

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

Form 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2017

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 001-32172

XPO Logistics, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

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

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

06831
(Zip code)

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

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company	<input type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of May 1, 2017 there were 111,705,199 shares of the registrant's common stock, par value \$0.001 per share, outstanding.

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Part I—Financial Information

Item 1. Financial Statements.

XPO Logistics, Inc.
Condensed Consolidated Balance Sheets

	March 31, 2017 (Unaudited)	December 31, 2016
<i>(In millions, except share and per share data)</i>		
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 342.0	\$ 373.4
Accounts receivable, net of allowances of \$24.3 and \$26.3, respectively	2,338.0	2,313.3
Other current assets	416.1	386.9
Total current assets	3,096.1	3,073.6
Property and equipment, net of \$705.1 and \$589.9 in accumulated depreciation, respectively	2,531.2	2,537.4
Goodwill	4,352.7	4,325.8
Identifiable intangible assets, net of \$418.7 and \$377.1 in accumulated amortization, respectively	1,501.0	1,534.7
Deferred tax asset	3.0	2.7
Other long-term assets	204.3	224.2
Total long-term assets	8,592.2	8,624.8
Total assets	\$ 11,688.3	\$ 11,698.4
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 990.7	\$ 1,056.3
Accrued expenses	1,346.5	1,382.1
Current maturities of long-term debt	135.0	136.5
Other current liabilities	125.1	156.7
Total current liabilities	2,597.3	2,731.6
Long-term debt	4,810.9	4,731.5
Deferred tax liability	569.0	572.4
Employee benefit obligations	247.8	251.4
Other long-term liabilities	375.4	373.9
Total long-term liabilities	6,003.1	5,929.2
Stockholders' equity:		
Convertible perpetual preferred stock, \$.001 par value; 10,000,000 shares authorized; 71,510 and 72,235 of Series A shares issued and outstanding at March 31, 2017 and December 31, 2016, respectively	41.2	41.6
Common stock, \$.001 par value; 300,000,000 shares authorized; 111,622,997 and 111,087,027 shares issued and outstanding at March 31, 2017 and December 31, 2016, respectively	0.1	0.1
Additional paid-in capital	3,239.8	3,244.9
Accumulated deficit	(372.4)	(392.9)
Accumulated other comprehensive loss	(167.5)	(193.7)
Total stockholders' equity before noncontrolling interests	2,741.2	2,700.0
Noncontrolling interests	346.7	337.6
Total equity	3,087.9	3,037.6
Total liabilities and equity	\$ 11,688.3	\$ 11,698.4

See accompanying notes to condensed consolidated financial statements.

XPO Logistics, Inc.
Condensed Consolidated Statements of Operations
(Unaudited)

<i>(In millions, except per share data)</i>	Three Months Ended March 31,	
	2017	2016
Revenue	\$ 3,539.5	\$ 3,545.7
Operating expenses		
Cost of transportation and services	1,887.3	1,945.1
Direct operating expense	1,137.7	1,106.2
Sales, general and administrative expense	400.9	432.0
Total operating expenses	3,425.9	3,483.3
Operating income	113.6	62.4
Other expense (income)	3.3	(1.2)
Foreign currency loss	10.6	5.5
Debt extinguishment loss	9.0	—
Interest expense	75.6	93.1
Income (loss) before income tax benefit	15.1	(35.0)
Income tax benefit	(9.8)	(15.7)
Net income (loss)	24.9	(19.3)
Net income attributable to noncontrolling interests	(3.6)	(3.2)
Net income (loss) attributable to XPO	\$ 21.3	\$ (22.5)
Earnings per share data:		
Net income (loss) attributable to common shareholders	\$ 19.5	\$ (23.2)
Basic earnings (loss) per share	\$ 0.18	\$ (0.21)
Diluted earnings (loss) per share	\$ 0.16	\$ (0.21)
Weighted-average common shares outstanding		
Basic weighted-average common shares outstanding	111.4	109.6
Diluted weighted-average common shares outstanding	124.4	109.6

See accompanying notes to condensed consolidated financial statements.

XPO Logistics, Inc.
Condensed Consolidated Statements of Comprehensive Income (Loss)
(Unaudited)

<i>(In millions)</i>	Three Months Ended March 31,	
	2017	2016
Net income (loss)	\$ 24.9	\$ (19.3)
Other comprehensive income (loss), net of tax		
Foreign currency translation gains (1)	\$ 32.6	\$ 52.1
Unrealized losses on financial assets/liabilities designated as hedging instruments, net of tax effect of \$1.5 and \$14.7	(1.5)	(18.4)
Change in defined benefit plans liability, net of tax effect of \$0.0 and \$0.0	0.6	—
Other comprehensive income	31.7	33.7
Comprehensive income	\$ 56.6	\$ 14.4
Less: Comprehensive income attributable to noncontrolling interests	(9.1)	(11.9)
Comprehensive income attributable to XPO	\$ 47.5	\$ 2.5

(1) There is no tax impact related to the foreign currency translation adjustments as the earnings are considered permanently reinvested.

See accompanying notes to condensed consolidated financial statements.

XPO Logistics, Inc.
Condensed Consolidated Statements of Cash Flows
(Unaudited)

<i>(In millions)</i>	Three Months Ended March 31,	
	2017	2016
Operating activities		
Net income (loss)	\$ 24.9	\$ (19.3)
Adjustments to reconcile net income (loss) to net cash from operating activities		
Depreciation and amortization	157.4	162.1
Stock compensation expense	15.3	11.9
Accretion of debt	4.6	3.9
Deferred tax benefit	(4.5)	(22.7)
Loss on extinguishment of debt	9.0	—
Unrealized loss on foreign currency option and forward contracts	11.9	2.2
Other	6.4	(2.1)
Changes in assets and liabilities:		
Accounts receivable	(15.2)	30.9
Other assets	(53.1)	(65.8)
Accounts payable	(56.2)	(90.5)
Accrued expenses and other liabilities	(85.5)	(3.7)
Cash flows provided by operating activities	15.0	6.9
Investing activities		
Payment for purchases of property and equipment	(122.4)	(114.7)
Proceeds from sale of assets	20.5	17.5
Cash flows used by investing activities	(101.9)	(97.2)
Financing activities		
Proceeds from borrowings on term loan facility	523.5	—
Payment for debt issuance costs	(8.9)	—
Repayment of borrowings on term loan facility	(511.4)	—
Repayment of long-term debt and capital leases	(29.2)	(41.8)
Proceeds from borrowings on ABL facility	180.0	200.0
Repayment of borrowings on ABL facility	(110.0)	(100.0)
Bank overdrafts	20.4	18.3
Payment for tax withholdings for restricted shares	(10.4)	—
Dividends paid	(0.7)	(0.7)
Other	0.3	—
Cash flows provided by financing activities	53.6	75.8
Effect of exchange rates on cash	1.9	3.7
Net decrease in cash	(31.4)	(10.8)
Cash and cash equivalents, beginning of period	373.4	289.8
Cash and cash equivalents, end of period	\$ 342.0	\$ 279.0
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 48.5	\$ 72.6
Cash paid for income taxes	\$ 18.9	\$ 4.8

See accompanying notes to condensed consolidated financial statements.

XPO Logistics, Inc.
Notes to Condensed Consolidated Financial Statements
(Unaudited)

1. Organization, Description of Business and Basis of Presentation

XPO Logistics, Inc. and its subsidiaries ("XPO" or the "Company") use an integrated network of people, technology and physical assets to help customers manage their goods more efficiently throughout their supply chains. The Company's customers are multinational, national, mid-size and small enterprises, and include many of the most prominent companies in the world. XPO runs its business on a global basis, with two reportable segments: Transportation and Logistics.

In the Transportation segment, the Company provides multiple services to facilitate the movement of raw materials, parts and finished goods. The Company accomplishes this by using its proprietary transportation technology, third-party carriers and Company-owned trucks and service centers. XPO's transportation services include: freight brokerage, last mile, less-than-truckload ("LTL"), full truckload, and global forwarding services. Freight brokerage, last mile, and global forwarding are all non-asset or asset-light businesses. LTL and full truckload are asset-based.

In the Logistics segment, referred to as supply chain, the Company provides a range of contract logistics services, including highly engineered and customized solutions, value-added warehousing and distribution, cold chain solutions and other inventory management solutions. Additionally, the Company performs e-commerce fulfillment, order personalization, warehousing, reverse logistics, storage, factory support, aftermarket support, manufacturing, distribution, packaging and labeling, as well as supply chain optimization services such as production flow management.

For additional information relating to these segments, refer to **Note 2—Segment Reporting**.

We have prepared the accompanying unaudited condensed consolidated financial statements in accordance with the accounting policies described in our annual report on Form 10-K for the year ended December 31, 2016 (the "2016 Form 10-K") and the interim reporting requirements of Form 10-Q. Accordingly, certain information and note disclosures normally included in financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP") have been condensed or omitted. These unaudited condensed consolidated financial statements should be read in conjunction with the 2016 Form 10-K.

In our opinion, all adjustments, consisting only of normal recurring adjustments, which are necessary for a fair presentation of financial condition, operating results and cash flows for the interim periods presented have been made. Interim results of operations are not necessarily indicative of the results of the full year. Income or loss attributable to noncontrolling interests is deducted from net income (loss) to determine net income (loss) attributable to XPO.

Adoption of New Accounting Standards

In March 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-09, Compensation - Stock Compensation (Topic 718): "Improvements to Employee Share-based Payment Accounting." This ASU involves several aspects of the accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. Under the new standard, income tax benefits and deficiencies are to be recognized as income tax expense or benefit in the income statement and the tax effects of exercised or vested awards should be treated as discrete items in the reporting period in which they occur. An entity should also recognize excess tax benefits regardless of whether the benefit reduces taxes payable in the current period. Excess tax benefits should be classified along with other income tax cash flows as an operating activity. The Company adopted this standard in the fourth quarter of 2016, effective January 1, 2016. Accordingly, our provision for income taxes in the first quarter of 2017 included excess tax benefits of \$10.7 million that reduced our income tax provision. For the quarter ended March 31, 2016, there was no material effect on our condensed consolidated financial statements from the adoption of this ASU. In regards to forfeitures, the Company elected to account for forfeitures when they occur. In addition to the excess tax benefit referred to above, the effective tax rate for the first quarter of 2017 also reflects the release of \$2.6 million of reserves related to uncertain tax positions and the release of a valuation allowance of \$3.3 million related to state tax matters.

Accounting Pronouncements Issued But Not Yet Effective

In May 2014, the FASB issued ASU No. 2014-09, Revenue (Topic 606): "Revenue from Contracts with Customers." This new standard includes the required steps to achieve the core principle that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard will be effective for our annual and interim periods

beginning January 1, 2018, and permits the use of either the retrospective or cumulative effect transition method. The Company has not yet determined which transition method will be used. We are currently evaluating the effects of this standard. We have completed an initial "gap assessment," whereby we have compared our current revenue recognition practices to those required by the new standard. The main areas under consideration include (i) the recognition of revenue using proportionate delivery within our Transportation segment, (ii) gross versus net revenue presentation, and (iii) the identification and capitalization of contract inception costs. We do not currently expect that the adoption of the standard will have a material effect on our consolidated financial statements.

In February 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842). The core principle of Topic 842 is that a lessee should recognize the assets and liabilities that arise from leases, including operating leases. Under the new requirements, a lessee will recognize in the balance sheet a liability to make lease payments (the lease liability) and the right-of-use asset representing the right to the underlying asset for the lease term. For leases with a term of 12 months or less, the lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. The standard is effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Company is currently evaluating the effects ASU 2016-02 will have on its consolidated financial statements and related disclosures. As of December 31, 2016, the Company reported \$2,144.3 million in operating lease obligations and will evaluate those contracts as well as other existing arrangements to determine if they qualify for lease accounting under the new standard. The Company does not plan to adopt the standard early.

