

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

FORM 10

**GENERAL FORM FOR REGISTRATION OF SECURITIES
Pursuant to Section 12(b) or (g) of
the Securities Exchange Act of 1934**

GXO Logistics, Inc.

(Exact name of Registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

**Five American Lane
Greenwich, CT**

(Address of principal executive offices)

86-2098312

(I.R.S. employer
identification number)

06831

(Zip code)

203-489-1598

(Registrant's telephone number, including area code)

Securities to be registered pursuant to Section 12(b) of the Act:

**Title of Each Class
to be so Registered**

**Name of Each Exchange on which
Each Class is to be Registered**

Common Stock, \$0.01 par value per share

New York Stock Exchange

Securities to be registered pursuant to Section 12(g) of the Act: None

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. (Check one):

Large accelerated filer

Non-accelerated filer

Accelerated filer

Smaller reporting company

Emerging growth company

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

GXO LOGISTICS, INC.

**INFORMATION REQUIRED IN REGISTRATION STATEMENT CROSS-REFERENCE SHEET BETWEEN INFORMATION STATEMENT
AND ITEMS OF FORM 10**

Certain information required to be included herein is incorporated by reference to specifically identified portions of the body of the information statement filed herewith as Exhibit 99.1. None of the information contained in the information statement shall be incorporated by reference herein or deemed to be a part hereof unless such information is specifically incorporated by reference.

Item 1. *Business.*

The information required by this item is contained under the sections of the information statement entitled “Information Statement Summary,” “Risk Factors,” “Cautionary Note Regarding Forward-Looking Statements,” “The Separation and Distribution,” “Business,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” “Certain Relationships and Related Party Transactions” and “Where You Can Find More Information.” Those sections are incorporated herein by reference.

Item 1A. *Risk Factors.*

The information required by this item is contained under the section of the information statement entitled “Risk Factors.” That section is incorporated herein by reference.

Item 2. *Financial Information.*

The information required by this item is contained under the sections of the information statement entitled “Capitalization,” “Unaudited Pro Forma Condensed Combined Financial Information,” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and “Index to Financial Statements” and the financial statements referenced therein. Those sections are incorporated herein by reference.

Item 3. *Properties.*

The information required by this item is contained under the section of the information statement entitled “Business.” That section is incorporated herein by reference.

Item 4. *Security Ownership of Certain Beneficial Owners and Management.*

The information required by this item is contained under the section of the information statement entitled “Security Ownership of Certain Beneficial Owners and Management.” That section is incorporated herein by reference.

Item 5. *Directors and Executive Officers.*

The information required by this item is contained under the sections of the information statement entitled “Management” and “Directors.” Those sections are incorporated herein by reference.

Item 6. *Executive Compensation.*

The information required by this item is contained under the sections of the information statement entitled “Executive Compensation” and “Director Compensation.” Those sections are incorporated herein by reference.

Item 7. *Certain Relationships and Related Transactions.*

The information required by this item is contained under the sections of the information statement entitled “Management,” “Directors” and “Certain Relationships and Related Party Transactions.” Those sections are incorporated herein by reference.

Item 8. *Legal Proceedings.*

The information required by this item is contained under the section of the information statement entitled “Business—Legal Proceedings.” That section is incorporated herein by reference.

Item 9. *Market Price of, and Dividends on, the Registrant’s Common Equity and Related Stockholder Matters.*

The information required by this item is contained under the sections of the information statement entitled “The Separation and Distribution,” “Dividend Policy,” “Capitalization,” and “Description of Capital Stock.” Those sections are incorporated herein by reference.

Item 10. *Recent Sales of Unregistered Securities.*

The information required by this item is contained under the sections of the information statement entitled “Description of Material Indebtedness” and “Description of Capital Stock—Sale of Unregistered Securities.” Those sections are incorporated herein by reference.

Item 11. *Description of Registrant’s Securities to be Registered.*

The information required by this item is contained under the sections of the information statement entitled “The Separation and Distribution” “Dividend Policy,” and “Description of Capital Stock.” Those sections are incorporated herein by reference.

Item 12. *Indemnification of Directors and Officers.*

The information required by this item is contained under the section of the information statement entitled “Description of Capital Stock.” That section is incorporated herein by reference.

Item 13. *Financial Statements and Supplementary Data.*

The information required by this item is contained under the section of the information statement entitled “Index to Financial Statements” and the financial statements referenced therein. That section is incorporated herein by reference.

Item 14. *Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.*

None.

Item 15. *Financial Statements and Exhibits.*

(a) Financial Statements and Schedule

The information required by this item is contained under the sections of the information statement entitled “Unaudited Pro Forma Condensed Combined Financial Information” and “Index to Financial Statements” and the financial statements referenced therein. Those sections are incorporated herein by reference.

(b) Exhibits

The following documents are filed as exhibits hereto:

Exhibit Number	Exhibit Description
2.1	Form of Separation and Distribution Agreement by and between XPO Logistics, Inc. and GXO Logistics, Inc.*
2.2	Form of Transition Services Agreement by and between XPO Logistics, Inc. and GXO Logistics, Inc.*
2.3	Form of Tax Matters Agreement by and between XPO Logistics, Inc. and GXO Logistics, Inc.*
2.3	Form of Employee Matters Agreement by and between XPO Logistics, Inc. and GXO Logistics, Inc.*
2.4	Form of Intellectual Property Cross-License Agreement by and between XPO Logistics, Inc. and GXO Logistics, Inc.*
3.1	Form of Amended and Restated Certificate of Incorporation of GXO Logistics, Inc.*
3.2	Form of Amended and Restated Bylaws of GXO Logistics, Inc.*
10.1	Form of GXO Logistics, Inc. 2021 Omnibus Incentive Plan
10.2	Form of Option Award Agreement under the GXO Logistics, Inc. 2021 Omnibus Incentive Compensation Plan
10.3	Form of GXO Logistics Inc. Severance Plan
10.4	Form of GXO Logistics Inc. Cash Long-Term Incentive Plan
10.5	Award Agreement under the XPO Logistics, Inc. Cash Long-Term Incentive Plan between XPO Logistics, Inc. and Malcolm Wilson, dated as of January 15, 2020
10.6	Award Agreement under the XPO Logistics, Inc. Cash Long-Term Incentive Plan between XPO Logistics, Inc. and Maryclaire Hammond dated as of January 15, 2020
10.7	Offer Letter between XPO Logistics Europe and Malcolm Wilson, dated as of May 14, 2021
10.8	Service Agreement between XPO Supply Chain UK Limited and Malcolm Wilson, dated as of May 14, 2021
10.9	Offer Letter between XPO Logistics, Inc. and Baris Oran, dated as of April 20, 2021
10.10	Offer Letter between XPO Logistics Europe and Maryclaire Hammond, dated as of May 14, 2021
10.11	Service Agreement between XPO Supply Chain UK Limited and Maryclaire Hammond, dated as of May 14, 2021
10.12	Pension Top Up Letter between XPO Logistics Europe and Maryclaire Hammond, dated as of May 11, 2021*
21.1	List of Subsidiaries*
99.1	Information Statement of GXO Logistics, Inc., preliminary and subject to completion, dated [_____], 2021

* To be filed by amendment.

SIGNATURES

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the registrant has duly caused this registration statement to be signed on its behalf by the undersigned, thereunto duly authorized.

GXO LOGISTICS, INC.

By: /s/ Baris Oran

Name: Baris Oran

Title: Chief Financial Officer

Date: June 9, 2021

**FORM OF
GXO LOGISTICS, INC.
2021 OMNIBUS INCENTIVE COMPENSATION PLAN**

SECTION 1. *Purpose.* The purpose of this GXO Logistics, Inc. 2021 Omnibus Incentive Compensation Plan (the “Plan”) is to promote the interests of the Company and its stockholders by (a) attracting and retaining exceptional directors, officers, employees and consultants (including prospective directors, officers, employees and consultants) of the Company (as defined below) and its Affiliates (as defined below) and (b) enabling such individuals to participate in the long-term growth and financial success of the Company.

SECTION 2. *Definitions.* As used herein, the following terms shall have the meanings set forth below:

“*Affiliate*” means (a) any entity that, directly or indirectly, is controlled by, controls or is under common control with, the Company and/or (b) any entity in which the Company has a significant equity interest, in each case, as determined by the Committee.

“*Assumed Spin-Off Award*” means an award granted to certain employees, consultants and directors of the Company, XPO Logistics, Inc. and their respective subsidiaries under an equity compensation plan maintained by XPO Logistics, Inc., which Award is assumed by the Company in connection with the Spin-Off, pursuant to the terms of the Employee Matters Agreement.

“*Award*” means any award that is permitted under SECTION 6 and was granted under the Plan, including an Assumed Spin-Off Award.

“*Award Agreement*” means any written or electronic agreement, contract or other instrument or document evidencing any Award, which may (but need not) require execution or acknowledgment by a Participant.

“*Applicable Exchange*” means the New York Stock Exchange LLC or any other national stock exchange or quotation system on which the Shares may be listed or quoted.

“*Board*” means the Board of Directors of the Company.

“*Cash Incentive Award*” means an Award (a) that is granted pursuant to SECTION 6(f) of the Plan, (b) that is settled in cash and (c) the value of which is set by the Committee and is not calculated by reference to the Fair Market Value of Shares.

“*Change of Control*” shall (a) have the meaning set forth in an Award Agreement; *provided, however*, that except in the case of a transaction described in subparagraph (b)(iii) below, any definition of Change of Control set forth in an Award Agreement shall provide that a Change of Control shall not occur until consummation or effectiveness of a change in control of the Company, rather than upon the announcement, commencement, stockholder approval or other potential occurrence of any event or transaction that, if completed, would result in a change in control of the Company, or (b) if there is no definition set forth in an Award Agreement, mean the occurrence of any of the following events:

(i) during any period, individuals who were directors of the Company on the first day of such period (the “*Incumbent Directors*”) cease for any reason to constitute a majority of the Board; *provided, however*, that any individual becoming a director subsequent to the first day of such period whose election, or nomination by the Board for election by the Company’s stockholders, was approved by a vote of at least a majority of the Incumbent Directors shall be considered as though such individual were an Incumbent Director, but excluding for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person (as defined below) other than the Board (including without limitation any settlement thereof);

(ii) the consummation of a merger, consolidation, statutory share exchange or similar form of corporate transaction (but not, for the avoidance of doubt, a sale of assets) involving the Company (each, a “*Reorganization*”) if such Reorganization requires the approval of the Company’s stockholders under the law of the Company’s jurisdiction of organization (whether such approval is required for such Reorganization or for the issuance of securities of the Company in such Reorganization), unless, immediately following such Reorganization, (1) individuals and entities who were the “*beneficial owners*” (as such term is defined in Rule 13d-3 under the Exchange Act (or a successor rule thereto)) of the securities eligible to vote for the election of the Board (“*Company Voting Securities*”) outstanding immediately prior to the consummation of such Reorganization continue to beneficially own, directly or indirectly, more than 50% of the combined voting power of the then outstanding voting securities of the corporation or other entity resulting from such Reorganization (including a corporation that, as a result of such transaction, owns the Company either directly or through one or more subsidiaries) (the “*Continuing Company*”) in substantially the same proportion as the voting power of such Company Voting Securities among the holders thereof immediately prior to the Reorganization (excluding, for such purposes, any outstanding voting securities of the Continuing Company that such beneficial owners hold immediately following the consummation of the Reorganization as a result of their ownership prior to such consummation of voting securities of any

corporation or other entity involved in or forming part of such Reorganization other than the Company), (2) no "person" (as such term is used in Section 13(d) of the Exchange Act) (each, a "Person") (excluding (x) any employee benefit plan (or related trust) sponsored or maintained by the Continuing Company or any corporation controlled by the Continuing Company and (y) any one or more Specified Stockholders) beneficially owns, directly or indirectly, 30% or more of the combined voting power of the then outstanding voting securities of the Continuing Company and (3) at least 50% of the members of the board of directors of the Continuing Company (or equivalent body) were Incumbent Directors at the time of the execution of the definitive agreement providing for such Reorganization or, in the absence of such an agreement, at the time at which approval of the Board was obtained for such Reorganization;

(iii) the stockholders of the Company approve a plan of complete liquidation or dissolution of the Company unless such liquidation or dissolution is part of a transaction or series of transactions described in paragraph (ii) above that does not otherwise constitute a Change of Control; or

(iv) any Person, corporation or other entity or "group" (as used in Section 14(d)(2) of the Exchange Act) (other than (A) the Company, (B) any trustee or other fiduciary holding securities under an employee benefit plan of the Company or an Affiliate, (C) any company owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of the voting power of the Company Voting Securities or (D) any one or more Specified Stockholders, including any group in which a Specified Stockholder is a member) becomes the beneficial owner, directly or indirectly, of securities of the Company representing 30% or more of the combined voting power of the Company Voting Securities; *provided, however,* that for purposes of this subparagraph (iv), the following acquisitions shall not constitute a Change of Control: (w) any acquisition directly from the Company, (x) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or an Affiliate, (y) any acquisition by an underwriter temporarily holding such Company Voting Securities pursuant to an offering of such securities or any acquisition by a pledgee of Company Voting Securities holding such securities as collateral or temporarily holding such securities upon foreclosure of the underlying obligation or (z) any acquisition pursuant to a Reorganization that does not constitute a Change of Control for purposes of subparagraph (ii) above.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, or any successor statute thereto, and the regulations promulgated thereunder.

"Committee" means the Compensation Committee of the Board or a subcommittee thereof, or such other committee of the Board as may be designated by the Board to administer the Plan.

"Company" means GXO Logistics, Inc., a corporation organized under the laws of Delaware, together with any successor thereto.

"Deferred Share Unit" means a deferred share unit Award that represents an unfunded and unsecured promise to deliver Shares in accordance with the terms of the applicable Award Agreement.

"Employee Matters Agreement" means the Employee Matters Agreement dated entered into between the Company and XPO Logistics, Inc. in connection with the Spin-Off.

"Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, or any successor statute thereto, and the regulations promulgated thereunder.

"Exercise Price" means (a) in the case of each Option, the price specified in the applicable Award Agreement as the price-per-Share at which Shares may be purchased pursuant to such Option or (b) in the case of each SAR, the price specified in the applicable Award Agreement as the reference price-per-Share used to calculate the amount payable to the applicable Participant pursuant to such SAR.

"Fair Market Value" means, except as otherwise provided in the applicable Award Agreement, (a) with respect to any property other than Shares, the fair market value of such property determined by such methods or procedures as shall be established from time to time by the Committee and (b) with respect to Shares as of any date, (i) the closing per-share sales price of the Shares as reported by the Applicable Exchange for such stock exchange for such date or if there were no sales on such date, on the closest preceding date on which there were sales of Shares or (ii) in the event there shall be no public market for the Shares on such date, the fair market value of the Shares as determined in good faith by the Committee.

"Incentive Stock Option" means an option to purchase Shares from the Company that (a) is granted under SECTION 6(b) of the Plan and (b) is intended to qualify for special Federal income tax treatment pursuant to Sections 421 and 422 of the Code, as now constituted or subsequently amended, or pursuant to a successor provision of the Code, and which is so designated in the applicable Award Agreement.

“Independent Director” means a member of the Board (a) who is neither an employee of the Company nor an employee of any Affiliate, and (b) who, at the time of acting, is a “Non-Employee Director” under Rule 16b-3.

“Nonqualified Stock Option” means an option to purchase Shares from the Company that (a) is granted under SECTION 6(b) of the Plan and (b) is not an Incentive Stock Option.

“Option” means an Incentive Stock Option or a Nonqualified Stock Option or both, as the context requires.

“Participant” means any director, officer, employee or consultant (including any prospective director, officer, employee or consultant) of the Company or its Affiliates who is eligible for an Award under SECTION 5 and who is selected by the Committee to receive an Award under the Plan or who receives a Substitute Award pursuant to SECTION 4(c) or an Assumed Spin-Off Award.

“Performance Criteria” means the criterion or criteria that the Committee shall select for purposes of establishing the Performance Goal(s) for a Performance Period with respect to any Performance Award, which may include: (A) share price, (B) net income, earnings or earnings before or after taxes (including earnings before interest and taxes or earnings before interest, taxes, depreciation and amortization) including, in each case, for the avoidance of doubt, on an adjusted basis, (C) operating income, profit, operating profit or economic profit, (D) capital efficiency, (E) cash flow (including specified types or categories thereof including, but not limited to, operating cash flow and free cash flow), (F) cash flow return on capital, (G) revenues (including specified types or categories thereof), (H) return on stockholders’ equity, (I) return on investment or capital, (J) return on assets, (K) gross or net profitability/profit margins, (L) objective measures of productivity or operating efficiency, (M) costs (including specified types or categories thereof), (N) budgeted expenses (operating and capital), (O) market share (in the aggregate or by segment), (P) level or amount of acquisitions (in terms of size, number of transactions or otherwise), (Q) economic value-added, (R), enterprise value, (S) book value, (T) working capital, (U) safety and accident rates, (V) days sales outstanding, (W) customer satisfaction, (X) overall or selected premium or sales, (Y) expense ratio, (Z) gross or unit margin, and (AA) total stockholder return.

“Performance Formula” means, for a Performance Period, the one or more objective formulas applied against the relevant Performance Goal to determine, with regard to the Performance Award of a particular Participant, whether all, some portion but less than all, or none of such Award has been earned for the Performance Period.

“Performance Goal” means, for a Performance Period, the one or more goals established by the Committee for the Performance Period based upon the Performance Criteria.

“Performance Period” means the one or more periods of time as the Committee may select over which the attainment of one or more Performance Goals shall be measured for the purpose of determining a Participant’s right to and the payment of a Performance Award.

“Performance Award” means an Award under SECTION 6(e) of the Plan that is subject to the achievement of Performance Goals, which value may be paid to the Participant by delivery of such property as the Committee shall determine, including without limitation, cash or Shares, or any combination thereof, upon achievement of such Performance Goals during the relevant Performance Period as the Committee shall establish at the time of such Award or thereafter.

“Restricted Share” means a Share that is granted under SECTION 6(d) of the Plan that is subject to certain transfer restrictions, forfeiture provisions and/or other terms and conditions specified herein and in the applicable Award Agreement.

“RSU” means a restricted stock unit Award that is granted under SECTION 6(d) of the Plan and is designated as such in the applicable Award Agreement and that represents an unfunded and unsecured promise to deliver Shares, cash, other securities, other Awards or other property in accordance with the terms of the applicable Award Agreement.

“Rule 16b-3” means Rule 16b-3 as promulgated and interpreted by the SEC under the Exchange Act or any successor rule or regulation thereto as in effect from time to time.

“SAR” means a stock appreciation right Award that is granted under SECTION 6(c) of the Plan and that represents an unfunded and unsecured promise to deliver Shares, cash, other securities, other Awards or other property equal in value to the excess, if any, of the Fair Market Value per Share over the Exercise Price per Share of the SAR, subject to the terms of the applicable Award Agreement.

“SEC” means the Securities and Exchange Commission or any successor thereto and shall include the staff thereof.

“Shares” means shares of common stock of the Company, [\$0.01] par value, or such other securities of the Company (a) into which such shares shall be changed by reason of a recapitalization, merger, consolidation, split-up, combination, exchange of shares or other similar transaction or (b) as may be determined by the Committee pursuant to SECTION 4(b).

“Specified Stockholder” means Bradley S. Jacobs, Jacobs Private Equity LLC and its Affiliates, or any other entity or organization controlled, directly or indirectly, by Bradley S. Jacobs.

“*Spin-Off*” means the distribution of the outstanding Shares to the stockholders of XPO Logistics, Inc. in 2021, pursuant to the Separation and Distribution Agreement between the Company and XPO Logistics, Inc. entered into in connection with such distribution.

“*Subsidiary*” means any entity in which the Company, directly or indirectly, possesses 50% or more of the total combined voting power of all classes of its stock.

“*Substitute Awards*” shall have the meaning specified in SECTION 4(c).

“*Treasury Regulations*” means all proposed, temporary and final regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

SECTION 3. *Administration.*

(a) *Composition of the Committee.* The Plan shall be administered by the Committee, which shall be composed of one or more directors, as determined by the Board; *provided* that, to the extent necessary to comply with the rules of the Applicable Exchange and Rule 16b3 and to satisfy any other applicable laws or rules, the Committee shall be composed of two or more directors, all of whom shall be Independent Directors and all of whom shall meet the independence requirements of the Applicable Exchange.

(b) *Authority of the Committee.* Subject to the terms of the Plan and applicable law, and in addition to the other express powers and authorizations conferred on the Committee by the Plan, the Committee shall have sole and plenary authority to administer the Plan, including the authority to (i) designate Participants, (ii) determine the type or types of Awards to be granted to a Participant, (iii) determine the number of Shares to be covered by, or with respect to which payments, rights or other matters are to be calculated in connection with, Awards, (iv) determine the terms and conditions of any Awards, (v) determine the vesting schedules of Awards and, if certain performance criteria must be attained in order for an Award to vest or be settled or paid, establish such performance criteria and certify whether, and to what extent, such performance criteria have been attained, (vi) determine whether, to what extent and under what circumstances Awards may be settled or exercised in cash, Shares, other securities, other Awards or other property, or canceled, forfeited or suspended and the method or methods by which Awards may be settled, exercised, canceled, forfeited or suspended, (vii) determine whether, to what extent and under what circumstances cash, Shares, other securities, other Awards, other property and other amounts payable with respect to an Award shall be deferred either automatically or at the election of the holder thereof or of the Committee, (viii) interpret, administer, reconcile any inconsistency in, correct any default in and/or supply any omission in, the Plan and any instrument or agreement relating to, or Award made under, the Plan, (ix) establish, amend, suspend or waive such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan, (x) accelerate the vesting or exercisability of, payment for or lapse of restrictions on, Awards, (xi) amend an outstanding Award or grant a replacement Award for an Award previously granted under the Plan if, in its sole discretion, the Committee determines that (A) the tax consequences of such Award to the Company or the Participant differ from those consequences that were expected to occur on the date the Award was granted or (B) clarifications or interpretations of, or changes to, tax law or regulations permit Awards to be granted that have more favorable tax consequences than initially anticipated and (xii) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan.

(c) *Committee Decisions.* Unless otherwise expressly provided in the Plan, all designations, determinations, interpretations and other decisions under or with respect to the Plan or any Award shall be within the sole and plenary discretion of the Committee, may be made at any time and shall be final, conclusive and binding upon all Persons, including the Company, any Affiliate, any Participant, any holder or beneficiary of any Award and any stockholder.

(d) *Indemnification.* No member of the Board, the Committee or any employee of the Company (each such person, a “*Covered Person*”) shall be liable for any action taken or omitted to be taken or any determination made in good faith with respect to the Plan or any Award. Each Covered Person shall be indemnified and held harmless by the Company from and against (i) any loss, cost, liability or expense (including attorneys’ fees) that may be imposed upon or incurred by such Covered Person in connection with or resulting from any action, suit or proceeding to which such Covered Person may be a party or in which such Covered Person may be involved by reason of any action taken or omitted to be taken under the Plan or any Award Agreement and (ii) any and all amounts paid by such Covered Person, with the Company’s approval, in settlement thereof, or paid by such Covered Person in satisfaction of any judgment in any such action, suit or proceeding against such Covered Person; *provided* that the Company shall have the right, at its own expense, to assume and defend any such action, suit or proceeding, and, once the Company gives notice of its intent to assume the defense, the Company shall have sole control over such defense with counsel of the Company’s choice. The foregoing right of indemnification shall not be available to a Covered Person to the extent that a court of competent jurisdiction in a final judgment or other final adjudication, in either case not subject to further appeal, determines that the acts or omissions of such Covered Person giving rise to the indemnification claim resulted from such Covered Person’s bad faith, fraud or

willful criminal act or omission or that such right of indemnification is otherwise prohibited by law or by the Company's Restated Certificate of Incorporation or Amended and Restated Bylaws, in each case, as may be amended from time to time. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which Covered Persons may be entitled under the Company's Restated Certificate of Incorporation or Amended and Restated Bylaws, as a matter of law, or otherwise, or any other power that the Company may have to indemnify such persons or hold them harmless.

(e) *Delegation of Authority to Officers.* The Committee may delegate, on such terms and conditions as it determines in its sole and plenary discretion, to one or more officers of the Company the authority to make grants of Awards to officers (other than any officer subject to Section 16 of the Exchange Act), employees and consultants of the Company and its Affiliates (including any prospective officer (other than any such officer who is expected to be subject to Section 16 of the Exchange Act), employee or consultant) and all necessary and appropriate decisions and determinations with respect thereto.

(f) *Awards to Non-Employee Directors.* Notwithstanding anything to the contrary contained herein, the Board may, in its sole and plenary discretion, at any time and from time to time, grant Awards to non-employee directors or administer the Plan with respect to such Awards. In any such case, the Board shall have all the authority and responsibility granted to the Committee herein.

SECTION 4. *Shares Available for Awards; Cash Payable Pursuant to Awards.*

(a) *Shares and Cash Available.* Subject to adjustment as provided in SECTION 4(b), the maximum aggregate number of Shares that may be delivered pursuant to Awards granted under the Plan shall be equal to [●], which includes Shares subject to all Assumed Spin-Off Awards (the "Plan Share Limit"), of which [●] Shares may be delivered pursuant to Incentive Stock Options granted under the Plan (such amount, the "Plan ISO Limit"). If, after the effective date of the Plan, any Award is forfeited (or otherwise expires, terminates or is canceled without the delivery of all Shares subject thereto), then, in any such case, any number of Shares subject to such Award that were not issued with respect to such Award shall not be treated as issued for purposes of reducing the Plan Share Limit. Notwithstanding the foregoing and for the avoidance of doubt, if Shares issued upon exercise, vesting or settlement of an Award are, or Shares owned by a Participant are, surrendered or tendered to the Company in payment of the Exercise Price of an Award (including any SAR) or any taxes required to be withheld in respect of an Award or if any Award based on the Fair Market Value of a Share is settled other than wholly by delivery of Shares (including cash settlement), in any such case, in accordance with the terms and conditions of the Plan and any applicable Award Agreement, such surrendered or tendered Shares or Awards not settled with Shares shall *not* again become available to be delivered pursuant to Awards under the Plan or increase the Plan ISO Limit. The maximum value of Shares available to be granted pursuant to Awards to any non-employee director under the Plan in any fiscal year of the Company shall be equal to \$[●] as of the applicable date of grant. None of the foregoing limitations in this Section 4(a) shall apply to Assumed Spin-Off Awards.

(b) *Adjustments for Changes in Capitalization and Similar Events.*

(i) In the event of any extraordinary dividend or other extraordinary distribution (whether in the form of cash, Shares, other securities or other property), recapitalization, rights offering, stock split, reverse stock split, split-up or spin-off, the Committee shall equitably adjust any or all of (A) the number of Shares or other securities of the Company (or number and kind of other securities or property) with respect to which Awards may be granted, including (1) the Plan Share Limit, and (2) the Plan ISO Limit, and (B) the terms of any outstanding Award, including (1) the number of Shares or other securities of the Company (or number and kind of other securities or property) subject to outstanding Awards or to which outstanding Awards relate and (2) the Exercise Price, if applicable, with respect to any Award; *provided, however*, that the Committee shall determine the method and manner in which to effect such equitable adjustment.

(ii) In the event that the Committee determines that any reorganization, merger, consolidation, combination, repurchase or exchange of Shares or other securities of the Company, issuance of warrants or other rights to purchase Shares or other securities of the Company, or other similar corporate transaction or event affects the Shares (including any Change of Control) such that an adjustment is determined by the Committee in its discretion to be appropriate or desirable, then the Committee may (A) in such manner as it may deem appropriate or desirable, equitably adjust any or all of (1) the number of Shares or other securities of the Company (or number and kind of other securities or property) with respect to which Awards may be granted, including (W) the Plan Share Limit, and (X) the Plan ISO Limit, and (2) the terms of any outstanding Award, including (X) the number of Shares or other securities of the Company (or number and kind of other securities or property) subject to outstanding Awards or to which outstanding Awards relate and (Y) the Exercise Price, if applicable, with respect to any Award, (B) if deemed appropriate or desirable by the Committee, make provision for a cash payment to the holder of an outstanding Award

in consideration for the cancelation of such Award, including, in the case of an outstanding Option or SAR, a cash payment to the holder of such Option or SAR

in consideration for the cancelation of such Option or SAR in an amount equal to the excess, if any, of the Fair Market Value (as of a date specified by the Committee) of the Shares subject to such Option or SAR over the aggregate Exercise Price of such Option or SAR and (C) if deemed appropriate or desirable by the Committee, cancel and terminate any Option or SAR having a perShare Exercise Price equal to, or in excess of, the Fair Market Value of a Share subject to such Option or SAR without any payment or consideration therefor.

(c) *Substitute Awards.* Awards may, in the discretion of the Committee, be granted under the Plan in assumption of, or in substitution for, outstanding awards previously granted by the Company or any of its Affiliates or a company acquired by the Company or any of its Affiliates or with which the Company or any of its Affiliates combines (“*Substitute Awards*”); *provided, however*, that in no event may any Substitute Award be granted in a manner that would violate the prohibitions on repricing of Options and SARs, as set forth in clauses (i), (ii) and (iii) of SECTION 7(b). The number of Shares underlying any Substitute Awards shall be counted against the Plan Share Limit; *provided, however*, that Substitute Awards issued in connection with the assumption of, or in substitution for, outstanding awards previously granted by an entity that is acquired by the Company or any of its Affiliates or with which the Company or any of its Affiliates combines shall not be counted against the Plan Share Limit; *provided further, however*, that Substitute Awards issued in connection with the assumption of, or in substitution for, outstanding stock options intended to qualify for special tax treatment under Sections 421 and 422 of the Code that were previously granted by an entity that is acquired by the Company or any of its Affiliates or with which the Company or any of its Affiliates combines shall be counted against the maximum aggregate number of Shares available for Incentive Stock Options under the Plan.

(d) *Sources of Shares Deliverable Under Awards.* Any Shares delivered pursuant to an Award may consist, in whole or in part, of authorized and unissued Shares or of treasury Shares.

