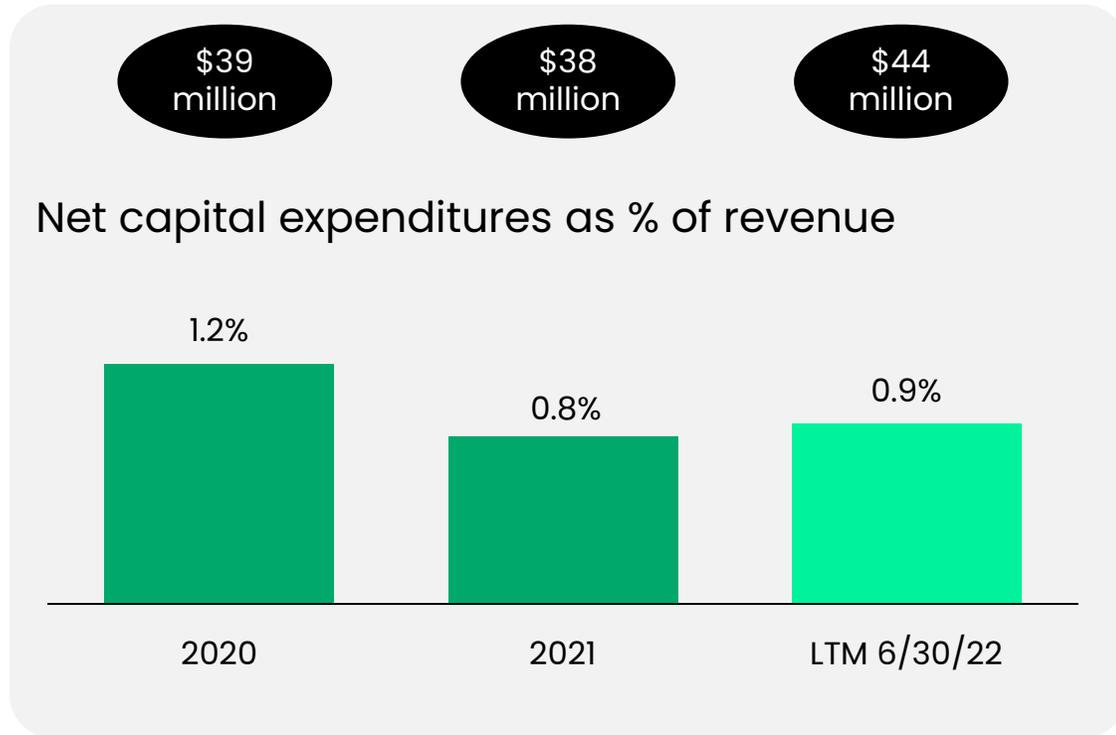
## Cost structure breakdown<sup>1</sup>



## Key attributes

- **Highly variable cost structure** driven by purchased transportation; only 13% fixed costs
- **Ability to reduce costs** when demand is soft **and flex resources** to bring trucks back online as demand returns
- Second largest expense is labor; continuing to **drive productivity gains over a higher revenue base**
- **Modest fixed base expense** serves as catalyst to drive more accretive volumes in periods of growth

# Low capital intensity drives robust cash flow conversion



- Guided by disciplined approach to capex, **prioritizing high-ROIC projects** with near-term returns potential
- Continuous innovation supported by ongoing investments in technology, building on RXO's position as the brokerage technology leader delivering **substantial value through efficiencies**
- **~Two-thirds of capex relates to growth**
- Relative **capex spend expected to stabilize at current levels**, given robust technology infrastructure in place and heaviest lifting of development cycled

Continuous cycle of **technology innovation** supported by **disciplined investment approach**

# Substantial free cash flow generation

## Free cash flow reconciliation



Cash flow resiliency is aided by **operating flexibility of the model** and the **high degree of discretion around capex**

# Strong balance sheet to support future growth

## Expected capital structure at time of spin-off

Cash <sup>1</sup>	<b>\$100 million</b>
Total debt <sup>2</sup>	<b>\$442 million</b>
Net leverage <sup>3</sup>	<b>1.1x</b>

## Key highlights

- No maturities due before 2027
- Expect total liquidity of \$600 million
  - Five-year revolving credit facility with \$500 million capacity
- Maintain leverage in target range of 1.0x – 2.0x

**RXO is committed to maintaining investment grade credit metrics**



<sup>1</sup> The separation agreement will provide for an adjustment payment to potentially be made following the distribution from RXO to XPO, or from XPO to RXO, so that RXO's final cash balance as of the effective time of the distribution is equal to \$100 million.