In January 2017, the FASB issued ASU No. 2017-04, Intangibles – Goodwill and Other (Topic 350): Simplifying the Accounting for Goodwill Impairment. Under the current guidance for assessing goodwill for impairment, an entity can first assess qualitative factors to determine whether a two-step goodwill impairment test is necessary (often referred to as "Step 0"). When an entity bypasses or fails Step 0, the two-step goodwill impairment test is performed. Step 1 compares a reporting unit's fair value to its carrying amount to determine if there is a potential impairment. If the carrying amount exceeds fair value, Step 2 must be completed. Step 2 involves determining the implied fair value of goodwill and comparing it to the carrying amount of that goodwill to measure the impairment loss, if any. The revised guidance eliminates Step 2 of the current goodwill impairment test, which requires a hypothetical purchase price allocation to measure goodwill impairment. Under the new standard, a goodwill impairment loss will instead be measured at the amount by which a reporting unit's carrying amount exceeds its fair value, not to exceed the carrying amount of goodwill. The guidance requires prospective adoption and will be effective for annual or interim goodwill impairment tests in fiscal years beginning after December 15, 2019. Early adoption of this guidance is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. We will be adopting this guidance for the year ending December 31, 2017 and do not expect it to have a material effect on our financial statements.

In March 2017, the FASB issued ASU No. 2017-07, "Compensation - Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost." The ASU will change how employers that sponsor defined benefit pension and/or other postretirement benefit plans present the cost of the benefits in the statements of operations. This cost, commonly referred to as the "net periodic benefit cost," is comprised of several components that reflect different aspects of the arrangement with the employee, including the effect of the related funding. Currently, the Company aggregates the various components of the net periodic benefit cost (including interest cost and the expected return on plan assets) for presentation purposes and includes these costs within operating income (loss) on the condensed consolidated statements of operations. Under the new guidance, these costs will be presented below operating income (loss). This ASU is effective for public entities for fiscal years beginning after December 15, 2017, including interim periods within that reporting period; however, early adoption is permitted. We have not early adopted this standard and will be adopting it for the year ending December 31, 2018. The adoption of the standard will have no impact on net income. In connection with the adoption of this new standard, prior periods will be recast to reflect the new presentation. The amount of net periodic benefit cost that will be reclassified below operating income for fiscal year 2016 will be approximately \$25 million of income.

2. Segment Reporting

The Company is organized into two reportable segments: Transportation and Logistics. Corporate and Eliminations constitute the remaining portions of the Company's operating results required to be presented in order to reconcile the Company's segment results to the condensed consolidated financial statements.

The Company's chief executive officer, who is the chief operating decision maker ("CODM"), regularly reviews financial information at the reporting segment level in order to make decisions about resources to be allocated to the segments and to assess their performance. Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Asset information by segment is not provided to the Company's CODM as the majority of our assets are managed at the corporate level.

The Company evaluates performance based on the various financial measures of the respective business segments. The following table identifies selected financial data for the three months ended March 31, 2017 and 2016:

<i>(In millions)</i>	Transportation	Logistics	Corporate	Eliminations	Total
Three Months Ended March 31, 2017					
Revenue	\$ 2,277.2	\$ 1,300.1	\$ —	\$ (37.8)	\$ 3,539.5
Operating income (loss)	100.8	47.2	(34.4)	—	113.6
Depreciation and amortization	106.2	48.7	2.5	—	157.4
Three Months Ended March 31, 2016					
Revenue	\$ 2,297.4	1,260.7	\$ —	\$ (12.4)	\$ 3,545.7
Operating income (loss)	75.4	31.9	(44.9)	—	62.4
Depreciation and amortization	114.6	47.1	0.4	—	162.1

3. Restructuring Charges

In conjunction with various acquisitions, the Company has initiated a facility rationalization and severance program to close facilities and reduce employment. These initiatives are intended to improve the Company's efficiency and profitability.

The restructuring charges incurred during the three months ended March 31, 2017, and included in the Company's condensed consolidated statement of operations as sales, general and administrative expense, direct operating expense, and cost of transportation and services, are summarized below.

<i>(In millions)</i>	Reserve Balance at December 31, 2016	Three months ended March 31, 2017		Reserve Balance at March 31, 2017
		Charges Incurred	Payments	
Transportation				
Facilities	\$ 1.4	\$ 0.2	\$ (0.2)	\$ 1.4
Severance	5.8	1.6	(2.0)	5.4
Total	7.2	1.8	(2.2)	6.8
Logistics				
Contract termination	0.7	—	(0.1)	0.6
Facilities	0.5	—	(0.2)	0.3
Severance	16.1	1.8	(3.2)	14.7
Total	17.3	1.8	(3.5)	15.6
Corporate				
Contract termination	0.3	—	(0.2)	0.1
Severance	0.4	1.0	(0.6)	0.8
Total	0.7	1.0	(0.8)	0.9
Total	\$ 25.2	\$ 4.6	\$ (6.5)	\$ 23.3

4. Fair Value Measurements

We account for certain assets and liabilities at fair value, and categorize each of our fair value measurements in one of the following three levels based on the lowest level input that is significant to the fair value measurement in its entirety:

- Level 1 - Quoted prices for identical instruments in active markets;
- Level 2 - Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable in active markets; and
- Level 3 - Valuations based on inputs that are unobservable, generally utilizing pricing models or other valuation techniques that reflect management's judgment and estimates.

Assets and Liabilities Measured at Fair Value

As of March 31, 2017 and December 31, 2016, our assets and liabilities measured at fair value include our derivative instruments and the liability related to our cash settled performance-based restricted stock units.

Fair Value of Financial Instruments

The carrying values of the following financial instruments approximated their fair values as of March 31, 2017 and December 31, 2016: cash, accounts receivable, accounts payable and accrued expenses. Fair values approximate carrying values for these financial instruments since they are short-term in nature or are receivable or payable on demand. For information regarding the estimated fair value of the Company's derivative instruments and debt, refer to **Note 5—Derivative Instruments** and **Note 6—Debt**, respectively.

5. Derivative Instruments

In the normal course of business, the Company is exposed to certain risks arising from business operations and economic factors, including fluctuations in interest rates and foreign currencies. To manage the volatility related to these exposures, the Company uses derivative instruments. The objective of these derivative instruments is to reduce fluctuations in the Company's earnings and cash flows associated with changes in foreign currency and interest rates. These financial instruments are not used for trading or other speculative purposes. The Company has not historically incurred, and does not expect to incur in the future, any losses as a result of counterparty default.

The Company's derivative portfolio is comprised of the following instruments as of March 31, 2017 and December 31, 2016.

March 31, 2017

(In millions)	Fair Value Hierarchy Level	Notional Amount	Derivative Assets		Derivative Liabilities	
			Balance Sheet Caption	Fair Value	Balance Sheet Caption	Fair Value
Derivatives designated as hedges:						
Cross-currency swap agreements	Level 2	\$ 730.9	Other long-term assets	\$ 9.4	Other long-term liabilities	\$ (8.5)
Cross-currency swap agreements	Level 2	2.0	Other current assets	0.1	Other current liabilities	—
Interest rate swaps	Level 2	106.9	Other current assets	—	Other current liabilities	(1.7)
Derivatives not designated as hedges:						
Foreign currency option and forward contracts	Level 2	614.3	Other current assets	14.6	Other current liabilities	(0.9)
Foreign currency option and forward contracts	Level 2	588.6	Other long-term assets	16.1	Other long-term liabilities	(3.1)
Total				<u>\$ 40.2</u>		<u>\$ (14.2)</u>

December 31, 2016

(In millions)	Fair Value Hierarchy Level	Notional Amount	Derivative Assets		Derivative Liabilities	
			Balance Sheet Caption	Fair Value	Balance Sheet Caption	Fair Value
Derivatives designated as hedges:						
Cross-currency swap agreements	Level 2	\$ 730.9	Other long-term assets	\$ 11.9	Other long-term liabilities	\$ (6.9)
Cross-currency swap agreements	Level 2	3.3	Other current assets	0.1	Other current liabilities	—
Interest rate swaps	Level 2	105.4	Other current assets	—	Other current liabilities	(2.3)
Derivatives not designated as hedges:						
Foreign currency option and forward contracts	Level 2	552.2	Other current assets	18.8	Other current liabilities	(1.0)
Foreign currency option and forward contracts	Level 2	742.6	Other long-term assets	26.7	Other long-term liabilities	(5.8)
Total				<u>\$ 57.5</u>		<u>\$ (16.0)</u>

The following table indicates the amount of pre-tax gains/(losses) that have been recognized in accumulated other comprehensive income (loss) in the condensed consolidated balance sheets and gains/(losses) recognized in income (loss) before income tax provision (benefit) in the condensed consolidated statements of operations for derivative and nonderivative instruments:

	Recognized in Accumulated Other Comprehensive Income (Loss)		Recognized in Income (Loss) Before Income Tax Provision (Benefit)	
	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016	Three Months Ended March 31, 2017	Three Months Ended March 31, 2016
<i>(In millions)</i>				
Derivatives designated as hedges:				
Cross-currency swap agreements	\$ (4.1)	\$ (32.8)	\$ —	\$ —
Interest rate swaps	0.5	1.1	—	—
Derivatives not designated as hedges:				
Interest rate swaps	—	—	—	0.2
Foreign currency option and forward contracts	—	—	(10.2)	(2.4)
Nonderivatives designated as hedges:				
Foreign currency denominated notes	0.6	(1.7)	—	\$ —
Total	\$ (3.0)	\$ (33.4)	\$ (10.2)	\$ (2.2)

Foreign Currency Option and Forward Contracts

In order to mitigate against the risk of a reduction in the value of foreign currency from the Company's international operations that primarily have the Euro ("EUR") and British Pound Sterling ("GBP") as the functional currency, the Company uses foreign currency option and forward contracts. The foreign currency contracts were not designated as qualifying hedging instruments as of March 31, 2017. The contracts are not speculative; rather, they are used to manage the Company's exposure to foreign currency exchange rate fluctuations. The contracts expire in 24 months or less. Gains or losses on the contracts are recorded in foreign currency (gain) loss in the condensed consolidated statements of operations. Cash flows related to the foreign currency contracts are included in operating activities on the condensed consolidated statements of cash flows.

6. Debt

Debt is comprised of the following:

<i>(In millions)</i>	March 31, 2017			
	Principal Balance	Carrying Value	Fair Value	
			Level 1	Level 2
ABL facility	\$ 100.0	\$ 100.0	\$ —	\$ 100.0
Senior notes due 2023	535.0	527.2	557.7	—
Senior notes due 2022	1,600.0	1,580.7	1,677.0	—
Senior notes due 2021	534.6	528.4	562.6	—
Senior notes due 2018	265.8	266.8	272.5	—
Term loan facility	1,494.0	1,448.8	—	1,503.8
Senior debentures due 2034	300.0	201.3	278.9	—
Convertible senior notes	49.4	47.8	144.0	—
Euro private placement notes due 2020	12.8	13.9	—	13.2
Asset financing	124.0	124.0	124.0	—
Capital leases for equipment	107.0	107.0	—	107.0
Total debt	\$ 5,122.6	\$ 4,945.9	\$ 3,616.7	\$ 1,724.0
Current maturities of long-term debt	\$ 136.6	\$ 135.0		
Long-term debt	\$ 4,986.0	\$ 4,810.9		

<i>(In millions)</i>	December 31, 2016			
	Principal Balance	Carrying Value	Fair Value	
			Level 1	Level 2
ABL facility	\$ 30.0	\$ 30.0	\$ —	\$ 30.0
Senior notes due 2023	535.0	527.1	560.4	—
Senior notes due 2022	1,600.0	1,579.9	1,689.4	—
Senior notes due 2021	527.1	520.7	546.0	—
Senior notes due 2018	265.8	267.1	274.0	—
Term loan facility	1,481.9	1,439.2	—	1,507.1
Senior debentures due 2034	300.0	200.8	241.6	—
Convertible senior notes	49.4	47.1	129.8	—
Euro private placement notes due 2020	12.6	13.7	—	14.0
Asset financing	145.0	145.0	145.0	—
Capital leases for equipment	97.4	97.4	—	97.4
Total debt	\$ 5,044.2	\$ 4,868.0	\$ 3,586.2	\$ 1,648.5
Current maturities of long-term debt	\$ 138.9	\$ 136.5		
Long-term debt	\$ 4,905.3	\$ 4,731.5		

The Level 1 debt was valued using quoted prices in active markets. The Level 2 debt was valued using bid evaluation pricing models or quoted prices of securities with similar characteristics. The fair value of the asset financing arrangements approximates carrying value since the debt is primarily issued at a floating rate, may be prepaid any time at par without penalty, and the remaining life is short-term in nature.