SECTION 5. *Eligibility.* Any director, officer, employee or consultant (including any prospective director, officer, employee or consultant) of the Company or any of its Affiliates shall be eligible to be designated a Participant.

SECTION 6. *Awards.*

(a) *Types of Awards.* Awards may be made under the Plan in the form of (i) Options, (ii) SARs, (iii) Restricted Shares, (iv) RSUs, (v) Deferred Share Units, (vi) Performance Awards (vii) Cash Incentive Awards and (viii) other equity-based or equity-related Awards that the Committee determines are consistent with the purpose of the Plan and the interests of the Company. Awards may be granted in tandem with other Awards. No Incentive Stock Option (other than an Incentive Stock Option that may be assumed or issued by the Company in connection with a transaction to which Section 424(a) of the Code applies) may be granted to a person who is ineligible to receive an Incentive Stock Option under the Code.

(b) *Options.*

(i) *Grant.* Subject to the provisions of the Plan, the Committee shall have sole and plenary authority to determine (A) the Participants to whom Options shall be granted, (B) subject to SECTION 4(a), the number of Shares subject to each Option to be granted to each Participant, (C) whether each Option shall be an Incentive Stock Option or a Nonqualified Stock Option and (D) the terms and conditions of each Option, including the vesting criteria, term, methods of exercise and methods and form of settlement. In the case of Incentive Stock Options, the terms and conditions of such grants shall be subject to and comply with such rules as may be prescribed by Section 422 of the Code and any regulations related thereto, as may be amended from time to time. Each Option granted under the Plan shall be a Nonqualified Stock Option unless the applicable Award Agreement expressly states that the Option is intended to be an Incentive Stock Option. If an Option is intended to be an Incentive Stock Option, and if, for any reason, such Option (or any portion thereof) shall not qualify as an Incentive Stock Option, then, to the extent of such nonqualification, such Option (or portion thereof) shall be regarded as a Nonqualified Stock Option appropriately granted under the Plan; *provided* that such Option (or portion thereof) otherwise complies with the Plan’s requirements relating to Nonqualified Stock Options.

(ii) *Exercise Price.* The Exercise Price of each Share covered by each Option shall be not less than 100% of the Fair Market Value of such Share (determined as of the date the Option is granted); *provided, however*, in the case of each Incentive Stock Option granted to an employee who, at the time of the grant of such Option, owns stock representing more than 10% of the voting power of all classes of stock of the Company or any Affiliate, the per-Share Exercise Price shall be no less than 110% of the Fair Market Value per Share on the date of the grant.

(iii) *Vesting and Exercise.* Subject to Section 6(i), each Option shall be vested and exercisable at such times, in such manner and subject to such terms and conditions as the Committee may, in its sole and plenary discretion, specify in the applicable Award Agreement or thereafter. Except as otherwise specified by the Committee in the applicable Award Agreement, each Option may only be exercised to the extent that it has already vested at the time of exercise. Each Option shall be deemed to be exercised when written or electronic notice of such exercise has been given to the Company in accordance with the terms of the Award by the person entitled to exercise the Award and full payment

pursuant to SECTION 6(b)(iv) for the Shares with respect to which the Award is exercised has been received by the Company. Exercise of each Option in any manner shall result in a decrease in the number of Shares that thereafter may be available for sale under the Option and, except as expressly set forth in SECTION 4(a) and SECTION 4(c), in the number of Shares that may be available for purposes of the Plan, by the number of Shares as to which the Option is exercised. The Committee may impose such conditions with respect to the exercise of each Option, including any conditions relating to the application of Federal or state securities laws, as it may deem necessary or advisable.

(iv) *Payment.*

(A) No Shares shall be delivered pursuant to any exercise of an Option until payment in full of the aggregate Exercise Price therefor is received by the Company, and the Participant has paid to the Company (or the Company has withheld in accordance with SECTION 9(d)) an amount equal to any Federal, state, local and foreign income and employment taxes required to be withheld. Such payments may be made in cash (or its equivalent) or, in the Committee's sole and plenary discretion, (1) by exchanging Shares owned by the Participant (which are not the subject of any pledge or other security interest), (2) if there shall be a public market for the Shares at such time, subject to such rules as may be established by the Committee, through delivery of irrevocable instructions to a broker to sell the Shares otherwise deliverable upon the exercise of the Option and to deliver cash promptly to the Company, (3) by having the Company withhold Shares from the Shares otherwise issuable pursuant to the exercise of the Option or (4) through any other method (or combination of methods) as approved by the Committee; *provided* that the combined value of all cash and cash equivalents and the Fair Market Value of any such Shares so tendered to the Company, together with any Shares withheld by the Company in accordance with this SECTION 6(b)(iv) or SECTION 9(d), as of the date of such tender, is at least equal to such aggregate Exercise Price and the amount of any Federal, state, local or foreign income or employment taxes required to be withheld, if applicable.

(B) Wherever in the Plan or any Award Agreement a Participant is permitted to pay the Exercise Price of an Option or taxes relating to the exercise of an Option by delivering Shares, the Participant may, subject to procedures satisfactory to the Committee, satisfy such delivery requirement by presenting proof of beneficial ownership of such Shares, in which case the Company shall treat the Option as exercised without further payment and shall withhold such number of Shares from the Shares acquired by the exercise of the Option.

(v) *Expiration.* Except as otherwise set forth in the applicable Award Agreement, each Option shall expire immediately, without any payment, upon the earlier of (A) the tenth anniversary of the date the Option is granted (or, in the case of each Incentive Stock Option granted to an employee who, at the time of the grant of such Option, owns stock representing more than 10% of the voting power of all classes of stock of the Company or any Affiliate, the fifth anniversary of the date the Option is granted) and (B) three months after the date the Participant who is holding the Option ceases to be a director, officer, employee or consultant of the Company or one of its Affiliates. In no event may an Option be exercisable after the tenth anniversary of the date the Option is granted.

(c) *SARs.*

(i) *Grant.* Subject to the provisions of the Plan, the Committee shall have sole and plenary authority to determine (A) the Participants to whom SARs shall be granted, (B) subject to SECTION 4(a), the number of SARs to be granted to each Participant, (C) the Exercise Price thereof and (D) the conditions and limitations applicable to the exercise thereof.

(ii) *Exercise Price.* The Exercise Price of each Share covered by a SAR shall be not less than 100% of the Fair Market Value of such Share (determined as of the date the SAR is granted).

(iii) *Vesting and Exercise.* Each SAR shall entitle the Participant to receive an amount upon exercise equal to the excess, if any, of the Fair Market Value of a Share on the date of exercise of the SAR over the Exercise Price thereof. The Committee shall determine, in its sole and plenary discretion, whether a SAR shall be settled in cash, Shares, other securities, other Awards, other property or a combination of any of the foregoing. Subject to

Section 6(i), each SAR shall be vested and exercisable at such times, in such manner and subject to such terms and conditions as the Committee may, in its discretion, specify in the applicable Award Agreement or thereafter.

(iv) *Other Terms and Conditions.* Subject to the terms of the Plan and any applicable Award Agreement, the Committee shall determine, at or after the grant of a SAR, the vesting criteria, term, methods of exercise, methods and form of settlement and any other terms and conditions of any SAR; *provided, however*, that in no event may any SAR be exercisable after the tenth anniversary of the date the SAR is granted. Any determination by the Committee that is made pursuant to this SECTION 6(c)(iv) may be changed by the Committee from time to time and may govern the exercise of SARs granted or exercised thereafter.

(v) *Substitution SARs.* The Committee shall have the ability to substitute, without the consent of the affected Participant or any holder or beneficiary of SARs, SARs settled in Shares (or SARs settled in Shares or cash in the Committee's discretion) ("*Substitution SARs*") for outstanding Nonqualified Stock Options ("*Substituted Options*"); *provided that* (A) the substitution shall not otherwise result in a modification of the terms of any Substituted Option, (B) the number of Shares underlying the Substitution SARs shall be the same as the number of Shares underlying the Substituted Options and (C) the Exercise Price of the Substitution SARs shall be equal to the Exercise Price of the Substituted Options. If, in the opinion of the Company's auditors, this provision creates adverse accounting consequences for the Company, it shall be considered null and void.

(vi) *Expiration.* Except as otherwise set forth in the applicable Award Agreement, each SAR shall expire immediately, without any payment, upon the earlier of (A) the tenth anniversary of the date the SAR is granted and (B) three months after the date the Participant who is holding the SAR ceases to be a director, officer, employee or consultant of the Company or one of its Affiliates. In no event may a SAR be exercisable after the tenth anniversary of the date the SAR is granted.

(d) *Restricted Shares and RSUs.*

(i) *Grant.* Subject to the provisions of the Plan, the Committee shall have sole and plenary authority to determine (A) the Participants to whom Restricted Shares and RSUs shall be granted, (B) subject to SECTION 4(a), the number of Restricted Shares and RSUs to be granted to each Participant, (C) the duration of the period during which, and the conditions, if any, under which, the Restricted Shares and RSUs may vest or may be forfeited to the Company and (D) the terms and conditions of each such Award, including the vesting criteria, term, methods of exercise and methods and form of settlement.

(ii) *Transfer Restrictions.* Restricted Shares and RSUs may not be sold, assigned, transferred, pledged or otherwise encumbered except as provided in the Plan or as may be provided in the applicable Award Agreement; *provided, however*, that the Committee may in its discretion, determine that Restricted Shares and RSUs may be transferred by the Participant for no consideration. Each Restricted Share may be evidenced in such manner as the Committee shall determine. If certificates representing Restricted Shares are registered in the name of the applicable Participant, such certificates must bear an appropriate legend referring to the terms, conditions and restrictions applicable to such Restricted Shares, and the Company may, at its discretion, retain physical possession of such certificates until such time as all applicable restrictions lapse.

(iii) *Payment/Lapse of Restrictions.* Each RSU shall be granted with respect to a specified number of Shares (or a number of Shares determined pursuant to a specified formula) or shall have a value equal to the Fair Market Value of a specified number of Shares (or a number of Shares determined pursuant to a specified formula). RSUs shall be paid in cash, Shares, other securities, other Awards or other property, as determined in the sole and plenary discretion of the Committee, upon the lapse of restrictions applicable thereto, or otherwise in accordance with the applicable Award Agreement.

(e) *Performance Awards.*

(i) *Grant.* Subject to the provisions of the Plan, the Committee shall have sole and plenary authority to determine the Participants to whom Performance Awards shall be granted.

(ii) *Performance Goals.* The Committee shall set Performance Goals in its discretion which, depending on the extent to which they are met during a Performance Period, will determine in accordance with SECTION 4(a) the number of Shares and/or amount of cash or other property that will be paid out to the Participant pursuant to the Performance Award.

(iii) *Earning of Performance Awards.* Subject to the provisions of the Plan, after the applicable Performance Period has ended, the holder of Performance Awards shall be entitled to receive, subject to the terms and conditions of, and at the times specified in, the applicable Award Agreement, a payout of the Shares, cash or other property earned by the Participant over the Performance Period pursuant to the Performance Award, to be determined by the Committee, in its sole and plenary discretion, as a function of the extent to which the corresponding Performance Goals have been achieved.

(iv) *Form and Timing of Payment of Performance Awards.* Subject to the provisions of the Plan, the Committee, in its sole and plenary discretion, may pay earned Performance Awards in the form of Shares, cash or other property (or in a combination thereof) that have an aggregate Fair Market Value equal to the value of the earned Performance Awards at the close of the applicable Performance Period. Such Shares may be granted subject to any restrictions in the applicable Award Agreement deemed appropriate by the Committee. The determination of the Committee with respect to the form and timing of payout of such Awards shall be set forth in the applicable Award Agreement.

(f) *Cash Incentive Awards.*

(i) *Grant.* Subject to the provisions of the Plan, the Committee, in its sole and plenary discretion, shall have the authority to determine (A) the Participants to whom Cash Incentive Awards shall be granted, (B) subject to SECTION 4(a), the number of Cash Incentive Awards to be granted to each Participant, (C) the duration of the period during which, and the conditions, if any, under which, the Cash Incentive Awards may vest or may be forfeited to the Company and (D) the other terms and conditions of the Cash Incentive Awards. Each Cash Incentive Award shall have an initial value that is established by the Committee at the time of grant. The Committee shall set performance goals or other payment conditions in its discretion, which, depending on the extent to which they are met during a specified performance period, shall determine the number and/or value of Cash Incentive Awards that shall be paid to the Participant.

(ii) *Earning of Cash Incentive Awards.* Subject to the provisions of the Plan, after the applicable vesting period has ended, the holder of Cash Incentive Awards shall be entitled to receive a payout of the number and value of Cash Incentive Awards earned by the Participant over the specified performance period, to be determined by the Committee, in its sole and plenary discretion, as a function of the extent to which the corresponding performance goals or other conditions to payment have been achieved.

(g) *Other Stock-Based Awards.* Subject to the provisions of the Plan, the Committee shall have the sole and plenary authority to grant to Participants other equity-based or equity-related Awards (including, but not limited to, Deferred Share Units and fully vested Shares) (whether payable in cash, equity or otherwise) in such amounts and subject to such terms and conditions as the Committee shall determine; *provided* that any such Awards must comply, to the extent deemed desirable by the Committee, with Rule 16b-3 and applicable law.

(h) *Dividends and Dividend Equivalents.* In the sole and plenary discretion of the Committee, an Award, other than an Option or SAR or a Cash Incentive Award, may provide the Participant with dividends or dividend equivalents, payable in cash, Shares, other securities, other Awards or other property, on such terms and conditions as may be determined by the Committee in its sole and plenary discretion, including, (i) payment directly to the Participant, or (ii) reinvestment in additional Shares, Restricted Shares or other Awards; *provided*, however, that no dividend or dividend equivalent may be delivered or paid in respect of an Award prior to the vesting of such Award.

(i) *Minimum Vesting Provision.* All Awards granted hereunder shall be subject to a designated vesting period of at least one year following the date of grant, except that (A) up to five percent of shares available for grant under the Plan and (B) the Assumed Spin-Off Awards may be granted without regard to this requirement.

SECTION 7. *Amendment and Termination.*

(a) *Amendments to the Plan.* Subject to any applicable law or government regulation and to the rules of the Applicable Exchange, the Plan may be amended, modified or terminated by the Board without the approval of the stockholders of the Company, except that stockholder approval shall be required for any amendment that would (i) increase the Plan Share Limit or the Plan ISO Limit, (ii) change the class of employees or other individuals eligible to participate in the Plan, (iii) constitute a material increase in the benefits to be provided to eligible employees within the meaning of the New York Stock Exchange rules as of the date hereof, or (iv) result in the amendment, cancellation or action described in clause (i), (ii) or (iii) of the second sentence of SECTION 7(b) being permitted without approval by the Company's stockholders; *provided, however*, that any adjustment under SECTION 4(b) shall not constitute an increase for purposes of SECTION 7(a)(i). No amendment, modification or termination of the Plan may, without the consent of the Participant to whom any Award shall theretofore have been granted, materially and adversely affect the rights of such Participant (or his or her transferee) under such Award, unless otherwise provided by the Committee in the applicable Award Agreement.

(b) *Amendments to Awards.* The Committee may waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate any Award theretofore granted, prospectively or retroactively;

provided, however, that, except as set forth in the Plan, unless otherwise provided by the Committee in the applicable Award Agreement, any such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination that would materially and adversely impair the rights of any Participant or any holder or beneficiary of any Award theretofore granted shall not to that extent be effective without the consent of the applicable Participant, holder or beneficiary. Notwithstanding the preceding sentence, in no event may any Option or SAR (i) be amended to decrease the Exercise Price thereof, (ii) be cancelled at a time when its Exercise Price exceeds the Fair Market Value of the underlying Shares in exchange for another Option or SAR or any Restricted Share, RSU, other equity-based Award, award under any other equity-compensation plan or any cash payment or (iii) be subject to any action that would be treated, for accounting purposes, as a "repricing" of such Option or SAR, unless such amendment, cancellation or action is approved by the Company's stockholders. For the avoidance of doubt, an adjustment to the Exercise Price of an Option or SAR that is made in accordance with SECTION 4(b) or SECTION 8 shall not be considered a reduction in Exercise Price or "repricing" of such Option or SAR.

(c) *Adjustment of Awards Upon the Occurrence of Certain Unusual or Nonrecurring Events.* Subject to the final sentence of SECTION 7(b), the Committee is hereby authorized to make adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of unusual or nonrecurring events (including, without limitation, the events described in SECTION 4(b) or the occurrence of a Change of Control) affecting the Company, any Affiliate, or the financial statements of the Company or any Affiliate, or of changes in applicable rules, rulings, regulations or other requirements of any governmental body or securities exchange, accounting principles or law (i) whenever the Committee, in its sole and plenary discretion, determines that such adjustments are appropriate or desirable, including, without limitation, providing for a substitution or assumption of Awards, accelerating the exercisability of, lapse of restrictions on, or termination of, Awards or providing for a period of time for exercise prior to the occurrence of such event, (ii) if deemed appropriate or desirable by the Committee, in its sole and plenary discretion, by providing for a cash payment to the holder of an Award in consideration for the cancellation of such Award, including, in the case of an outstanding Option or SAR, a cash payment to the holder of such Option or SAR in consideration for the cancellation of such Option or SAR in an amount equal to the excess, if any, of the Fair Market Value (as of a date specified by the Committee) of the Shares subject to such Option or SAR over the aggregate Exercise Price of such Option or SAR and (iii) if deemed appropriate or desirable by the Committee, in its sole and plenary discretion, by canceling and terminating any Option or SAR having a perShare Exercise Price equal to, or in excess of, the Fair Market Value of a Share subject to such Option or SAR without any payment or consideration therefor.

SECTION 8. *Change of Control.*

(a) *General.* The provisions of this Section 8 shall, subject to Section 4(b), apply notwithstanding any other provision of the Plan to the contrary, except to the extent the Committee specifically provides otherwise in an Award Agreement.

(b) *Impact of Change of Control.* Upon the occurrence of a Change of Control, except as otherwise provided in Section 8(e), each Award shall be replaced pursuant to Section 4(b) with an award that meets the requirements of this Section 8(b) (any award meeting the requirements of this Section 8(b), a "Replacement Award" and any award intended to be replaced by a Replacement Award, a "Replaced Award"). An Award shall meet the conditions of this Section 8(b) (and hence qualify as a Replacement Award) if: (i) it is of the same type as the Replaced Award; (ii) it has a value equal to the value of the Replaced Award as of the date of the Change of Control; (iii) if the underlying Replaced Award was an equity-based award, it relates to publicly traded equity securities of the Company or the entity surviving the Company following the Change of Control; (iv) it contains terms relating to vesting (including with respect to a termination of employment or service) that are substantially identical to those of the Replaced Award; and (v) its other terms and conditions are not less favorable to the Participant than the terms and conditions of the Replaced Award (including the provisions that would apply in the event of a subsequent Change of Control) as of the date of the Change of Control. Without limiting the generality of the foregoing, a Replacement Award may take the form of a continuation of the applicable Replaced Award if the requirements of the preceding sentence are satisfied. If a Replacement Award is granted, the Replaced Award shall not vest upon the Change of Control. The determination whether the conditions of this Section 8(b) are satisfied shall be made by the Committee, as constituted immediately before the Change of Control, in its sole discretion.

(c) *Termination of Employment.* Upon a termination of employment or service of a Participant occurring upon or during the two years immediately following the date of a Change of Control by reason of death, disability, by the Company without Cause (as defined in Section 8(d)), or, only to the extent specified in an Award Agreement, by the Participant for "Good Reason" (as defined in Section 8(d)), (i) all Replacement Awards held by such Participant shall vest in full, be free of restrictions, and be earned in an amount equal to the full value of such Replacement Award, and (ii) unless otherwise provided in the applicable Award Agreement, notwithstanding any other provision of the Plan to the contrary, any Option or SAR held by the Participant as of the date of the Change of Control that remains outstanding as of the date of such

termination of employment or service may thereafter be exercised, until (A) in the case of Incentive Stock Options, the last date on which such Incentive Stock Options would be exercisable in the absence of this Section 8(c), and (B) in the case of Nonqualified Stock Options and SARs, the later of (x) the last date on which such Nonqualified Stock Option or SAR would be exercisable upon the relevant termination of employment in the absence of this Section 8(c) and (y) the earlier of (1) the first anniversary of such termination of employment or service and (2) expiration of the term of such Nonqualified Stock Option or SAR.

(d) *Definitions.* The following terms shall have the following meanings for purposes of this Section 8 only:

(i) Unless otherwise determined by the Committee and set forth in an applicable Award Agreement, “Cause” shall mean (A) the Participant’s dereliction of duties or gross negligence or failure to perform his duties or refusal to follow any lawful directive of the officer to whom he reports; (B) the Participant’s abuse of or dependency on alcohol or drugs (illicit or otherwise) that adversely affects his performance of duties for the Company; (C) the Participant’s commission of any fraud, embezzlement, theft or dishonesty or any deliberate misappropriation of money or other assets of the Company; (D) the Participant’s breach of any fiduciary duties of the Company; (E) any act, or failure to act, by the Participant in bad faith to the detriment of the Company; (F) the Participant’s failure to cooperate in good faith with a governmental or internal investigation of the Company or any of its directors, managers, officers or employees, if the Company requests the Participant’s cooperation; (G) the Participant’s failure to follow Company policies, including the Company’s code of conduct and/or ethics policy, as may be in effect from time to time; or (H) the Participant’s conviction of, or plea of *nolo contendere* to, a felony or any serious crime; *provided* that in cases where cure is possible, the Participant shall first be provided with a 15-day cure period.

(ii) Unless otherwise determined by the Committee and set forth in an applicable Award Agreement, “Good Reason” shall mean (A) a material breach by the Company of the Participant’s applicable Award Agreement or (B) a reduction in the Participant’s base salary; *provided* that the Company shall first be provided with a 30-day cure period following receipt of written notice from the Participant setting forth in reasonable detail the specific conduct of the Company that is alleged to constitute Good Reason, to cease and to cure, any conduct specified in such written notice; *provided, further*, that such notice shall be provided to the Company within 45 days of the occurrence of the conduct alleged to constitute Good Reason and if, at the end of the cure period, the circumstance alleged to constitute Good Reason has not been remedied the Participant will be entitled to terminate his employment for Good Reason during the 30-day period that follows the end of the cure period. If the Participant does not terminate employment or service during such 30-day period, he will not be permitted to terminate his employment for Good Reason as a result of such event or condition.

(e) *Awards not Replaced.* Notwithstanding the foregoing, unless otherwise provided in the applicable Award Agreement, in the event that an Award shall not be replaced pursuant to Section 4(b) with a Replacement Award meeting the requirements of Section 8(b), any such Award that is (i) an outstanding Option or SAR then held by a Participant that is unexercisable or otherwise unvested shall automatically become exercisable or otherwise vested, as the case may be, as of immediately prior to the Change of Control, (ii) a Cash Incentive Award or a Performance Award shall be paid out as if the date of the Change of Control were the last day of the applicable Performance Period and “target” performance levels had been attained and (iii) not described in clause (i) or (ii) of this Section 8(e) then held by a Participant that is unexercisable, unvested or still subject to restrictions or forfeiture, shall automatically be exercisable and vested and all restrictions and forfeiture provisions related thereto shall lapse as of immediately prior to such Change of Control. Notwithstanding the foregoing, if any Award is subject to Section 409A of the Code, this Section 8 shall be applicable only to the extent specifically provided in the Award Agreement and permitted pursuant to Section 11(e). Nothing in this Section 8 shall preclude the Company from settling upon a Change of Control an Award if it is not replaced by a Replacement Award, to the extent effectuated in accordance with Treas. Reg. § 1.409A-3(j)(ix).

SECTION 9. *General Provisions.*

(a) *Nontransferability.* Except as otherwise specified in the applicable Award Agreement, during the Participant’s lifetime each Award (and any rights and obligations thereunder) shall be exercisable only by the Participant, or, if permissible under applicable law, by the Participant’s legal guardian or representative, and no Award (or any rights and obligations thereunder) may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by a Participant otherwise than by will or by the laws of descent and distribution, and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company or any Affiliate; *provided* that (i) the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance and (ii) the Board or the Committee may permit further transferability, on a general or specific basis, and may impose conditions and limitations on any permitted transferability; *provided, however*, that Incentive Stock Options shall not be transferable in any way that would violate Section 1.422-2(a)(2) of the Treasury Regulations and in no event may any Award (or any rights and obligations thereunder) be transferred in any way in

exchange for value. All terms and conditions of the Plan and all Award Agreements shall be binding upon any permitted successors and assigns.

(b) *No Rights to Awards.* No Participant or other Person shall have any claim to be granted any Award, and there is no obligation for uniformity of treatment of Participants or holders or beneficiaries of Awards. The terms and conditions of Awards and the Committee's determinations and interpretations with respect thereto need not be the same with respect to each Participant and may be made selectively among Participants, whether or not such Participants are similarly situated.

(c) *Share Certificates.* All certificates for Shares or other securities of the Company or any Affiliate delivered under the Plan pursuant to any Award or the exercise thereof shall be subject to such stop transfer orders and other restrictions as the Committee may deem advisable under the Plan, the applicable Award Agreement or the rules, regulations and other requirements of the SEC, the Applicable Exchange and any applicable Federal or state laws, and the Committee may cause a legend or legends to be put on any such certificates to make appropriate reference to such restrictions.

(d) *Withholding.*

(i) *Authority to Withhold.* A Participant may be required to pay to the Company or any Affiliate, and the Company or any Affiliate shall have the right and is hereby authorized to withhold from any Award, from any payment due or transfer made under any Award or under the Plan or from any compensation or other amount owing to a Participant, the amount (in cash, Shares, other securities, other Awards or other property) of any applicable withholding taxes in respect of an Award, its exercise or any payment or transfer under an Award or under the Plan and to take such other action as may be necessary in the opinion of the Committee or the Company to satisfy all obligations for the payment of such taxes.

(ii) *Alternative Ways to Satisfy Withholding Liability.* Without limiting the generality of clause (i) above, subject to the Committee's discretion, a Participant may satisfy, in whole or in part, the foregoing withholding liability by delivery of Shares owned by the Participant (which are not subject to any pledge or other security interest) having a Fair Market Value equal to such withholding liability or by having the Company withhold from the number of Shares otherwise issuable pursuant to the exercise of the Option or SAR, or the lapse of the restrictions on any other Award (in the case of SARs and other Awards, if such SARs and other Awards are settled in Shares), a number of Shares having a Fair Market Value equal to such withholding liability.

(e) *Section 409A.*

(i) It is intended that the provisions of the Plan comply with Section 409A of the Code, and all provisions of the Plan shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A of the Code. Each payment under any Award shall be treated as a separate payment for purposes of Section 409A of the Code. In no event may a Participant, directly or indirectly, designate the calendar year of any payment to be made under any Award.

(ii) No Participant or the creditors or beneficiaries of a Participant shall have the right to subject any deferred compensation (within the meaning of Section 409A of the Code) payable under the Plan to any anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment or garnishment. Except as permitted under Section 409A of the Code, any deferred compensation (within the meaning of Section 409A of the Code) payable to any Participant or for the benefit of any Participant under the Plan may not be reduced by, or offset against, any amount owing by any such Participant to the Company or any of its Affiliates.

(iii) If, at the time of a Participant's separation from service (within the meaning of Section 409A of the Code), (A) such Participant shall be a specified employee (within the meaning of Section 409A of the Code and using the identification methodology selected by the Company from time to time) and (B) the Company shall make a good faith determination that an amount payable pursuant to an Award constitutes deferred compensation (within the meaning of Section 409A of the Code) the payment of which is required to be delayed pursuant to the six-month delay rule set forth in Section 409A of the Code in order to avoid taxes or penalties under Section 409A of the Code, then the Company shall not pay such amount on the otherwise scheduled payment date but shall instead pay it on the first business day after such six-month period. Such amount shall be paid without interest, unless otherwise determined by the Committee, in its sole discretion, or as otherwise provided in any applicable employment agreement between the Company and the relevant Participant.

(iv) Notwithstanding any provision of the Plan to the contrary, in light of the uncertainty with respect to the proper application of Section 409A of the Code, the Company reserves the right to make amendments to any Award as the Company deems necessary or desirable to avoid the imposition of taxes or penalties under Section 409A of the Code. In any case, a Participant shall be solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on such Participant or for such Participant's account in connection with an Award (including any

taxes and penalties under Section 409A of the Code), and neither the Company nor any of its Affiliates shall have any obligation to indemnify or otherwise hold such Participant harmless from any or all of such taxes or penalties.

(f) *Award Agreements.* Each Award hereunder shall be evidenced by an Award Agreement, which shall be delivered to the Participant and shall specify the terms and conditions of the Award and any rules applicable thereto, including the effect on such Award of the death, disability or termination of employment or service of a Participant and the effect, if any, of such other events as may be determined by the Committee.

(g) *No Limit on Other Compensation Arrangements.* Nothing contained in the Plan shall prevent the Company or any Affiliate from adopting or continuing in effect other compensation arrangements, which may, but need not, provide for the grant of options, restricted stock, shares, other types of equity-based awards (subject to stockholder approval if such approval is required) and cash incentive awards, and such arrangements may be either generally applicable or applicable only in specific cases.

(h) *No Right to Employment.* The grant of an Award shall not be construed as giving a Participant the right to be retained as a director, officer, employee or consultant of or to the Company or any Affiliate, nor shall it provide a Participant with any rights to continued service on the Board. Further, the Company or an Affiliate may at any time dismiss a Participant from employment or discontinue any directorship or consulting relationship, free from any liability or any claim under the Plan, unless otherwise expressly provided in the Plan or in any Award Agreement.

(i) *No Rights as a Stockholder.* No Participant or holder or beneficiary of any Award shall have any rights as a stockholder with respect to any Shares to be distributed under the Plan until he or she has become the holder of such Shares. In connection with each grant of Restricted Shares, except as provided in the applicable Award Agreement, the Participant shall be entitled to the rights of a stockholder (including the right to vote) in respect of such Restricted Shares. Except as otherwise provided in SECTION 4(b), SECTION 7(c) or the applicable Award Agreement, no adjustments shall be made for dividends or distributions on (whether ordinary or extraordinary, and whether in cash, Shares, other securities or other property), or other events relating to, Shares subject to an Award for which the record date is prior to the date such Shares are delivered.