<sup>2</sup> Reflects long-term debt on balance sheet from the principal incurrence of \$455 million of indebtedness, net of original issue discount and debt issuance costs of \$13 million.

<sup>3</sup> Net leverage on a pro forma basis for 12 months ending June 30, 2022.

Refer to the Non-GAAP Financial Measures section on page 2 and Supplemental Materials for related information

# Disciplined capital allocation framework

## Growth investments

- RXO initiatives focused on deployment of capital on high-ROIC projects
- Fully discretionary growth capex increases resiliency of free cash flow profile

## M&A

- Thoughtful evaluation of accretive M&A opportunities
- Focus on growth of current solutions vs. ancillary opportunities

## Shareholder distributions

- Balanced approach to return of capital, with flexibility to reevaluate policy according to financial position

**Maximize shareholder returns** while minimizing risk

# Financial targets

5-year EBITDA • **\$475 million – \$525 million**

---

Capital expenditures • **~1% of revenue**

---

Depreciation & amortization • **~1% of revenue**

---

Interest expense • **~\$37 million / year**

---

Tax rate • **~24%**

---

Shares outstanding • **117 million**

# Concluding remarks

# Reasons to invest in RXO

- Large addressable market with secular tailwinds
- Market leading platform with complementary transportation solutions
- Long-term relationships with blue-chip customers across diverse end-markets
- Proprietary technology continuously improving customer outcomes
- Fast growing and high-return financial profile

Leading **tech-enabled brokered transportation platform** led by a **world-class management team**

# Supplemental materials

# RXO corporate governance highlights

- Committed to being a leader in strong corporate governance standards
- RXO board to be led by a **non-executive chairman**
- **All other non-executive members of the board will be independent**, including a lead independent director, to ensure independent oversight and decision-making
  - Additional corporate governance information and materials, including Certificate of Incorporation, bylaws, corporate guidance guidelines and code of business ethics will be available on RXO's website
  - Audit Committee, Compensation Committee, and Nominating, Governance and Sustainability Committee will be comprised entirely of **independent directors**
- Head of Internal Audit function will report directly to Audit Committee
- Board to adopt **written charters for each committee**, which will be made available on RXO's website post-spin transaction

# RXO board members



**Brad Jacobs**  
Non-Executive  
Chairman of the Board



**Drew Wilkerson**  
Director; Chief Executive  
Officer



**AnnaMaria DeSalva**  
Director; Chair of Nominating,  
Governance and  
Sustainability Committee



**Christie Breves**  
Director



**Steve Renna**  
Director



**Michelle Nettles**  
Lead Independent Director;  
Chair of Compensation  
Committee



**Tom Szlosek**  
Director; Chair of Audit  
Committee



**Mary Kissel**  
Director, Vice Chairman



**Adrian Kingshott**  
Director

# Leadership in ESG initiatives

Our ESG philosophy...

## Environmental

RXO is committed to **reducing empty miles** and helping our suppliers achieve their sustainability goals. We help **make trucking more efficient** and **reduce GHG emissions**.

## Social

Our **diverse teams and suppliers** solve the industry's toughest challenges. **Safety** is at the forefront of everything we do.

## Governance

Our **diverse board** guides how we evolve our business and ensures consistent reporting. We lead with **integrity**.

...drives real-world problem-solving

## SmartWay

We are SmartWay certified, which helps move goods in the cleanest and most energy-efficient way possible. We help the carriers we work with achieve SmartWay certification.

## Carrier Sustainability

We provide resources to help carriers apply for sustainability grants and adopt technologies that are better for the environment.

## Ship Net-Zero with RXO

We give shippers the ability to negate the carbon footprint of their freight by purchasing carbon offsets for the sustainability project of their choice.

## Supplier Diversity

We are focused on improving the diversity of our supply base. We also help shippers improve their use and tracking of diverse transportation suppliers.

## Diversity, Equity and Inclusion

We actively recruit and advocate for a diverse workforce. Our commitment to equity and inclusion can be seen in our employee resource groups, diversity council and community involvement.