Refinancing of Existing Term Loan

On March 10, 2017, the Company entered into a Refinancing Amendment (Amendment No. 2 to Credit Agreement) (the "Amendment"), by and among XPO, its subsidiaries signatory thereto, as guarantors, the lenders party thereto and Morgan Stanley Senior Funding, Inc., in its capacity as administrative agent (the "Administrative Agent"), amending that certain Senior Secured Term Loan Credit Agreement, dated as of October 30, 2015 (as amended, amended and restated, supplemented or otherwise modified, including by that certain Incremental and Refinancing Amendment (Amendment No. 1 to Credit

Agreement), dated as of August 25, 2016, the "Term Loan Credit Agreement").

Pursuant to the Amendment, the outstanding \$1,481.9 million principal amount of term loans under the Term Loan Credit Agreement (the "Existing Term Loans") were replaced with \$1,494.0 million in aggregate principal amount of new term loans (the "New Term Loans") having substantially similar terms as the Existing Term Loans, other than with respect to the applicable interest rate and prepayment premiums in respect of certain voluntary prepayments. Proceeds from the New Term Loans were used primarily to refinance the Existing Term Loans and to pay interest, fees and expenses in connection therewith, and up to \$1.5 million may be used for general corporate purposes.

The interest rate margin applicable to the New Term Loans was reduced from 2.25% to 1.25%, in the case of base rate loans, and from 3.25% to 2.25%, in the case of LIBOR loans and the LIBOR floor was reduced from 1.0% to 0%. The interest rate on the New Term Loans was 3.11% at March 31, 2017. The New Term Loans maturity will remain October 30, 2021. The refinancing resulted in a debt extinguishment charge of \$9.0 million.

7. Legal and Regulatory Matters

The Company is involved, and will continue to be involved, in numerous proceedings arising out of the conduct of its business. These proceedings may include, among other matters, claims for property damage or personal injury incurred in connection with the transportation of freight, claims regarding anti-competitive practices, and employment-related claims, including claims involving asserted breaches of employee restrictive covenants and tortious interference with contract. These proceedings also include numerous purported class action lawsuits, multi-plaintiff and individual lawsuits and state tax and other administrative proceedings that claim either that the Company's owner operators or contract carriers should be treated as employees, rather than independent contractors, or that certain of the Company's drivers were not paid for all compensable time or were not provided with required meal or rest breaks. These lawsuits and proceedings may seek substantial monetary damages (including claims for unpaid wages, overtime, failure to provide meal and rest periods, unreimbursed business expenses and other items), injunctive relief, or both.

The Company establishes accruals for specific legal proceedings when it is considered probable that a loss has been incurred and the amount of the loss can be reasonably estimated. Accruals for loss contingencies are reviewed quarterly and adjusted as additional information becomes available. In connection with certain acquisitions of privately-held businesses, the Company has retained purchase price holdbacks or escrows to provide security for a negotiated duration with respect to damages incurred in connection with pre-acquisition claims and litigation matters. If a loss is not both probable and reasonably estimable, or if an exposure to loss exists in excess of the amount accrued therefor or the applicable purchase price holdback or escrow, the Company assesses whether there is at least a reasonable possibility that a loss, or additional loss, may have been incurred. If there is a reasonable possibility that a loss, or additional loss, may have been incurred, the Company discloses the estimate of the possible loss or range of loss if it is material and an estimate can be made, or states that such an estimate cannot be made. The evaluation as to whether a loss is reasonably possible or probable is based on the Company's assessment, in conjunction with legal counsel, regarding the ultimate outcome of the matter.

The Company believes that it has adequately accrued for, or has adequate purchase price holdbacks or escrows with respect to, the potential impact of loss contingencies that are probable and reasonably estimable. The Company does not believe that the ultimate resolution of any matters to which the Company is presently a party will have a material adverse effect on its results of operations, financial condition or cash flows. However, the results of these matters cannot be predicted with certainty, and an unfavorable resolution of one or more of these matters could have a material adverse effect on the Company's financial condition, results of operations or cash flows. Legal costs incurred related to these matters are expensed as incurred.

The Company carries liability and excess umbrella insurance policies that it deems sufficient to cover potential legal claims arising in the normal course of conducting its operations as a transportation and logistics company. The liability and excess umbrella insurance policies generally do not cover the misclassification claims described in this Note. In the event the Company is required to satisfy a legal claim outside the scope of the coverage provided by insurance, the Company's financial condition, results of operations or cash flows could be negatively impacted.

Intermodal Drayage Classification Claims

Certain of the Company's intermodal drayage subsidiaries received notices from the California Labor Commissioner, Division of Labor Standards Enforcement (the "DLSE"), that a total of approximately 150 owner operators contracted with these subsidiaries filed claims in 2012 with the DLSE in which they assert that they should be classified as employees, rather than independent contractors. These claims seek reimbursement for the owner operators' business expenses, including fuel, tractor maintenance and tractor lease payments. After a decision was rendered by a DLSE hearing officer in seven of these claims, in 2014, the Company appealed the decision to California Superior Court, San Diego, where a de novo trial was held on the merits

of those claims. On July 17, 2015, the court issued a final statement of decision finding that the seven claimants were employees rather than independent contractors, and awarding an aggregate of \$2.9 million plus post-judgment interest and attorneys' fees to the claimants. The Company appealed this judgment, but cannot provide assurance that such appeal will be successful. Separate decisions were rendered in June 2015 by a DLSE hearing officer in claims involving five additional plaintiffs, resulting in an award for the plaintiffs in an aggregate amount of approximately \$0.9 million, following which the Company has appealed the decisions in the U.S. District Court for the Central District of California. These proceedings are currently in the discovery phase. The remaining DLSE claims (the "Pending DLSE Claims") have been transferred to California Superior Court in three separate actions involving approximately 200 claimants, including the approximately 150 claimants mentioned above. The Company believes that it has adequately accrued for the potential impact of loss contingencies that are probable and reasonably estimable relating to the claims referenced above. The Company is unable at this time to estimate the amount of the possible loss or range of loss, if any, in excess of its accrued liability that it may incur as a result of these claims given, among other reasons, that the number and identities of plaintiffs in these lawsuits are uncertain and the range of potential loss could be impacted substantially by future rulings by the courts involved, including on the merits of the claims.

There are other putative class action litigation matters pending against the Company's intermodal drayage subsidiaries in which the plaintiffs claim they should have been classified as employees, rather than independent contractors, and seek damages for alleged violations of various California wage and hour laws. The particular claims asserted vary from case to case, but the claims generally allege unpaid wages, unpaid overtime, or failure to provide meal and rest periods, and seek reimbursement of the contract carriers' business expenses. However, these claims are all subject to arbitration provisions in the claimants' independent contractor agreements, and class action certification is therefore unlikely. These cases include the following matters filed in the Superior Court for the State of California, Los Angeles District: C. Arevalo v. XPO Port Services, Inc. filed in August 2015; M. Cortez v. Pacer filed in June 2016; and the following case filed in U.S. District Court for the Central District of California: I. Hernandez v. Pacer filed in May 2016. One of these cases, Cortez, has filed a California Private Attorneys General Act ("PAGA") claim, which is not subject to arbitration and therefore is subject to PAGA class action procedures. However, this matter is in the initial pleading stage and the court has not yet determined whether to certify the PAGA claim to proceed. The Company believes that it has adequately accrued for the potential impact of loss contingencies that are probable and reasonably estimable relating to these claims. The Company is unable at this time to estimate the amount of the possible loss or range of loss, if any, in excess of its accrued liability that it may incur as a result of these claims given, among other reasons, that the number and identities of plaintiffs in these lawsuits are uncertain and the range of potential loss could be impacted substantially by future rulings by the courts involved, including on the merits of the claims.

Last Mile Logistics Classification Claims

Certain of the Company's last mile logistics subsidiaries are party to several putative class action litigations brought by independent contract carriers who contracted with these subsidiaries in which the contract carriers assert that they should be classified as employees, rather than independent contractors. The particular claims asserted vary from case to case, but the claims generally allege unpaid wages, unpaid overtime, or failure to provide meal and rest periods, and seek reimbursement of the contract carriers' business expenses. Putative class actions against the Company's subsidiaries are pending in California (Fernando Ruiz v. Affinity Logistics Corp., filed in May 2005, currently in the Federal District Court, Southern District of California; Ron Carter, Juan Estrada, Jerry Green, Burl Malmgren, Bill McDonald and Joel Morales v. XPO Logistics, Inc., filed in March 2016 in the Federal District Court, Northern District of California; Ramon Garcia v. Macy's and XPO Logistics Inc., filed in July 2016 in Superior Court of the State of California, Alameda County; and Kevin Kramer v. XPO Logistics Inc., filed in September 2016 in Superior Court of the State of California, Alameda County); New Jersey (Leonardo Alegre v. Atlantic Central Logistics, Simply Logistics, Inc., filed in March 2015 in the Federal District Court, New Jersey - the Company has reached an agreement to settle this litigation, which is waiting for Court approval); and Connecticut (Carlos Taveras v. XPO Last Mile, Inc., filed in November 2015 in the Federal District Court, Connecticut - the Company has reached an agreement to settle this litigation, which is waiting for Court approval). The Company believes that it has adequately accrued for the potential impact of loss contingencies relating to the foregoing claims that are probable and reasonably estimable. The Company is unable at this time to estimate the amount of the possible loss or range of loss, if any, in excess of its accrued liability that it may incur as a result of these claims given, among other reasons, that the number and identities of plaintiffs in these lawsuits are uncertain and the range of potential loss could be impacted substantially by future rulings by the courts involved, including on the merits of the claims.

Last Mile TCPA Claims

The Company is a party to a putative class action litigation (*Leung v. XPO Logistics, Inc.*, filed in May 2015 in the U.S. District Court, Illinois) alleging violations of the Telephone Consumer Protection Act ("TCPA") related to an automated customer call system used by a last mile logistics business that the Company acquired. This matter is in the initial pleading stage and the court has not yet determined whether to certify the matter as a class action. The Company believes that it has adequately

accrued for the potential impact of loss contingencies that are probable and reasonably estimable relating to this matter. The Company is unable at this time to estimate the amount of the possible loss or range of loss, if any, in excess of its accrued liability that it may incur as a result of this matter given, among other reasons, that the Company is vigorously defending the matter and believes that it has a number of meritorious legal defenses and that it remains uncertain what evidence of their claims and damages, if any, plaintiffs will be able to present.

Less-Than-Truckload Meal Break Claims

The Company's LTL subsidiary is a party to several class action litigations alleging violations of the state of California's wage and hour laws. Plaintiffs allege failure to provide drivers with required meal breaks and rest breaks. Plaintiffs seek to recover unspecified monetary damages, penalties, interest and attorneys' fees. The primary case is *Jose Alberto Fonseca Pina, et al. v. Con-way Freight Inc., et al.* (the "*Pina* case"). The *Pina* case was initially filed in November 2009 in Monterey County Superior Court and was removed to the U.S. District Court of California, Northern District. The Company has reached an agreement to settle the *Pina* case, which has been tentatively approved by the court, and no interested parties have timely filed objections to the proposed settlement. The Company has accrued the full amount of the proposed settlement.

8. Earnings (Loss) Per Share

Basic and diluted earnings (loss) per share are computed using the two-class method, which is an earnings allocation method that determines earnings (loss) per share for common shares and participating securities. The participating securities consist of the Company's Series A Convertible Perpetual Preferred Stock. The undistributed earnings are allocated between common shares and participating securities as if all earnings had been distributed during the period. In periods of loss, no allocation is made to the preferred shares.

	Three Months Ended March 31,	
	2017	2016
<i>(In millions, except per share data)</i>		
Basic earnings (loss) per common share		
Net income (loss) attributable to XPO	\$ 21.3	\$ (22.5)
Cumulative preferred dividends	(0.7)	(0.7)
Non-cash allocation of undistributed earnings	(1.1)	—
Net income (loss) allocable to common shares, basic	<u>\$ 19.5</u>	<u>\$ (23.2)</u>
Basic weighted-average common shares	111.4	109.6
Basic earnings (loss) per share	\$ 0.18	\$ (0.21)
Diluted earnings (loss) per common share		
Net income (loss) allocable to common shares, basic	\$ 19.5	\$ (23.2)
Interest from Convertible Senior Notes	0.3	—
Net income (loss) allocable to common shares, diluted	<u>\$ 19.8</u>	<u>\$ (23.2)</u>
Basic weighted-average common shares	111.4	109.6
Dilutive effect of non-participating stock-based awards and Convertible Senior Notes	13.0	—
Diluted weighted-average common shares	124.4	109.6
Diluted earnings (loss) per share	\$ 0.16	\$ (0.21)
Potential common shares excluded	10.3	—

Certain shares were not included in the computation of diluted earnings per share because the effect was anti-dilutive.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Cautionary Statement Regarding Forward-Looking Statements

This Quarterly Report on Form 10-Q and other written reports and oral statements we make from time to time contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). 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 the Company in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate in the circumstances. These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions that may cause actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. Factors that might cause or contribute to a material difference include those discussed below and the risks discussed in the Company's other filings with the Securities and Exchange Commission (the "SEC"). All forward-looking statements set forth in this Quarterly Report are qualified by these cautionary statements and there can be no assurance that the actual results or developments anticipated by the Company will be realized or, even if substantially realized, that they will have the expected consequence to or effects on the Company or its business or operations. The following discussion should be read in conjunction with the Company's unaudited Condensed Consolidated Financial Statements and related Notes thereto included elsewhere in this Quarterly Report. Forward-looking statements set forth in this Quarterly Report 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 as required by law.