(j) *Governing Law.* The validity, construction and effect of the Plan and any rules and regulations relating to the Plan and any Award Agreement shall be determined in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof.

(k) *Severability.* If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or as to any Person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be construed or deemed stricken as to such jurisdiction, Person or Award and the remainder of the Plan and any such Award shall remain in full force and effect.

(l) *Other Laws; Restrictions on Transfer of Shares.* The Committee may refuse to issue or transfer any Shares or other consideration under an Award if, acting in its sole and plenary discretion, it determines that the issuance or transfer of such Shares or such other consideration might violate any applicable law or regulation or entitle the Company to recover the same under Section 16(b) of the Exchange Act, and any payment tendered to the Company by a Participant, other holder or beneficiary in connection with the exercise of such Award shall be promptly refunded to the relevant Participant, holder or beneficiary. Without limiting the generality of the foregoing, no Award granted hereunder shall be construed as an offer to sell securities of the Company, and no such offer shall be outstanding, unless and until the Committee in its sole and plenary discretion has determined that any such offer, if made, would be in compliance with all applicable requirements of the Federal and any other applicable securities laws.

(m) *No Trust or Fund Created.* Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Affiliate, on one hand, and a Participant or any other Person, on the other. To the extent that any Person acquires a right to receive payments from the Company or any Affiliate pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Company or such Affiliate.

(n) *Recoupment of Awards.* Any Award Agreement may provide for recoupment by the Company of all or any portion of an Award if the Company's financial statements are required to be restated due to noncompliance with any financial reporting requirement under the Federal securities laws or as otherwise determined by the Committee. This SECTION 9(n) shall not be the Company's exclusive remedy with respect to such matters.

(o) *No Fractional Shares.* No fractional Shares shall be issued or delivered pursuant to the Plan or any Award, and the Committee shall determine whether cash, other securities or other property shall be paid or transferred in lieu of any fractional Shares or whether such fractional Shares or any rights thereto shall be canceled, terminated or otherwise eliminated.

(p) *Requirement of Consent and Notification of Election Under Section 83(b) of the Code or Similar Provision.* No election under Section 83(b) of the Code (to include in gross income in the year of transfer the amounts specified in Section 83(b) of the Code) or under a similar provision of law may be made unless expressly permitted by the terms of the applicable Award Agreement or by action of the Committee in writing prior to the making of such election. If an Award recipient, in connection with the acquisition of Shares under the Plan or otherwise, is expressly permitted under the terms of the applicable Award Agreement or by such Committee action to make such an election and the Participant makes the election, the Participant shall notify the Committee of such election within ten days of filing notice of the election with the Internal Revenue Service (or any successor thereto) or other governmental authority, in addition to any filing and notification required pursuant to regulations issued under Section 83(b) of the Code or any other applicable provision.

(q) *Requirement of Notification Upon Disqualifying Disposition Under Section 421(b) of the Code.* If any Participant shall make any disposition of Shares delivered pursuant to the exercise of an Incentive Stock Option under the circumstances described in Section 421(b) of the Code (relating to certain disqualifying dispositions) or any successor provision of the Code, such Participant shall notify the Company of such disposition within ten days of such disposition.

(r) *Headings and Construction.* Headings are given to the Sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof. Whenever the words "include", "includes" or "including" are used in this Plan, they shall be deemed to be followed by the words "but not limited to".

(s) *Assumed Spin-Off Awards.* Notwithstanding anything in this Plan to the contrary, each Assumed Spin-Off Award shall be subject to the terms and conditions of the equity compensation plan and award agreement to which such Award was subject immediately prior to the Spin-Off, subject to the adjustment of such Award by the Compensation Committee of XPO Logistics, Inc. and the terms of the Employee Matters Agreement, provided that following the date of the Spin-Off, each such Award shall relate solely to Shares and be administered by the Committee in accordance with the administrative procedures in effect under this Plan.

SECTION 10. *Term of the Plan.*

(a) *Effective Date.* Prior to the Spin-Off, this Plan was approved by the Board and by XPO Logistics, Inc. as the sole shareowner of the Company. The Plan shall be effective as of the date on which the Spin-Off occurs (the "*Effective Date*").

(b) *Expiration Date.* No Award shall be granted under the Plan after the tenth anniversary of the Effective Date. Unless otherwise expressly provided in the Plan or in an applicable Award Agreement, any Award granted hereunder, and the authority of the Board or the Committee to amend, alter, adjust, suspend, discontinue or terminate any such Award or to waive any conditions or rights under any such Award, shall nevertheless continue thereafter.

FORM OF
OPTION AWARD AGREEMENT UNDER THE XPO LOGISTICS, INC. 2016 OMNIBUS INCENTIVE COMPENSATION
PLAN, dated as of [] between XPO Logistics, Inc., a Delaware corporation (the "Company"), and []

This Option Award Agreement (the "Award Agreement") sets forth the terms and conditions of an award of options to purchase [] shares (this "Award") of the Company's common stock, \$0.001 par value per share (each, a "Share"), that are being granted to you on the date hereof (such date, the "Grant Date"), at an exercise price of \$[]¹ per Share (the "Exercise Price"), that are subject to the terms and conditions specified herein (each such option to purchase one Share, an "Option"), and that are granted to you under the XPO Logistics, Inc. 2016 Omnibus Incentive Compensation Plan, as amended (the "Plan"). The Options are not intended to qualify as "incentive stock options" (within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended).

THIS AWARD IS SUBJECT TO ALL TERMS AND CONDITIONS OF THE PLAN AND THIS AWARD AGREEMENT, INCLUDING THE DISPUTE RESOLUTION PROVISIONS SET FORTH IN SECTION 10 OF THIS AWARD AGREEMENT. BY SIGNING YOUR NAME BELOW, YOU SHALL HAVE CONFIRMED YOUR ACCEPTANCE OF THE TERMS AND CONDITIONS OF THIS AWARD AGREEMENT.

SECTION 1. The Plan. This Award is made pursuant to the Plan, all the terms of which are hereby incorporated in this Award Agreement. In the event of any conflict between the terms of the Plan and the terms of this Award Agreement, the terms of the Plan shall govern.

SECTION 2. Definitions. Capitalized terms used in this Award Agreement that are not defined in this Award Agreement have the meanings as used or defined in the Plan. As used in this Award Agreement, the following terms have the meanings set forth below:

"Business Day" means a day that is not a Saturday, a Sunday or a day on which banking institutions are legally permitted to be closed in the City of New York.

"Cause" means your (i) gross negligence or willful failure to perform your duties hereunder or willful refusal to follow any lawful directive of the Chief Executive Officer of the Company or the Board of Directors of the Company; (ii) abuse of or dependency on alcohol or drugs (illicit or otherwise) that adversely affects your performance of duties hereunder; (iii) commission of any fraud, embezzlement, theft or dishonesty, or any deliberate misappropriation of money or other assets of the Company; (iv) breach of any term of any Employment Agreement to which you may be party or any agreement governing long-term incentive compensation or equity compensation to which you may be party or breach of your fiduciary duties to the Company; (v) failure to provide the Company with at least 30 days' advanced written notice of your intention to resign; (vi) any willful act, or failure to act, in bad faith to the detriment of the Company; (vii) willful failure to cooperate in good faith with a

¹ Exercise price per Share will equal the closing price per Share as reported by the NYSE on the Grant Date.

governmental or internal investigation of the Company or any of its directors, managers, officers or employees, if the Company requests your cooperation; (viii) failure to follow the Company’s code of conduct or ethics policy; and (ix) conviction of, or plea of nolo contendere to, a felony or any serious crime; provided that, the Company will provide you with written notice describing the facts and circumstances that the Company believes constitutes Cause and, in cases where cure is possible, you shall first be provided a 15-day cure period. If, subsequent to your termination of employment for any reason other than by the Company for Cause, it is determined in good faith by the Chief Executive Officer of the Company that your employment could have been terminated by the Company for Cause, your employment shall, at the election of the Chief Executive Officer of the Company at any time up to two years after your termination of employment but in no event more than six months after the Chief Executive Officer of the Company learns of the facts or events that could give rise to the termination for Cause, be deemed to have been terminated for Cause retroactively to the date the events giving rise to Cause occurred.

“CIC Termination” means your termination of employment by the Company without Cause (and other than due to your disability) or by you for Good Reason, in each case following a Change in Control of the Company.

“Employment Agreement” means any individual offer letter or employment agreement between you and the Company or any of its Subsidiaries.

“Good Reason” means, without first obtaining your written consent: (i) a material reduction of your annual base salary from that in effect immediately prior to the Change in Control (or if higher, that in effect at any time thereafter), other than pursuant to a general reduction in annual base salary that applies on a uniform basis to all employees of the Company or an Affiliate (if you are an employee of an Affiliate) who are similarly situated to you; (ii) a material reduction in your target annual cash bonus opportunity from that in effect immediately prior to the Change in Control (or, if higher, that in effect at any time thereafter); or (iii) a material, adverse change in your title, reporting relationship, authority, duties, or responsibilities from those in effect immediately prior to the Change in Control; provided that, the Company shall first be provided a 30-day cure period (the “Cure Period”), following receipt of written notice setting forth in reasonable detail the specific event, circumstance or conduct of the Company that constitutes Good Reason, to cease, and to cure, any event, circumstance or conduct specified in such written notice, if curable; provided further, that such notice shall be provided to the Company within 45 days of the occurrence of the event, circumstance or conduct constituting Good Reason. If, at the end of the Cure Period, the event, circumstance or conduct that constitutes Good Reason has not been remedied, you will be entitled to terminate employment for Good Reason during the 30-day period that follows the end of the Cure Period. If you do not terminate employment during such 30-day period, you will not be permitted to terminate employment for Good Reason as a result of such event, circumstance or conduct.

“Spinoff” means the distribution of the outstanding Shares to the stockholders of the Company in 2021, pursuant to the Separation and Distribution Agreement between the Company and GXO Logistics, Inc. entered into in connection with such distribution.

“Vesting Date” means each date on which all or a portion of the Options subject to this Award Agreement become fully vested and exercisable as provided in Section 3(a) or 3(c) of this Award Agreement.

SECTION 3. Vesting and Exercise.

(a) Vesting Schedule. On each Vesting Date set forth below, your rights with respect to the number of Options that corresponds to such Vesting Date, as specified in the chart below, shall become vested and such Options shall become exercisable, provided that (i) the Spinoff occurs on or prior to March 31, 2022 and (ii) you remain employed by the Company or an Affiliate through the applicable Vesting Date below. All unvested Options referenced in this Section 3 shall be forfeited, and shall cease to be outstanding, (x) if the Spinoff does not occur on or prior to March 31, 2022 or (y) upon the termination of your employment with the Company for any reason.

<u>Scheduled Vesting Date</u>	<u>Aggregate Percentage Vesting Percentage</u>
First Anniversary of the Grant Date	10%
Second Anniversary of the Grant Date	15%
Third Anniversary of the Grant Date	20%
Fourth Anniversary of the Grant Date	25%
Fifth Anniversary of the Grant Date	30%

(b) Exercise of Options. Options, to the extent that they are vested, may be exercised, in whole or in part (but for the purchase of whole Shares only), by delivery to the Company of (i) written or electronic notice, complying with the applicable procedures established by the Committee or the Company from time to time, stating the number of Options that are thereby exercised, and (ii) full payment, in accordance with Section 6(b)(iv) of the Plan, of the aggregate Exercise Price for the Shares with respect to which the Options are thereby exercised. Upon exercise and full payment of the Exercise Price for Shares with respect to which the Options are thereby exercised, subject to Section 7(a) of this Award Agreement, the Company shall issue to you or your legal representative (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company, the delivery of share certificates or as otherwise determined by the Company) one Share for each Option you have exercised.

(c) Change of Control. In the event of a Change of Control, all Options shall, to the extent outstanding as of the date of such Change of Control and replaced in compliance with Section 8(b) of the Plan, remain outstanding and unvested, and shall (i) vest in accordance with the vesting schedule set forth in Section 3(a), subject to your continued employment through each applicable Vesting Date specified in Section 3(a), or (ii) vest in full immediately upon your earlier CIC Termination. If such Options are not replaced in compliance with Section 8(b) of the Plan, such Options shall vest immediately upon the Change of Control.

SECTION 4. Forfeiture of Options. (a) If you (i) breach any restrictive covenant (which, for the avoidance of doubt, includes any non-compete, non-solicit, non-disparagement or confidentiality provisions) contained in any arrangements with the Company (including your Employment Agreement and your Confidential Information Protection Agreement) to which you are subject or (ii) engage in fraud or willful misconduct that contributes materially to any financial restatement or material loss to the Company or any of its Subsidiaries, your rights with respect to the Option shall immediately terminate, the Options shall be forfeited and cease to be outstanding (and you shall be entitled to no further payments or benefits with respect thereto), and, if any Options were previously exercised, the Company may require you to forfeit or remit to the Company the after-tax net amount paid or received by you, in respect of such Options; provided, however, that (x) the Company shall make such demand that you forfeit or remit any such amount no later than six months after learning of the conduct described in this Section 4(a) and (y) in cases where cure is possible, you shall first be provided a 15-day cure period to cease, and to cure, such conduct.

(b) Notwithstanding the foregoing, unless the Committee determines otherwise, vested and unexercised Options shall automatically expire, and cease to be outstanding, on the earliest to occur of (i) the date of the termination of your employment for Cause, (ii) one year after your termination of employment due to death or permanent disability (as defined in the Company's long-term disability plan applicable to you), (iii) the tenth anniversary of the Grant Date in the case of your CIC Termination; (iv) three months after the date of the termination of your employment if your employment terminates for any reason other than those set forth in clauses (i), (ii), and (iii); and (v) the tenth anniversary of the Grant Date.

SECTION 5. No Rights as a Stockholder. You shall not have any rights or privileges of a stockholder with respect to the Options subject to this Award Agreement unless and until Shares are actually issued and delivered to you or your legal representative (including through the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company) upon exercise of vested Options.

SECTION 6. Non-Transferability of Options. Unless otherwise provided by the Committee in its discretion, Options may not be sold, assigned, alienated, transferred, pledged, attached or otherwise encumbered except as provided in Section 9(a) of the Plan. Any purported sale, assignment, alienation, transfer, pledge, attachment or other encumbrance of an Option in violation of the provisions of this Section 6 and Section 9(a) of the Plan shall be void.

SECTION 7. Withholding, Consents and Legends. (a) Withholding. The delivery of Shares pursuant to Section 3(b) of this Award Agreement is conditioned on satisfaction of any applicable withholding taxes in accordance with this Section 7(a) and Section

9(d) of the Plan. No later than the date as of which an amount first becomes includible in your gross income for Federal, state, local or foreign income tax or social security (and/or any similar charges) purposes with respect to the receipt or exercise of any Options, you shall pay to the Company, or make arrangements satisfactory to the Company regarding the payment of, any Federal, state, local and foreign taxes or social security (and/or any similar charges) that are required by applicable laws and regulations to be withheld with respect to such amount. In the event that there is withholding tax liability in connection with the receipt or exercise of an Option, the relevant entity may make any withholding arrangements that it considers necessary or desirable, including: (i) unless otherwise determined by the Committee, in its sole discretion, you may satisfy, in whole or in part, any withholding tax liability by having the Company withhold from the number of Shares you would be entitled to receive upon exercise of the Option a number of Shares having a Fair Market Value (which shall either have the meaning set forth in the Plan or shall have such other meaning as determined by the Company in accordance with applicable withholding requirements) equal to such withholding tax liability; (ii) making any deductions from any cash payment owed to you; and/or (iii) unless otherwise determined by the Committee, making a sale on your behalf of some or all of the Shares to which you are entitled under the Plan in order to meet the liability to any Federal, state, local or foreign taxes and/or social security (and/or similar charges) and any Exercise Price, any dealing or currency exchange costs and any other related costs. You agree to enter any tax elections as may be requested by any member of the XPO group of companies for particular tax and/or social security treatment, whether in respect of your Award or any Shares acquired by you on the exercise of your Award.

(b) Consents. Your rights in respect of the Options are conditioned on the receipt to the full satisfaction of the Committee of any required consents that the Committee may determine to be necessary or advisable (including your consent to the Company's supplying to any third-party recordkeeper of the Plan such personal information as the Committee deems advisable to administer the Plan).

(c) Legends. The Company may affix to certificates, or otherwise designate on the books and records of the Company or the duly authorized transfer agent of the Company, for Shares issued pursuant to this Award Agreement any legend that the Committee determines to be necessary or advisable (including to reflect any restrictions to which you may be subject under any applicable securities laws). The Company may advise the transfer agent to place a stop order against any legended Shares.

SECTION 8. Successors and Assigns of the Company. The terms and conditions of this Award Agreement shall be binding upon and shall inure to the benefit of the Company and its successors and assigns.

SECTION 9. Committee Discretion. The Committee shall have full and plenary discretion with respect to any actions to be taken or determinations to be made in connection with this Award Agreement, and its determinations shall be final, binding and conclusive. You acknowledge that you are not automatically entitled to the exercise of any discretion under the Plan in your favour and you do not have any claim or right of action in respect of any decision, omission, or discretion which may operate to your disadvantage.

SECTION 10. Dispute Resolution. (a) Jurisdiction and Venue. Any claim initiated by you arising out of or relating to this Agreement, or the breach thereof, shall be resolved by binding arbitration before a single arbitrator in the State of Delaware 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. Except the extent that the Company seeks injunctive relief pursuant to an Employment Agreement (or other individual agreement between you and the Company), any claim initiated by the Company arising out of or relating to this Agreement, or the breach thereof, shall, at the election of the Company be resolved in accordance with this Section 10. You hereby irrevocably submit to the jurisdiction of any state or federal court located in the State of Delaware; 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 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 10, 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 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 10 shall be conclusive and binding upon you and may be enforced in any other jurisdiction.

(b) Waiver of Jury Trial. You and the Company hereby waive, to the fullest extent permitted by applicable law, any right either of you may have to a trial by jury in respect to any litigation directly or indirectly arising out of, under or in connection with this Award Agreement or the Plan.

(c) Confidentiality. You hereby agree to keep confidential the existence of, and any information concerning, a dispute described in this Section 10, except that you may disclose information concerning such dispute to the court that is considering such dispute or to your legal counsel (provided that such counsel agrees not to disclose any such information other than as necessary to the prosecution or defense of the dispute).

SECTION 11. Employment. The grant of your Award does not form part of, and does not affect or change, your employment contract or your employment relationship with your employer. The grant of this Award granted is strictly discretionary and does not, in any way, form part of your normal remuneration. In particular, it will not be taken into account (except to the extent otherwise required by local law) in determining any other employment-related rights you may have, including without limitation rights in relation to severance, redundancy or end-of-service payments (whatever the reason for termination), bonuses, long-service awards, pension or retirement benefits. The decision to grant awards under the Plan is discretionary and (even if you are granted an award, or participate in the Plan on a regular or repeated basis) you have no automatic right or expectation in relation to: (i) participation in the Plan or similar compensation in future; (ii) the terms, conditions and amount of any Plan participation or similar compensation that the Company may decide to offer in future; or (iii) continued or future employment. The Company may at any time decide to cease offering awards under the Plan. In consideration for, and as a condition of your Award, you waive any and all rights to compensation or damages in

consequence of the termination of your employment for any reason whatsoever insofar as those rights arise or may arise from you ceasing to have rights under, or be entitled to receive payment in respect of, the Plan as a result of such termination, or from the loss (actual or potential) or diminution in value of such rights or entitlements. This waiver applies whether or not such termination amounts to wrongful or unfair dismissal.

SECTION 12. Notice. All notices, requests, demands and other communications required or permitted to be given under the terms of this Award Agreement shall be in writing and shall be deemed to have been duly given when delivered by hand or overnight courier or three business days after they have been mailed by U.S. certified or registered mail, return receipt requested, postage prepaid, addressed to the other party as set forth below:

If to the Company:	XPO Logistics, Inc. 5 American Lane Greenwich, CT 06831 Attention: Chief Human Resources Officer
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If to you:	To your address as most recently supplied to the Company and set forth in the Company's records
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The parties may change the address to which notices under this Award Agreement shall be sent by providing written notice to the other in the manner specified above.

SECTION 13. Governing Law. This Award Agreement shall be deemed to be made in the State of Delaware, and the validity, construction and effect of this Award Agreement in all respects shall be determined in accordance with the laws of the State of Delaware, without giving effect to the conflict of law principles thereof.

SECTION 14. Headings and Construction. Headings are given to the Sections and subsections of this Award Agreement solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of this Award Agreement or any provision thereof. Whenever the words "include", "includes" or "including" are used in this Award Agreement, they shall be deemed to be followed by the words "but not limited to". The term "or" is not exclusive.

SECTION 15. Amendment of this Award Agreement. The Committee may waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate this Award Agreement prospectively or retroactively; provided, however, that any such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination that would materially and adversely impair your rights under this Award Agreement shall not to that extent be effective without your consent (it being understood, notwithstanding the foregoing proviso, that this Award Agreement and the Options shall be subject to the provisions of Section 7(c) of the Plan).

SECTION 16. Counterparts. This Award Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto

and hereto were upon the same instrument. You and the Company hereby acknowledge and agree that signatures delivered by facsimile or electronic means (including by “pdf”) shall be deemed effective for all purposes.

SECTION 17. Section 280G. Notwithstanding anything in this Award Agreement to the contrary and regardless of whether this Award Agreement has otherwise expired or terminated, unless otherwise provided in your Employment Agreement, in the event that any payments, distributions, benefits or entitlements of any type payable to you (“CIC Benefits”) (i) constitute “parachute payments” within the meaning of Section 280G of the Code, and (ii) but for this paragraph would be subject to the excise tax imposed by Section 4999 of the Code (the “Excise Tax”), then your CIC Benefits shall be reduced to such lesser amount (the “Reduced Amount”) that would result in no portion of such benefits being subject to the Excise Tax; provided that such amounts shall not be so reduced if the Company determines, based on the advice of Golden Parachute Tax Solutions LLC, or such other nationally recognized certified public accounting firm as may be designated by the Company (the “Accounting Firm”), that without such reduction you would be entitled to receive and retain, on a net after tax basis (including, without limitation, any excise taxes payable under Section 4999 of the Code), an amount that is greater than the amount, on a net after tax basis, that you would be entitled to retain upon receipt of the Reduced Amount. Unless the Company and you otherwise agree in writing, any determination required under this Section 16 shall be made in writing in good faith by the Accounting Firm. In the event of a reduction of benefits hereunder, benefits shall be reduced by first reducing or eliminating the portion of the CIC Benefits that are payable under this Award Agreement and then by reducing or eliminating the portion of the CIC Benefits that are payable in cash and then by reducing or eliminating the non-cash portion of the CIC Benefits, in each case, in reverse order beginning with payments or benefits which are to be paid the furthest in the future. For purposes of making the calculations required by this Section 16, the Accounting Firm may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of the Code, and other applicable legal authority. The Company and you shall furnish to the Accounting Firm such information and documents as the Accounting Firm may reasonably require in order to make a determination under this Section 16, and the Company shall bear the cost of all fees the Accounting Firm charges in connection with any calculations contemplated by this Section 16. In connection with making determinations under this Section 16, the Accounting Firm shall take into account the value of any reasonable compensation for services to be rendered by you before or after the Change of Control, including any non-competition provisions that may apply to you and the Company shall cooperate in the valuation of any such services, including any non-competition provisions.

SECTION 18. Lock-Up. Notwithstanding anything to the contrary in your Employment Agreement, the Plan or any Award Agreement under the Plan, any Shares issued to you upon exercise of the Options granted under this Award Agreement shall be subject to a lock-up on sales, offers, pledges, contracts to sell, grants of any option, right or warrant to purchase, or other transfers or dispositions, whether directly or indirectly, from the date hereof until the date that is twelve (12) months after the applicable Vesting Date (or, if earlier, upon your death or a Change of Control) and all laws, rules and regulations applicable to you; provided, however,

that such lock-up may be waived in the sole discretion of the Company's Chief Executive Officer or Chief Human Resources Officer; and provided, further, that if determined by the Board in its sole discretion, the provisions of this Section 18 shall not apply to Shares withheld to satisfy the applicable tax withholding in connection with the exercise of the Options.

SECTION 19. Currency Risk. You accept that if the Shares subject to your Award are traded in a currency which is not the currency of your jurisdiction, the value of the Shares may be affected by movements in the exchange rate. No member of the XPO group of companies is liable for any loss due to movements in the exchange rate or any charges imposed in relation to the conversion or transfer of money.

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

XPO LOGISTICS, INC.

By:

Name:

Title:

[NAME OF EMPLOYEE]

**FORM OF
GXO LOGISTICS, INC.
SEVERANCE PLAN**

**SECTION 1
PURPOSE OF THE PLAN**

The Board of Directors (the “Board”) of GXO Logistics, Inc. (the “Company”) desires to provide financial assistance to select executives upon certain terminations of employment in accordance with the terms and conditions of the GXO Logistics, Inc. Severance Plan (this “Plan”).

The Board also recognizes that the possibility of a Change in Control (as defined in Section 2.6) of the Company, and the uncertainty it could create, may result in the loss or distraction of executives of the Company to the detriment of the Company and its shareholders. The Board considers the avoidance of such loss and distraction to be essential to protecting and enhancing the best interests of the Company and its shareholders. The Board also believes that when a Change in Control is perceived as imminent, or is occurring, the Board should be able to receive and rely on disinterested service from executives regarding the best interests of the Company and its shareholders without concern that employees might be distracted or concerned by the personal uncertainties and risks created by the perception of an imminent or occurring Change in Control.

Therefore, in order to fulfill the above purposes, the Plan was adopted by the Board and shall become effective on the Effective Date (as defined in Section 2.13).

**SECTION 2
DEFINITIONS**

Certain capitalized terms used herein have the definitions given to such terms in the first place in which they are used. As used herein, the following capitalized words and phrases shall have the following respective meanings:

2.1 “Affiliate” means any entity controlled by, controlling or under common control with the Company.

2.2 “Annual Base Salary” means the annual base salary paid or payable, including any base salary that is subject to deferral, to the Participant by the Company or any of the Affiliates at the rate in effect immediately prior to the Date of Termination or, if the Date of Termination is during a Change in Control Period, the rate in effect (or required to be in effect before any diminution that is a basis of the Participant’s termination for Good Reason) immediately prior to the Change in Control, or, if higher, immediately prior to the Date of Termination.

2.3 “Benefit Continuation Period” means (a) with respect to the CEO, a period of eighteen (18) months following the Date of Termination and (b) with respect to all other Participants, a period of twelve (12) months following the Date of Termination.

2.4 “Cause” shall mean (a) the Participant’s dereliction of duties or gross negligence or failure to perform his duties or refusal to follow any lawful directive of the officer to whom he reports; (b) the Participant’s abuse of or dependency on alcohol or drugs (illicit or otherwise) that adversely affects his performance of duties for the Company or an Affiliate; (c) the Participant’s commission of any fraud, embezzlement, theft or dishonesty or any deliberate misappropriation of money or other assets of the Company or an Affiliate; (d) the Participant’s breach of any fiduciary duties of the Company or any Affiliate; (e) any act, or failure to act, by the Participant in bad faith to the detriment of the Company or an Affiliate; (f) the Participant’s failure to cooperate in good faith with a governmental or internal investigation of the Company or an Affiliate or any of its directors, managers, officers or employees, if the Company requests the Participant’s cooperation; (g) the Participant’s failure to follow Company policies, including the Company’s code of conduct and/or ethics policy, as may be in effect from time to time; (h) the Participant’s conviction of, or plea of nolo contendere to, a felony or any serious crime; *provided* that in cases where cure is possible, the Participant shall first be provided with a 15-day cure period; or (i) other than during a Change in Control Period, any other matter which the Company or as relevant Affiliate reasonably considers justifies or would justify the Participant’s summary dismissal including without limitation in accordance with the Participant’s contract of employment or local law.

2.5 “CEO” means the Chief Executive Officer of the Company.

2.6 “Change in Control” shall mean any of the following:

(i) during any period, individuals who were directors of the Company on the first day of such period (the “Incumbent Directors”) cease for any reason to constitute a majority of the Board; *provided, however*, that any individual becoming a director subsequent to the first day of such period whose election, or nomination by the Board for election by the Company’s stockholders, was approved by a vote of at least a majority of the Incumbent Directors shall be considered as though such individual were an Incumbent Director, but excluding for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person (as defined below) other than the Board (including without limitation any settlement thereof);

(ii) the consummation of a merger, consolidation, statutory share exchange or similar form of corporate transaction (but not, for the avoidance of doubt, a sale of assets) involving the Company (each, a “Reorganization”) if such Reorganization requires the approval of the Company’s stockholders under the law of the Company’s jurisdiction of organization (whether such approval is required for such Reorganization or for the issuance of securities of the Company in such Reorganization), unless, immediately following such Reorganization, (1) individuals and entities who were the “beneficial owners” (as such term is defined in Rule 13d-3 under the Exchange Act (or a successor rule thereto)) of the securities eligible to vote for the election of the Board (“Company Voting Securities”) outstanding immediately prior to the consummation of such Reorganization continue to beneficially own, directly or indirectly, more than 50% of the

combined voting power of the then outstanding voting securities of the corporation or other entity resulting from such Reorganization (including a corporation that, as a result of such transaction, owns the Company either directly or through one or more Subsidiaries) (the “Continuing Company”) in substantially the same proportion as the voting power of such Company Voting Securities among the holders thereof immediately prior to the Reorganization (excluding, for such purposes, any outstanding voting securities of the Continuing Company that such beneficial owners hold immediately following the consummation of the Reorganization as a result of their ownership prior to such consummation of voting securities of any corporation or other entity involved in or forming part of such Reorganization other than the Company), (2) no “person” (as such term is used in Section 13(d) of the Exchange Act) (each, a “Person”) (excluding (x) any employee benefit plan (or related trust) sponsored or maintained by the Continuing Company or any corporation controlled by the Continuing Company and (y) any one or more Specified Stockholders) beneficially owns, directly or indirectly, 30% or more of the combined voting power of the then outstanding voting securities of the Continuing Company and (3) at least 50% of the members of the board of directors of the Continuing Company (or equivalent body) were Incumbent Directors at the time of the execution of the definitive agreement providing for such Reorganization or, in the absence of such an agreement, at the time at which approval of the Board was obtained for such Reorganization;

(iii) the stockholders of the Company approve a plan of complete liquidation or dissolution of the Company unless such liquidation or dissolution is part of a transaction or series of transactions described in paragraph (ii) above that does not otherwise constitute a Change of Control; or

(iv) any Person, corporation or other entity or “group” (as used in Section 14(d)(2) of the Exchange Act) (other than (A) the Company, (B) any trustee or other fiduciary holding securities under an employee benefit plan of the Company or an Affiliate, (C) any company owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of the voting power of the Company Voting Securities or (D) any one or more Specified Stockholders, including any group in which a Specified Stockholder is a member) becomes the beneficial owner, directly or indirectly, of securities of the Company representing 30% or more of the combined voting power of the Company Voting Securities; provided, however, that for purposes of this subparagraph (iv), the following acquisitions shall not constitute a Change of Control: (w) any acquisition directly from the Company, (x) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or an Affiliate, (y) any acquisition by an underwriter temporarily holding such Company Voting Securities pursuant to an offering of such securities or any acquisition by a pledgee of Company Voting Securities holding such securities as collateral or temporarily holding such securities upon foreclosure of the underlying obligation or (z) any acquisition pursuant to a Reorganization that does not constitute a Change in Control for purposes of subparagraph (ii) above.