## Responsible Growth and Innovation

Our leadership and board are committed to ethics, consistent and honest reporting, preventing corruption, and effectively managing risks.

# Financial reconciliations

## Reconciliation of net income to adjusted EBITDA and public company pro forma adjusted EBITDA

(\$ in millions) (Unaudited)	Twelve Months Ended June 30,	Six Months Ended June 30,		Years Ended December 31,		
	2022	2022	2021	2021	2020	2019
Net income	\$158	\$83	\$75	\$150	\$43	\$62
Interest expense	-	-	-	-	-	-
Income tax provision	45	27	23	41	14	22
Depreciation and amortization expense	83	42	40	81	76	74
Transaction and integration costs	22	21	1	2	14	1
Restructuring costs	5	3	-	2	10	9
Other	2	-	(1)	1	-	-
<b>Adjusted EBITDA<sup>1</sup></b>	<b>\$315</b>	<b>\$176</b>	<b>\$138</b>	<b>\$277</b>	<b>\$157</b>	<b>\$168</b>
Reversal of allocated corporate expense <sup>2</sup> and other	32	15	12	29	16	8
Public company standalone cost <sup>3</sup>	(45)	(23)	(23)	(45)	(45)	(45)
<b>Public company pro forma adjusted EBITDA<sup>1</sup></b>	<b>\$302</b>	<b>\$168</b>	<b>\$127</b>	<b>\$261</b>	<b>\$128</b>	<b>\$131</b>



<sup>1</sup> Refer to the Non-GAAP Financial Measures section on page 2 for related information.

<sup>2</sup> Allocated corporate expense per RXO Form 10 combined financial statements; excludes the impact of adjusted items and allocated income tax, depreciation and amortization from XPO Corporate.

<sup>3</sup> Estimated incremental costs of operating RXO as a standalone public company.

# Financial reconciliations (cont'd)

The following table reconciles XPO's revenue attributable to the remaining company after the planned spin-off of RXO<sup>1</sup> and the divestiture of our North American intermodal operation for the trailing twelve months ended June 30, 2022, the six-month periods ended June 30, 2022 and 2021, and twelve months ended December 31, 2021.

## Reconciliation of revenue attributable to the remaining company

(\$ in millions) (Unaudited)	Twelve Months Ended June 30, 2022	Six Months Ended June 30, 2022                      2021		Year Ended December 31, 2021
<b>XPO historical revenue<sup>2</sup></b>	<b>\$13,336</b>	<b>\$6,705</b>	<b>\$6,175</b>	<b>\$12,806</b>
Intermodal operation <sup>3</sup>	903	308	483	1,077
RXO spin-off operations <sup>3</sup>	5,063	2,538	2,164	4,689
Eliminations <sup>4</sup>	(167)	(79)	(69)	(156)
<b>Adjusted revenue attributable to the remaining company</b>	<b>\$7,537</b>	<b>\$3,938</b>	<b>\$3,597</b>	<b>\$7,196</b>

The remaining company will consist of XPO's less-than-truckload transportation business in North America, European transportation business and corporate entity

<sup>1</sup> The planned spin-off of RXO is expected to include XPO's truck brokerage business, as well as managed transportation, last mile and freight forwarding operations.

<sup>2</sup> XPO historical financial data were derived from XPO's financial statements for the period presented.

<sup>3</sup> Financial data for the Intermodal and RXO spin-off operations were derived from XPO's underlying financial records for the period presented and are not presented on a carve-out basis.

<sup>4</sup> Represents intercompany transactions between XPO and the divested entities which will no longer be eliminated in consolidation subsequent to the divestitures.

Refer to the Non-GAAP Financial Measures section on page 2 for related information



# Financial reconciliations (cont'd)

## Reconciliation of revenue less purchased transportation

(\$ in millions) (Unaudited)	Twelve Months Ended June 30, 2022	Six Months Ended June 30,		Years Ended December 31,	
		2022	2021	2021	2019
Revenue	\$5,063	\$2,538	\$2,164	\$4,689	\$3,141
Cost of transportation and services (exclusive of depreciation and amortization)	3,934	(1,925)	(1,672)	(3,681)	(2,414)
<b>Revenue less purchased transportation</b>	<b>\$1,129</b>	<b>\$613</b>	<b>\$492</b>	<b>\$1,008</b>	<b>\$727</b>