Reference should be made to the audited consolidated financial statements and notes thereto and related "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in the Company's 2016 Annual Report on Form 10-K.

Executive Summary

XPO Logistics, Inc., a Delaware corporation together with its subsidiaries ("XPO," the "Company," "we" or "our"), is a top ten global provider of cutting-edge supply chain solutions to the most successful companies in the world. The Company operates as a highly integrated network of people, technology and physical assets. We use our network to help our customers manage their goods more efficiently throughout their supply chains. As of March 31, 2017, we served more than 50,000 customers and operated with over 89,000 employees and 1,431 locations in 34 countries.

We run our business on a global basis, with two segments: Transportation and Logistics. Within each segment, we have built robust service offerings that are positioned to capitalize on fast-growing areas of customer demand. Substantially all of our businesses operate under the single brand of XPO Logistics.

We are not reliant on the economy of any one country, region or industry. Based on where orders originated, approximately 60% of our 2016 revenue was generated in the United States, 13% in France, 12% in the United Kingdom, and 15% in other countries. Our customers are also highly diversified across every major industry, with retail and e-commerce historically accounting for approximately a quarter of our revenue.

In our Transportation segment, we are the second largest freight brokerage provider globally, and we hold industry-leading positions in North America and Europe. In North America, we are the largest provider of last mile logistics for heavy goods; the largest manager of expedite shipments; the second largest provider of less-than-truckload ("LTL") transportation; and the third largest provider of intermodal services; as well as a global freight forwarder with a large network of ocean, air, ground and border services.

In Europe, we have the largest owned road transportation fleet. We offer full truckload transportation in Europe as dedicated, non-dedicated and brokered services; last mile logistics services; and LTL transportation through one of the largest LTL networks in Western Europe. Our total lane density covers the regions that produce approximately 90% of the eurozone's GDP.

Our blended model of owned, contracted and brokered capacity gives us the flexibility to offer solutions that best serve the interests of our customers and the Company. As of March 31, 2017, globally, we had more than 10,000 independent owner

operators under contract to provide drayage, expedite, last mile and LTL services to our customers, and more than 50,000 independent brokered carriers representing approximately 1,000,000 trucks on the road.

We employ professional drivers who transport goods for customers using our fleet of owned and leased trucks and trailers. Globally, our fleet encompasses approximately 16,000 tractors and 39,000 trailers primarily related to our LTL and full truckload operations. These assets also provide capacity for our freight brokerage operations. Our company overall is asset-light, with assets accounting for just under a third of our revenue.

In our Logistics segment, which we sometimes refer to as "supply chain" or "contract business," we provide a range of services, including highly engineered and customized solutions, value-added warehousing and distribution, cold chain solutions and other inventory management solutions. We perform e-commerce fulfillment, order personalization, reverse logistics, recycling, storage, factory support, aftermarket support, manufacturing, distribution, packaging and labeling, as well as supply chain optimization services such as production flow management and transportation management.

XPO is the second largest contract logistics provider worldwide, with a broad footprint of shared and dedicated facilities that makes us attractive to multinational customers. Our logistics customers include the preeminent names in aerospace, retail, technology, manufacturing, food and beverage, wireless, chemical, agribusiness, life sciences and healthcare.

We also benefit from a strong presence in the high-growth e-commerce sector. E-commerce is predicted to continue to grow globally at a double-digit rate through at least 2020 and, increasingly, order fulfillment is being outsourced. We are the largest outsourced e-fulfillment provider in Europe, and we have a major platform for e-fulfillment in North America, where we provide highly customized solutions that include reverse logistics and omni-channel services.

We believe that our ability to provide customers with integrated, end-to-end supply chain solutions gives us a competitive advantage. Many customers, particularly large companies, are increasingly turning to multi-modal providers to handle their supply chain requirements. We have built XPO to capitalize on this trend, as well as the trend toward outsourcing in both transportation and logistics, the boom in e-commerce, and the adoption of just-in-time inventory practices. All of our service lines are run by highly experienced operators who know how to deliver results.

Two hallmarks of our operations worldwide are technology and sustainability. We place massive importance on innovation because we believe that great technology in the hands of well-trained employees is the ultimate competitive advantage. Our annual investment in technology is among the highest in our industry.

Our focus is on using innovation to differentiate our services and deliver tangible value to our customers and investors. We have built a highly scalable and integrated system on a cloud-based platform that speeds up innovation. Our global team of approximately 1,600 IT professionals can deploy proprietary software very rapidly. We concentrate our efforts in the following areas of innovation: automation; visibility and customer service business-specific analytics; and far-reaching new capabilities.

We also have a strong, global commitment to sustainability. XPO owns the largest natural gas truck fleet in Europe and launched government-approved mega-trucks in Spain, both of which reduce CO₂ emissions. We have been awarded the label "Objectif CO₂" for outstanding environmental performance of transport operations in Europe by the French Ministry of the Environment and the French Environment and Energy Agency.

Many of our logistics facilities in North America are ISO14001-certified, which ensures environmental and other regulatory compliances. We monitor fuel emissions from forklifts, with systems in place to take immediate corrective action if needed. Company packaging engineers ensure that the optimal carton size is used for each product slated for distribution and, as a byproduct of reverse logistics, we recycle millions of electronic components and batteries each year. These are just a few of the many initiatives that reflect our commitment to operating in a progressive and environmentally sound manner, with the greatest efficiency and least waste possible.

XPO Logistics, Inc.
Consolidated Summary Financial Table
(Unaudited)

<i>(In millions)</i>	Three Months Ended March 31,		Percent of Revenue		Change
	2017	2016	2017	2016	2017 vs. 2016
Revenue	\$ 3,539.5	\$ 3,545.7	100.0 %	100.0 %	(0.2)%
Cost of transportation and services	1,887.3	1,945.1	53.3 %	54.9 %	(3.0)%
Direct operating expense	1,137.7	1,106.2	32.1 %	31.2 %	2.8 %
SG&A expense	400.9	432.0	11.3 %	12.2 %	(7.2)%
Operating income	113.6	62.4	3.2 %	1.8 %	82.1 %
Other expense (income)	3.3	(1.2)	0.1 %	— %	375.0 %
Foreign currency loss	10.6	5.5	0.3 %	0.2 %	92.7 %
Debt extinguishment loss	9.0	—	0.3 %	— %	100.0 %
Interest expense	75.6	93.1	2.1 %	2.6 %	(18.8)%
Income (loss) before income tax benefit	15.1	(35.0)	0.4 %	(1.0)%	143.1 %
Income tax benefit	(9.8)	(15.7)	(0.3)%	(0.4)%	(37.6)%
Net income (loss)	\$ 24.9	\$ (19.3)	0.7 %	(0.5)%	229.0 %

Consolidated Results

Revenue for the first quarter of 2017 decreased 0.2% to \$3,539.5 million as compared to the same period in 2016. The decrease was primarily driven by the October 2016 divestiture of our North American truckload operation, as well as the unfavorable impact of currency as the U.S. dollar has strengthened relative to the GBP and Euro on a year-over-year basis. These items were partially offset by: mid-teens revenue growth in our U.S. last mile service offering; growth in U.S. freight brokerage; improvement in U.S. LTL weight per day; and growth in our European contract logistics business.

Cost of transportation and services represents the cost of providing or procuring freight transportation services for our customers, and includes salaries paid to employee drivers in our full truckload and LTL businesses, as well as commissions paid to independent station owners in our global forwarding business.

Cost of transportation and services for the first quarter of 2017 was \$1,887.3 million, or 53.3% of revenue, compared to \$1,945.1 million, or 54.9% of revenue, in the first quarter of 2016. The reduction as a percentage of revenue was primarily driven by the divestiture of our North American truckload operation and line-haul savings in LTL, partially offset by higher fuel costs and increased costs related to our rebranding initiatives.

Direct operating expense includes: operating costs related to our contract logistics facilities; intermodal equipment lease expense; depreciation expense; maintenance and repair costs; property taxes; operating costs of our local drayage and last mile warehousing facilities; costs related to our LTL service centers and European pallet network, such as direct labor, facilities and forklift trucks; and fixed terminal and cargo handling expenses. Operating costs of our contract logistics facilities consist mainly of personnel costs, facility and equipment expenses, materials and supplies, information technology costs, and depreciation expense. Intermodal equipment maintenance and repair costs consist of costs related to the maintenance of the intermodal equipment fleet. Operating costs of our local drayage and last mile warehousing facilities consist mainly of personnel costs, rent, maintenance, utilities and other facility-related costs. Operating costs of our LTL facilities consist mainly of personnel costs, rent and depreciation of service center equipment. Fixed terminal and cargo handling costs primarily relate to the fixed rent and storage expense charged by terminal operators.

Direct operating expense for the first quarter of 2017 was \$1,137.7 million, or 32.1% of revenue, compared to \$1,106.2 million, or 31.2% of revenue, in the first quarter of 2016. The modest increase as a percentage of revenue was primarily driven by higher benefits and temporary labor expense to support growth in our contract logistics business.

Sales, general and administrative expense ("SG&A") consists of costs relating to customer acquisition, carrier procurement, billing, customer service, salaries and related expenses of the executive and administrative staff, integration-related costs, office expenses, technology services, professional fees and other purchased services relating to the aforementioned functions, travel and entertainment costs, bad debt expense, and depreciation and amortization expense.

SG&A for the first quarter of 2017 was \$400.9 million, or 11.3% of revenue, compared to \$432.0 million, or 12.2% of revenue, in the first quarter of 2016. The improvement in SG&A expense as a percentage of revenue for the three months ended March 31, 2017 primarily reflects the benefit of cost-saving actions initiated in 2016 and lower professional fees and consulting costs.

Foreign currency loss for the first quarter of 2017 was \$10.6 million as compared to \$5.5 million in the first quarter of 2016. The loss for the first quarter 2017 primarily relates to unrealized losses on the Company's foreign currency option and forward contracts.

Interest expense decreased to \$75.6 million in the first quarter of 2017, from \$93.1 million in the first quarter of 2016. The decrease in interest expense is consistent with the year-over-year reduction in average total indebtedness of approximately 10% and also reflects the lower rates attributable to our recent refinancings. The reduction in average total indebtedness reflects the benefit of utilizing the proceeds from the sale of our North American Truckload operation of \$555.0 million in October 2016 to repurchase outstanding indebtedness.

Debt extinguishment loss for the first quarter 2017 relates to the refinancing of the Company's Term Loan facility. As discussed further below (see Liquidity and Capital Resources - Refinancing of Existing Term Loan), in March 2017, the Company incurred a \$9.0 million charge related to the refinancing of this facility.

Our effective income tax rates for the first quarter of 2017 and 2016 were (64.9)% and 44.9%, respectively. The effective tax benefit rate for the first quarter of 2017 reflects a tax reduction of \$10.7 million associated with excess tax benefits from share-based payment arrangements, the release of \$2.6 million of reserves related to uncertain tax positions, and the release of a valuation allowance of \$3.3 million related to state tax matters. The effective rate for the first quarter of 2016 reflects valuation allowances established on state and foreign net operating losses where it is more likely than not that the deferred tax assets will not be utilized, non-deductible transaction costs and the mix of income among the jurisdictions in which we do business with statutory rates that differ from the U.S. rate.