2.7 “Change in Control Period” means the period commencing on, and including, the date of a Change in Control and ending on, and including, the second anniversary of the date of such Change in Control.

2.8 “Code” means the Internal Revenue Code of 1986, as amended from time to time.

2.9 “Committee” means the Compensation Committee of the Board.

2.10 “Company” means GXO Logistics, Inc. and any successor(s) thereto or, if applicable, the ultimate parent of any such successor.

2.11 “Date of Termination” means the date of receipt of a Notice of Termination from the Company or the Participant, as applicable, or any later date specified in the Notice of Termination (subject to the notice and cure periods in the definition of Good Reason). If the Participant’s employment is terminated by reason of death, the Date of Termination shall be the date of death of the Participant. If the Participant’s employment is terminated by reason of Disability, the Date of Termination shall be the date on which the Participant becomes eligible for benefits under the Company’s (or as, relevant, any Affiliate’s) long-term disability plan. Notwithstanding the foregoing, in no event shall the Date of Termination of any U.S. Taxpayer Participant occur until such U.S. Taxpayer Participant experiences a “separation from service” within the meaning of Section 409A of the Code, and the date on which such separation from service takes place shall be the “Date of Termination.”

2.12 “Disability” shall have the meaning given to such term in the Company’s (or as, relevant, any Affiliate’s) long-term disability plan applicable to the Participant.

2.13 “Effective Date” means the date on which the Separation (as defined in Section 2.23) occurs.

2.14 “Good Reason” means the occurrence of any of the following events or circumstances during a Change in Control Period and without the Participant’s prior written consent:

- (a) A material reduction of the Participant’s Annual Base Salary from that in effect immediately prior to the Change in Control (or if higher, that in effect at any time thereafter), other than pursuant to a general reduction in Annual Base Salary that applies on a uniform basis to all similarly situated executives of the Company or, as relevant, the Affiliate which employs the Participant;
- (b) A material reduction in the Participant’s target annual cash bonus opportunity from that in effect immediately prior to the Change in Control (or, if higher, that in effect at any time thereafter);
- (c) A material, adverse change in the Participant’s title, reporting relationship, authority, duties, or responsibilities from those in effect immediately prior to the Change in Control; or

(d) The failure of the Company to obtain an agreement from any successor to the Company to assume and agree to perform the obligations under this Plan with respect to the Participant.

In order to invoke a termination for Good Reason, the Participant shall provide written notice to the Company of the existence of one or more of the conditions described in clauses (a) through (d) within 90 days of the initial existence of such condition, describing in reasonable detail such condition, and the Company shall have 30 days following receipt of such written notice (the "Cure Period") during which it may remedy the condition. In the event that the Company fails to remedy the condition constituting Good Reason during the applicable Cure Period, the "separation from service" (within the meaning of Section 409A of the Code) of any U.S. Taxpayer Participant, or, for any Non-U.S. Participant, their termination of employment, must occur, if at all, within 30 days following the earlier of (i) the end of the Cure Period, or (ii) the date the Company provides written notice to the Participant that it does not intend to cure such condition. The Participant's mental or physical incapacity following the occurrence of an event described above in clauses (a) through (d) shall not affect the Participant's ability to terminate employment for Good Reason and the Participant's death following delivery of a Notice of Termination for Good Reason shall not affect the Participant's estate's entitlement to the severance payments and benefits provided hereunder upon a termination of employment for Good Reason.

2.15 "Multiple" means (a) for the CEO, two and one-half (2.5) and (b) for all other Participants, two (2).

2.16 "Non-U.S. Participant" means any Participant other than a U.S. Taxpayer Participant.

2.17 "Notice of Termination" means a written notice delivered to the other party that (a) indicates the specific termination provision in this Plan relied upon, (b) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Participant's employment under the provision so indicated, and (c) if the Date of Termination is other than the date of receipt of such notice, specifies the Date of Termination (which Date of Termination shall be: (i) for any U.S. Taxpayer Participant, not more than 30 days after the giving of such notice or 90 days in the case of a termination for Good Reason); or (ii) for any Non-U.S. Participant, no later than the expiry of their contractual notice period. Any termination by the Company for Cause or by the Participant for Good Reason shall be communicated by a Notice of Termination to the other party hereto given in accordance with Section 10.7 of this Plan. The failure by the Participant or the Company to set forth in the Notice of Termination any fact or circumstance that contributes to a showing of Good Reason or Cause shall not waive any right of the Participant or the Company, respectively, hereunder or preclude the Participant or the Company, respectively, from asserting such fact or circumstance in enforcing the Participant's or the Company's respective rights hereunder. For the avoidance of doubt, any notice served under the Plan will not affect the Company's or any Affiliate's ability to exercise any of its rights in relation to termination or notice under the relevant Participant's contract of employment.

2.18 “Participant” means (a) the CEO, (b) each other executive officer of the Company, and (c) any other executive employed by the Company or any Affiliate who is selected by the Committee for participation in the Plan and notified of the same in writing.

2.19 “Plan” means this GXO Logistics, Inc. Severance Plan.

2.20 “Qualifying CIC Termination” means any termination of a Participant’s employment, during a Change in Control Period (a) by the Participant for Good Reason or (b) by the Company or as relevant any Affiliate other than for Cause, death or Disability.

2.21 “Qualifying Non-CIC Termination” means any termination of a Participant’s employment (a) by the Company or as relevant any Affiliate other than for Cause, death or Disability and (b) that is not a Qualifying CIC Termination.

2.22 “Salary Continuation Period” means (a) with respect to the CEO, the period of eighteen (18) months immediately following the Date of Termination and (b) with respect to all other Participants, the period of twelve (12) months immediately following the Date of Termination.

2.23 “Target Annual Bonus” means the Participant’s target annual cash bonus in effect immediately prior to the Date of Termination or if the Date of Termination is during a Change in Control Period, the Participant’s target annual cash bonus in effect (or required to be in effect before any diminution that is a basis of the Participant’s termination for Good Reason) immediately prior to the Change in Control, or, if higher, immediately prior to the Date of Termination.

2.24 “Separation” means the separation of the Company from XPO Logistics, Inc. pursuant to which the Company becomes a separate publicly traded company.

2.25 “Specified Stockholder” means Brad Jacobs, Jacobs Private Equity LLC and its Affiliates, or any other entity or organization controlled, directly or indirectly, by Brad Jacobs.

2.26 “Subsidiary” means any entity in which the Company, directly or indirectly, possesses 50% or more of the total combined voting power of all classes of its voting securities.

2.27 “U.S. Taxpayer Participant” means any Participant whose compensation income is subject to taxation in the United States of America.

SECTION 3 SEPARATION BENEFITS

3.1 Qualifying Non-CIC Termination. If a Participant experiences a Qualifying Non-CIC Termination, the Company shall pay or provide to the Participant the following payments and benefits at the time or times set forth below, subject to Section 9 and subject to (other than in the case of the Accrued Obligations and Other Benefits) the Participant’s execution of a general release of claims and settlement agreement in the form delivered to the Participant by the Company or as relevant Affiliate on or within 5 days after the Date of Termination (the “Release Agreement”) and return of all property of the Company and its Affiliates including any laptops or other electronic devices (with the data intact) and such Release Agreement becoming effective

and irrevocable in accordance with its terms no later than the sixtieth (60th) day following the Date of Termination:

(a) a lump sum payment in cash payable within 30 days following the Date of Termination, equal to the sum of (A) the Participant's accrued but unpaid Annual Base Salary through the Date of Termination, (B) any annual incentive payment earned by the Participant for a performance period that was completed prior to the Date of Termination where such payment remains due and outstanding, (C) any accrued and unused vacation pay or other paid time off, and (D) subject to any expenses policy in force from time to time, any business expenses incurred by the Participant that are unreimbursed as of the Date of Termination, in each case, to the extent not theretofore paid (the sum of the amounts described in clauses (A), (B), (C) and (D) shall be hereinafter referred to as the "Accrued Obligations"); *provided* that, for any U.S. Taxpayer Participant, notwithstanding the foregoing, in the case of clauses (A) and (B), if such U.S. Taxpayer Participant has made an irrevocable election under any deferred compensation arrangement subject to Section 409A of the Code to defer any portion of the Annual Base Salary or annual incentive payment described in clause (A) or (B) above, then for all purposes of this Section 3 (including, without limitation, Section 3.1(a) and 3.2(a)), such deferral election, and the terms of the applicable arrangement, shall apply to the same portion of the amount described in such clauses (A) or (B), and such portion shall not be considered as part of the "Accrued Obligations" but shall instead be an "Other Benefit" (as defined below);

(b) a lump sum payment payable in cash no later than 70 days following the Date of Termination equal to the product of (A) the Target Annual Bonus and (B) a fraction, the numerator of which is the number of days in the fiscal year in which the Date of Termination occurs from the first day of such fiscal year to and including the Date of Termination, and the denominator of which is the total number of days in such fiscal year, reduced by any annual bonus payment to which the Participant has been paid or is otherwise entitled, in each case, for the same period of service, and subject to any applicable deferral election on the same basis as set forth in the proviso to Section 3.1(a) (the "Prorated Bonus");

(c) continuation of Annual Base Salary for the Salary Continuation Period paid to the Participant ratably over the Salary Continuation Period in accordance with the Company's (or as relevant Affiliate's) regularly scheduled payroll dates; *provided* that any payments due within 70 days following the Date of Termination shall be paid on the first payroll date coincident with or immediately following the 70th day immediately following the Date of Termination;

(d) at the option of the Company, either (1) for the Benefit Continuation Period, healthcare benefit coverage to the Participant (and the Participant's dependents who were covered by healthcare benefit coverage (including medical, prescription, dental and vision) pursuant to a plan sponsored by the Company or an Affiliate as of immediately prior to the Date of Termination, if any (the "eligible dependents")), with the requirement for the Participant (or the eligible dependents) to pay a monthly premium at

the active employee rate for such healthcare benefit coverage as if the Participant had continued employment with the Company during the Benefit Continuation Period; provided that, for any U.S. Taxpayer Participant, the receipt of such health care benefit shall be conditioned upon the Participant making a timely election to receive COBRA coverage provided to former employees under Section 4980B of the Code and continuing such coverage during the Benefit Continuation Period so long as it is available or (2) a cash lump sum payment equal to the amount of the employer contribution, based on the rates and coverage elections in effect at the Date of Termination, that would be been provided towards healthcare benefit coverage for the Participant and the Participant's eligible dependents during the Benefit Continuation Period had the Participant remained employed with the Company or as relevant Affiliate during such period (the "Healthcare Benefit"); and

(e) to the extent not theretofore paid or provided, any other amounts or benefits required to be paid or provided or which the Participant is eligible to receive under any plan, program, policy or practice or contract or agreement of the Company and the Affiliated Entities, including amounts credited to the Participant's account under any deferred compensation plan, payable pursuant to the terms of such plan, program, policy or practice (such other amounts and benefits shall be hereinafter referred to as the "Other Benefits").

3.2 Qualifying CIC Termination. If a Participant experiences a Qualifying CIC Termination, the Company shall pay or provide to the Participant the following payments and benefits at the time or times set forth below, subject to Section 9 and subject to (other than in the case of the Accrued Obligations and Other Benefits) the Participant's execution of a Release Agreement (provided that such Release Agreement shall not contain any new or additional restrictive covenants), and return of all property of the Company and its Affiliates including any laptops or other electronic devices (with the data intact) and such Release Agreement becoming effective and irrevocable in accordance with its terms no later than the seventieth (70th) day following the Date of Termination:

- (a) a lump sum payment in cash payable within 30 days following the Date of Termination equal to the Accrued Obligations;
- (b) a lump sum payment in cash payable within 70 days of the Date of Termination equal to the Prorated Bonus;
- (c) a lump sum payment in cash payable within 70 days of the Date of Termination equal to the product of (1) the Multiple and (2) the sum of (A) the Participant's Annual Base Salary and (B) the Target Annual Bonus;
- (d) the Healthcare Benefits; and
- (e) Other Benefits payable pursuant to the terms of such plan, program, policy or practice or contract or agreement.

For U.S. Taxpayer Participant, then notwithstanding the foregoing, with respect to any payment or benefit that constitutes nonqualified deferred compensation within the meaning of Section

409A of the Code, if the Change in Control does not constitute an event described in Section 409A(a)(2)(v) of the Code and the regulations thereunder, then solely to the extent necessary to avoid the application of additional taxes and penalties on such payment or benefit under Section 409A of the Code, such payment or benefit shall be paid or provided on the same schedule that would have applied to such payment or benefit in connection with a Qualifying Non-CIC Termination.

SECTION 4 GOLDEN PARACHUTE EXCISE TAX

4.1 The provisions of this Section 4 shall apply to U.S. Taxpayer Participants only.

4.2 If a Participant has a Qualifying CIC Termination, anything in this Plan to the contrary notwithstanding, in the event the Accounting Firm (as defined below) shall determine that receipt of all Payments (as defined below) would subject the Participant to the excise tax under Section 4999 of the Code, the Accounting Firm shall determine whether to reduce any of the Payments paid or payable pursuant to this Plan (the “Plan Payments”) so that the Parachute Value (as defined below) of all Payments, in the aggregate, equals the Safe Harbor Amount (as defined below). The Plan Payments shall be so reduced only if the Accounting Firm determines that the Participant would have a greater Net After-Tax Receipt (as defined below) of aggregate Payments if the Plan Payments were so reduced. If the Accounting Firm determines that the Participant would not have a greater Net After-Tax Receipt of aggregate Payments if the Plan Payments were so reduced, the Participant shall receive all Plan Payments to which the Participant is entitled hereunder.

4.3 If the Accounting Firm determines that aggregate Plan Payments should be reduced so that the Parachute Value of all Payments, in the aggregate, equals the Safe Harbor Amount, the Company shall promptly give the Participant notice to that effect and a copy of the detailed calculation thereof. All determinations made by the Accounting Firm under this Section 4 shall be binding upon the Company and the Participant and shall be made as soon as reasonably practicable and in no event later than 15 days following the Date of Termination. For purposes of reducing the Plan Payments so that the Parachute Value of all Payments, in the aggregate, equals the Safe Harbor Amount, only amounts payable under this Plan (and no other Payments) shall be reduced. The reduction of the amounts payable hereunder, if applicable, shall be made by reducing the Plan Payments and benefits that have a Parachute Value in the following order: Section 3.2(b), Section 3.2(c), Section 3.2(e) and Section 3.2(d) in each case, beginning with payments or benefits that do not constitute non-qualified deferred compensation and reducing payments or benefits in reverse chronological order beginning with those that are to be paid or provided the farthest in time from the Date of Termination, based on the Accounting Firm’s determination. All reasonable fees and expenses of the Accounting Firm shall be borne solely by the Company.

4.4 To the extent requested by the Participant, the Company shall cooperate with the Participant in good faith in valuing, and the Accounting Firm shall take into account the value of, services provided or to be provided by the Participant (including, without limitation, the Participant’s agreeing to refrain from performing services pursuant to a covenant not to compete or similar covenant, before, on or after the date of a change in ownership or control of the

Company (within the meaning of Q&A-2(b) of the final regulations under Section 280G of the Code), such that payments in respect of such services may be considered reasonable compensation within the meaning of Q&A-9 and Q&A-40 to Q&A-44 of the final regulations under Section 280G of the Code and/or exempt from the definition of the term “parachute payment” within the meaning of Q&A-2(a) of the final regulations under Section 280G of the Code in accordance with Q&A-5(a) of the final regulations under Section 280G of the Code.

4.5 The following terms shall have the following meanings for purposes of this Section 5:

(a) “Accounting Firm” shall mean a nationally recognized certified public accounting firm or other professional organization that is a certified public accounting firm recognized as an expert in determinations and calculations for purposes of Section 280G of the Code that is selected by the Company prior to a Change in Control for purposes of making the applicable determinations hereunder, which firm shall not, without the Participant’s consent, be a firm serving as accountant or auditor for the individual, entity or group effecting the Change in Control.

(b) “Net After-Tax Receipt” shall mean the present value (as determined in accordance with Sections 280G(b)(2)(A)(ii) and 280G(d)(4) of the Code) of a Payment net of all taxes imposed on the Participant with respect thereto under Sections 1 and 4999 of the Code and under applicable state and local laws, determined by applying the highest marginal rate under Section 1 of the Code and under state and local laws which applied to the Participant’s taxable income for the immediately preceding taxable year, or such other rate(s) as the Accounting Firm determines to be likely to apply to the Participant in the relevant tax year(s).

(c) “Parachute Value” of a Payment shall mean the present value as of the date of the Change in Control for purposes of Section 280G of the Code of the portion of such Payment that constitutes a “parachute payment” under Section 280G(b)(2) of the Code, as determined by the Accounting Firm for purposes of determining whether and to what extent the excise tax under Section 4999 of the Code will apply to such Payment.

(d) “Payment” shall mean any payment, benefit or distribution in the nature of compensation (within the meaning of Section 280G(b)(2) of the Code) to or for the benefit of the Participant, whether paid, payable or provided pursuant to this Plan or otherwise.

(e) “Safe Harbor Amount” shall mean the maximum Parachute Value of all Payments that the Participant can receive without any Payments being subject to the Excise Tax.

4.6 The provisions of this Section 4 shall survive the expiration of this Plan.

SECTION 5
NONDUPLICATION; LEGAL FEES; NON-EXCLUSIVITY OF RIGHTS

5.1 Offset for Other Employment or Work. Any compensation earned by a Participant from any other work, whether as an employee or an independent contractor, during the Salary Continuation Period or in the case of a Qualifying CIC Termination, during the period of time represented by the severance multiple (i.e., two and one half (2.5) equates to 30 months from the Date of Termination and two (2) equates to twenty four-months from the Date of Termination) (the “Severance Period”) shall reduce on a dollar for dollar (or as relevant the local country currency) basis, the amount paid by the Company under Section 3.1 or 3.2, as applicable. To the extent that compensation under Section 3.1 or 3.2 is already received by the Participant from the Company in a lump sum payment or otherwise and there is no further compensation that may be reduced, the Participant shall immediately on demand repay the Company on an after-tax basis the amount that should have been reduced as determined in writing by the Company. The Participant shall notify the Company in writing within 7 days if such Participants earns any compensation during the Severance Period.

5.2 Nonduplication. The amount of any payment under Section 3.1(c) and 3.2(c) of this Plan will be offset and reduced (but not below zero) by the full amount and/or value of any severance benefits, compensation and benefits provided during any notice period, pay in lieu of notice, mandated termination indemnities, or similar benefits that the Participant may separately be entitled to receive from the Company or any Affiliate based on any employment agreement, confidential information protection agreement or other contractual obligation (whether individual or union/works council) or statutory scheme. If a U.S. Taxpayer Participant’s employment is terminated because of a plant shut-down or mass layoff or other event to which the Worker Adjustment and Retraining Notification Act of 1988 or similar state law (collectively, “WARN”) applies, then the amount of the severance payment under Section 3.1(c) and 3.2(c) of this Plan to which the Participant is entitled shall be reduced, dollar for dollar, by the amount of any pay provided to the Participant in lieu of the notice required by WARN, and the Benefits Continuation Period shall be reduced for any period of benefits continuation or pay in lieu thereof provided to Participant due to the application of WARN.

5.3 Legal Fees. Solely during the Change in Control Period, the Company agrees to pay as incurred (within 10 business days following the Company’s receipt of an invoice from the Participant), to the full extent permitted by law, all legal fees and expenses that the Participant may reasonably incur as a result of any contest by the Company, the Participant or others of the validity or enforceability of, or liability under, any provision of this Plan or any guarantee of performance thereof (including as a result of any contest (regardless of the outcome) by the Participant about the amount of any payment pursuant to this Plan) (each, a “Contest”), plus, in each case, interest on any delayed payment to which the Participant is ultimately determined to be entitled at the applicable federal rate provided for in Section 7872(f)(2)(A) of the Code (“Interest”) based on the rate in effect for the month in which such legal fees and expenses were incurred.

**SECTION 6
AMENDMENT AND TERMINATION**

The Plan may be terminated or amended in any respect by resolution adopted by the Committee; *provided* that, in connection with or in anticipation of a Change in Control, this Plan may not be terminated or amended in any manner that would adversely affect the rights of Participants in connection with a Qualifying CIC Termination; *provided, further*, that following a Change in Control, this Plan shall continue in full force and effect and shall not terminate, expire or be amended until after all Participants who become entitled to any payments or benefits hereunder in connection with a Qualifying CIC Termination shall have received such payments and benefits in full pursuant to Section 3.

**SECTION 7
PLAN ADMINISTRATION**

7.1 **General.** The Committee is responsible for the general administration and management of this Plan (the committee acting in such capacity, the “Plan Administrator”) and shall have all powers and duties necessary to fulfill its responsibilities, including, but not limited to, the discretion to interpret and apply the provisions of this Plan and to determine all questions relating to eligibility for benefits under this Plan, to interpret or construe ambiguous, unclear, or implied (but omitted) terms in any fashion it deems to be appropriate, and to make any findings of fact needed in the administration of this Plan. Following a Change in Control, the validity of any such interpretation, construction, decision, or finding of fact shall be given *de novo* review if challenged in court, by arbitration, or in any other forum, and such *de novo* standard shall apply notwithstanding the grant of full discretion hereunder to the Plan Administrator or characterization of any such decision by the Plan Administrator as final or binding on any party.

7.2 **Not Subject to ERISA.** This Plan does not require an ongoing administrative scheme and, therefore, is intended to be a payroll practice which is not subject to the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). However, if it is determined that this Plan is subject to ERISA, (i) it shall be considered to be an unfunded plan maintained by the Company primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees (a “top-hat plan”), and (ii) it shall be administered in a manner which complies with the provisions of ERISA that are applicable to top-hat plans.

7.3 **Indemnification.** To the extent permitted by law, the Company shall indemnify the Plan Administrator, whether the Committee or the Independent Committee, from all claims for liability, loss, or damage (including the payment of expenses in connection with defense against such claims) arising from any act or failure to act in connection with this Plan.

**SECTION 8
SUCCESSORS; ASSIGNMENT**

8.1 **Successors.** The Company shall require any corporation, entity, individual or other person who is the successor (whether direct or indirect by purchase, merger, consolidation, reorganization or otherwise) to all or substantially all the business and/or assets of the Company

to expressly assume and agree to perform, by a written agreement in form and in substance satisfactory to the Company, all of the obligations of the Company under this Plan. As used in this Plan, the term “Company” shall mean the Company as hereinbefore defined and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Plan by operation of law, written agreement or otherwise.

8.2 Assignment of Rights. It is a condition of this Plan, and all rights of each person eligible to receive benefits under this Plan shall be subject hereto, that no right or interest of any such person in this Plan shall be assignable or transferable in whole or in part, except by will or the laws of descent and distribution or other operation of law, including, but not by way of limitation, lawful execution, levy, garnishment, attachment, pledge, bankruptcy, alimony, child support or qualified domestic relations order.

SECTION 9 SECTION 409A OF THE CODE

9.1 The provisions of this Section 9 shall apply to U.S. Taxpayer Participants only.

9.2 General. The obligations under this Plan are intended to comply with the requirements of Section 409A of the Code or an exemption or exclusion therefrom and shall in all respects be administered in accordance with Section 409A of the Code. Any payments that qualify for the “short-term deferral” exception, the separation pay exception or another exception under Section 409A of the Code shall be paid under the applicable exception to the maximum extent possible. For purposes of nonqualified deferred compensation under Section 409A of the Code, each payment of compensation under this Plan shall be treated as a separate payment of compensation. All payments to be made upon a termination of employment under this Plan may only be made upon a “separation from service” under Section 409A of the Code to the extent necessary in order to avoid the imposition of penalty taxes on a Participant pursuant to Section 409A of the Code. In no event may a Participant, directly or indirectly, designate the calendar year of any payment under this Plan.

9.3 Reimbursements and In-Kind Benefits. Notwithstanding anything to the contrary in this Plan, all reimbursements and in-kind benefits provided under this Plan that are subject to Section 409A of the Code shall be made in accordance with the requirements of Section 409A of the Code, including without limitation, where applicable, the requirement that (i) in no event shall the Company’s obligations to make such reimbursements or to provide such in-kind benefits apply later than the Participant’s remaining lifetime (or if longer, through the 20th anniversary of the Effective Date; (ii) the amount of expenses eligible for reimbursement, or in-kind benefits provided, during a calendar year may not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other calendar year; (iii) the reimbursement of an eligible fees and expenses shall be made no later than the last day of the calendar year following the year in which the applicable fees and expenses were incurred; *provided* that the Participant shall have submitted an invoice for such fees and expenses at least 10 days before the end of the calendar year next following the calendar year in which such fees and expenses were incurred; and (iv) the right to reimbursement or in-kind benefits is not subject to liquidation or exchange for another benefit.

9.4 Delay of Payments. Notwithstanding any other provision of this Plan to the contrary, if a Participant is considered a “specified employee” for purposes of Section 409A of the Code (as determined in accordance with the methodology established by the Company as in effect on the Date of Termination), any payment or benefit that constitutes nonqualified deferred compensation within the meaning of Section 409A of the Code that is otherwise due to be paid to such Participant under this Agreement during the six-month period immediately following such Participant’s separation from service (as determined in accordance with Section 409A of the Code) on account of such Participant’s separation from service shall be accumulated and paid to such Participant with Interest (based on the rate in effect for the month in which the Participant’s separation from service occurs) on the first business day of the seventh month following the Participant’s separation from service (the “Delayed Payment Date”), to the extent necessary to avoid penalty taxes or accelerated taxation pursuant to Section 409A of the Code. If such Participant dies during the postponement period, the amounts and entitlements delayed on account of Section 409A of the Code shall be paid to the personal representative of his or her estate on the first to occur of the Delayed Payment Date or 30 calendar days after the date of such Participant’s death.

SECTION 10 MISCELLANEOUS

10.1 Controlling Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to any choice of law or conflicting provision or rule (whether of the State of Delaware or any other jurisdiction) that would cause the laws of any jurisdiction other than the State of Delaware to be applied. In furtherance of the foregoing, the internal laws of the State of Delaware will control the interpretation and construction of this Agreement, even if under such jurisdiction’s choice of law or conflict of law analysis, the substantive law of some other jurisdiction would ordinarily apply.

10.2 Withholding. The Company may withhold from any amount payable or benefit provided under this Plan such federal, state, local, foreign and other taxes and/ or social security payments as are required to be withheld pursuant to any applicable law or regulation.

10.3 Gender and Plurals. Wherever used in this Plan document, words in the masculine gender shall include masculine or feminine gender, and, unless the context otherwise requires, words in the singular shall include the plural, and words in the plural shall include the singular.

10.4 Plan Controls. In the event of any inconsistency between this Plan document, the Service Agreement and any other communication regarding this Plan, this Plan document controls. The captions in this Plan are not part of the provisions hereof and shall have no force or effect.

10.5 Not an Employment Contract. Neither this Plan nor any action taken with respect to it shall confer upon any person the right to continued employment with the Company or any Affiliate.

10.6 Notices.

(a) Any notice required to be delivered to the Company by a Participant hereunder shall be properly delivered to the Company when personally delivered to, or actually received through the U.S. mail or electronic mail (e-mail) (so long as confirmation of receipt of e-mail is requested or received) by:

GXO Logistics, Inc.
[•]
[•]
Attention: General Counsel
E-mail: [•]

(b) Any notice required to be delivered to the Participant by the Company hereunder shall be properly delivered to the Participant when the Company delivers such notice by e-mail (so long as confirmation of receipt of e-mail is requested or received), personally or by placing said notice in the U.S. mail registered or certified mail, return receipt requested, postage prepaid to that person's last known address as reflected on the books and records of the Company.

10.7 Severability. If any provision of this Plan is held invalid or unenforceable, its invalidity or unenforceability shall not affect any other provisions of this Plan, and this Plan shall be construed and enforced as if such provision had not been included in this Plan.

**FORM OF
GXO LOGISTICS, INC.
CASH LONG-TERM INCENTIVE PLAN**

SECTION 1. Purpose; Effective Date. The purpose of this GXO Logistics, Inc. Cash Long-Term Incentive Plan (the “Plan”) is to promote the interests of the Company and its stockholders by (a) attracting and retaining exceptional employees (including prospective employees) of the Company (as defined below) and its Affiliates (as defined below) and (b) enabling such individuals to participate in the long-term growth and financial success of the Company. This Plan shall be effective as of the date of the Spin-Off, upon the occurrence of which the Company shall become a separate publicly traded company.