# Financial reconciliations (cont'd)

## Reconciliation of capital expenditures to net capital expenditures

(\$ in millions) (Unaudited)	Twelve Months Ended June 30, 2022	Six Months Ended June 30, 2022		Years Ended December 31, 2021	
		2021	2021	2021	2020
Payment for purchases of property and equipment	(\$44)	(\$24)	(\$19)	(\$39)	(\$47)
Proceeds from sale of property and equipment	-	-	1	1	8
<b>Net capital expenditures</b>	<b>(\$44)</b>	<b>(\$24)</b>	<b>(\$18)</b>	<b>(\$38)</b>	<b>(\$39)</b>
Revenue	\$5,063	\$2,538	\$2,164	\$4,689	\$3,357
Net capital expenditures as a % of revenue	0.9%	0.9%	0.8%	0.8%	1.2%

# Financial reconciliations (cont'd)

## Return on invested capital

(\$ in millions) (Unaudited)	Year Ended December 31,
Select income statement items	2021
Public company pro forma adjusted EBITDA	\$261
(-) Depreciation	(57)
(-) Cash taxes <sup>1</sup>	(18)
(+) Operating lease interest <sup>2</sup>	5
<b>Net operating profit after tax</b>	<b>\$191</b>

(\$ in millions) (Unaudited)	As of December 31,	
Select balance sheet items	2021	2020
Total assets per Form 10	\$2,068	\$1,870
(-) Cash	(29)	(70)
(-) Goodwill and intangibles	(730)	(754)
<b>Operating assets (excluding goodwill and intangibles)</b>	<b>\$1,309</b>	<b>\$1,046</b>
Total liabilities per Form 10	998	802
(-) Net deferred tax liability	(52)	(49)
(-) Operating lease liability	(135)	(116)
<b>Non-debt liabilities</b>	<b>\$811</b>	<b>\$637</b>
<b>Invested capital</b>	<b>\$498</b>	<b>\$409</b>

**42% return on invested capital**



<sup>1</sup> Cash taxes is calculated as the ratio of RXO's public company pro forma adjusted EBITDA to XPO adjusted EBITDA, multiplied by XPO's cash paid for taxes.

<sup>2</sup> Operating lease interest is calculated as period end operating lease assets multiplied by the Company's incremental borrowing rate, net of tax.

# Financial reconciliations (cont'd)

## Reconciliation of cash provided by operating activities to free cash flow and adjusted free cash flow

(\$ in millions) (Unaudited)	Twelve Months Ended June 30, 2022
Net cash provided by operating activities <sup>1</sup>	\$236
Payment for purchases of property and equipment <sup>1</sup>	(44)
Proceeds from sale of property and equipment <sup>1</sup>	-
<b>Free cash flow<sup>1</sup></b>	<b>\$192</b>
Pro forma interest expense <sup>2</sup>	(37)
Incremental working capital usage and other <sup>3</sup>	(30)
<b>Adjusted free cash flow</b>	<b>\$125</b>



<sup>1</sup> Based on RXO's combined financial statements as presented in Form 10.

<sup>2</sup> Based on RXO's pro forma financial statements as presented in Form 10.

<sup>3</sup> Based on cash used by changes in assets and liabilities in Form 10 combined financial statements, less incremental working capital usage.

# Financial reconciliations (cont'd)

## Reconciliation of net debt and net leverage

(\$ in millions)  
(Unaudited)

Reconciliation of Net Debt – Pro Forma As of  
June 30, 2022

Total debt <sup>1</sup>	\$442
Less: Cash and cash equivalents <sup>2</sup>	(100)
<b>Net debt</b>	<b>\$342</b>

Reconciliation of Net Leverage – Pro Forma Twelve months ended  
June 30, 2022

Net debt	\$342
Public company pro forma adjusted EBITDA	\$302
<b>Net leverage</b>	<b>1.1x</b>



<sup>1</sup> Reflects long-term debt on balance sheet from the principal incurrence of \$455 million of indebtedness, net of original issue discount and debt issuance costs of \$13 million.

<sup>2</sup> The separation agreement will provide for an adjustment payment to potentially be made following the distribution from RXO to XPO, or from XPO to RXO, so that RXO's final cash balance as of the effective time of the distribution is equal to \$100 million.

**RXO**