We adopted ASU No. 2016-09 in the fourth quarter of 2016, effective January 1, 2016, which changes how the tax effects of share-based awards are recognized. ASU No. 2016-09 requires excess tax benefits and tax deficiencies to be recognized in the provision for income taxes as discrete items in the period when the awards vest or are settled. Our provision for income taxes in the first quarter of 2017 included excess tax benefits of \$10.7 million that reduced our income tax provision. The recognized excess tax benefits resulted from share-based compensation awards that vested or settled in the first three months of 2017. The amount of excess tax benefits or deficiencies will fluctuate from period to period based on the price of our stock, the volume of share-based instruments settled or vested, and the value assigned to employee equity awards under U.S. GAAP.

**Transportation
Summary Financial Table
(Unaudited)**

<i>(In millions)</i>	Three Months Ended March 31,		Percent of Revenue		Change
	2017	2016	2017	2016	2017 vs. 2016
Revenue	\$ 2,277.2	\$ 2,297.4	100.0%	100.0%	(0.9)%
Cost of transportation and services	1,641.2	1,647.1	72.1%	71.7%	(0.4)%
Direct operating expense	290.4	312.4	12.8%	13.6%	(7.0)%
SG&A expense					
Salaries & benefits	130.2	147.3	5.7%	6.4%	(11.6)%
Other SG&A expense	42.1	37.0	1.8%	1.6%	13.8 %
Purchased services	32.1	39.9	1.4%	1.7%	(19.5)%
Depreciation & amortization	40.4	38.3	1.8%	1.7%	5.5 %
Total SG&A expense	244.8	262.5	10.8%	11.4%	(6.7)%
Operating income	\$ 100.8	\$ 75.4	4.4%	3.3%	33.7 %

Note: Total depreciation and amortization for the Transportation segment included in cost of transportation and services, direct operating expense and SG&A was \$106.2 million and \$114.6 million for the three months ended March 31, 2017 and 2016, respectively.

Transportation

Revenue in our Transportation segment decreased 0.9% to \$2,277.2 million in the first quarter of 2017 compared to \$2,297.4 million in the first quarter of 2016. The decrease was primarily driven by the divestiture of our North American truckload operations, the unfavorable impact of currency as the U.S. dollar has strengthened relative to the GBP and Euro on a year-over-year basis and lower revenue in U.S. expedite and global forwarding. The impact of these items was partially offset by: mid-teens revenue growth in our U.S. last mile service offering; growth in U.S. freight brokerage; and a 4.8% year-on-year increase in weight per day within our U.S. LTL business.

Cost of transportation and services for the first quarter of 2017 was \$1,641.2 million, or 72.1% of revenue, compared to \$1,647.1 million, or 71.7% of revenue, in the first quarter of 2016. The 0.4% decrease compared to the first quarter of 2016 was primarily driven by the divestiture of our North American truckload operations, while the modest increase as a percentage of revenue was driven by increased cost per load of third party transportation in brokerage operations and higher fuel expenses, partially offset by line-haul savings in LTL.

Direct operating expense for the first quarter of 2017 was \$290.4 million, or 12.8% of revenue, compared to \$312.4 million, or 13.6% of revenue, in the first quarter of 2016. The improvement as a percentage of revenue was driven primarily by cost savings initiatives, improved dock efficiency in LTL, and the closure of unprofitable locations in the global forwarding service line.

SG&A decreased to \$244.8 million in the first quarter of 2017 from \$262.5 million in the first quarter of 2016. As a percentage of revenue, SG&A decreased modestly from 11.4% in the first quarter of 2016 to 10.8% in the first quarter of 2017 reflecting the divestiture of our North American truckload operations as well as cost saving initiatives related to LTL and European transportation.

**Logistics
Summary Financial Table
(Unaudited)**

<i>(In millions)</i>	Three Months Ended March 31,		Percent of Revenue		Change
	2017	2016	2017	2016	2017 vs. 2016
Revenue	\$ 1,300.1	\$ 1,260.7	100.0%	100.0%	3.1 %
Cost of transportation and services	282.5	310.2	21.7%	24.6%	(8.9)%
Direct operating expense	854.6	793.8	65.7%	63.0%	7.7 %
SG&A expense					
Salaries & benefits	60.2	69.2	4.6%	5.5%	(13.0)%
Other SG&A expense	16.5	12.2	1.3%	1.0%	35.2 %
Purchased services	18.5	21.7	1.4%	1.7%	(14.7)%
Depreciation & amortization	20.6	21.7	1.6%	1.7%	(5.1)%
Total SG&A expense	115.8	124.8	8.9%	9.9%	(7.2)%
Operating income	\$ 47.2	\$ 31.9	3.6%	2.5%	48.0 %

Note: Total depreciation and amortization for the Logistics segment included in cost of transportation and services, direct operating expense and SG&A was \$48.7 million and \$47.1 million for the three months ended March 31, 2017 and 2016, respectively.

Logistics

Revenue in our Logistics segment increased by 3.1% to \$1,300.1 million in the first quarter of 2017 compared to \$1,260.7 million in the first quarter of 2016. The increase in revenue was primarily driven by growth in European contract logistics, partially offset by the unfavorable impact of currency, particularly in the United Kingdom. European logistics revenue growth reflected a significant benefit from new contract starts, notably with e-commerce and cold chain customers in the United Kingdom, Italy and the Netherlands.

Cost of transportation and services for the first quarter of 2017 was \$282.5 million, or 21.7% of revenue, compared to \$310.2 million, or 24.6% of revenue, in the first quarter of 2016. The 8.9% reduction relative to the first quarter of 2016 was primarily driven by lower cost of third party transportation in the managed transportation operations of North American supply chain consistent with lower volumes.

Direct operating expense in the first quarter of 2017 was \$854.6 million, or 65.7% as a percentage of revenue, compared to \$793.8 million, or 63.0% as a percentage of revenue, in the first quarter of 2016. The 7.7% increase relative to the first quarter of 2016 was primarily driven by higher temporary labor costs related to new contract startups in North America logistics.

SG&A decreased to \$115.8 million in the first quarter of 2017 from \$124.8 million in the first quarter of 2016. As a percentage of revenue, SG&A decreased to 8.9% in the first quarter of 2017 compared to 9.9% in the first quarter of 2016. The 7.2% reduction relative to the first quarter of 2016 was primarily driven by cost reduction initiatives.

Liquidity and Capital Resources

We manage our liquidity using internal cash management practices, which are subject to: (i) the policies and cooperation of the financial institutions we utilize to maintain and provide cash management services, (ii) the terms and other requirements of the

agreements to which we are a party, and (iii) the statutes, regulations and practices of each of the local jurisdictions in which we operate.

Our principal existing sources of cash are cash generated from operations and borrowings available under the Second Amended and Restated Revolving Loan Credit Agreement (the "ABL Facility"). As of March 31, 2017, we had cash and cash equivalents of \$342.0 million and availability under the ABL Facility of \$557.5 million. Availability under the ABL Facility is based on a borrowing base of \$902.8 million, as well as outstanding advances and letters of credit of \$100.0 million and \$245.3 million, respectively.

We continually evaluate our liquidity requirements, capital needs and the availability of capital resources based on our operating needs and our planned growth initiatives and we believe that our existing sources of cash will be sufficient to support our existing operations over the next 12 months.

Refinancing of Existing Term Loan

On March 10, 2017, we entered into a Refinancing Amendment (Amendment No. 2 to Credit Agreement) (the "Amendment"), by and among XPO, its subsidiaries signatory thereto, as guarantors, the lenders party thereto and Morgan Stanley Senior Funding, Inc., in its capacity as administrative agent (the "Administrative Agent"), amending that certain Senior Secured Term Loan Credit Agreement, dated as of October 30, 2015 (as amended, amended and restated, supplemented or otherwise modified, including by that certain Incremental and Refinancing Amendment (Amendment No. 1 to Credit Agreement), dated as of August 25, 2016, the "Term Loan Credit Agreement").

Pursuant to the Amendment, the outstanding \$1,481.9 million principal amount of term loans under the Term Loan Credit Agreement (the "Existing Term Loans") were replaced with \$1,494.0 million in aggregate principal amount of new term loans (the "New Term Loans") having substantially similar terms as the Existing Term Loans, other than with respect to the applicable interest rate and prepayment premiums in respect of certain voluntary prepayments. Proceeds from the New Term Loans were used primarily to refinance the Existing Term Loans and to pay interest, fees and expenses in connection therewith, and up to \$1.5 million may be used for general corporate purposes.

The interest rate margin applicable to the New Term Loans was reduced from 2.25% to 1.25%, in the case of base rate loans, and from 3.25% to 2.25%, in the case of LIBOR loans and the LIBOR floor was reduced from 1.0% to 0%. The interest rate on the New Term Loans was 3.11% at March 31, 2017. The New Term Loans maturity will remain October 30, 2021. The refinancing resulted in an extinguishment charge of \$9.0 million. The Company expects annual cash interest savings of approximately \$15 million per year related to the refinancing.

Loan Covenants and Compliance

As of March 31, 2017, we were in compliance with the covenants and other provisions of the ABL Facility, the New Term Loans, the senior notes due 2018, 2021, 2022 and 2023 (collectively the "Senior Notes"), and the other applicable indentures. Any failure to be in compliance with any material provision or covenant of these agreements could have a material adverse effect on our liquidity and operations.

Sources and Uses of Cash

During the three months ended March 31, 2017, we: (i) generated cash from operating activities of \$15.0 million, (ii) generated proceeds from sales of assets of \$20.5 million, (iii) received advances, net of repayments, of \$70.0 million on our ABL Facility, and (iv) received proceeds, net of repayments, on our Term Loan facility of \$12.1 million. We used cash during this period principally to (i) purchase property and equipment of \$122.4 million, (ii) make payments on long-term debt and capital leases of \$29.2 million, and (iii) make payments for debt issuance costs of \$8.9 million in connection with the refinancing of our Term Loan facility.

During the three months ended March 31, 2016, we: (i) generated cash from operating activities of \$6.9 million, (ii) generated proceeds from sales of assets of \$17.5 million, and (iii) received advances, net of repayments, of \$100 million on our ABL Facility. We used cash during this period principally to (i) purchase property and equipment of \$114.7 million and (ii) make payments on long-term debt and capital leases of \$41.8 million.

Off-Balance Sheet Arrangements

The Company guarantees the lease payments of certain tractor and trailer equipment utilized by subcontract carriers. These guarantees continue through the end of the lease of the equipment, which is typically four years. The maximum amount of the guarantee is limited to the amount of unpaid principal and interest. As of March 31, 2017, the maximum amount of these guarantees was approximately \$20.0 million.

Item 3. *Quantitative and Qualitative Disclosures about Market Risk.*

We have a significant proportion of our net assets and income in non-U.S. dollar currencies, primarily the EUR and GBP. We are exposed to currency risk from the potential changes in functional currency values of our foreign currency denominated assets, liabilities and cash flows. Consequently, a depreciation of the EUR and GBP relative to the U.S. dollar could have an adverse impact on our financial results. In order to mitigate against the risk of a reduction in the value of foreign currency from the Company's international operations, the Company uses foreign currency option and forward contracts and gains or losses on these contracts are recorded in foreign currency gain/loss in the condensed consolidated statements of operations.

Item 4. *Controls and Procedures.*

Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures

Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, as of the end of the period covered by this report. Based on their evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of such time such that the information required to be included in our SEC reports is: (i) recorded, processed, summarized and reported within the time periods specified in SEC rules and forms relating to the Company, including our consolidated subsidiaries, and (ii) accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended March 31, 2017 that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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Part II—Other Information

Item 1. *Legal Proceedings.*

For information related to our legal proceedings, please refer to **Note 7—Legal and Regulatory Matters** of Item 1, "Financial Statements" of this Quarterly Report on Form 10-Q.

Item 1A. *Risk Factors.*

There are no material changes to the risk factors previously disclosed in Item 1A "Risk Factors," of our Annual Report on Form 10-K for the year ended December 31, 2016.

Item 2. *Unregistered Sales of Equity Securities and Use of Proceeds.*

During the quarter ended March 31, 2017, the Company issued an aggregate of 362 shares of the Company's common stock, par value \$0.001 per share, to certain holders of the Company's Convertible Senior Notes in connection with the conversion of \$6,000 aggregate principal amount of the Convertible Senior Notes. The number of shares of our common stock issued in the foregoing transactions equals the number of shares of our common stock presently issuable to holders of the Convertible Senior Notes upon conversion under the original terms of the Convertible Senior Notes. During the quarter ended March 31, 2017, pursuant to the Investment Agreement dated as of June 13, 2011 (the "Investment Agreement"), by and among Jacobs Private Equity, LLC ("JPE"), and the other investors party thereto (collectively with JPE, the "Investors"), the Company issued 210 unregistered shares of its common stock as a result of the cashless exercise of warrants by a shareholder. The issuance of these shares was exempt from the registration requirements of the Securities Act of 1933, as amended, in accordance with Section 4(a)(2) thereof, as a transaction by an issuer not involving any public offering. The Company did not receive any proceeds from the above transactions. For additional information on the Company's Convertible Senior Notes, refer to **Note 9—Debt**, of Item 8, "Financial Statements and Supplementary Data" in our 2016 Annual Report on Form 10-K.