SECTION 2. Definitions. As used herein, the following terms shall have the meanings set forth below:

“Administrator” means the Compensation Committee of the Board, or such other committee as the Board may from time to time designate, which committee shall be comprised of not less than two directors, and shall be appointed by and serve at the pleasure of the Board.

“Affiliate” means (a) any entity that, directly or indirectly, is controlled by, controls or is under common control with, the Company and/or (b) any entity in which the Company has a significant equity interest.

“Assumed Spin-Off Award” means each award (a) originally granted to certain employees of the Company, XPO Logistics, Inc. and their respective subsidiaries under the XPO Cash Long-Term Incentive Plan effective as of January 1, 2020, and (b) assumed by the Company in connection with the Spin-Off pursuant to the terms of the Employee Matters Agreement between the Company and XPO entered into in connection with the Spin-Off.

“Award” means each (i) award granted under the Plan that entitles the holder to receive a fixed amount of cash subject to the terms and conditions of the Plan and the applicable Award Agreement and (ii) Assumed Spin-Off Award.

“Award Agreement” means any written or electronic agreement, contract or other instrument or document evidencing any Award, which may (but need not) require execution or acknowledgment by a Participant.

“Board” means the Board of Directors of the Company.

“Change of Control” shall (a) have the meaning set forth in an Award Agreement; or (b) if there is no definition set forth in the Award Agreement, shall have the meaning given in the Company’s 2021 Omnibus Incentive Compensation Plan, as amended, as in effect from time to time.

“Code” means the Internal Revenue Code of 1986, as amended from time to time, or any successor statute thereto, and the regulations promulgated thereunder.

“Company” means GXO Logistics, Inc., a corporation organized under the laws of Delaware, together with any successor thereto.

“Executive Officer” means an officer of the Company who is an executive officer of the Company within the meaning of Rule 3b-7 under the U.S. Securities Exchange Act of 1934, as amended.

“Participant” means any employee (including any prospective employee) of the Company or its Affiliates who is eligible for an Award under SECTION 4 and who is selected by the Administrator to receive an Award under the Plan or who holds an Assumed Spin-Off Award.

“Spin-Off” means the distribution of shares of shares of common stock of the Company to the stockholders of XPO in 2021, pursuant to the Separation and Distribution Agreement between the Company and XPO entered into in connection with such distribution.

“XPO” means XPO Logistics, Inc.

SECTION 3. Administration.

(a) Authority of the Administrator. Subject to the terms of the Plan and applicable law, and in addition to the other express powers and authorizations conferred on the Administrator by the Plan, the Administrator shall have sole and plenary authority to administer the Plan, including the authority to (i) designate Participants, (ii) determine the amount of each Award, (iii) determine the terms and conditions of any Awards, (iv) determine the vesting schedules of Awards and, if certain performance goals must be attained in order for an Award to vest or be settled or paid, establish such performance goals and certify whether, and to what extent, such performance criteria have been attained, (v) determine whether, to what extent and under what circumstances cash payable with respect to an Award shall be deferred either automatically or at the election of the holder thereof or of the Administrator, (vi) interpret, administer, reconcile any inconsistency in, correct any default in and/or supply any omission in, the Plan and any instrument or agreement relating to, or Award made under, the Plan, (vii) establish, amend, suspend or waive such rules and regulations and appoint such agents as it shall deem appropriate for the proper administration of the Plan, (viii) accelerate the vesting or exercisability of, payment for or lapse of restrictions on, Awards, (ix) amend any outstanding Award, and (x) make any other determination and take any other action that the Administrator deems necessary or desirable for the administration of the Plan. Performance goals applicable to any Award may consist of financial, operational and strategic performance measures for the Company, an Affiliate and/or any business or functional unit thereof; individual performance goals for Participants; and/or such other goals as may be determined by the Administrator.

(b) Administrator Decisions. Unless otherwise expressly provided in the Plan, all designations, determinations, interpretations and other decisions under or with respect to the Plan or any Award shall be within the sole and plenary discretion of the Administrator, may be made at any time and shall be final, conclusive and binding upon all persons, including the Company, any Affiliate, any Participant, any holder or beneficiary of any Award and any stockholder.

(c) Indemnification. No member of the Board of Directors of the Company, the Administrator or any officer or employee of the Company (each such person, a “Covered Person”) shall be liable for any action taken or omitted to be taken or any determination made in good faith with respect to the Plan or any Award. Each Covered Person shall be indemnified and

held harmless by the Company from and against (i) any loss, cost, liability or expense (including attorneys' fees) that may be imposed upon or incurred by such Covered Person in connection with or resulting from any action, suit or proceeding to which such Covered Person may be a party or in which such Covered Person may be involved by reason of any action taken or omitted to be taken under the Plan or any Award Agreement and (ii) any and all amounts paid by such Covered Person, with the Company's approval, in settlement thereof, or paid by such Covered Person in satisfaction of any judgment in any such action, suit or proceeding against such Covered Person; provided that the Company shall have the right, at its own expense, to assume and defend any such action, suit or proceeding, and, once the Company gives notice of its intent to assume the defense, the Company shall have sole control over such defense with counsel of the Company's choice. The foregoing right of indemnification shall not be available to a Covered Person to the extent that a court of competent jurisdiction in a final judgment or other final adjudication, in either case not subject to further appeal, determines that the acts or omissions of such Covered Person giving rise to the indemnification claim resulted from such Covered Person's bad faith, fraud or willful criminal act or omission or that such right of indemnification is otherwise prohibited by law or by the Company's Amended and Restated Certificate of Incorporation or Amended and Restated Bylaws, in each case, as may be amended from time to time. The foregoing right of indemnification shall not be exclusive of any other rights of indemnification to which Covered Persons may be entitled under the Company's Restated Certificate of Incorporation or Amended and Restated Bylaws, as a matter of law, or otherwise, or any other power that the Company may have to indemnify such persons or hold them harmless.

(d) Delegation of Authority. The Administrator may delegate, on such terms and conditions as it determines in its sole and plenary discretion, to one or more officers of the Company the authority to make grants of Awards pursuant to the Plan and all necessary and appropriate decisions and determinations with respect thereto; provided, however, that the Administrator shall administer the Plan with respect to any Participant who is an Executive Officer. No officer may designate himself or herself as an Award recipient under any authority delegated to the officer.

(e) Any such officer of the Company to whom such authority is delegated shall be considered the Administrator when acting within the scope of such delegated authority.

SECTION 4. Eligibility. Any employee (including any prospective employee) of the Company or any of its Affiliates shall be eligible to be designated a Participant.

SECTION 5. Awards. Subject to the provisions of the Plan, the Administrator, in its sole and plenary discretion, shall have the authority to determine (i) the Participants to whom Awards shall be granted, (ii) the amount of each Award, (iii) the duration of the period during which, and the conditions, if any, under which, each Award may vest or may be forfeited to the Company and (iv) the other terms and conditions of each Award.

SECTION 6. Amendment and Termination.

(a) Amendments to the Plan. Subject to any applicable law or government regulation, the Plan may be amended, modified or terminated by the Company. No amendment,

modification or termination of the Plan may, without the consent of the Participant to whom any Award shall theretofore have been granted, materially and adversely affect the rights of such Participant (or his or her transferee) under such Award, unless otherwise provided by the Administrator in the applicable Award Agreement.

(b) Amendments to Awards. The Administrator may waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate any Award theretofore granted, prospectively or retroactively; provided, however, that, except as set forth in the Plan, unless otherwise provided by the Administrator in the applicable Award Agreement, any such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination that would materially and adversely impair the rights of any Participant or any holder or beneficiary of any Award theretofore granted shall not to that extent be effective without the consent of the applicable Participant, holder or beneficiary.

SECTION 7. Change of Control. Unless otherwise provided by the Administrator in the applicable Award Agreement, upon the occurrence of a Change in Control, each outstanding Award shall immediately vest and become payable within thirty (30) days thereafter.

SECTION 8. General Provisions.

(a) Nontransferability. Except as otherwise specified in the applicable Award Agreement, during the Participant's lifetime no Award (or any rights and obligations thereunder) may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by a Participant otherwise than by will or by the laws of descent and distribution, and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against the Company or any Affiliate; provided that (i) the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance and (ii) the Administrator may permit further transferability, on a general or specific basis, and may impose conditions and limitations on any permitted transferability. All terms and conditions of the Plan and all Award Agreements shall be binding upon any permitted successors and assigns.

(b) No Rights to Awards. No Participant or other person shall have any claim to be granted any Award, and there is no obligation for uniformity of treatment of Participants or holders or beneficiaries of Awards. The terms and conditions of Awards and the Administrator's determinations and interpretations with respect thereto need not be the same with respect to each Participant and may be made selectively among Participants, whether or not such Participants are similarly situated.

(c) Withholding. A Participant may be required to pay to the Company or any Affiliate, and the Company or any Affiliate shall have the right and is hereby authorized to withhold from any Award, from any payment due or transfer made under any Award or under the Plan or from any compensation or other amount owing to a Participant, the amount of any applicable withholding taxes in respect of an Award or any payment or transfer under an Award or under the Plan and to take such other action as may be necessary in the opinion of the Administrator or the Company to satisfy all obligations for the payment of such taxes.

(d) Section 409A.

(i) It is intended that the provisions of the Plan comply with Section 409A of the Code, and all provisions of the Plan shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A of the Code. Each payment under any Award shall be treated as a separate payment for purposes of Section 409A of the Code. In no event may a Participant, directly or indirectly, designate the calendar year of any payment to be made under any Award.

(ii) No Participant or the creditors or beneficiaries of a Participant shall have the right to subject any deferred compensation (within the meaning of Section 409A of the Code) payable under the Plan to any anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment or garnishment. Except as permitted under Section 409A of the Code, any deferred compensation (within the meaning of Section 409A of the Code) payable to any Participant or for the benefit of any Participant under the Plan may not be reduced by, or offset against, any amount owing by any such Participant to the Company or any of its Affiliates.

(iii) If, at the time of a Participant's separation from service (within the meaning of Section 409A of the Code), (A) such Participant shall be a specified employee (within the meaning of Section 409A of the Code and using the identification methodology selected by the Company from time to time) and (B) the Company shall make a good faith determination that an amount payable pursuant to an Award constitutes deferred compensation (within the meaning of Section 409A of the Code) the payment of which is required to be delayed pursuant to the six-month delay rule set forth in Section 409A of the Code in order to avoid taxes or penalties under Section 409A of the Code, then the Company shall not pay such amount on the otherwise scheduled payment date but shall instead pay it on the first business day after such six-month period. Such amount shall be paid without interest, unless otherwise determined by the Administrator, in its sole discretion, or as otherwise provided in any applicable employment agreement between the Company and the relevant Participant.

(iv) Notwithstanding any provision of the Plan to the contrary, in light of the uncertainty with respect to the proper application of Section 409A of the Code, the Company reserves the right to make amendments to any Award as the Company deems necessary or desirable to avoid the imposition of taxes or penalties under Section 409A of the Code. In any case, a Participant shall be solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on such Participant or for such Participant's account in connection with an Award (including any taxes and penalties under Section 409A of the Code), and neither the Company nor any of its Affiliates shall have any obligation to indemnify or otherwise hold such Participant harmless from any or all of such taxes or penalties.

(e) Award Agreements. Each Award hereunder shall be evidenced by an Award Agreement, which shall be delivered to the Participant and shall specify the terms and conditions of the Award and any rules applicable thereto, including the effect on such Award of the death,

disability or termination of employment or service of a Participant and the effect, if any, of such other events as may be determined by the Administrator.

(f) Assumed Spin-Off Awards. Notwithstanding anything in this Plan to the contrary, each Assumed Spin-Off Award shall be subject to the terms and conditions of the plan and award agreement to which such Award was subject immediately prior to the Spin-Off, provided that, following the date of the Spin-Off, each such Award be administered by the Administrator (or its delegate) in accordance with the administrative procedures in effect under this Plan.

(g) No Limit on Other Compensation Arrangements. Nothing contained in the Plan shall prevent the Company or any Affiliate from adopting or continuing in effect other compensation arrangements, which may, but need not, provide for the grant of cash incentive awards, and such arrangements may be either generally applicable or applicable only in specific cases.

(h) No Right to Employment. The grant of an Award shall not be construed as giving a Participant the right to be retained as an employee of the Company or any Affiliate. Further, the Company or an Affiliate may at any time dismiss a Participant from employment, free from any liability or any claim under the Plan, unless otherwise expressly provided in the Plan or in any Award Agreement.

(i) Governing Law. The validity, construction and effect of the Plan and any rules and regulations relating to the Plan and any Award Agreement shall be determined in accordance with the laws of the State of Delaware, without giving effect to the conflict of laws provisions thereof.

(j) Severability. If any provision of the Plan or any Award is or becomes or is deemed to be invalid, illegal or unenforceable in any jurisdiction or as to any person or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Administrator, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Administrator, materially altering the intent of the Plan or the Award, such provision shall be construed or deemed stricken as to such jurisdiction, person or Award and the remainder of the Plan and any such Award shall remain in full force and effect.

(k) No Trust or Fund Created. Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company or any Affiliate, on one hand, and a Participant or any other person, on the other. To the extent that any person acquires a right to receive payments from the Company or any Affiliate pursuant to an Award, such right shall be no greater than the right of any unsecured general creditor of the Company or such Affiliate.

(l) Recoupment of Awards. Any Award Agreement may provide for recoupment by the Company of all or any portion of an Award if the Company's financial statements are required to be restated due to noncompliance with any financial reporting requirement under the

Federal securities laws or as otherwise determined by the Administrator . This Section 8(l) shall not be the Company's exclusive remedy with respect to such matters.

(m) Headings and Construction. Headings are given to the Sections and subsections of the Plan solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of the Plan or any provision thereof. Whenever the words "include", "includes" or "including" are used in this Plan, they shall be deemed to be followed by the words "but not limited to".

AWARD AGREEMENT UNDER THE XPO LOGISTICS, INC. CASH LONG-TERM INCENTIVE PLAN, dated as of 15-Jan-2020, (the “Grant Date”), between XPO LOGISTICS, INC., a Delaware corporation (the “Company”), and Malcolm Wilson.

This Award Agreement (this “Award Agreement”) sets forth the terms and conditions of a cash award (this “Award”) that are subject to the terms and conditions specified herein granted to you under the XPO Logistics, Inc. Cash Long-Term Incentive Plan (the “Plan”). This Award provides you with the opportunity to earn, subject to the terms of this Award Agreement, up to \$547,918 of cash, as set forth in Section 3 of this Award Agreement.

THIS AWARD IS SUBJECT TO ALL TERMS AND CONDITIONS OF THE PLAN, INCLUDING THE PLAN RULES, THE GLOBAL APPENDIX AND THIS AWARD AGREEMENT, INCLUDING THE DISPUTE RESOLUTION PROVISIONS SET FORTH IN SECTION 10 OF THIS AWARD AGREEMENT. BY SIGNING YOUR NAME BELOW, YOU SHALL HAVE CONFIRMED YOUR ACCEPTANCE OF THE TERMS AND CONDITIONS OF THIS AWARD AGREEMENT.

SECTION 1. The Plan. This Award is made pursuant to the Plan, all the terms of which are hereby incorporated in this Award Agreement. In the event of any conflict between the terms of the Plan and the terms of this Award Agreement, the terms of the Plan shall govern.

SECTION 2. Definitions. Capitalized terms used in this Award Agreement that are not defined in this Award Agreement have the meanings as used or defined in the Plan. As used in this Award Agreement, the following terms have the meanings set forth below:

“Business Day” means a day that is not a Saturday, a Sunday or a day on which banking institutions are legally permitted to be closed in the City of New York.

“Cause” means: (i) your dereliction of duties or gross negligence or failure to perform your duties or refusal to follow any lawful directive of the officer to whom you report; (ii) your abuse of or dependency on alcohol or drugs (illicit or otherwise) that adversely affects your performance of duties for the Company; (iii) your commission of any fraud, embezzlement, theft or dishonesty, or any deliberate misappropriation of money or other assets of the Company; (iv) your breach of any fiduciary duties to the Company or any agreement with the Company; (v) any act, or failure to act, by you in bad faith to the detriment of the Company; (vi) your failure to provide the Company with at least 30 days’ advanced written notice of your intention to resign; (vii) your failure to cooperate in good faith with a governmental or internal investigation of the Company or any of its directors, managers, officers or employees, if the Company requests your cooperation; (viii) your failure to follow Company policies, including the Company’s code of conduct and/or ethics policy, as may be in effect from time to time, and (ix) your conviction of, or plea of nolo contendere to, a felony or any serious crime; provided that in cases where cure is possible, you shall first be provided a 15-day cure period. If, subsequent to your termination of employment for any reason other than by the Company for Cause, it is determined in good faith by the Chief Executive Officer of the Company that your employment could have been terminated by the Company for Cause, your employment shall, at the election of the Chief Executive Officer of the Company at any time up to two years after your termination of

employment but in no event more than six months after the Chief Executive Officer of the Company learns of the facts or events that could give rise to the termination for Cause, be deemed to have been terminated for Cause retroactively to the date the events giving rise to Cause occurred.

“Code” means the Internal Revenue Code of 1986, as amended.

“Employment Agreement” means any individual employment agreement between you and the Company or any of its Subsidiaries.

“Section 409A” means Section 409A of the Code, and the regulations and other interpretive guidance promulgated thereunder, as in effect from time to time.

“Settlement Date” means the next regularly scheduled payroll date following the earliest of (i) the applicable Vesting Date; (ii) the date of your termination of employment; or (iii) a Change of Control.

“Vesting Date” means the date on which the service requirement set forth in Section 3(a) of this Award Agreement is met.

SECTION 3. Vesting and Settlement. (a) Regularly Scheduled Settlement. Except as otherwise provided in this Award Agreement, the vesting period will be the three calendar year period commencing with the year in which the Grant Date occurs and one-twelfth of the Award will become vested on the last day of the calendar quarter in which the Grant Date occurs and each subsequent calendar quarter during such vesting period (each, a “Vesting Date”), subject to your continued employment through each such Vesting Date.

(b) Termination of Employment. Notwithstanding anything to the contrary in this Award Agreement or the Plan:

(i) if your employment terminates by reason of your death, the remainder of the Award shall vest in full immediately;

(ii) if your employment is terminated by the Company for Cause or by reason of your Disability, the remainder of the Award shall be immediately forfeited;

(iii) if your employment is terminated by the Company without Cause, (A) you shall vest in the sum of the portion of the Award scheduled and eligible to vest on each of the Vesting Dates occurring after the date of termination and before the next anniversary of the Grant Date immediately following the date of termination, and (B) the remainder of the Award shall be forfeited; and

(iv) if you resign for any reason, (A) you shall vest in a portion of the Award, solely with respect to the portion of the Award scheduled and eligible to vest on the Vesting Date immediately following the date of termination, equal to the product of (x) the portion of the Award scheduled and eligible to vest on the Vesting Date immediately following the date of termination and (y) a fraction, the numerator of which is the number of days from the Vesting Date immediately preceding the date of termination (or, if such termination is after the Grant Date but prior to the first Vesting Date, the Grant Date)

through the date of termination of your employment and the denominator of which is the number of days from the Vesting Date immediately preceding the date of termination (or, if such termination is after the Grant Date but prior to the first Vesting Date, the Grant Date) through the Vesting Date immediately following the date of termination, and (B) the remainder of the Award shall be forfeited.

By way of illustration, if, on the date that is two (2) months after the first Vesting Date, your employment terminates (A) by reason of a termination by the Company without Cause, you shall vest in three-twelfths of the Award (i.e., the sum of the one-twelfth of the Award that was scheduled and eligible to vest on the second, third, and fourth Vesting Dates) or (B) by reason of your resignation, you shall vest in two-thirds (2/3) of the portion of the Award (i.e., one-twelfth) that was scheduled and eligible to vest on the second Vesting Date and, in each case, the remainder of the Award shall be forfeited.

(c) Change of Control. Upon a Change of Control that occurs during your employment, the Award shall vest in full immediately.

(d) Settlement of Award. On the Settlement Date, the Company shall deliver to you or your legal representative a lump sum cash payment equal to the portion of the Award that has vested in accordance with the terms of this Award Agreement.

SECTION 4. Forfeiture of Award. If you (a) breach any restrictive covenant (which, for the avoidance of doubt, includes any non-compete, non-solicit, non-disparagement or confidentiality provisions) contained in any arrangements with the Company (including any Employment Agreement and the confidentiality covenant contained in Section 10(c) hereof) to which you are subject or (b) engage in fraud or willful misconduct that contributes materially to any financial restatement or material loss to the Company or any of its Subsidiaries, your rights with respect to the Award shall immediately terminate, and you shall be entitled to no further payments or benefits with respect thereto and, if the Award has vested and/or settled, the Company may require you to forfeit or remit to the Company any amount payable, or the after-tax net amount paid or received by you, in respect of the Award; provided, however, that (i) the Company shall make such demand that you forfeit or remit any such amount no later than six months after learning of the conduct described in this Section 4 and (ii) in cases where cure is possible, you shall first be provided a 15-day cure period to cease, and to cure, such conduct.

SECTION 5. Non-Transferability of Award. Unless otherwise provided by the Administrator in its discretion, the Award may not be sold, assigned, alienated, transferred, pledged, attached or otherwise encumbered except as provided in Section 8(a) of the Plan. Any purported sale, assignment, alienation, transfer, pledge, attachment or other encumbrance of the Award in violation of the provisions of this Section 5 and Section 8(a) of the Plan shall be void.

SECTION 6. Withholding, Consents and Legends. (a) Withholding. The delivery of cash pursuant to Section 3 of this Award Agreement is conditioned on satisfaction of any applicable withholding taxes in accordance with this Section 8(c) of the Plan. No later than the date as of which an amount first becomes includible in your gross income for Federal, state, local or foreign income tax purposes with respect to any portion of the Award, you shall pay to the

Company, or make arrangements satisfactory to the Company regarding the payment of, any Federal, state, local and foreign taxes that are required by applicable laws and regulations to be withheld with respect to such amount. In the event that there is withholding tax liability in connection with the settlement of the Award, if authorized by the Administrator in its sole discretion, you may satisfy, in whole or in part, any withholding tax liability by having the Company withhold from the cash you would be entitled to receive upon settlement of the Award, an amount equal to such withholding tax liability.

(b) Consents. Your rights in respect of the Award are conditioned on the receipt to the full satisfaction of the Administrator of any required consents that the Administrator may determine to be necessary or advisable (including your consent to the Company's supplying to any third-party recordkeeper of the Plan such personal information as the Administrator deems advisable to administer the Plan).

SECTION 7. Successors and Assigns of the Company. The terms and conditions of this Award Agreement shall be binding upon and shall inure to the benefit of the Company and its successors and assigns.

SECTION 8. Administrator Discretion. The Administrator shall have full and plenary discretion with respect to any actions to be taken or determinations to be made in connection with this Award Agreement, and its determinations shall be final, binding and conclusive.

SECTION 9. Dispute Resolution. (a) Jurisdiction and Venue. Notwithstanding any provision in your Employment Agreement, you and the Company irrevocably submit to the exclusive jurisdiction of (i) the United States District Court for the Southern District of New York and (ii) the courts of the State of New York for the purposes of any suit, action or other proceeding arising out of this Award Agreement or the Plan. You and the Company agree to commence any such action, suit or proceeding either in the United States District Court for the Southern District of New York or, if such suit, action or other proceeding may not be brought in such court for jurisdictional reasons, in the courts of the State of New York. You and the Company further agree that service of any process, summons, notice or document by U.S. registered mail to the other party's address set forth below 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 9(a). You and the Company irrevocably and unconditionally waive any objection to the laying of venue of any action, suit or proceeding arising out of this Award Agreement or the Plan in (A) the United States District Court for the Southern District of New York or (B) the courts of the State of New York, and hereby and thereby further irrevocably and unconditionally waive and agree not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

(b) Waiver of Jury Trial. You and the Company hereby waive, to the fullest extent permitted by applicable law, any right either of you may have to a trial by jury in respect to any litigation directly or indirectly arising out of, under or in connection with this Award Agreement or the Plan.

(c) Confidentiality. You hereby agree to keep confidential the existence of, and any information concerning, a dispute described in this Section 9, except that you may disclose information concerning such dispute to the court that is considering such dispute or to your legal counsel (provided that such counsel agrees not to disclose any such information other than as necessary to the prosecution or defense of the dispute).

SECTION 10. Notice. All notices, requests, demands and other communications required or permitted to be given under the terms of this Award Agreement shall be in writing and shall be deemed to have been duly given when delivered by hand or overnight courier or three Business Days after they have been mailed by U.S. certified or registered mail, return receipt requested, postage prepaid, addressed to the other party as set forth below:

If to the Company:	XPO Logistics, Inc. Five American Lane Greenwich, CT 06831 Attention: Chief Human Resources Officer
If to you:	To your address as most recently supplied to the Company and set forth in the Company's records

The parties may change the address to which notices under this Award Agreement shall be sent by providing written notice to the other in the manner specified above.

SECTION 11. Governing Law. This Award Agreement shall be deemed to be made in the State of Delaware, and the validity, construction and effect of this Award Agreement in all respects shall be determined in accordance with the laws of the State of Delaware, without giving effect to the conflict of law principles thereof.

SECTION 12. Headings and Construction. Headings are given to the Sections and subsections of this Award Agreement solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of this Award Agreement or any provision thereof. Whenever the words "include", "includes" or "including" are used in this Award Agreement, they shall be deemed to be followed by the words "but not limited to". The term "or" is not exclusive.

SECTION 13. Amendment of this Award Agreement. The Administrator may waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate this Award Agreement prospectively or retroactively; provided, however, that, except as set forth in Section 14(d) of this Award Agreement, any such waiver, amendment, alteration, suspension, discontinuance, cancelation or termination that would materially and adversely impair your rights under this Award Agreement shall not to that extent be effective without your consent.

SECTION 14. Section 409A. (a) It is intended that the provisions of this Award Agreement comply with Section 409A, and all provisions of this Award Agreement shall be

construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A.

(b) Neither you nor any of your creditors or beneficiaries shall have the right to subject any deferred compensation (within the meaning of Section 409A) payable under this Award Agreement to any anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment or garnishment. Except as permitted under Section 409A, any deferred compensation (within the meaning of Section 409A) payable to you or for your benefit under this Award Agreement may not be reduced by, or offset against, any amount owing by you to the Company or any of its Affiliates.

(c) If, at the time of your separation from service (within the meaning of Section 409A), (i) you shall be a specified employee (within the meaning of Section 409A and using the identification methodology selected by the Company from time to time) and (ii) the Company shall make a good faith determination that an amount payable hereunder constitutes deferred compensation (within the meaning of Section 409A) the payment of which is required to be delayed pursuant to the six-month delay rule set forth in Section 409A in order to avoid taxes or penalties under Section 409A, then the Company shall not pay such amount on the otherwise scheduled payment date but shall instead pay it, without interest (except as otherwise provided in your Employment Agreement), on the first Business Day after such six-month period. For purposes of Section 409A, each payment hereunder will be deemed to be a separate payment as permitted under Treasury Regulation Section 1.409A-2(b)(2)(iii).

(d) Notwithstanding any provision of this Award Agreement to the contrary, in light of the uncertainty with respect to the proper application of Section 409A, the Company reserves the right to make amendments to this Award Agreement as the Company deems necessary or desirable to avoid the imposition of taxes or penalties under Section 409A. In any case, you shall be solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on you or for your account in connection with this Award Agreement (including any taxes and penalties under Section 409A), and neither the Company nor any of its Affiliates shall have any obligation to indemnify or otherwise hold you harmless from any or all of such taxes or penalties.

SECTION 15. Counterparts. This Award Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. You and the Company hereby acknowledge and agree that signatures delivered by facsimile or electronic means (including by “pdf”) shall be deemed effective for all purposes.

SECTION 16. Section 280G. Notwithstanding anything in this Award Agreement to the contrary and regardless of whether this Award Agreement has otherwise expired or terminated, unless otherwise provided in your Employment Agreement, in the event that any payments, distributions, benefits or entitlements of any type payable to you (“CIC Benefits”) (i) constitute “parachute payments” within the meaning of Section 280G of the Code, and (ii) but for this paragraph would be subject to the excise tax imposed by Section 4999 of the Code (the “Excise Tax”), then your CIC Benefits shall be reduced to such lesser amount (the “Reduced Amount”) that would result in no portion of such benefits being subject to the Excise Tax;

provided that such amounts shall not be so reduced if the Company determines, based on the advice of Golden Parachute Tax Solutions LLC, or such other nationally recognized certified public accounting firm as may be designated by the Company (the “Accounting Firm”), that without such reduction you would be entitled to receive and retain, on a net after tax basis (including, without limitation, any excise taxes payable under Section 4999 of the Code), an amount that is greater than the amount, on a net after tax basis, that you would be entitled to retain upon receipt of the Reduced Amount. Unless the Company and you otherwise agree in writing, any determination required under this Section 16 shall be made in writing in good faith by the Accounting Firm. In the event of a reduction of benefits hereunder, benefits shall be reduced by first reducing or eliminating the portion of the CIC Benefits that are payable under this Award Agreement and then by reducing or eliminating the portion of the CIC Benefits that are payable in cash and then by reducing or eliminating the non-cash portion of the CIC Benefits, in each case, in reverse order beginning with payments or benefits which are to be paid the furthest in the future. For purposes of making the calculations required by this Section 16, the Accounting Firm may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of the Code, and other applicable legal authority. The Company and you shall furnish to the Accounting Firm such information and documents as the Accounting Firm may reasonably require in order to make a determination under this Section 16, and the Company shall bear the cost of all fees the Accounting Firm charges in connection with any calculations contemplated by this Section 16. In connection with making determinations under this Section 16, the Accounting Firm shall take into account the value of any reasonable compensation for services to be rendered by you before or after the Change of Control, including any non-competition provisions that may apply to you and the Company shall cooperate in the valuation of any such services, including any non-competition provisions.

The parties have duly executed this Award Agreement as of the date first written above.

XPO LOGISTICS, INC.

by /s/ Meghan Henson

Name: Meghan Henson
Title: Chief Human Resources
Officer

**XPO Logistics, Inc. (“XPO”)
Global Appendix (cash)**

Capitalised terms not otherwise defined in this global appendix document (the “Appendix”) have the meanings given in the rules of the XPO Cash Long Term Incentive Plan (the “Plan”) and the Award Agreement, as applicable. You are the “Participant” for the purposes of this document.

The Participant acknowledges, accepts and agrees each of the following:

1. Adequate Information:

That the Participant has been given, has read, and understands, all relevant information and materials with respect to the terms and conditions of the Award as set out in the Plan rules. Participants acknowledge that the information and materials provided do not take into account individual objectives, financial situation or needs and that if a Participant does not understand the contents of the Plan documents, or is in any doubt, they should consult an independent authorised financial adviser.

2. No Public Offer:

That the grant of an Award is strictly private and personal to the Participant and rights under the Plan may not be transferred, disposed of or assigned unless expressly confirmed by XPO in writing.

That the Plan is not intended to constitute a public offering in any jurisdiction. The Award has not been reviewed or approved by any applicable securities authorities and may have been offered pursuant to an exemption from registration in a local jurisdiction. It should not be made public or transmitted to any third party. The Participant should therefore keep all Plan-related documents confidential and the Participant may not reproduce, distribute or otherwise make public any such documents without XPO’s express written consent.

3. Independent Advice Recommended:

That the information provided by XPO, the local employer, or any person or entity acting on their behalf, including its service providers, in respect of the Plan, and any other benefit program offered by XPO, does not take into account the individual circumstances of recipients and does not constitute investment advice. The Plan involves certain risks and Participants are advised to exercise caution in relation to the Award. Participants should consult their own independent legal, financial and tax advisors in all cases.

That neither the Participant’s employer nor any person or entity acting on behalf of the Participant’s employer has provided the Participant with financial advice with respect to the Award and the Participant is not guaranteed a specified level of return on the Award.

That participating in the Plan will most likely have tax consequences and that Awards may be subject to tax and social security in the country where a Participant is employed, resides or is otherwise subject to tax. The Participant agrees to be responsible, and bear any liability, for any personal tax and/or social security charges, or similar charges, that arise in respect of an Award or participation in the Plan. Any member of the XPO group or its service providers may withhold amounts and make arrangements as considered necessary to meet any tax or social security liability.

4. Currency Risk:

That, if an Award is made in a currency which is not the currency of the local jurisdiction, the value may be affected by movements in the exchange rate.

That, any member of the XPO group of companies is not liable for any loss due to movements in the exchange rate or any charges imposed in relation to the conversion or transfer of money.

5. Exchange Control, Reporting Requirements and Resale Obligations:

That, under local exchange or currency controls, the Participant will be solely responsible for complying with any notification, approval and/or repatriation obligations which apply with respect to an Award and neither XPO nor the Participant's employer will be responsible on their behalf. XPO accepts no responsibility for the Participant's failure to comply, or delay in complying with, such requirements. Participants should seek independent professional advice if Participants are unsure about obligations as a result of participation in the Plan.

That among other things, such obligations may affect the Participant's ability to hold cash, bring cash into the Participant's jurisdiction, reinvest dividends, and receive dividends, share sale proceeds and other payments in a local or foreign account. The Participant may further be subject to local securities law and/or exchange control restrictions on the transfer of the Award. The Participant is responsible for ensuring compliance with any individual obligations that may apply to the Participant in connection with the Plan and XPO recommends that the Participant obtain independent legal advice in this regard.

6. Employment:

That the grant of the Award does not form part of, and does not affect or change, the Participant's employment contract or the employment relationship with an employer. Any Award granted is strictly discretionary and does not, in any way, form part of a Participant's normal remuneration. In particular, it will not be taken into account (except to the extent otherwise required by local law) in determining any other employment-related rights the Participant may have, including without limitation rights in relation to severance, redundancy or end-of-service payments, bonuses, long- service awards, pension or retirement benefits.

That XPO's decision to grant an Award is discretionary and (even if an Award, or participation in the Plan, is regular or repeated) the Participant has no automatic right or expectation in relation to:

- (i) participate in the Plan or similar compensation in future;
- (ii) the terms, conditions and amount of any Plan participation or similar compensation that XPO may decide to offer in future; or
- (iii) continued employment.

That the Participant waives any and all rights to compensation or damages in consequence of the termination of the Participant's employment for any reason whatsoever insofar as those rights arise or may arise from the Participant's ceasing to have rights under, or be entitled to receive payment in respect of, the Plan as a result of such termination, or from the loss or diminution in value of such rights or entitlements. This waiver applies whether or not such termination amounts to wrongful or unfair dismissal.

7. No Employer Involvement:

That the Plan is offered and administered by XPO, a US incorporated company, and not by the Participant's employer (if different). All documents related to the Plan, including the Plan rules and this Global Appendix and the links by which the Participant access these documents, are originated and maintained in the US.

8. Electronic Communications:

That any Plan-related documents and correspondence may be communicated and stored electronically. If this is the case, XPO will use means which are secure, private and accessible to the relevant parties.

That the Participant expressly consents to the use of electronic communications (including without limitation offer and acceptance) and contracting electronically with XPO (and/or other parties) in connection with the Plan. However, the Participant may request that hard copies of any Plan-related documents be provided, free of charge, by contacting equityadministration@xpo.com.

9. Data Protection Privacy Notice:

That, if the Participant is located inside of the EEA, any data protection policy (or policies) of XPO or any Group Member and/or data privacy notice(s) that are applicable to the Participant will apply to the processing of the Participant's personal data. The XPO Employee Privacy Notice can be found on myxpo.xpo.com or by emailing gdpr@xpo.com.

That, if the Participant is located outside of the EEA, the processing of the Participant's Data may be governed by local and/or other international laws, as well as the General Data Protection Regulation (GDPR) as mentioned in the XPO Employee Privacy Notice. By participating in one of the XPO's share plans, the Participant is deemed to consent to the processing of the Participant's personal data, in accordance with any data protection policy (or policies) of XPO or any Group Member and/or data privacy notice(s) that are applicable to the Participant. The XPO Employee Privacy Notice can be found myxpo.xpo.com or by emailing gdpr@xpo.com.

10. Insider Trading:

That the terms of any XPO insider trading policy may apply to the acceptance, settlement and transfer of an Award.

11. Mobile employees:

That, if a Participant is a mobile employee, meaning they are based in different jurisdictions during the course of their employment or they may be subject to tax in more than one country, such Participant is strongly encouraged to inform XPO and to speak with a personal tax advisor regarding the tax treatment of this Award.

12. Language:

The Participant has expressly requested that all documents evidencing or relating in any way to the grant of the Award (including, for greater certainty, any confirmation or any notice) will be in the English language only.

AWARD AGREEMENT UNDER THE XPO LOGISTICS, INC. CASH LONG-TERM INCENTIVE PLAN, dated as of 15-Jan-2020, (the “Grant Date”), between XPO LOGISTICS, INC., a Delaware corporation (the “Company”), and Maryclaire Hammond.

This Award Agreement (this “Award Agreement”) sets forth the terms and conditions of a cash award (this “Award”) that are subject to the terms and conditions specified herein granted to you under the XPO Logistics, Inc. Cash Long-Term Incentive Plan (the “Plan”). This Award provides you with the opportunity to earn, subject to the terms of this Award Agreement, up to \$126,000 of cash, as set forth in Section 3 of this Award Agreement.

THIS AWARD IS SUBJECT TO ALL TERMS AND CONDITIONS OF THE PLAN AND THIS AWARD AGREEMENT, INCLUDING THE DISPUTE RESOLUTION PROVISIONS SET FORTH IN SECTION 10 OF THIS AWARD AGREEMENT. BY SIGNING YOUR NAME BELOW, YOU SHALL HAVE CONFIRMED YOUR ACCEPTANCE OF THE TERMS AND CONDITIONS OF THIS AWARD AGREEMENT.

SECTION 1. The Plan. This Award is made pursuant to the Plan, all the terms of which are hereby incorporated in this Award Agreement. In the event of any conflict between the terms of the Plan and the terms of this Award Agreement, the terms of the Plan shall govern.

SECTION 2. Definitions. Capitalized terms used in this Award Agreement that are not defined in this Award Agreement have the meanings as used or defined in the Plan. As used in this Award Agreement, the following terms have the meanings set forth below:

“Business Day” means a day that is not a Saturday, a Sunday or a day on which banking institutions are legally permitted to be closed in the City of New York.

“Cause” means: (i) your dereliction of duties or gross negligence or failure to perform your duties or refusal to follow any lawful directive of the officer to whom you report; (ii) your abuse of or dependency on alcohol or drugs (illicit or otherwise) that adversely affects your performance of duties for the Company; (iii) your commission of any fraud, embezzlement, theft or dishonesty, or any deliberate misappropriation of money or other assets of the Company; (iv) your breach of any fiduciary duties to the Company or any agreement with the Company; (v) any act, or failure to act, by you in bad faith to the detriment of the Company; (vi) your failure to provide the Company with at least 30 days’ advanced written notice of your intention to resign; (vii) your failure to cooperate in good faith with a governmental or internal investigation of the Company or any of its directors, managers, officers or employees, if the Company requests your cooperation; (viii) your failure to follow Company policies, including the Company’s code of conduct and/or ethics policy, as may be in effect from time to time, and (ix) your conviction of, or plea of nolo contendere to, a felony or any serious crime; provided that in cases where cure is possible, you shall first be provided a 15day cure period. If, subsequent to your termination of employment for any reason other than by the Company for Cause, it is determined in good faith by the Chief Executive Officer of the Company that your employment could have been terminated by the Company for Cause, your employment shall, at the election of the Chief Executive Officer of the Company at any time up to two years after your termination of

employment but in no event more than six months after the Chief Executive Officer of the Company learns of the facts or events that could give rise to the termination for Cause, be deemed to have been terminated for Cause retroactively to the date the events giving rise to Cause occurred.

“Code” means the Internal Revenue Code of 1986, as amended.

“Employment Agreement” means any individual employment agreement between you and the Company or any of its Subsidiaries.

“Section 409A” means Section 409A of the Code, and the regulations and other interpretive guidance promulgated thereunder, as in effect from time to time.

“Settlement Date” means the next regularly scheduled payroll date following the earliest of (i) the applicable Vesting Date; (ii) the date of your termination of employment; or (iii) a Change of Control.

“Vesting Date” means the date on which the service requirement set forth in Section 3(a) of this Award Agreement is met.

SECTION 3. Vesting and Settlement. Regularly Scheduled Settlement. Except as otherwise provided in this Award Agreement, the vesting period will be the three calendar year period commencing with the year in which the Grant Date occurs and one-twelfth of the Award will become vested on the last day of the calendar quarter in which the Grant Date occurs and each subsequent calendar quarter during such vesting period (each, a “Vesting Date”), subject to your continued employment through each such Vesting Date.

(a) Termination of Employment. Notwithstanding anything to the contrary in this Award Agreement or the Plan:

(i) if your employment terminates by reason of your death, the remainder of the Award shall vest in full immediately;

(ii) if your employment is terminated by the Company for Cause or by reason of your Disability, the remainder of the Award shall be immediately forfeited;

(iii) if your employment is terminated by the Company without Cause, (A) you shall vest in the sum of the portion of the Award scheduled and eligible to vest on each of the Vesting Dates occurring after the date of termination and before the next anniversary of the Grant Date immediately following the date of termination, and (B) the remainder of the Award shall be forfeited; and

(iv) if you resign for any reason, (A) you shall vest in a portion of the Award, solely with respect to the portion of the Award scheduled and eligible to vest on the Vesting Date immediately following the date of termination, equal to the product of (x) the portion of the Award scheduled and eligible to vest on the Vesting Date immediately following the date of termination and (y) a fraction, the numerator of which is the number of days from the Vesting Date immediately preceding the date of termination (or, if such termination is after the Grant Date but prior to the first Vesting Date, the Grant Date)

through the date of termination of your employment and the denominator of which is the number of days from the Vesting Date immediately preceding the date of termination (or, if such termination is after the Grant Date but prior to the first Vesting Date, the Grant Date) through the Vesting Date immediately following the date of termination, and (B) the remainder of the Award shall be forfeited.

By way of illustration, if, on the date that is two (2) months after the first Vesting Date, your employment terminates (A) by reason of a termination by the Company without Cause, you shall vest in three-twelfths of the Award (i.e., the sum of the one-twelfth of the Award that was scheduled and eligible to vest on the second, third, and fourth Vesting Dates) or (B) by reason of your resignation, you shall vest in two-thirds (2/3) of the portion of the Award (i.e., one-twelfth) that was scheduled and eligible to vest on the second Vesting Date and, in each case, the remainder of the Award shall be forfeited.

(b) Change of Control. Upon a Change of Control that occurs during your employment, the Award shall vest in full immediately.

(c) Settlement of Award. On the Settlement Date, the Company shall deliver to you or your legal representative a lump sum cash payment equal to the portion of the Award that has vested in accordance with the terms of this Award Agreement.

SECTION 4. Forfeiture of Award. If you (a) breach any restrictive covenant (which, for the avoidance of doubt, includes any non-compete, non-solicit, non-disparagement or confidentiality provisions) contained in any arrangements with the Company (including any Employment Agreement and the confidentiality covenant contained in Section 10(c) hereof) to which you are subject or (b) engage in fraud or willful misconduct that contributes materially to any financial restatement or material loss to the Company or any of its Subsidiaries, your rights with respect to the Award shall immediately terminate, and you shall be entitled to no further payments or benefits with respect thereto and, if the Award has vested and/or settled, the Company may require you to forfeit or remit to the Company any amount payable, or the after-tax net amount paid or received by you, in respect of the Award; provided, however, that (i) the Company shall make such demand that you forfeit or remit any such amount no later than six months after learning of the conduct described in this Section 4 and (ii) in cases where cure is possible, you shall first be provided a 15day cure period to cease, and to cure, such conduct.

SECTION 5. Non-Transferability of Award. Unless otherwise provided by the Administrator in its discretion, the Award may not be sold, assigned, alienated, transferred, pledged, attached or otherwise encumbered except as provided in Section 8 (a) of the Plan. Any purported sale, assignment, alienation, transfer, pledge, attachment or other encumbrance of the Award in violation of the provisions of this Section 5 and Section 8(a) of the Plan shall be void.

SECTION 6. Withholding, Consents and Legends. Withholding. The delivery of cash pursuant to Section 3 of this Award Agreement is conditioned on satisfaction of any applicable withholding taxes in accordance with this Section 8(c) of the Plan. No later than the date as of which an amount first becomes includible in your gross income for Federal, state, local or foreign income tax purposes with respect to any portion of the Award, you shall pay to the

Company, or make arrangements satisfactory to the Company regarding the payment of, any Federal, state, local and foreign taxes that are required by applicable laws and regulations to be withheld with respect to such amount. In the event that there is withholding tax liability in connection with the settlement of the Award, if authorized by the Administrator in its sole discretion, you may satisfy, in whole or in part, any withholding tax liability by having the Company withhold from the cash you would be entitled to receive upon settlement of the Award, an amount equal to such withholding tax liability.

(a) Consents. Your rights in respect of the Award are conditioned on the receipt to the full satisfaction of the Administrator of any required consents that the Administrator may determine to be necessary or advisable (including your consent to the Company's supplying to any third-party recordkeeper of the Plan such personal information as the Administrator deems advisable to administer the Plan).

SECTION 7. Successors and Assigns of the Company. The terms and conditions of this Award Agreement shall be binding upon and shall inure to the benefit of the Company and its successors and assigns.

SECTION 8. Administrator Discretion. The Administrator shall have full and plenary discretion with respect to any actions to be taken or determinations to be made in connection with this Award Agreement, and its determinations shall be final, binding and conclusive.

SECTION 9. Dispute Resolution. Jurisdiction and Venue.

Notwithstanding any provision in your Employment Agreement, you and the Company irrevocably submit to the exclusive jurisdiction of (i) the United States District Court for the Southern District of New York and (ii) the courts of the State of New York for the purposes of any suit, action or other proceeding arising out of this Award Agreement or the Plan. You and the Company agree to commence any such action, suit or proceeding either in the United States District Court for the Southern District of New York or, if such suit, action or other proceeding may not be brought in such court for jurisdictional reasons, in the courts of the State of New York. You and the Company further agree that service of any process, summons, notice or document by U.S. registered mail to the other party's address set forth below 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 9(a). You and the Company irrevocably and unconditionally waive any objection to the laying of venue of any action, suit or proceeding arising out of this Award Agreement or the Plan in (A) the United States District Court for the Southern District of New York or (B) the courts of the State of New York, and hereby and thereby further irrevocably and unconditionally waive and agree not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

(a) Waiver of Jury Trial. You and the Company hereby waive, to the fullest extent permitted by applicable law, any right either of you may have to a trial by jury in respect to any litigation directly or indirectly arising out of, under or in connection with this Award Agreement or the Plan.

(b) Confidentiality. You hereby agree to keep confidential the existence of, and any information concerning, a dispute described in this Section 9, except that you may disclose information concerning such dispute to the court that is considering such dispute or to your legal counsel (provided that such counsel agrees not to disclose any such information other than as necessary to the prosecution or defense of the dispute).

SECTION 10. Notice. All notices, requests, demands and other communications required or permitted to be given under the terms of this Award Agreement shall be in writing and shall be deemed to have been duly given when delivered by hand or overnight courier or three Business Days after they have been mailed by U.S. certified or registered mail, return receipt requested, postage prepaid, addressed to the other party as set forth below:

If to the Company:	XPO Logistics, Inc. Five American Lane Greenwich, CT 06831 Attention: Chief Human Resources Officer
If to you:	To your address as most recently supplied to the Company and set forth in the Company's records

The parties may change the address to which notices under this Award Agreement shall be sent by providing written notice to the other in the manner specified above.

SECTION 11. Governing Law. This Award Agreement shall be deemed to be made in the State of Delaware, and the validity, construction and effect of this Award Agreement in all respects shall be determined in accordance with the laws of the State of Delaware, without giving effect to the conflict of law principles thereof.

SECTION 12. Headings and Construction. Headings are given to the Sections and subsections of this Award Agreement solely as a convenience to facilitate reference. Such headings shall not be deemed in any way material or relevant to the construction or interpretation of this Award Agreement or any provision thereof. Whenever the words "include", "includes" or "including" are used in this Award Agreement, they shall be deemed to be followed by the words "but not limited to". The term "or" is not exclusive.

SECTION 13. Amendment of this Award Agreement. The Administrator may waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate this Award Agreement prospectively or retroactively; provided, however, that, except as set forth in Section 14(d) of this Award Agreement, any such waiver, amendment, alteration, suspension, discontinuance, cancelation or termination that would materially and adversely impair your rights under this Award Agreement shall not to that extent be effective without your consent.

SECTION 14. Section 409A. It is intended that the provisions of this Award Agreement comply with Section 409A, and all provisions of this Award Agreement shall be

construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A.

(a) Neither you nor any of your creditors or beneficiaries shall have the right to subject any deferred compensation (within the meaning of Section 409A) payable under this Award Agreement to any anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment or garnishment. Except as permitted under Section 409A, any deferred compensation (within the meaning of Section 409A) payable to you or for your benefit under this Award Agreement may not be reduced by, or offset against, any amount owing by you to the Company or any of its Affiliates.

(b) If, at the time of your separation from service (within the meaning of Section 409A), (i) you shall be a specified employee (within the meaning of Section 409A and using the identification methodology selected by the Company from time to time) and (ii) the Company shall make a good faith determination that an amount payable hereunder constitutes deferred compensation (within the meaning of Section 409A) the payment of which is required to be delayed pursuant to the six-month delay rule set forth in Section 409A in order to avoid taxes or penalties under Section 409A, then the Company shall not pay such amount on the otherwise scheduled payment date but shall instead pay it, without interest (except as otherwise provided in your Employment Agreement), on the first Business Day after such six-month period. For purposes of Section 409A, each payment hereunder will be deemed to be a separate payment as permitted under Treasury Regulation Section 1.409A2(b)(2)(iii).

(c) Notwithstanding any provision of this Award Agreement to the contrary, in light of the uncertainty with respect to the proper application of Section 409A, the Company reserves the right to make amendments to this Award Agreement as the Company deems necessary or desirable to avoid the imposition of taxes or penalties under Section 409A. In any case, you shall be solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on you or for your account in connection with this Award Agreement (including any taxes and penalties under Section 409A), and neither the Company nor any of its Affiliates shall have any obligation to indemnify or otherwise hold you harmless from any or all of such taxes or penalties.

SECTION 15. Counterparts. This Award Agreement may be signed in counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. You and the Company hereby acknowledge and agree that signatures delivered by facsimile or electronic means (including by “pdf”) shall be deemed effective for all purposes.

SECTION 16. Section 280G. Notwithstanding anything in this Award Agreement to the contrary and regardless of whether this Award Agreement has otherwise expired or terminated, unless otherwise provided in your Employment Agreement, in the event that any payments, distributions, benefits or entitlements of any type payable to you (“CIC Benefits”) (i) constitute “parachute payments” within the meaning of Section 280G of the Code, and (ii) but for this paragraph would be subject to the excise tax imposed by Section 4999 of the Code (the “Excise Tax”), then your CIC Benefits shall be reduced to such lesser amount (the “Reduced Amount”) that would result in no portion of such benefits being subject to the Excise Tax;

provided that such amounts shall not be so reduced if the Company determines, based on the advice of Golden Parachute Tax Solutions LLC, or such other nationally recognized certified public accounting firm as may be designated by the Company (the “Accounting Firm”), that without such reduction you would be entitled to receive and retain, on a net after tax basis (including, without limitation, any excise taxes payable under Section 4999 of the Code), an amount that is greater than the amount, on a net after tax basis, that you would be entitled to retain upon receipt of the Reduced Amount. Unless the Company and you otherwise agree in writing, any determination required under this Section 16 shall be made in writing in good faith by the Accounting Firm. In the event of a reduction of benefits hereunder, benefits shall be reduced by first reducing or eliminating the portion of the CIC Benefits that are payable under this Award Agreement and then by reducing or eliminating the portion of the CIC Benefits that are payable in cash and then by reducing or eliminating the noncash portion of the CIC Benefits, in each case, in reverse order beginning with payments or benefits which are to be paid the furthest in the future. For purposes of making the calculations required by this Section 16, the Accounting Firm may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of the Code, and other applicable legal authority. The Company and you shall furnish to the Accounting Firm such information and documents as the Accounting Firm may reasonably require in order to make a determination under this Section 16, and the Company shall bear the cost of all fees the Accounting Firm charges in connection with any calculations contemplated by this Section 16. In connection with making determinations under this Section 16, the Accounting Firm shall take into account the value of any reasonable compensation for services to be rendered by you before or after the Change of Control, including any non-competition provisions that may apply to you and the Company shall cooperate in the valuation of any such services, including any non-competition provisions.

The parties have duly executed this Award Agreement as of the date first written above.

XPO LOGISTICS, INC.

by /s/ Meghan Henson

Name: Meghan Henson
Title: Chief Human Resources
Officer

XPO LOGISTICS EUROPE
115-123, avenue Charles de Gaulle
92200 Neuilly-sur-Seine
xpo.com

Malcolm Wilson
129 High Street
Stony Stratford
MK11 1AT

Neuilly-sur-Seine
14 May 2021

Ref: XPO Logistics Europe Offer Letter – Chief Executive Officer

Dear Malcolm,

As you know, XPO is planning to spin-off 100% of its logistics segment ("GXO") as a separate publicly traded company (the "Spinoff"). Subject to and contingent on the occurrence of the Spinoff and your acceptance of this opportunity, you will hold the position of **Chief Executive Officer** of GXO as of the effective date of the Spinoff. If the Spinoff does not occur, you will remain in your existing role of Chief Executive Officer, Europe, subject to your existing terms and conditions of employment, and you will have no entitlement to receive any remuneration or benefits referred to in this letter or the attached Service Agreement.

This offer letter contains a summary of the key terms of such employment. The full terms of the offer are set forth in a service agreement between XPO Supply Chain UK Limited ("the Employer") and you (the "Service Agreement") (a copy of which is attached to this offer letter), the terms of which you agree to enter into in consideration of the benefits set out in this offer letter. For the avoidance of doubt, if you do not return a signed copy of both this offer letter and the Service Agreement within seven days of the same being sent to you, then this offer and the terms of the Service Agreement will lapse except as otherwise mutually agreed between the parties.

The key terms of your offer are as follows ("Company" refers to GXO):

- Your initial **annual base salary (ABS)** will be **£468,000 per annum**, gross of any statutory deductions. Your base salary will be reviewed from time to time as part of the Employer's annual merit salary review process.
- Your position will initially be located in the Company's London office – 8th Floor, Gridiron Building, One Pancras Square, London, N1C 4AG. You will be required to travel both within the United Kingdom and Ireland and other territories in which the Company operates.
- Details of your entitlement to termination notice will be included in your Service Agreement.
- **Annual Incentive:** You will be eligible to participate in the Company's Annual Incentive Plan ("AIP"), subject to the terms and conditions of the AIP as may be in effect from time to time. Your target incentive will initially be 115% of your base salary. You will have the opportunity to earn 0% to 200% of your target incentive based on the aggregate level of achievement of the performance goals outlined in the applicable incentive plan.

Performance goals under the AIP will be determined annually by the Compensation Committee of the Company's Board of Directors (the "Compensation Committee") or its delegate in its sole discretion. The Compensation Committee shall have discretion to amend such goals as it sees fit.

Your AIP award will not be pro-rated for the year in which the Spinoff takes place.

You have no contractual entitlement to an AIP award. The AIP is discretionary and may be modified or withdrawn at the Company's sole discretion.

- **Restrictive Covenants:** The restrictive covenants set forth in Sections A – C of the Annex to your Terms of Employment Letter dated 28 April 2015 will remain in full force and effect notwithstanding: (i) the Spinoff; (ii) your entry into this offer letter; or (iii) your entry into the Service Agreement.
- **Incentive Grant:** Following your entry into this letter agreement, you will be awarded an initial long-term stock incentive award (the "Incentive Grant") which will be granted in the form of 120,000 stock options relating to XPO common stock and will vest in increments over five years following the grant date, subject to: (i) the occurrence of the Spinoff by March 31, 2022 and (ii) your continuous employment with the Company through the fifth anniversary of the grant date; if either of these vesting conditions is not satisfied, then any unvested portion of the Incentive Grant shall be forfeited. The Incentive Grant is contingent upon written approval of the same from the Compensation Committee or its delegate and will be subject to the applicable terms and conditions set forth in XPO's 2016 Omnibus Incentive Compensation Plan (the "Omnibus Plan") and the applicable award agreement. In connection with the Spinoff, it is expected that the Incentive Grant will be converted into an award relating to GXO common stock.
- **Long-term Incentive:** You will be eligible for a long-term incentive award for the 2021 performance year with a target value of \$850,000, 70% (\$595,000) of which will be awarded in performance-based restricted stock units and 30% (\$255,000) of which will be awarded in time-based restricted stock units, subject to the terms of and conditions set forth in the Omnibus Plan and the applicable award agreement. Any such award, including your eligibility for the same, will be contingent upon the approval of, and subject to the sole discretion of, the Compensation Committee or its delegate. If approved, these awards will be granted to you following the end of the 2021 performance year, subject to your continued employment on the applicable grant dates. For performance years after 2021, the grant date value of any annual long-term incentive awards to be granted to you will be determined by the Compensation Committee or its delegate, in its discretion.
- Your eligibility for, as well as the amount or components of payment of, any annual and/ or long-term incentive awards will be reflective of your individual performance and contributions, the Company and/or business unit performance, as applicable, and the scope and expectations of your position/role in the Company and/or your business unit as determined by the Compensation Committee in their sole discretion. You expressly acknowledge and agree that any annual and long-term incentives are subject to change at the sole discretion of the Company

For the avoidance of any doubt, in the event that, as at the payment or vesting date in respect of all or any part of any incentive awarded to you in accordance with the terms of this letter, you are no longer employed by the Company, or you are otherwise under notice of termination of employment (excluding non-fault termination), you shall have no entitlement in respect of such award.

- You will be eligible to participate in the **Company car arrangements** applicable to your grade at the Employer. As a reference, a **car allowance** is currently set at £863.33/month for your grade. Further details will be provided through your Service Agreement.
- You will be covered by the Company's personal **accident and travel insurance scheme**. These are insured benefits and are subject to restrictions imposed by the insurers.
- You will be eligible to receive a pension allowance of 17.79% of your annual base salary should you decide to opt out of the pension scheme.
- Other terms and conditions will be outlined in your Service Agreement (i.e., healthcare insurance for you and your family and pension arrangements).

- Your position with the Company and the terms of your employment may result in your inclusion in the Company's public filings with the Securities and Exchange Commission (SEC), in accordance with US regulatory requirements. Your inclusion in the Company's SEC filings could result in the public disclosure of your personal information including your employment terms and conditions and compensation arrangements, required compliance with additional insider trading regulations and regular filing of public disclosure documents related to your employment and compensation. Your acceptance of this offer acknowledges your understanding of and consent to these filings.
- In the event of any inconsistency between the terms of this offer letter and the terms and conditions of any compensation or incentive plan, rules, award, or other agreement referred to herein (together, "Plan Documents"), then the terms of the relevant Plan Documents will prevail. In the event of any inconsistency between the terms of this offer letter and the Service Agreement, then the terms of the Service Agreement will prevail.
- In connection with the commencement of your employment under the Service Agreement, you will be provided with a term sheet which will illustrate your potential compensation should the Spinoff proceed. The term sheet is for illustrative purposes only and will be subject to the terms of the Plan Documents and the Service Agreement, the terms of which shall prevail over the term sheet.

I am sending an electronic copy of this letter. Please sign and return a copy for acceptance.

I trust the above details outline the position satisfactorily. However, should you have any questions please do not hesitate to contact me. I look forward to receiving your signed acceptance.