Item 3. *Defaults upon Senior Securities.*

None.

Item 4. *Mine Safety Disclosures.*

Not applicable.

Item 5. *Other Information.*

Disclosure Pursuant to Section 13(r) of the Exchange Act

In connection with ongoing efforts to review and enhance our compliance program and to investigate transactions or dealings involving countries and entities that are subject to U.S. economic sanctions, including those disclosed in our Quarterly Report on Form 10-Q for the quarters ended June 30, 2016 and September 30, 2016 under the heading "Disclosure Pursuant to Section 13(r) of the Exchange Act," we learned that, on eight occasions between July 2015 and February 2016, our France Global Forwarding business provided forwarding services for shipments to Iran using the carrier Iran Air. Seven of the shipments do not appear to have involved a counterparty covered by Section 13(r) but the carrier, Iran Air, was designated as a Specially Designated National ("SDN") under Executive Order 13382 at the time of six of the shipments. At the time of the other two shipments, Iran Air had been removed from the SDN list, but was — and continues to be — an entity owned or controlled by the Government of Iran. In addition, Zagros Petrochemical Company, an entity that appears to be owned or controlled by the Government of Iran, was the consignee on one of the shipments.

Five of the transactions involved shipments of sealing compounds with a total value of €14,860 (approximately \$15,859), of which the consignment to Zagros Petrochemical Company constituted €1,755 (approximately \$1,867). One of the transactions involved a shipment of propylene copolymer (a material commonly used in plastic films and textiles) valued at €9,240 (approximately \$9,830). Another transaction involved a consignment of brake block test samples sent free of charge with a declared customs value of €1.00 (approximately \$1.06). The remaining transaction involved a shipment of medical equipment valued at €38,765 (approximately \$41,239). We received €7,385 (approximately \$7,856) for our services in connection with these shipments and had gross profit of €858 (approximately \$913) attributable to these transactions.

As noted in our Quarterly Report on Form 10-Q for the quarters ended June 30, 2016 and September 30, 2016, we filed an initial voluntary disclosure of such matters with the U.S. Department of Treasury, Office of Foreign Assets Control ("OFAC").

We are continuing to investigate and intend to cooperate with regulatory authorities regarding these matters. We plan to file a complete report with OFAC accounting for these and any other unauthorized transactions identified by our investigation when that investigation is complete. We have implemented procedures in connection with our international trade compliance programs that are designed to prevent such activities from recurring and we do not intend to provide any such unauthorized services in the future.

Item 6. Exhibits.

Exhibit Number	Description
3.1	Amendment to the 2 nd Amended and Restated Bylaws of XPO Logistics, Inc. (incorporated herein by reference to Exhibit 3.1 of the Company's Current Report on Form 8-K filed with the SEC on March 17, 2017)
10.1	Refinancing Amendment (Amendment No. 2 to Credit Agreement), dated as of March 10, 2017, by and among XPO Logistics, Inc., the subsidiaries signatory thereto, as guarantors, the lenders party thereto and Morgan Stanley Senior Funding, Inc., as administrative agent (incorporated herein by reference to Exhibit 10.1 of the Company's Current Report on Form 8-K filed with the SEC on March 13, 2017)
10.2*	Separation Agreement between the Company and Gordon E. Devens dated January 27, 2017
31.1	Certification of the Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, with respect to the registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2017
31.2	Certification of the Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, with respect to the registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2017
32.1 **	Certification of the Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, with respect to the registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2017
32.2 **	Certification of the Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, with respect to the registrant's Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2017
<i>101.INS</i>	<i>XBRL Instance Document</i>
<i>101.SCH</i>	<i>XBRL Taxonomy Extension Schema</i>
<i>101.CAL</i>	<i>XBRL Taxonomy Extension Calculation Linkbase</i>
<i>101.DEF</i>	<i>XBRL Taxonomy Extension Definition Linkbase</i>
<i>101.LAB</i>	<i>XBRL Taxonomy Extension Label Linkbase</i>
<i>101.PRE</i>	<i>XBRL Taxonomy Extension Presentation Linkbase</i>

* Filed herewith.

** Furnished herewith.

SIGNATURES

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

XPO Logistics, Inc.

By: /s/ Bradley S. Jacobs
Bradley S. Jacobs
Chief Executive Officer
(Principal Executive Officer)

By: /s/ John J. Hardig
John J. Hardig
Chief Financial Officer
(Principal Financial Officer)

Date: May 9, 2017

Separation Agreement and Release of Claims

Gordon E. Devens

This Separation Agreement and Release of Claims (the "Agreement"), dated as of January 27, 2017, is between XPO Logistics, Inc., and Gordon E. Devens ("you") and memorializes our mutual agreement and understanding in connection with your resignation from employment with XPO Logistics, Inc. ("XPO") and its Affiliates (as defined in Section 11(g) below) (collectively, the "Company"), and the settlement of potential claims arising out of the termination of your employment as noted below. This Agreement shall become effective as set forth in Section 4 below. Accordingly, in consideration of the mutual covenants and agreements contained in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and you (the "Parties") hereby agree as follows:

1. Termination of Employment and Other Offices.

(a) This Agreement confirms the termination of your employment effective as of February 15, 2017 (the "Termination Effective Date"). Provided you have not revoked this Agreement pursuant to Section 4(b) below, or breached, violated or failed to comply with any provision of this Agreement, your Employment Agreement effective as of February 9, 2016 (the "Employment Agreement"), or the Equity Grant Agreements (as defined below), regardless of the extent, if any, to which such provisions may be enforced under applicable law, the Company shall pay to you (i) the total amount of \$250,000 (two hundred and fifty thousand dollars), representing 6 months' severance at your current Base Salary, payable in 12 (twelve) equal biweekly installments of \$20,833.00 (less applicable withholdings) pursuant to the Company's regular payroll practices commencing with the payroll period immediately following the Termination Effective Date (the "Severance Payment"), (ii) an annual bonus for 2016 of \$500,000 (five hundred thousand dollars) (less applicable withholdings), (iii) a lump sum payment for any unpaid Base Salary accrued through the Termination Effective Date, and (iv) a lump sum amount for accrued but unused vacation and personal leave time through the Termination Effective Date. The payments referred to in Section 1(a) (i) and (iii) shall be paid within 30 days following the Termination Effective Date. Upon submission of required documentation and forms, the Company will also reimburse you for any business expenses incurred before the Termination Effective Date for which you have not already been reimbursed, subject to and in accordance with the Company's travel and entertainment policy.

(b) On the Termination Effective Date, you will (i) return all Company property pursuant to Section 5 below, and (ii) resign, and cooperate with the Company in effecting your resignation from any office or position with the Company or its employee benefit plans and trusts, including but not limited to any and all positions as a director or officer of the Company, or as administrator, trustee or participant in or of any Company employee benefit plan or related trust, or otherwise, and taking reasonable steps to remove your personal information from subsequent public documents.

(c) Assuming you have not revoked this Agreement pursuant to Section 4(b) below or breached, violated or failed to comply with any provision of this Agreement, your Employment Agreement, or the Equity Grant Agreements (as defined below), regardless of the extent, if any, to which such provisions may be enforced under applicable law, the Company shall reimburse you for premiums paid by you for continued group health insurance coverage through the Company under COBRA for six (6) months following the Termination Effective Date, or such earlier date on which you become covered by substitute group health insurance (as to which you shall notify the Company within five (5) days after you become aware of the date on which you will be covered by substitute group health insurance), subject to: (A) your timely election to continue such COBRA coverage, (B) your payment of such premiums (where applicable), and (C) your submission to the Company of appropriate evidence of your payment of such premiums (where applicable).

2. Treatment of Equity Grants and 2015 Additional Bonus.

(a) You acknowledge that (i) except as set forth in Section 2(c), all of your unvested and unsettled equity awards from the Company shall be forfeited as of the Termination Effective Date, (ii) all of your awards shall remain subject to the applicable forfeiture and clawback provisions of such awards as set forth in the Employment Agreement and the applicable Equity Grant Agreements and the Plan (as defined below), (iii) Section 11(q) of your Employment Agreement ("Lock Up Provision") shall remain in full force and effect in accordance with its terms, including a lock up on sales of shares through September 2, 2018 (or, if earlier, upon Death, a Change of Control or with Company approval), and (iv) all other provisions regarding the exercise, transfer, lock-up, forfeiture, clawback or settlement of any vested or unvested equity award will

continue to be governed by and subject to the terms and conditions of the respective Equity Grant Agreements, the Employment Agreement and the Plan.

(b) Except as explicitly provided for in Sections 1 or 2 hereof, and any payment for an Extended Non-Compete Period (as defined in Section 8(c) of the Employment Agreement) or benefits payable per the terms of any Company benefit plan other than the Equity Grant Agreements, you shall not be entitled to any other compensation or benefit of any kind from the Company, including but not limited to any compensation referenced in Sections 3 and 6 of the Employment Agreement.

(c) Reference is made to the following equity grant agreements:

(1) Option Award Agreement Under The XPO Logistics, Inc. Amended and Restated 2011 Omnibus Incentive Compensation Plan (the "Plan"), dated as of November 14, 2011 (the "Option Agreement");

(2) Performance-Based Restricted Stock Unit Award Agreement under the Plan, dated as of February 15, 2013 (the "2013 Equity Grant Agreement");

(3) Performance-Based Restricted Stock Unit Award Agreement under the Plan, dated as of March 14, 2014 (the "2014 Equity Grant Agreement");

(4) Performance-Based Restricted Stock Unit Award Agreement under the Plan, dated as of February 27, 2015 (the "2015 Equity Grant Agreement"); and

(5) Performance-Based Restricted Stock Unit Award Agreement under the Plan, dated as of February 9, 2016 (the "2016 Equity Grant Agreement"), and collectively with the Option Agreement, the 2013 Equity Grant Agreement, the 2014 Equity Grant Agreement, the 2015 Equity Grant Agreement, and the 2016 Equity Grant Agreement, the "Equity Grant Agreements").

As of the Termination Effective Date,

(i) your vested stock options granted under the Option Agreement shall remain exercisable through the date that is three months after the Termination Effective Date and shall remain subject to the Lock Up Provision;

(ii) you shall immediately vest in 11,429 Restricted Stock Units granted under the 2013 Equity Grant Agreement, which shall remain subject to the Lock Up Provision;

(iii) subject to the achievement of the Performance Goal determined in accordance with Section 3(b) of the 2014 Equity Grant Agreement or, if earlier, upon a Change of Control (as defined in the Plan), you will continue to be eligible to vest, pursuant to the terms of the 2015 Equity Grant Agreement, in 34,715 performance-based restricted stock units under the 2014 Equity Grant Agreement, which represents a number of performance-based restricted stock units equal to the product of (x) 48,062 and (y) a fraction, the numerator of which is the number of days from March 14, 2014 through the Termination Effective Date and the denominator of which is the number of days from March 14, 2014 through April 2, 2018, and which shall remain subject to the Lock Up Provision;

(iv) subject to the achievement of the Performance Goal determined in accordance with Section 3(b) of the 2015 Equity Grant Agreement or, if earlier, upon a Change of Control (as defined in the Plan), you will continue to be eligible to vest, pursuant to the terms of the 2015 Equity Grant Agreement, in 10,863 performance-based restricted stock units under the 2015 Equity Grant Agreement, which represents a number of performance-based restricted stock units equal to the product of (x) 17,073 and (y) a fraction, the numerator of which is the number of days from February 27, 2015 through the Termination Effective Date and the denominator of which is the number of days from February 27, 2015 through April 2, 2018, and which shall remain subject to the Lock Up Provision;

(v) assuming the Compensation Committee has certified the achievement of Performance Goals, you will vest in 43,630 performance-based restricted stock units with respect to 2016 under the 2016 Equity Grant Agreement; and

(vi) the Company will permit the cashless exercise of your stock options and warrants.