Yours sincerely,

/s/ Josephine Berisha

Josephine Berisha
Chief Human Resources Officer
On behalf of XPO Logistics Europe

I hereby accept the offer of employment as detailed in the above offer letter

Signed: /s/ Malcolm Wilson Date 19 May 2021
Malcolm Wilson

EVERSHEDS
SUTHERLAND

Dated: 14 May 2021

(1) XPO SUPPLY CHAIN UK LIMITED

(2) Malcolm Wilson

Service Agreement

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THIS AGREEMENT is made on 14 May 2021

BETWEEN

- (1) XPO SUPPLY CHAIN UK LIMITED whose registered office is at XPO House, Lodge Way, New Dunston, Northampton, NN5 7SL (the "Company"); and
- (2) Malcolm Wilson (the "Executive").

OPERATIVE PROVISIONS

1. DEFINITIONS AND INTERPRETATION

1.1 In this Agreement the following expressions have the following meanings:

"Automatic Enrolment Laws"	the provisions of Part I of the Pensions Act 2008 and the Occupational and Personal Pension Schemes (Automatic Enrolment) Regulations 2010;
"Board"	the Board of directors of the Company from time to time (including any committee of the Board duly appointed by it);
"Commencement Date"	means the effective date of the Spin-Off;
"Confidential Information"	<p>trade secrets or other technical or commercially sensitive information of the Company or any Group Company and its/their officers, shareholders, customers, clients or suppliers in whatever form (whether in written, oral, visual or electronic form or on any magnetic or optical disk or memory and wherever located and whether or not marked "confidential"), including (without limitation) such information falling within the following categories:</p> <p>Know-How; information relating to the business, products, affairs and finances of the Company or any Group Company; suppliers and their production and delivery capabilities; identity and contact details of clients, future and prospective clients, customers, future and prospective customers and details of their particular requirements; Connections; costings, profit margins, discounts, rebates and other financial information; marketing strategies and tactics; current activities and current and future plans relating to all or any of development, production or sales including the timing of all or any such matters; information about employees including their particular areas of expertise and terms of employment; remuneration and benefit strategies for employees; research and development; manufacture or production, controls including quality controls; strategies and tactics; the development of new products and services and/or new lines of business, development and maintenance; policies and procedures; and career path and appraisal details of employees;</p> <p>providing that the foregoing shall not apply to information widely known outside of the Group or which has been publicly available or disseminated by the Group, save (in either case) through the default of the Executive;</p>

“Connections”	work-related contacts and contact details obtained during the Executive's employment with the Company or resulting from the performance of the Duties which are retained in electronic profile pages within social networking sites such as Facebook, LinkedIn, Twitter and similar and whether described as friend, follower, connection or otherwise;
“Critical Person”	any employee, agent, director, consultant or independent contractor employed, appointed or engaged by the Company or any Group Company in a senior, executive, professional, technical, marketing, distribution, sales or managerial capacity and: <ul style="list-style-type: none"> (a) with whom the Executive had material contact in the course of that person's employment, appointment or engagement during the Relevant Period; or (b) for whose activities on behalf of the Company the Executive had direct or indirect responsibility during the Relevant Period;
“Duties”	such duties, functions and exercises of power as delegated or assigned to the Executive by the Board from time to time in accordance with clause 3 of this Agreement;
“Employment IPRs”	Intellectual Property Rights created by the Executive in the course of their employment with the Company or any Group Company (whether or not during working hours or using the Company's or any Group Company's premises or resources);
“ERA”	the Employment Rights Act 1996;
“Group”	the Company and every Group Company wherever registered or incorporated;
“Group Company”	the Company and its Parent Undertakings, its Subsidiary Undertakings and the Subsidiary Undertakings of any of its Parent Undertakings from time to time (“Parent Undertaking” and “Subsidiary Undertaking” having the meanings set out in section 1162 Companies Act 2006);
“GXO”	means GXO Logistics, Inc.;

“Intellectual Property Rights”	patents, rights to Inventions, utility models, copyright and related rights, trademarks, trade names and domain names, rights in get up, rights in goodwill or to sue for passing off, unfair competition rights, rights in designs, rights in computer software, database rights, topography rights, rights in confidential information (including Know-How and trade secrets) and any other intellectual property rights, in each case whether registered or unregistered and including all applications (or rights to apply) for, and renewals or extensions of, such rights and all similar or equivalent rights or forms of protection which subsist or will subsist now or in the future in any part of the world;
“Inventions”	any invention, idea, discovery, development, improvement or innovation whether or not patentable or capable of registration and whether or not recorded in any medium;
“Know-How”	formulae, methods, plans, Inventions, discoveries, improvements, processes, performance methodologies, techniques, specifications, technical information, tests, results, reports, component lists, manuals and instructions;
“PAYE deductions”	deductions made to comply with or meet any liability of the Company to account for tax pursuant to regulations made under Chapter 2 of Part 11 Income Tax (Earnings and Pensions) Act 2003 and with any obligations to deduct national insurance contributions;
“Products or Services”	products or services which (i) are the same as, of the same kind as, or of a materially similar kind to, or competitive with, any products or services supplied or provided by the Company or Relevant Group Company within the Relevant Period and (ii) with the design, development, sale or supply, promotion or provision of which the Executive was directly or otherwise materially concerned or connected during the Relevant Period;
“Recognised Investment Exchange”	has the meaning given to it in section 285 of the Financial Services and Markets Act 2000;
“Relevant Customer”	any person, firm, company or organisation who or which at any time during the Relevant Period is or was: <ul style="list-style-type: none"> (a) negotiating with the Company or any other Group Company for the sale or supply of products or services; or (b) a client or customer of, or in the habit of dealing with, the Company or any other Group Company for the sale or supply of products or services,

and in each case:

- (i) with whom or which the Executive had material contact or dealings or about whom or which the Executive was in possession of Confidential Information during the Relevant Period in the course of their employment; and/or
- (ii) with whom any employees of the Company or any other Group Company reporting to the Executive had material contact or dealings during the Relevant Period in the course of their employment;

“Relevant Group Company”

any Group Company (other than the Company) for which the Executive has performed services under this Agreement or for or in respect of which they have had operational or management responsibility at any time during the Relevant Period;

“Relevant Period”

the period of 12 months immediately before the Termination Date or (where such provision is applied) the commencement of any period of exclusion pursuant to **Clause 20.2**;

“Relevant Supplier”

any business which at any time during the Relevant Period has supplied products or services to the Company or any Relevant Group Company and:

- (a) with which the Company or any Group Company has exclusive, special or favourable terms which the Company or Group Company could not easily obtain from a replacement supplier;
- (b) with which the Executive had material contact or dealings or about which the Executive was in possession of Confidential Information in the Relevant Period during the course of their employment;

“Restricted Territory”

any area or territory:

- (a) in which the Executive worked during the Relevant Period; and/or
- (b) in relation to which the Executive was responsible for, or involved in, the supply of Products or Services in the Relevant Period;

“Schedule”

means the Schedule attached as an Annex to this Service Agreement;

“Spin-Off”

means the spin-off of 100% of the logistics segment of XPO Logistics, Inc. as a separate publicly traded company in a transaction or series of transactions, the result of which will be that the Company no longer will form part of the group of companies that, with XPO Holdings, Inc, form the XPO Group;

“Termination Date”

the date on which the Executive’s employment under this Agreement terminates and references to “from the Termination Date” mean from and including the date of termination;

“WTR”

Working Time Regulations 1998.

- 1.2 References to “clauses” are to clauses of this Agreement unless otherwise specified.
- 1.3 Unless otherwise required words denoting the singular include the plural and vice versa.
- 1.4 References to statutory provisions include all modifications and re-enactments of them and all subordinate legislation made under them.
- 1.5 Clause headings are included for convenience only and do not affect its construction.

2. APPOINTMENT DURATION AND NOTICE

- 2.1 The Executive is appointed as Chief Executive Officer reporting directly to GXO’s Board of Directors and may, at the request of the Company, be appointed a director within the meaning of section 250 Companies Act 2006 of the Company or any Group Company. The Company has the right in its absolute discretion to change the person or persons to whom the Executive reports or on a restructuring of the Company (or part of the Company to which the Executive is assigned) to introduce additional layers of management senior to the Executive.
- 2.2 The Executive acknowledges and agrees that:
 - 2.2.1 it is a condition precedent to this Agreement that the Spin-Off takes place;
 - 2.2.2 Executive’s employment under the terms of this Agreement will commence with immediate effect upon the effective date of the Spin-Off;
 - 2.2.3 should the Spin-Off occur the Company may, at its absolute discretion, require the Executive to work from an alternative location appropriate to GXO; and
 - 2.2.4 in the event that the Executive is required to enter into a new contract of employment (whether with the Company or any other entity) as a result of the Spin-Off, they will do so forthwith and without further compensation.
- 2.3 In the event that the Executive fails to comply with the provisions of **Clauses 2.2.3 and 2.2.4**, their employment under this Agreement shall terminate immediately without the need for further notice or entitlement to further payment of any kind save for accrued salary and annual leave.
- 2.4 The parties acknowledge and agree that the terms and conditions set out in this Agreement are conditional and contingent on the Spin-Off taking place and that, in the event that the Spin-Off does not take place, then the terms of this Agreement shall cease to have effect in its entirety and the Executive shall have no entitlement to rely on or otherwise receive any remuneration or benefit under the same.
- 2.5 The Executive’s continuous employment with the Company for the purposes of the ERA commenced on 1 April 2006. No employment with a previous employer counts for the purposes of the ERA as part of the Executive’s period of continuous employment.
- 2.6 The Executive’s employment under this Agreement will commence on the Commencement Date and will continue unless and until terminated:
 - 2.6.1 in the circumstances described in **Clauses 2.3, 21 or 20**; or
 - 2.6.2 by either party giving to the other written notice of the period specified in **The Schedule**.

2.7 The Company reserves the right to transfer the Executive's employment under this Agreement to another Group Company at any time at its discretion.

2.8 There is no probationary period applicable to this appointment.

3. DUTIES

3.1 Subject to the terms of this Agreement, the Executive must:

- 3.1.1 devote the whole of his working time, attention and skill to the affairs of the Company and any Group Company and use his best endeavours to promote their interests;
- 3.1.2 faithfully and diligently exercise such powers and perform such duties as may from time to time be assigned to him by the Board;
- 3.1.3 obey all lawful and reasonable directions of the Board;
- 3.1.4 comply with all of the Company's rules, regulations, policies and procedures from time to time in force including, but not limited to, the Company's data protection policy, email and internet policy, equal opportunities policy and anti-bribery policy;
- 3.1.5 promptly give to the Board (in writing if requested) all information, explanations and assistance that the Board may require in connection with the business or affairs of the Company and any Group Company or his employment;
- 3.1.6 act as a director of the Company and carry out duties on behalf of any other Group Company including, if required by the Board, acting as an officer of any such Group Company;
- 3.1.7 comply with his statutory duties as a director under the Companies Act 2006 and any other fiduciary or common law duties owed to the Company and any Group Company of which he is a director;
- 3.1.8 comply with the articles of association of the Company and any Group Company of which he is a director;
- 3.1.9 comply with all requirements, recommendations or regulations, as amended from time to time, of any regulatory authority relevant to the Company or any Group Company, and any code of practice, policies or procedures issued by the Company or any Group Company relating to dealing in the securities of the Company and any Group Company;
- 3.1.10 comply with the requirements under both legislation and regulation on the disclosure of inside information;
- 3.1.11 not engage in the facilitation of tax evasion and report immediately to the Board if he has any concerns or suspicions of tax evasion or associated fraud;
- 3.1.12 not without the prior written consent of the Board:
 - 3.1.12.1 incur any capital expenditure in excess of such sums as may be authorised from time to time; or
 - 3.1.12.2 enter into or terminate on behalf of the Company or any Group Company any commitment, contract or arrangement otherwise than in the normal course of business or outside the scope of his normal duties or of an unusual, onerous or long-term nature; and
- 3.1.13 report immediately to the Board his own wrongdoing and any actual or suspected wrongdoing on the part of other staff of the Company or any Group Company of which he becomes aware, including in particular (without limitation) conduct which, were it by the Executive, would fall within **Clauses 3.1.1 to 3.1.12** above.

- 3.2 The Executive acknowledges and agrees that he is at all times during his employment (including during any period of suspension or while on garden leave in accordance with **Clause 20.2**) subject to duties of goodwill, trust, confidence, exclusive service, faith and fidelity to the Company. These duties include, without limitation, the obligation throughout the duration of this Agreement:
- 3.2.1 not to compete with the Company or any Group Company;
 - 3.2.2 not to make preparations (during such hours as the Executive should be providing services under this Agreement) to compete with the Company or any Group Company after this Agreement has terminated;
 - 3.2.3 not to solicit in competition with the Company or any Group Company any customer or customers of the Company or any Group Company;
 - 3.2.4 not to entertain invitations to provide services either in a personal capacity or on behalf of any third party from actual or prospective customers of the Company or any Group Company where such invitations relate to services which could be provided by the Company or any Group Company;
 - 3.2.5 not to offer employment elsewhere to employees of the Company or any Group Company;
 - 3.2.6 not to copy or memorise Confidential Information (as defined in **Clause 1.1**) or trade secrets of the Company or any Group Company with a view to using or disclosing such information for a purpose other than for the benefit of the Company or any Group Company; and
 - 3.2.7 not to encourage, procure or assist any third party to do anything which, if done by the Executive, would be a breach of **Clauses 3.2.1 to 3.2.6** above.
- 3.3 The Executive will, if and so long as required by the Company, carry out duties for and/or act as a director, officer or employee of the Company or any Group Company and shall comply with the Articles of Association of the Company and/or Group Company (as amended from time to time). The duties attendant on any such appointment will be carried out as if they were duties to be performed by the Executive on behalf of the Company under this Agreement.
- 3.4 The Executive will at all times promptly give to the Board (in writing if requested) all information, explanations and assistance that the Board may require in connection with the business or affairs of the Company and, where appropriate the Group, and the Executive's employment under this Agreement. The Executive furthermore undertakes to disclose immediately to the Board anything of which they become aware or in which they become involved which affects adversely or may affect adversely the business, interests or reputation of the Company or any Group Company including but not limited to acts of misconduct, dishonesty, breaches of contract, fiduciary duty or company rules whether by the Executive personally or by a director or employee of the Company or any Group Company, irrespective of whether doing so may be self-incriminating on the part of the Executive.
- 3.5 Without prejudice to **Clause 2.1** or **20.2** the Board may at any time require the Executive to cease performing and exercising all or the Duties and/or the Board may appoint any person or persons to act jointly with the Executive to discharge the Duties.
- 3.6 The Executive will be required to undertake certain compulsory training in respect of their role and general employment from time-to-time. This will be at the Company's expense and will normally be carried out during working hours. Details of this and any additional non-compulsory training to which they may have access subject to Company approval are available from the Human Resources department.

4. PLACE OF WORK

The Executive will perform the Duties principally at the head office of the Company and at such other place or places as the Company reasonably requires. The Executive may be required to travel both inside and outside the United Kingdom to fulfil the Duties but shall not be required to reside anywhere outside the United Kingdom for a total period of more than one month at any one time, other than by mutual consent.

5. HOURS OF WORK

- 5.1 The Executive will work the Company's normal office hours and such other hours without additional remuneration in order to meet the requirements of the business and for the proper performance of the Duties.
- 5.2 In view of the Executive's seniority and managerial duties and responsibilities, the Executive is regarded as a "managing executive" for the purposes of the WTR and accordingly the maximum weekly working hours provided for under the WTR do not apply.

6. REMUNERATION

- 6.1 The Company will pay the Executive a basic salary at the rate specified in **The Schedule** (inclusive of any fees to which they may become entitled as a director of the Company or any Group Company) with effect from the Commencement Date which basic salary will accrue from day to day and be payable in arrears by equal monthly instalments on or around the 25th day of each month.
- 6.2 The fact that the Executive's basic salary may be increased in any year or years during their employment does not confer any right on the Executive to receive any increase in any subsequent year and no increase will be payable if the Executive is under notice of termination or in receipt of benefits under the Company's permanent health insurance scheme.
- 6.3 The Executive hereby authorises the Company to deduct from their remuneration (which for this purpose includes basic salary, pay in lieu of notice, commission, bonus, holiday pay and sick pay) all sums owed by the Executive to the Company or any Group Company, including but without limitation the balance outstanding of any loans (and interest where appropriate) advanced by the Company to the Executive and any deduction pursuant to **Clauses 11 and 13.6**.
- 6.4 In the event that any term of this Agreement provides for the payment of remuneration or payment for loss of office contravenes sections 226B and 226C of the Companies Act 2006 then the Company will be entitled to vary the relevant term.

7. INCENTIVE SCHEMES

- 7.1 During this Agreement, the Executive may be allowed to participate in such bonus, incentive, reward, RSU, stock, or long-term incentive scheme or similar schemes (together, the "**Schemes**") as the Company or Group operates for executives of comparable status and on such terms (including any performance targets or criteria) as the Company or Group may determine from time to time in their sole discretion.
- 7.2 Without prejudice to **Clause 7.1** participation in any scheme shall be subject to the following:
 - 7.2.1 the rules, terms, guidelines or associated conditions of such Scheme(s) from time to time in force;
 - 7.2.2 payments under, or participation in, any such Scheme(s) for any year will not confer on the Executive any right to participate in or to be paid under such Scheme(s) in the following year or any subsequent years;
 - 7.2.3 any payments are conditional on such conditions as the Company or Group may determine from time to time in their sole discretion;

- 7.2.4 no payment will be made under any Scheme if, on the payment date the Executive has given, or has been given, notice of termination of employment, is under investigation by the Company, Group or relevant regulatory authority, suspended from employment or is no longer employed by the Company;
- 7.2.5 any Scheme is entirely discretionary in nature and is not incorporated by reference into this Agreement;
- 7.2.6 payments or entitlements under any Scheme are non-pensionable and are subject to PAYE deductions;

7.3 For the avoidance of doubt participation in any Scheme or Schemes shall not imply or be intended to imply any right, promise or indication of continued employment.

8. EXPENSES

The Executive will be reimbursed for all reasonable out of pocket expenses wholly, exclusively and necessarily incurred personally in the performance of the Duties on hotel, travelling, and other similar items provided that the Executive complies with the Company's current policy relating to expenses and produces to the Company satisfactory evidence of expenditure.

9. CAR ALLOWANCE

- 9.1 Subject to **Clause 9.3**, the Company will, during the term of this Agreement, pay to the Executive with their salary a gross monthly car allowance on the terms and at the rate specified in **The Schedule** (or such higher rate as may from time to time be notified to them). The car allowance is non pensionable and will be subject to statutory deductions. The allowance is being paid on the basis that the Executive provides their own car for business and personal use during the continuance of their employment and pays all costs related to it (including fuel, licence, insurance, repairs and maintenance), ensures that at all times the car is in the condition required by law and insured for business purposes, indemnifies the Company against all losses suffered in connection with the car which are not covered by insurance and the car used by the Executive is of a type and in a condition suitable for business purposes and commensurate with the status of the Executive.
- 9.2 In addition to **Clause 9.1**, the Company will, during the term of this Agreement reimburse the Executive for any reasonable fuel expenses wholly and necessarily incurred by them in the performance of their duties at the prevailing Company mileage rate for privately owned vehicles, subject to the completion and authorisation of a claim form.
- 9.3 The Company expressly reserves the right to at any time withdraw, reduce or vary the provision of a car allowance to the Executive, without compensation.

10. COMPANY BENEFITS

- 10.1 Subject to underwriting at a reasonable cost to the Company and to the Executive satisfying the normal underwriting requirements of the relevant insurance provider during this Agreement and provided they are below state pension age, the Executive will be entitled to participate at the Company's expense in:
 - 10.1.1 such life assurance scheme as the Company may operate at the level specified in **The Schedule**;
 - 10.1.2 such private medical expenses insurance scheme as the Company may operate for the benefit of those persons specified in **The Schedule**; and
 - 10.1.3 such permanent health insurance scheme as the Company may operate subject to **Clause 14.3**.
- 10.2 If the relevant insurance provider of any permanent health insurance, life assurance, private medical insurance or other insurance referred to in **Clause 10.1** refuses for any reason to provide the applicable insurance benefit to the Executive (or the Executive's family, as

applicable), the Company shall not be liable to provide to the Executive any replacement benefit of the same or similar kind or to pay compensation in lieu of such benefit.

- 10.3 The Executive's participation in any scheme referred to in **Clause 10.1** will be subject to the rules of the relevant scheme from time to time in force and the Executive will be responsible for any tax falling due.
- 10.4 The Company expressly reserves the right to at any time withdraw, reduce or vary the Executive's entitlement under or participation in any schemes or benefits and specifically those referred to in this **Clause 10** without compensation and **Clause 10** is to be read as subject to this provision.
- 10.5 Nothing in this Agreement will prevent the Company terminating the Executive's employment for whatever reason (including but not limited to his incapacity) even if such termination results in the Executive losing any existing or prospective benefits as detailed in **Clause 14**.
- 10.6 If and for so long as the Executive is in receipt of benefits under any permanent health insurance scheme then his entitlement to any and all payments and benefits other than those provided under that scheme shall cease from the point where such insurance benefits commence.
- 10.7 If the Executive is receiving benefits under any permanent health insurance scheme, the Company shall be entitled to appoint a successor to the Executive to perform all or any of the duties required of the Executive under the terms of this Agreement and the Executive's duties shall be amended accordingly.
- 10.8 Details of any additional benefits applicable to this appointment will be provided to you by the Human Resources Department.
- 10.9 The Executive acknowledges and agrees that following the Spin-Off, they will only be entitled to the benefits offered by GXO to staff at their level and that as a result their entitlements to any benefits under this **Clause 10** may change.

11. MOBILE TELEPHONE

- 11.1 The Executive will be provided with a mobile telephone in order to assist with the proper performance of his duties. The mobile telephone remains the property of the Company and it must be returned to the Company on termination of the Executive's employment.
- 11.2 The Executive is entitled to make and receive personal telephone calls, but if the Company considers there has been improper use of the mobile telephone, the Executive may be required to meet the cost of any calls that are not business-related.

12. PENSION

- 12.1 Subject to **Clauses 12.2** and **12.3**, during this Agreement the Executive is entitled to participate in such pension scheme as is notified to the Executive by the Company from time to time and is equally entitled to opt out of participation in any such pension scheme at any time.
- 12.2 Membership of any pension scheme is subject to the trust deed and rules or the policy applying to the relevant scheme from time to time (including without limitation any powers of alteration and discontinuance) and the trust deed and rules or policy will take precedence in the event of alleged discrepancy with the terms of this Agreement. If the Executive's rights or benefits under the relevant pension scheme are altered or discontinued, or the Executive opts out of the pension scheme at any time, the Company will not be obliged to provide any additional or replacement scheme or pension benefits (except to the extent required by law) or to pay damages or compensation to the Executive.
- 12.3 The Company will comply with its employer duties under the Automatic Enrolment Laws in respect of the Executive and will automatically enrol or re-enrol the Executive into a pension scheme as and when required by law. The Executive is required to notify the Company in

writing if they have registered for, or are otherwise eligible for, any form of tax protection which may be lost or prejudiced as a result of them being automatically enrolled or re-enrolled into a pension scheme. The Company will have no liability to the Executive in respect of any adverse tax consequences of their automatic enrolment or re-enrolment where the Executive fails to provide such notification, or where the notification is provided less than one week prior to the Executive's automatic enrolment or re-enrolment date.

13. HOLIDAY AND OTHER LEAVE

- 13.1 Subject to **Clauses 13.2 to 13.5** the Executive will be entitled to the number of working days' holiday specified in **The Schedule** (in addition to normal public holidays) in each holiday year to be taken at such time or times as may be approved in advance by the Board.
- 13.2 Should the Executive be absent from work for any period of one month or more due to illness or incapacity, holiday entitlement in excess of the statutory minimum will not accrue.
- 13.3 Subject to **Clauses 13.4 and 13.5**, in each holiday year the Executive will be expected to take at least the holiday to which they are entitled under the WTR. The Executive is not entitled to carry forward any holiday save in the circumstances set out in **Clause 13.4**.
- 13.4 At the discretion of the Board, and subject to any lawful conditions the Board may impose, the Executive may carry forward up to four weeks' holiday entitlement to the following holiday year in the event they are unable, due to illness or incapacity, to take at least four weeks' holiday entitlement in the year in which it accrues. However, any unused holiday entitlement carried forward in this way will lapse if it remains untaken 15 months after the end of the holiday year in which it is accrued. For the avoidance of doubt, any paid holiday actually taken in any leave year will be deemed to have been the Executive's four week statutory holiday entitlement.
- 13.5 The Executive's entitlement to paid holiday in the holiday year in which their employment terminates or commences will be pro rata for each completed calendar month of service in that year. The Board may require the Executive to take any accrued but untaken holiday entitlement during their notice period. Holiday entitlement in excess of the statutory minimum shall not accrue during any period of garden leave arising on the Company exercising its rights under **Clause 20.2**.
- 13.6 Subject to **Clause 13.7**, where the Executive has taken more or less than their holiday entitlement in the year their employment terminates, a proportionate adjustment will be made by way of addition to or deduction from (as appropriate) their final gross pay calculated on a pro rata basis.
- 13.7 If the Company terminates the Executive's employment immediately by summary notice in writing pursuant to **Clause 20.1** of this Agreement or if the Executive has terminated their employment in breach of this Agreement any payment due to the Executive under **Clause 13.6** as a result of untaken holiday will be limited to the Executive's statutory holiday entitlement only. Re-imbursement of excess holiday taken by the Executive shall be recoverable from the Executive in full at the rate at which it was paid to them.
- 13.8 Details of any additional paid leave provided by the Company (other than to sickness leave under **Clause 14**) and the terms under which this operates is available from Human Resources Department.

14. INCAPACITY AND SICK PAY

- 14.1 If the Executive is absent from their duties as a result of illness or injury they will notify the Company as soon as possible and complete any self-certification forms which are required by the Company. If the incapacity continues for a period of seven days or more they will produce to the Company a medical certificate to cover the duration of such absence.
- 14.2 Subject to the rest of this **Clause 14** and subject to the receipt of the appropriate certificates in accordance with **Clause 14.1**, if the Executive is absent from their duties as a result of illness or injury they will be entitled to be paid at the rate and for the period specified in **The**

Schedule in any period of 12 months (whether the absence is intermittent or continuous) subject to deduction of any statutory sick pay received by the Executive. Once the Executive has exhausted their entitlement to sick pay in any 12 month period, they will not be entitled to any further payment of sick pay after this period until they have returned to work and had no further absences for a period of 12 months. Any payment made in excess of statutory entitlement is paid entirely at the discretion of the Company. The Executive will not be entitled to any payment other than statutory sick pay during any current disciplinary investigation or proceedings.

- 14.3 Without prejudice to the Company's right to terminate this Agreement pursuant to **Clause 20.1** the Company reserves the right to terminate this Agreement notwithstanding any right the Executive might have to participate in any permanent health insurance scheme referred to in **Clause 10.1.3** or to receive sick pay or other benefits.
- 14.4 Whether or not the Executive is absent by reason of sickness, injury or other incapacity the Executive will, at the request of the Board, agree to have a medical examination performed by a doctor appointed and paid for by the Company. The Executive will be expected to authorise the Board to have unconditional access to any report or reports (including copies) produced as a result of any such examination as the Board may from time to time require to enable it to assess the Executive's ability to work and any reasonable adjustments it may be obliged or willing to consider. Entitlement to sick pay in excess of statutory sick pay pursuant to **Clause 14.2** may be affected adversely if the Executive fails to comply with the terms of this clause.

15. CONFLICT OF INTEREST

- 15.1 The Executive will disclose promptly to the Board in writing all their interests in any business other than that of the Company and the Group and any interests of their spouse, partner or children to the extent these might in the reasonable view of the Company compete or interfere with the performance of the Duties and will notify the Board immediately of any change in their external interests.
- 15.2 Except with the written consent of the Board the Executive will not during their employment under this Agreement be directly or indirectly engaged, concerned whether as principal, servant or agent (on their own behalf or on behalf of or in association with any other person) in any other trade, business or occupation other than the business of the Company or any Group Company. This clause will not prevent the Executive from being interested, for investment purposes only, as a member, debenture holder or beneficial owner of any stock, shares or debentures which are listed or dealt in on a Recognised Investment Exchange and which do not represent more than 4% of the total share or loan capital from time to time in issue in such company.
- 15.3 During their employment with the Company, the Executive will not obtain or seek to obtain, or permit any other person to obtain or seek to obtain, any financial or other competitive advantage (direct or indirect) from the disclosure, downloading, uploading, copying, transmittal, removal or destruction of information acquired by them in the course of their employment, whether or not that information is Confidential Information.
- 15.4 During the term of this Agreement the Executive shall not make (other than for the benefit of the Company or any Group Company) any statement or record in whatsoever medium relating to any matter within the scope of the business of the Company or any Group Company or use such record or allow it/them to be used other than for the benefit of the Company or any Group Company.

16. RESTRICTIVE COVENANTS

16.1 It is hereby agreed, acknowledged and understood that:-

- 16.1.1 these covenants are agreed with the Company acting on its own behalf and for and on behalf of any and all other Relevant Group Companies;
- 16.1.2 the Company shall be at liberty to enforce these covenants on its own behalf and/or for and on behalf of any other Relevant Group Company (whether in respect of actual or anticipated damage to itself or to any other Relevant Group Company);
- 16.1.3 notwithstanding the termination of this Agreement (howsoever arising), these covenants will remain in full force and effect;
- 16.1.4 damages are unlikely to be an adequate remedy for a breach of these restrictive covenants and (without prejudice to the Company's right to seek damages) injunctive relief will be an appropriate and necessary remedy in the event of an actual or anticipated breach of these restrictions;
- 16.1.5 the Company shall be at liberty to seek and recover damages occasioned as a result of a breach of these restrictive covenants, whether in respect of losses that are suffered by itself and/or by any other Relevant Group Company (and in the event that the Company recovers damages for losses suffered by any other Relevant Group Company, it shall account to that Group Company for any such damages);
- 16.1.6 at the request of the Company the Executive will enter into a direct agreement or undertaking with any other Group Company whereby the Executive will accept restrictions and provisions corresponding to the restrictions and provisions in this **Clause 16** and in **Clause 17** (or such of them as may be appropriate in the circumstances).