(d) Each payment under this Agreement shall be treated as a separate payment for purposes of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"). For federal income tax purposes, the payments and other benefits provided under this Agreement are intended to comply with, or be exempt from, the requirements of Section 409A of the Code, and this Agreement shall be interpreted, operated and administered in a manner consistent with this intention. The provisions of Sections 11(m) of your Employment Agreement regarding Code Section 409A will apply to any payment made under this Agreement.

(e) Without limiting any other provision of this Agreement, if you die on or after the Termination Effective Date, your heirs, beneficiaries or estate, as their respective interests may appear (but without duplication), shall be entitled to receive or continue to receive those amounts that would otherwise have been due and payable to you pursuant to Sections 1 and 2 hereof.

(f) Reference is made to Section 3(b) of the Employment Agreement. Without otherwise limiting or waiving its rights under the Employment Agreement or otherwise (including, without limitation, to change the characterization of your termination of employment with the Company), the Company hereby waives its right to compel you to repay any portion of the 2015 Additional Bonus (as defined in the Employment Agreement) pursuant to clause (iii) of the proviso to the second sentence of Section 3(b) of the Employment Agreement.

3. Release.

(a) For and in consideration of the covenants and agreements of the Company in this Agreement, which you acknowledge and agree are greater than those to which you would be entitled under (i) any offer or promotion letters extended to you by the Company or any of its predecessors (collectively, "Offer Letters"), (ii) the Employment Agreement, (iii) any equity grant agreements between you and the Company, including but not limited to the Equity Grant Agreements and/or any of the plans described in Section 2, (iv) any other agreements between you and the Company, and (v) the Company severance policy as in effect from time to time (the "Severance Policy"), as well as for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and as a material inducement to the Company to enter into this Agreement, you hereby knowingly and voluntarily waive, release, acquit and forever discharge the Company and their respective shareholders, predecessors, successors, assigns, agents, directors, officers, employees, attorneys, insurers, representatives and Affiliates, and all Persons (as defined in Section 11(g) hereof) acting by, through, under or in concert with any of them (collectively, the "Releasees"), from any and all charges, complaints, claims, liabilities, judgments, obligations, promises, agreements, controversies, damages, actions, causes of action, suits, rights, demands, costs, losses, debts and expenses (including attorneys' fees and expenses) of any nature whatsoever, known or unknown, suspected or unsuspected (collectively, "Claims"), which, from the beginning of time up to and including the Effective Date of this Agreement (as defined in Section 4(b) below), exist, have existed or can, shall or may hereafter exist or arise, based on any matter, cause thing or facts whatsoever occurring on or prior to the Effective Date, including without limitation any Claims for or relating to any such Offer Letters, the Employment Agreement, the Equity Grant Agreements, the Severance Policy, your employment or the termination of your employment with the Company, and any foreign, federal, state, provincial, municipal and local laws, rules or regulations, including but not limited to any laws relating to securities, contracts, torts, labor, employment, civil rights, anti-discrimination and other laws and any other restrictions on the Company's rights with respect to the termination, for whatever reason, of the employment of its employees, **including the Age Discrimination in Employment Act ("ADEA")**, Title VII of the Civil Rights Act, the Equal Pay Act of 1963, the Americans with Disabilities Act of 1990; the Family and Medical Leave Act of 1993, the Employee Retirement Income Security Act of 1974; **the Older Workers Benefit Protection Act of 1990 ("OWBPA")**; and the Worker Adjustment and Retraining Notification Act (and any state or local analogs thereto), in each case which you or any of your heirs, executors, administrators, legal representatives, successors-in-interest and/or assigns ever had, now have or at any time hereafter may have, own or hold against any of the Releasees (collectively, the "Released Claims"); provided, however, that the Released Claims do not include: (A) Claims that cannot by law be released by private agreement; (B) any Claim to be indemnified by the Company under and to the extent of the applicable terms and provisions of the Company's charter, certificate or articles of incorporation, or by-laws; (C) your right to file a charge, including a challenge to the validity of this Agreement, with the Equal Employment Opportunity Commission ("EEOC"), a comparable state or municipal fair employment agency or the National Labor Relations Board ("NLRB"); (D) your right to participate in any investigation or proceeding conducted by the EEOC or such state or municipal agency or the NLRB; or (E) your right to enforce this Agreement; provided further, however, that you knowingly and voluntarily release, discharge and waive your personal right to any monetary compensation, damages, attorneys' fees and costs, or other compensation in the event such charges or challenges identified in subparagraphs (A), (C) or (D) are filed.

(b) By executing this Agreement, (i) you hereby represent that (A) you have complied with, and have not breached, violated or failed to comply with, any provision of this Agreement, your Employment Agreement, or the Equity Grant Agreements, and all known Company policies and procedures during the period of your employment, regardless of the extent, if any, to which such provisions may be enforced under applicable law, and (B) you have not filed or permitted to be filed with any court, governmental or administrative agency, or arbitration tribunal, any of the Released Claims; (ii) you hereby waive any right that you may have ever had or may now have to commence a Released Claim against the Releasees; (iii) you hereby represent that you have not transferred or assigned to any other person any of the Released Claims; and (iv) you further covenant and agree not to bring or knowingly participate in any Released Claim or to encourage or permit any such Released Claim to be filed by any other Person on your behalf. You agree further that you will pay the Company for all costs incurred by the Company because of your breach of any of these covenants, including reasonable attorneys' fees and expenses incurred in defending against any claim brought by you in contravention of this provision; provided, however, that this payment provision shall not apply to the extent it would be inconsistent with applicable federal regulations regarding the ADEA and OWBPA. In the event of a successful challenge by you of your ADEA and OWBPA waiver and subsequent success on the merits of an ADEA discrimination claim, a federal court may order that the monies paid to you pursuant to this Agreement be repaid or set off against any recovery but only up to the amount of any recovery by you.

(c) You fully understand that, if any fact with respect to any Claims covered by this Agreement is found after the execution of this Agreement to be other than or different from the facts now believed by you to be true, you expressly accept and assume that this Agreement and your release and waiver of such Claims shall remain effective, notwithstanding such difference in facts. You understand and acknowledge the significance and consequences of this Agreement and of the waivers and release of Claims contained in this Agreement, and expressly consent that this Agreement shall be given full force and effect according to each and all of its express terms and provisions, including those relating to unknown and unsuspected Claims, if any.

(d) Neither this Agreement nor the consideration provided under it nor compliance with it shall be construed as an admission by the Company or by you of any liability or violation of any law, statute, duty, contract, covenant or order.

(e) In consideration of the payments and benefits to be received by you hereunder, and as a condition precedent to your receipt of the payments and benefits set forth in Sections 1 and 2 above, you agree to execute a release in the form set forth herein for all Claims to and including the Termination Effective Date.

4. ADEA Waiver, Waiting and Revocation Periods.

(a) Because of the scope of the release and waiver of Claims contained in this Agreement, you are hereby advised to consult with counsel of your own choosing prior to executing it. Additionally, you are advised that you have a period of 21 days from the date this Agreement is presented to you in which to consider its terms and determine whether to execute it. If you do not decide to execute the Agreement within that time frame, it shall be deemed rejected by you and withdrawn by the Company without further action.

(b) In the event you accept this Agreement by executing it below, you shall have seven (7) days from the date of your execution to revoke your acceptance. Accordingly, this Agreement shall not be deemed effective or enforceable until the eighth day after you execute it (the "Effective Date"). Any revocation must be submitted by writing sent to the Company at the address specified in Section 11(a), by certified mail post-marked no later than the seventh (7th) day after the Agreement is signed by you (unless that day is a Sunday or a holiday, in which event the period is extended to the next day there is mail service).

(c) By executing the Agreement below, you acknowledge that: (i) you have carefully read and fully understand all of its terms, including its legal effects; (ii) you have agreed to its terms voluntarily, without coercion or duress, and of your own free will; (iii) you understand that you are releasing the Releasees (as defined in Section 3(a) above) from any and all claims you may have against them, except those explicitly excluded; (iv) you understand that this Agreement is final and binding, except if timely revoked as set forth above; (v) you have knowingly and voluntarily waived your rights under the ADEA and OWBPA; and (vi) if you have chosen to sign this Agreement prior to the expiration of the twenty-one (21) day consideration period, you have waived your right to consider the Agreement for the entire twenty-one (21) day period.

5. Company Property. You hereby represent and agree that, on the Termination Effective Date, you will deliver to the Company all documents, data, information, work product and tangible things in whatever form, as well as all copies thereof, in your possession, custody or control that (a) belong to the Company, its customers or business partners, (b) contain the Company's Confidential Information (as defined in Section 8(a) of your Employment Agreement) or (c) relate to your employment and/or affiliation with the Company (collectively, "Company Property"). Such Company Property includes but is not limited to: removable storage devices and hard drives; handbooks, manuals and policies; confidential information memoranda relating to the Company or any acquisition target presented to the Company (whether the Company acted on such opportunity or not); keys, badges and access cards; credit or charge cards; printers, smart phones, cell phones, iPads, tablets and computers of or belonging to or issued in the name of the Company (unless otherwise agreed in writing by the Company and subject to compliance with the Company's information technology processes for removal of any licensed software, Confidential Information or other proprietary data from any and all such devices that you are permitted to retain); all membership cards for memberships maintained by or in the name of the Company; all usernames, passwords and access codes; all Confidential Information; and all documents, records and files. You agree that (1) you will not retain Company Property in any form following the Termination Effective Date, (2) any information reflected or contained in any Company Property constitutes Confidential Information for purposes of Section 8 of the Employment Agreement and (3) you will not tamper with, alter, delete or destroy any Company Property, documents, records or data contained in any location, including but not limited to any information contained on any Company-provided computer or electronic device, system, database, server, portal or network, including but not limited to re-setting electronic devices to their default settings.

6. Nondisclosure. You agree and acknowledge your continuing obligation to hold in the strictest confidence and not directly or indirectly use or disclose any Confidential Information.

7. Affirmation of Restrictive Covenants. You hereby acknowledge and affirm the continuing effect of the restrictive covenants set forth in Section 7 and Section 8 of the Employment Agreement, including the Company's right to extend the duration of such restrictions on the terms provided therein, provided, however, that the first sentence of Section 8(c) of the

Employment Agreement shall be modified to read as follows: “The Company shall have the right to extend the Non-Compete Period for up to 4 additional 6-month periods.”

8. Cooperation. Section 8(g) of the Employment Agreement is modified by adding a final sentence to the provision, as follows: “Without limiting the generality of the foregoing, you specifically agree to cooperate with the Company in connection with litigation involving the Company, including but not limited to making yourself available for assistance to the Company’s counsel, attendance at court proceedings, and preparation and testimony at such times and in such manner as the Company may request, for which the Company shall compensate you at a rate of \$250 (two hundred and fifty dollars) per hour and reimburse you for expenses reasonably incurred by you in connection with any such cooperation occurring after the Termination Effective Date.

9. Remedies. You acknowledge and agree that the Company’s rights and interests as reflected in this Agreement (including Sections 5 through 8 inclusive) and Sections 6(e), (f) and (g), 7, 8 and 9 of the Employment Agreement are of a special and unique nature, the loss of which cannot be adequately compensated for by damages in an action at law, and that the breach or threatened breach of any of these provisions would cause the Company irreparable harm. Accordingly, you agree that (a) in the event of a breach or threatened breach of any of the covenants contained in this Agreement or the Employment Agreement, the Company shall be entitled to immediate relief enjoining such breach or threatened breach in any court or before any judicial or arbitral body having jurisdiction over such a claim, and you waive any requirement that the Company post a bond or other security or prove that monetary damages are inadequate, and (b) in the event of a breach of any of the covenants contained in this Agreement or the Employment Agreement, the Company shall be entitled to a refund and/or forfeiture of any and all amounts paid to you under this Agreement or received by you pursuant to or with respect to the Equity Grant Agreements. All of the Company’s rights and remedies provided for in this Agreement are cumulative and in addition to any other rights and remedies provided for by law or in equity, including, except as explicitly stated otherwise in this Agreement, the Company’s rights or remedies in the Employment Agreement and Equity Grant Agreements. Consequently, all such remedies may, to the extent permitted by law or in equity, be exercised by the Company concurrently or separately. The exercise of any one right or remedy shall not be deemed to be an election of such right or remedy or to preclude the exercise or pursuit of any other right or remedy.

10. Severability/Blue-Penciling. It is the desire and intent of the Parties that the provisions of this Agreement and the Employment Agreement shall be enforced to the fullest extent permissible under the laws and public policies applied in each jurisdiction in which enforcement is sought, taking into consideration that this Agreement represents a negotiated settlement of certain potential liabilities of and contingencies faced by each Party. Accordingly, if any provision of this Agreement is determined to be partially or wholly invalid, illegal or unenforceable in any competent jurisdiction, then such provision shall, as to such jurisdiction, be modified or restricted to the extent necessary to make such provision valid, binding and enforceable, or if such provision cannot be so modified or restricted, then such provision shall, as to such jurisdiction, be deemed to be excised from this Agreement; provided, however, that the legality, binding effect and enforceability of the remaining provisions of this Agreement, to the extent the economic benefits conferred on the parties by virtue of this Agreement remain substantially unimpaired, shall not be affected or impaired in any manner, and any such invalidity, illegality or unenforceability with respect to such provisions shall not invalidate or render unenforceable such provision in any other jurisdiction.

11. Miscellaneous.

(a) Notices. Any notice or other communication required or permitted under this Agreement shall be effective only if it is in writing and shall be deemed to be given when delivered personally, or four days after it is mailed by registered or certified mail, postage prepaid, return receipt requested or one day after it is sent by overnight courier service via UPS or FedEx and, in each case, addressed as follows or to such other address as any Party may designate by notice to the others (or if it is sent through any other method agreed upon by the parties):

If to the Company:

XPO Logistics, Inc.
Five American Lane
Greenwich, CT 06831
Attention: Chief Human Resources Officer

If to you:

To your principal residence as listed in the records of the Company or as otherwise specified in a notice to the Company.

(b) Your Representations and Acknowledgements. You represent, warrant and covenant that as of the date hereof: (i) you have the full right, authority and capacity to enter into this Agreement and (ii) you are ready, willing and able to perform your obligations hereunder and, to your knowledge, no reason exists that would prevent you from performing your obligations

hereunder. You acknowledge that you have carefully read this Agreement and have given careful consideration to the restraints imposed upon you by this Agreement, and are in full accord as to the necessity of such restraints for the reasonable and proper protection of the Confidential Information, business strategies, employee and customer relationships and goodwill of the Company and its Affiliates now existing or to be developed in the future. You expressly acknowledge and agree that each and every restraint imposed by this Agreement is reasonable with respect to subject matter, industry scope, time period and geographic area. You agree to comply with each of the covenants contained in Sections 7 and 8 of the Employment Agreement in accordance with their terms, and you shall not, and hereby agree to waive and release any right or claim to, challenge the reasonableness, validity or enforceability of any of the covenants contained in Sections 7 and 8 of the Employment Agreement. You further acknowledge that although your compliance with the covenants contained in Sections 7 and 8 of the Employment Agreement may prevent you, for the time periods to which you have agreed, from earning a livelihood in a business that is, or provides services, similar to any business or service of the Company or its Affiliates, your experience and capabilities are such that you have other opportunities to earn a livelihood and adequate means of support for you and your dependents. You acknowledge that the Company has advised you that it is in your best interest to consult with an attorney prior to executing this Agreement.

(c) Governing Law; Arbitration; Consent to Jurisdiction; Waiver of Jury Trial.

(i) This Agreement shall be governed by and construed in accordance with its express terms, and otherwise in accordance with the laws of the State of New York without reference to its principles of conflicts of law that would require the application of a different body of substantive law. You represent and agree that the Company has a substantial relationship with the State of New York, that the selection of New York substantive law as the governing law is reasonable and desirable by both Parties, and that you will not challenge such selection.

(ii) Any claim initiated by you arising out of, in connection with or relating to this Agreement, or the breach thereof, or your employment, or the termination thereof, shall be resolved by binding arbitration before a single arbitrator in the City, County and State of New York administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.

(iii) Any claim initiated by the Company arising out of or relating to this Agreement, or the breach thereof, or your employment, or the termination thereof, shall, at the election of the Company be resolved in accordance with Section 11(c)(ii) or (iv) of this Agreement.

(iv) You hereby irrevocably submit to the exclusive jurisdiction of any state or federal court located in the City, County and State of New York; provided, however, that nothing herein shall preclude the Company from bringing any suit, action or proceeding in any other court for the purposes of enforcing the provisions of this Section 11(c) or enforcing any judgment or award obtained by the Company. You waive, to the fullest extent permitted by applicable law, any objection which you now or hereafter have to personal jurisdiction or to the laying of venue of any such suit, action or proceeding brought in an applicable court described in this Section 11(c)(iv), and agree that you shall not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any court. You further agree that service of any process, summons, notice or document by U.S. registered mail to the address set forth above shall be effective service of process for any action, suit or proceeding in New York with respect to any matters to which you have submitted to jurisdiction in this Section 11(c). You further agree that, to the fullest extent permitted by applicable law, a final and non-appealable judgment in any suit, action or proceeding brought in any applicable court described in this Section 11(c)(iv) shall be conclusive and binding upon you and may be enforced in any other jurisdiction.

(v) JURY TRIAL WAIVER. THE PARTIES WISH THAT APPLICABLE LAWS APPLY TO THE RESOLUTION OF ANY DISPUTES ARISING UNDER THIS AGREEMENT AND THE SUBJECT MATTER HEREOF, AND THAT THEIR DISPUTES BE RESOLVED BY AN EXPERIENCED PERSON APPLYING SUCH APPLICABLE LAWS. THEREFORE, TO ACHIEVE THE BEST COMBINATION OF THE BENEFITS OF THE JUDICIAL SYSTEM AND APPLICABLE LAWS, THE PARTIES HERETO WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE BREACH THEREOF, OR YOUR EMPLOYMENT, OR THE TERMINATION THEREOF OR ANY DOCUMENTS RELATED HERETO. YOU UNDERSTAND THAT THE WAIVER OF THE RIGHT TO A TRIAL BY JURY IS AN IMPORTANT RIGHT WHICH YOU HEREBY FOREGO.

(vi) The prevailing Party shall be entitled to recover all legal fees and costs (including reasonable attorneys' fees and costs and the fees of experts and arbitrators) from the losing Party in connection with any claim arising out of or relating to this Agreement or the breach thereof, or your employment, or the termination thereof.

(d) Entire Agreement; Amendment and Waiver. This Agreement, the Equity Grant Agreements, and the Employment Agreement (as amended hereby) collectively embody the entire agreement and understanding by and between the

parties hereto with respect to the subject matter hereof and thereof and supersede and preempt any and all prior and contemporaneous understandings, agreements, arrangements, representations or communications (whether written or oral) by or between the parties relating to the subject matter hereof and thereof. Other than this Agreement, the Equity Grant Agreements, the Plan and the Employment Agreement, there are no other understandings, agreements, arrangements, representations or communications continuing in effect relating to the subject matter hereof and thereof. You are not signing this Agreement in reliance upon any promise, representation or warranty not expressly contained in this Agreement, the Equity Grant Agreements, the Plan or the Employment Agreement. Any oral representations regarding this Agreement shall have no force or effect. No waiver, amendment or modification of any provision of this Agreement shall be effective unless in writing and signed by each Party hereto. No failure or delay by any Party in exercising any right, power or remedy under this Agreement shall operate as a waiver thereof or of any other right, power or remedy. The waiver by any Party hereto of a breach of any provision of this Agreement by the other Party shall not operate or be construed as a waiver of any other or subsequent breach by such other Party.

(e) Counterparts and Facsimile or Imaged Execution. This Agreement may be executed in two or more counterparts, and each such counterpart shall be an original instrument, but all such counterparts taken together shall be considered one and the same agreement, effective when one or more counterparts have been signed by each Party and delivered to the other parties, it being understood that all parties need not sign the same counterpart. Any signed counterpart delivered by facsimile or imaged document (including "pdf") shall be deemed for all purposes to constitute such Party's good and valid execution and delivery of this Agreement.

(f) No Construction Against Drafter. The Parties acknowledge and agree that each Party has reviewed and negotiated the terms and provisions of this Agreement and has had the opportunity to contribute to its revision. Accordingly, any rule of construction to the effect that ambiguities are resolved against the drafting Party shall not be employed in the interpretation of this Agreement.

(g) Other Construction and Interpretation Provisions. The use in this Agreement of the term "including" means "including, without limitation." The words "herein", "hereof", "hereunder", "hereby", "hereto", "hereinafter", and other words of similar import refer to this Agreement as a whole, and not to any particular article, section, subsection, paragraph, subparagraph or clause contained in this Agreement. All references to articles, sections, subsections, clauses, paragraphs, schedules and attachments mean such provisions of this Agreement, except where otherwise stated. The section headings in this Agreement are for convenience only and shall not control or affect the meaning of any provision of this Agreement. The use herein of the masculine, feminine or neuter forms shall also denote the other forms, as in each case the context may require. If, and wherever, specific language is used to clarify by example a general statement contained herein, such specific language shall not be deemed to modify, limit or restrict in any manner the construction of the general statement to which it relates. Unless otherwise provided herein, the measure of one month or year for purposes of this Agreement shall be that date of the following month or year corresponding to the starting date, except that, if no corresponding date exists, the measure shall be the next day of the following month or year. The term "Affiliate" means, with respect to any Person, any other Person that directly or indirectly through one or more intermediaries controls, is controlled by or is under common control with such Person, where "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by contract or otherwise. The term "Person" shall be construed as broadly as possible and shall include an individual or natural person, a partnership (including a limited liability partnership), a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization, a business, and any other entity, including a governmental entity such as a domestic or foreign government or political subdivision thereof, whether on a federal, state, provincial or local level and whether legislative, executive, judicial in nature, including any agency, authority, board, bureau, commission, court, department or other instrumentality thereof. In the event of a conflict between the terms of the Employment Agreement and this Agreement, the terms of this Agreement shall control.

(h) Binding Effect. The terms and provisions of this Agreement shall be binding upon and inure to the benefit of the Parties hereto and their respective successors, assigns, representatives, heirs and estates, as applicable. This Agreement shall not be assignable by you without the prior and appropriately authorized written consent of the Company. Except as expressly provided in this Agreement, this Agreement shall not confer any rights or remedies upon any Person other than the Parties hereto and their respective successors, permitted assigns, representatives, heirs and estates, as applicable.

(i) Continuing Effect of Employment Agreement. Except as expressly modified by this Agreement, the terms of the Employment Agreement remain in full force and effect. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Employment Agreement.

(j) Expenses/Taxes. Except as explicitly provided in Section 11(c)(vi) hereof, each Party hereto shall bear his or its own expenses incurred in connection with this Agreement (including legal, accounting and any other third party fees, costs and expenses and all federal, state, local and other taxes and related charges incurred by such Party). All references herein to remuneration, compensation and other consideration payable by the Company hereunder to or for the benefit of you or your

heirs, representatives, or estate are to the gross amounts thereof before reductions, set-off, or deduction for taxes and other charges referred to below, and all such remuneration, compensation and other consideration shall be paid net of and after reduction, set-off and deduction for any and all applicable withholding, F.I.C.A., employment and other similar federal, state and local taxes and contributions required by law to be withheld by the Company.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

XPO LOGISTICS, INC.

/s/ Karlis P. Kirsis

Name: Karlis P. Kirsis

Title: Vice President

/s/ Gordon E. Devens

Gordon E. Devens

I, Bradley S. Jacobs, certify that:

1. I have reviewed this quarterly report on Form 10-Q of XPO Logistics, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Bradley S. Jacobs

Chief Executive Officer

(Principal Executive Officer)

Date: May 9, 2017

I, John J. Hardig, certify that:

1. I have reviewed this quarterly report on Form 10-Q of XPO Logistics, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ John J. Hardig

Chief Financial Officer
(Principal Financial Officer)

Date: May 9, 2017

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER

**Pursuant to 18 U.S.C. Section 1350
As adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

Solely for the purposes of complying with 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, the undersigned Chief Executive Officer of XPO Logistics, Inc. (the "Company"), hereby certify, based on my knowledge, that the Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2017 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Bradley S. Jacobs
Chief Executive Officer
(Principal Executive Officer)

Date: May 9, 2017

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER

**Pursuant to 18 U.S.C. Section 1350
As adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

Solely for the purposes of complying with 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, the undersigned Chief Financial Officer of XPO Logistics, Inc. (the "Company"), hereby certify, based on my knowledge, that the Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2017 (the "Report") fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ John J. Hardig
Chief Financial Officer
(Principal Financial Officer)

Date: May 9, 2017