16.2 The Executive will not without the prior written consent of the Company or, where appropriate, Relevant Group Company, directly or indirectly and whether alone or in conjunction with or on behalf of any other person and whether as a principal, director, employee, agent, consultant, partner or otherwise:

- 16.2.1 for a period of 12 months from the Termination Date so as to compete (or to compete in the future) with the Company or any Relevant Group Company:
 - 16.2.1.1 induce, solicit or entice away (or endeavour to induce solicit or entice away) from the Company or any Relevant Group Company, the business or custom of any Relevant Customer for the supply or provision of the Products or Services;
 - 16.2.1.2 supply or provide any Products or Services to any Relevant Customer (or endeavour to do so);
 - 16.2.1.3 do or attempt to do anything which causes or may cause a Relevant Customer to cease or reduce materially its orders or contracts or intended orders or contracts with the Company or Relevant Group Company or alter its terms of business with and to the detriment of the Company and/or Relevant Group Company;
 - 16.2.1.4 do or attempt to do anything which causes or may cause any Relevant Supplier or potential Relevant Supplier to cease, alter or reduce materially its supplies to the Company or any Group Company or alter its terms of business with and to the detriment of the Company and/or Group Company;
 - 16.2.1.5 in connection with any business in, or proposing to be in, competition with the Company, or any other Group Company employ, engage or

appoint or in any way cause to be employed, engaged or appointed a Critical Person, whether or not such person would commit any breach of their contract of employment or engagement by leaving the service of the Company or any other Group Company;

16.2.2 within the Restricted Territory for a period of 12 months from the Termination Date be employed, engaged, concerned or provide technical, commercial or professional advice to any other business (whether conducted on its own or as part of a wider entity) which supplies or provides (or intends to supply or provide or is otherwise taking steps preparatory to supplying or providing) the Products or Services in direct or indirect competition with those parts of the business of the Company or any Relevant Group Company in respect of which the Executive was materially engaged or involved, or for which they were responsible, or in respect of which they were in possession of Confidential Information during the Relevant Period.

16.2.3 use or seek to register, in connection with any business, any name, internet domain name (URL), social media account or other device which includes the name or device of the Company or any Group Company, any identical or similar sign or any sign or name previously used by the Company or any Group Company or at any time after the Termination Date represent themselves as connected with the Company or any Group Company in any capacity.

16.3 None of the restrictions set out in **Clause 16.2** shall apply to prevent the Executive from being interested, for investment purposes only, in any business, whether as a member, debenture holder or beneficial owner of any stock, shares or debentures listed or dealt in on a Recognised Investment Exchange and which do not represent more than 4% of the total share or loan capital from time to time in issue in such company.

16.4 Whilst the restrictions in this **Clause 16** (on which the Executive hereby acknowledges they have had an opportunity to take independent legal advice) are regarded by the parties as fair and reasonable, each of the restrictions in this **Clause 16** is intended to be separate and severable. If any restriction is held to be void but would be valid if part of the wording (including in particular, but without limitation, the definitions contained in **Clause 1**) were deleted, such restriction will apply with so much of the wording deleted as may be necessary to make it valid or effective.

16.5 The parties agree that the periods referred to in **Clauses 16.2.1 to 16.2.2** above will be reduced by one day for every day during which at the Company's direction and pursuant to **Clause 20.2** below the Executive has been excluded from the Company's premises and/or has been required not to carry out any duties or to carry out duties other than their normal duties.

16.6 The Company has entered into this Agreement as agent for and trustee of each Relevant Group Company and each Group Company respectively.

17. CONFIDENTIALITY

The Executive acknowledges that in the course of their employment they will be exposed and have access to Confidential Information. The Executive has therefore agreed to accept the restrictions set out in this **Clause 17**.

17.1 The Executive will not either during their employment (including without limitation any period of absence or of exclusion pursuant to **Clause 20.2**) or after its termination (without limit in time) disclose, make use of, or encourage or permit the use of any Confidential Information for any purposes other than those of the Company and for the benefit of the Company or any Group Company.

17.2 All documents, manuals, hardware and software provided by the Company or any Group Company for the Executive's use and any data or documents (including copies) produced, maintained or stored on the Company's computer systems or other electronic equipment

(including mobile telephones or devices) remain the property of the Company or Group Company, as applicable.

17.3 The Executive shall be responsible for protecting the confidentiality of the Confidential Information and shall:

- 17.3.1 use his best endeavours to prevent the use, disclosure or communication of any Confidential Information by any person, company or organisation; and
- 17.3.2 inform the Board immediately on becoming aware, or suspecting, that any such person, firm or company or organisation knows or has used any Confidential Information.

17.4 The restrictions contained in this clause do not apply to any disclosure by the Executive:

- 17.4.1 which amounts to a protected disclosure within the meaning of section 43A of the ERA and/or policy on disclosure operated by the Company from time to time;
- 17.4.2 in order to report an offence to a law enforcement agency or to co-operate with a criminal investigation or prosecution;
- 17.4.3 for the purposes of reporting misconduct, or a serious breach of regulatory requirements to any body responsible for supervising or regulating the matters in question;
- 17.4.4 for the purposes of reporting an allegation of discrimination or harassment at work in accordance with the Company's policy or to the Equality and Human Rights Commission;
- 17.4.5 authorised by the Board or required in the ordinary and proper course of the Executive's employment or required by the order of a court of competent jurisdiction or by an appropriate regulatory authority;
- 17.4.6 any information which the Executive can demonstrate was known to the Executive prior to the commencement of their employment by the Company or is in the public domain otherwise than as a result of a breach by the Executive of this clause or any other duties and obligations owed to the Company or any Group Company; or
- 17.4.7 or as otherwise required by law.

17.5 The provisions of this **Clause 17** are without prejudice to the duties and obligations of the Executive which exist at common law or in equity.

17.6 The provisions of this **Clause 17** shall survive any termination of this Agreement and shall remain in force in relation to any item of Confidential Information for so long as it is still properly regarded by the Company and any Group Company as being confidential.

18. INTELLECTUAL PROPERTY RIGHTS

18.1 The Executive acknowledges that all Employment IPRs and all materials embodying and recording them will automatically belong to the Company to the fullest extent permitted by law. If such Employment IPRs and all materials embodying and recording them do not automatically vest in the Company or a Relevant Group Company, the Executive hereby assigns (including by way of present assignment of future rights) to the Company all such rights with full title guarantee. To the extent that such an assignment is not permitted or is unenforceable by the operation of law the Executive holds them on trust for the Company or Relevant Group Company.

18.2 The Executive acknowledges that, because of the nature of their duties and the particular responsibilities arising from the nature of those duties, they have, and shall have at all times while employed by the Company, a special obligation to further the Company's interests.

- 18.3 To the extent that legal title in any other Intellectual Property Rights do not vest in the Company or Relevant Group Company by virtue of **Clause 18.1**, the Executive hereby agrees immediately upon creation of such rights and inventions to offer to the Company or Relevant Group Company in writing a right of first refusal to acquire them on arm's length terms to be agreed between the parties. If the parties cannot agree on such terms within 30 days of the Company or Relevant Group Company receiving the offer, the Company or Relevant Group Company will refer the dispute to an arbitrator who will be appointed by the President of Chartered Institute of Patent Attorneys. The arbitrator's decisions will be final and binding on the parties and the costs of arbitration will be borne equally by the parties. The Executive agrees to keep such Intellectual Property Rights offered to the Company or any Relevant Group Company under this **Clause 18.3** confidential until such time as the Company or Relevant Group Company has agreed in writing that the Executive may offer them for sale to a third party.
- 18.4 The Executive agrees:
- 18.4.1 to give the Company full written details of all Employment IPRs which relate to or are capable of being used in the business of the Company or any Group Company promptly on their creation;
 - 18.4.2 at the Company's request or that of any Group Company and in any event on the termination of their employment to give to the Company or any Relevant Group Company all originals and copies of correspondence, documents, papers and records on all media which record or relate to any of the Employment IPRs;
 - 18.4.3 not to attempt to register any Employment IPRs unless requested to do so by the Company or any Relevant Group Company; and
 - 18.4.4 to keep confidential all Employment IPRs unless the Company or any Relevant Group Company has consented in writing to its disclosure by the Executive.
- 18.5 The Executive waives all their present and future moral rights which arise under the Copyright Designs and Patents Act 1988 and all similar rights in other jurisdictions relating to any copyright which forms part of the Employment IPRs and agrees not to support, maintain nor permit any claim for infringement of moral rights in such copyright works.
- 18.6 The Executive acknowledges that, except as provided by law, no further remuneration or compensation other than that provided for in this Agreement is or may become due to the Executive in respect of their compliance with this clause. This clause is without prejudice to the Executive's rights under the Patents Act 1977.
- 18.7 The Executive undertakes to execute all documents and do all acts both during and after their employment by the Company or any Group Company as may in the opinion of the Company be necessary or desirable to vest the Employment IPRs in the Company or any Relevant Group Company, to register them in the name of the Company or any Relevant Group Company where appropriate throughout the world and for the full term of those rights and to protect and maintain the Employment IPRs. Such documents may, at the Company's request, include waivers of all and any statutory moral rights relating to any copyright works which form part of the Employment IPRs. The Company agrees to reimburse or procure the reimbursement of the Executive's reasonable expenses of complying with this **Clause 18.7**.
- 18.8 The Executive agrees to give all necessary assistance to the Company or any Group Company at the Company's or any Relevant Group Company's reasonable expense to enable it/them to enforce its/their Intellectual Property Rights against third parties and to defend claims for infringement of third party Intellectual Property Rights.
- 18.9 The Executive irrevocably appoints the Company to be their attorney in their name and on their behalf to execute documents, use their name and do all things which are necessary or desirable for the Company to obtain for itself or its nominee the full benefit of this clause. A certificate in writing, signed by any director or the secretary of the Company, that any

instrument or act falls within the authority conferred by this Agreement shall be conclusive evidence that such is the case so far as any third party is concerned.

19. RETURN OF COMPANY PROPERTY

19.1 On request by the Company and in any event on termination of their employment or on commencement of any period of exclusion pursuant to **Clause 20.2** the Executive will:

19.1.1 deliver up immediately to the Company all property (including but not limited to documents and software, credit cards, mobile telephone, computer equipment, all computer disks, memory cards, social media or website passwords, keys and security passes and any Confidential Information) belonging to it or any Group Company or being relevant or connected to the Duties which is or are in the Executive's possession or under their control, at the Company's discretion being required to provide evidence of having done so. Documents and software include (but are not limited to) correspondence, diaries, address books, databases, files, reports, minutes, plans, records, documentation or any other medium for storing information. The Executive's obligations under this clause include the return of all copies, drafts, reproductions, notes, extracts or summaries (however stored or made) of all documents and software, and any data stored on external sites such as contacts on social media;

19.1.2 provide access (including passwords) to any computer (or other equipment or software) in his possession or under his control which contains information relating to the Company or any Group Company. The Executive also agrees that the Company is entitled to inspect, copy and/or remove any such information from any such computer, equipment or software owned by the Executive or under his control and the Executive agrees to allow the Company reasonable access to the same for these purposes;

19.1.3 provide a signed statement confirming their compliance with this **Clause 19**;

19.1.4 transfer without payment to the Company or as it may direct any shares or other securities held by them in the Company or any Group Company as trustee and deliver to the Company the related certificates,

and the Executive hereby irrevocably authorises the Company to appoint a person or persons to execute all necessary transfer forms and other documentation on their behalf in connection with the above.

19.2 The obligations set out in **Clause 19.1** shall not be affected by the fact that any document or software covered by this clause may include information or data personal to the Executive or may be held on mobile devices belonging personally to the Executive where such devices are used to any extent in respect of the Executive's work. In such circumstances it shall be the responsibility of the Executive when returning such property to bring such issues to the attention of the Company which shall then make arrangements for the proper and lawful disposal of such information or data.

20. TERMINATION AND GARDEN LEAVE

20.1 Without prejudice to any other rights the Company or any Group Company may have, the Company may terminate the Executive's employment immediately by summary notice in writing without notice and with no liability to make further payment to the Executive or may accept any breach of this Agreement by the Executive as having brought this Agreement to an end (notwithstanding that the Company may have allowed any time to elapse or on a former occasion may have waived its rights under this clause) if the Executive:

20.1.1 commits, repeats or continues any breach of this Agreement or their obligations under it including any material or persistent breach of their fiduciary duties or any provision of the Companies Act 2006 or similar legislation or any regulation made thereunder;

- 20.1.2 in the performance of the Duties or otherwise commits any act of gross misconduct or serious/gross incompetence or negligence or seriously or persistently breaches the Company's policies and procedures;
 - 20.1.3 acts in a manner which prejudices or is likely in the opinion of the Board to prejudice the interests or reputation of the Executive, the Company or any Group Company;
 - 20.1.4 has committed, is charged with or is convicted of any criminal offence other than an offence which does not in the reasonable opinion of the Board affect their position under this Agreement;
 - 20.1.5 is declared bankrupt or enters into or makes any arrangement or composition with or for the benefit of their creditors generally or has a County Court administration order made against them under the County Court Act 1984;
 - 20.1.6 is prohibited by law from being a director of a company or ceases to be a director of the Company or any Group Company without the prior consent or agreement of the Board;
 - 20.1.7 is removed as a director of the Company or any Group Company;
 - 20.1.8 commits any act of fraud, dishonesty, corrupt practice, a breach of his obligations under **Clause 3.1.11** or a breach of the Bribery Act 2010 relating to the Company or any Group Company, any of its or their employees, customers, suppliers or otherwise; or
 - 20.1.9 is convicted of an offence under any statutory enactment or regulation relating to bribery or insider dealing;
 - 20.1.10 is guilty of any deliberate abuse or misuse of the personal data of any employee, worker, consultant or actual or prospective customer, client or supplier of the Company or any Group Company;
 - 20.1.11 commits any serious or material breach of any regulatory rules applicable to his employment with the Company;
 - 20.1.12 commits any serious breach of the requirements, rules or regulations as amended from time to time of any regulatory authority relevant to the Company or any Group Company and any code of practice issued by the Company relating to dealing in the securities of the Company or any Group Company;
 - 20.1.13 is in breach of any of the warranties set out at **Clause 26.5** of this Agreement, regardless of whether criminal or other sanctions are imposed where relevant; or
 - 20.1.14 becomes incapacitated from performing all or any of the Duties by illness or injury (physical or mental) for a period exceeding (in total) 26 weeks (or such longer period as the Company may agree) in any rolling period of 12 months whether or not the Executive's entitlement to Company sick pay under **Clause 14.2** has been exhausted and whether or not the Executive has any actual or anticipated benefit of permanent health insurance referred to in **Clause 10.1.3** or otherwise and provided such termination would not prejudice or limit the Executive's rights or prospective rights under any permanent health insurance scheme referred to in **Clause 10.1.3**.
- 20.2 Without prejudice to **Clause 21.1**, after notice of termination has been given by either party pursuant to **Clause 2.6.2**, or if the Executive seeks to or indicates an intention to resign as a director of the Company or any Group Company or terminate their employment without notice, provided that the Executive continues to be paid and enjoys their contractual benefits until their employment terminates in accordance with the terms of this Agreement, the Board may in its absolute discretion without breaching the terms of this Agreement or giving rise to any

claim against the Company or any Group Company for all or part of the notice period required under **Clause 2.6.2**:

- 20.2.1 exclude the Executive from the premises of the Company and/or any Group Company;
 - 20.2.2 return to the Company all documents, laptop computers, Blackberry devices, mobile telephones, iPhones or similar devices and other property (including summaries, extracts or copies) belonging to the Company or any Group Company or to its or their clients or customers;
 - 20.2.3 require the Executive to carry out exceptional duties or special projects outside the scope of your normal duties or to carry out no duties;
 - 20.2.4 announce to employees, suppliers and customers that the Executive has been given notice of termination or has indicated an intention to resign (as the case may be);
 - 20.2.5 instruct the Executive not to directly or indirectly communicate with suppliers, customers, distributors officers, employees, shareholders, agents or representatives of the Company or any Group Company;
 - 20.2.6 cease to give the Executive access to its computer systems or social media.
- 20.3 For the avoidance of doubt, the Executive's duties and obligations under **Clauses 3, 15, 16, 17 and 18** and those to be implied into this Agreement at common law continue to apply during any period of exclusion pursuant to this clause.
- 20.4 During any period of exclusion pursuant to **Clause 20.2** the Executive will not be entitled to accrue or receive any bonus or holiday other than their entitlement under the WTR referred to in **Clause 13**. Any untaken holiday entitlement accrued or likely to accrue up to the Termination Date should be taken during the period of exclusion. The Executive agrees to notify the Company of any day or days during the exclusion period when they will be unavailable due to holiday and will endeavour to agree convenient holiday dates in advance with the Board.
- 20.5 Before and after termination of the Executive's employment, the Executive will provide the Company and/or any Group Company or its or their agents with any assistance it or they may request in connection with any proceedings or possible proceedings, including any internal investigation or administrative, regulatory or judicial investigation, inquiry or proceedings, in which the Company and/or Group Company is or may be involved. The Company will reimburse the Executive their reasonable expenses incurred in fulfilling their obligations under this clause. However, the Executive shall not be entitled to any other payment or remuneration in consideration of their assistance.
- 20.6 Immediately following termination of their employment, the Executive shall delete all Connections and, having done so, amend their profiles on any social media accounts to show that they are no longer employed by the Company, providing appropriate proof of having done so to the Company.

21. PAYMENT IN LIEU OF NOTICE

- 21.1 Without prejudice to **Clauses 21.5, 20.1 and 20.2**, at its absolute discretion the Company may terminate this Agreement and the Executive's employment with immediate effect at any time by giving the Executive written notice and paying them basic salary at the rate applicable at the Termination Date (less PAYE deductions) in lieu of the notice period referred to in **Clause 2.6.2** or remainder of the notice period if at the Company's request the Executive has worked (or been excluded pursuant to **Clause 20.2**) during part of the notice period.
- 21.2 The Company reserves the right to pay any sums due under **Clause 21.1** in equal monthly instalments during what would have been the unexpired portion of the Executive's contractual notice period. Notwithstanding that a termination of his employment in accordance with

Clause 21.1 is not a breach of this Agreement, the Executive agrees that following such notification as is referred to in **Clause 21.1** he will be under a duty to take reasonable steps, subject always to his obligations under **Clause 16** above, to mitigate any consequential losses by seeking an alternative remunerative position, whether as employee, director, self-employed consultant or shareholder, and to notify the Company in writing as soon as any such position is accepted, of when it is due to commence and the financial terms applicable to it. If the Executive obtains an alternative position during this period any sums due to the Executive under **Clause 21.1** will be reduced or extinguished accordingly.

- 21.3 If the Company terminates the Executive's employment without the written notification referred to in **Clause 21.1**, then the Executive will have no contractual entitlement to the pay in lieu of notice referred to in that clause.
- 21.4 For the avoidance of doubt, if the Company exercises its right under **Clause 21.1**:
- 21.4.1 the Executive's employment will terminate on the date specified in the notice given by the Company pursuant to **Clause 21.1**;
 - 21.4.2 any payment in lieu of salary pursuant to this clause will not include pay in respect of bonus, commission, holiday or other benefits which would otherwise have accrued or been payable during the period to which the payment in lieu of salary relates.
- 21.5 The Executive shall not be entitled to any payment in lieu of notice pursuant to this clause or otherwise if the Company would be entitled to terminate their employment without notice (whether in accordance with **Clause 20.1** or otherwise). In the event that any payment in lieu of notice is made in such circumstances, the Executive agrees that the Company may immediately require the same to be repaid as a debt.

22. DUTY TO NOTIFY OF NEW EMPLOYMENT

- 22.1 In order to enable the Company to protect its legitimate interests and to enforce its rights under this Agreement, the Executive agrees that during their employment they will notify the Company in writing of the identity of any prospective employer or business from which they have received an offer to be employed, engaged, concerned or interested or to which they wish to provide technical, commercial or professional advice where, in the reasonable belief of the Executive, becoming so employed, engaged, concerned or interested or providing such advice would be likely to breach the provisions of **Clause 16**, prior to accepting such employment and of the date on which the Executive proposes to start their employment, engagement, concern, interest or the provision of advice. The Company will determine whether such proposed activity is in breach of this Agreement. The Executive will additionally provide the Company with all information it reasonably requests to make this determination. The Executive will not accept the offer of employment or engagement until having been advised by the Company of its determination which the Company agrees to do within a reasonable time, which will usually be 28 business days.
- 22.2 If the Executive applies for or is offered a new employment, appointment or engagement, before entering into any related contract the Executive will bring the terms of this clause and **Clauses 2, 16, 18** and **20.2** to the attention of a third party proposing their direct or indirect employment, appointment or engagement.
- 22.3 The Company shall be entitled to disclose the terms of this Agreement and Executive's Confidential information Protection Agreement to any third party with or by whom the Executive is employed, engaged or otherwise interested or connected (as is appropriate) in order to protect the interests of the Company and/or any Group Company.

23. RESIGNATION AS DIRECTOR

- 23.1 The Executive will on termination of their employment for any reason, or on commencement of any period of exclusion pursuant to **Clause 20.2** at the request of the Board, give notice

resigning immediately without claim for compensation (but without prejudice to any claim they may have for damages for breach of this Agreement):

23.1.1 as a director of the Company and of any Group Company; and

23.1.2 all trusteeships held by the Executive of any pension scheme or other trusts established by the Company or any Group Company or any other company with which the Executive has had dealings as a consequence of their employment with the Company.

23.2 If notice pursuant to **Clause 23.1** is not received by the relevant company within forty eight hours of the Termination Date or a request by the Board, the Company (or such Group Company as may be applicable) is irrevocably authorised to appoint a person to execute any documents and to do everything necessary to effect such resignation or resignations on the Executive's behalf.

23.3 Except with the prior written agreement of the Board, the Executive will not during their employment under this Agreement resign their office as a director of the Company or any Group Company.

23.4 The Executive's appointment as a director of the Company or any Group Company will be subject to the Articles of Association from time to time of the Company or Group Company.

24. RIGHTS FOLLOWING TERMINATION

The termination of the Executive's employment under this Agreement will not affect any of the provisions of this Agreement which expressly operate or lawfully have effect after termination and will not prejudice any right of action already accrued to either party in respect of any breach of any terms of this Agreement by the other party (except in the case of termination by the Company pursuant to **Clause 21.1** in which case **Clause 21.1** will prevail in favour of the Company and the Group).

25. DISCIPLINARY AND GRIEVANCE PROCEDURES

The Company's disciplinary and grievance procedures are available from the Human Resources Department. The spirit and principles of these procedures apply to the Executive suitably adapted to reflect their seniority and status but these procedures are not incorporated by reference in this Agreement and therefore do not form any part of the Executive's contract of employment.

26. ENTIRE AGREEMENT

26.1 This Agreement constitutes the entire agreement between the parties and, excluding the restrictive covenants set forth in Sections A – C of the Annex to your Terms of Employment Letter dated 28 April 2015 (the "Terms of Employment") which continue in full force and effect, supersedes any prior agreement or arrangement in respect of the employment relationship between the Company and the Executive (and, in the case of the Group, the Company acts as agent for any Group Company), which agreement(s) or arrangement(s), shall be deemed to have been terminated by mutual consent from the Commencement Date and in respect of which agreement(s) or arrangement(s) the Executive warrants that they have received all benefits and remuneration due to them. For the avoidance of doubt, the Terms of Employment is superceded by this Agreement in all respects other than with respect to the restrictive covenants set forth in Sections A – C of the Annex to the Terms of Employment.

26.2 Neither party has entered into this Agreement in reliance upon, or shall have any remedy in respect of, any misrepresentation, representation or statement (whether made by the other party or any other person) which is not expressly set out in this Agreement.

26.3 The only remedies available for any misrepresentation or breach of any representation or statement which was made prior to entry into this Agreement and which is expressly set out in this Agreement will be for breach of contract.

- 26.4 Nothing in this **Clause 26** shall be interpreted or construed as limiting or excluding the liability of either party for fraud or fraudulent misrepresentation.
- 26.5 The Executive acknowledges, warrants and undertakes that:
- 26.5.1 by entering into this Agreement and fulfilling their obligations under it, they are not and will not be in breach of any obligation to any third party;
 - 26.5.2 they are not prevented by any agreement, arrangement, contract, understanding, court order or otherwise, from performing the Duties;
 - 26.5.3 they are entitled to work in the UK without any additional approvals and will notify the Company immediately if they cease to be so entitled during this Agreement or are prevented or restricted from holding office as director or fulfilling the duties of director;
 - 26.5.4 they will at all times comply fully with the Company's policies concerning anti- corruption and the Bribery Act 2010; data protection; information security; bullying and harassment ; and use of Social Media and related procedures;
 - 26.5.5 in the event of any claim that they are in breach of any of the above warranties, they will indemnify the Company against any claims, costs, damages, liabilities or expenses which the Company may incur in respect of such claim; and
 - 26.5.6 they hold all necessary third party qualifications, permissions, authorisations and/or approvals to fulfil their obligations under this Agreement and shall notify the Company immediately if they cease to hold any such qualification, permission, authorisation or approval or become subject to any inquiry, investigation or proceedings that may lead to the loss of or restriction to such qualification, permission, authorisation or approval.
- 26.6 This Agreement may be executed in any number of counterparts, each of which will constitute an original, but which will together constitute one agreement.

27. THIRD PARTY RIGHTS

Except as expressly provided in this Agreement, a person who is not a party to this Agreement shall not have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement, provided that, XPO Logistics, Inc. shall be entitled to enforce the provisions of Section 26.1 of this Agreement with respect to the restrictive covenants set forth in Sections A – C of the Annex to the Terms of Employment.

28. DATA PROTECTION

- 28.1 During the course of his employment, the Executive understands that the Company will need to hold, access or process his personal data. The Company will do so in accordance with its privacy notice a copy of which is accessible on the Company intranet. The Executive is required to sign and date the privacy notice and return it to the HR Manager.
- 28.2 The Executive will familiarise himself with and at all times adhere to the Company's Data Protection Policy. The Executive undertakes to take all reasonable steps to ensure that any Company information or personal data of any person which he accesses, holds or processes (including information regarding any Group Company) will not be available or disclosed to third parties and will be kept securely by him, particularly if such information is accessed by or accessible to him via a mobile device, such as a laptop, pda or mobile telephone. The Executive agrees and understands that a failure by him to meet the obligations of this clause may lead to disciplinary action up to and including dismissal in accordance with **Clause 20.1**.
- 28.3 The Executive acknowledges furthermore undertakes to immediately notify the Company if he becomes aware of any unauthorised disclosures of any confidential information relating or belonging to the Company or any Group Company or of personal data or any other breaches of the Company's Data Protection Policy

29. NOTICES

- 29.1 Any notice or other form of communication given under or in connection with this Agreement will be in writing in the English language and be handed personally to the Executive or sent to the Company's registered office or to the Executive's last known place of residence in the UK (as applicable), the latter being satisfied where:
- 29.1.1 Sent to that party's address by pre-paid first class post, airmail post, or mail delivery service providing guaranteed next working day delivery and proof of delivery; or
 - 29.1.2 Delivered to or left at that party's address (other than by one of the methods identified in **Clause 29.1.1**).
- 29.2 Any notice or communication given in accordance with **Clause 29.1.1** will be deemed to have been served 48 hours after posting but where it is given in accordance with **Clause 29.1.2** it is given at the time the notice or communication is delivered to or left at that party's address.
- 29.3 To prove service of a notice or communication it will be sufficient to prove that the provisions of **Clause 29.1** were complied with.
- 29.4 For the avoidance of doubt, notice of directors' meetings may be given in any manner permitted by the Company's Articles of Association and if sent to the Executive by e-mail (to the Executive's usual e-mail address), provided it is properly addressed, the notice shall be deemed received by the Executive immediately after it was sent.

30. MISCELLANEOUS

- 30.1 This Agreement will be governed by and interpreted in accordance with the law of England and Wales.
- 30.2 The courts of England and Wales have exclusive jurisdiction to determine any dispute arising out of or in connection with this Agreement.
- 30.3 Any delay by the Company in exercising any of its rights under this Agreement will not constitute a waiver of such rights.
- 30.4 There are no collective agreements which directly affect the Executive's terms and conditions of employment.

THIS DOCUMENT is executed as a deed and delivered on the date stated at the beginning of this Deed.

THE SCHEDULE

Individual Terms

1. Notice Period – Clause 2.6.2

Notice from the Company to the Executive – not less than 12 calendar months'

Notice from the Executive to the Company – not less than 12 calendar months'

2. Salary – Clause 6.1

£468,000. per annum

3. Car Allowance – Clause 9.1

£10,400 per annum

4. Life Insurance – Clause 10.1.1

4 x salary.

5. Private Medical Insurance – Clause 10.1.2

The Executive and their spouse/partner and all dependent children in full time education under the age of 21.

6. Holiday – Clause 13.1

25 days per annum

7. Sick Pay – Clause 14.2

Where the Executive has less than 52 weeks' continuous service on the first day of sickness absence – 13 weeks' full pay

Where the Executive has more than 52 weeks' continuous service on the first day of sickness absence – up to a maximum 26 weeks' full pay

EXECUTED as a deed by)
XPO SUPPLY CHAIN UK LIMITED)
acting by)
a director and its company secretary)
or two directors)

Director

EXECUTED as a deed by)
XPO SUPPLY CHAIN UK LIMITED) /s/ David Thomas
acting by one director in the presence of:) David Thomas

Witness Name:

Witness signature: /s/ Adam Parker

Name: Adam Parker

Address:XPO Logistics, XPO House, Lodge Way, Northampton, NN5 7SL

Occupation:VP HR UK&I

SIGNED as a deed by)
.....) /s/ Malcolm Wilson
Malcolm Wilson

in the presence of:

Witness signature: /s/ Janine Fleckner

Name: Janine Fleckner

Address: XPO Logistics, XPO House, Lodge Way, Northampton, NN5 7SL

Occupation: Executive Assistant

XPO Logistics

April 20, 2021

Baris Oran
Gardenya Sitesi
A4 Zekeriyakoy
Istanbul 34330
Turkey

Dear Baris,

On behalf of XPO Logistics, Inc. ("XPO"), I'm happy to offer you the position of Chief Financial Officer, Supply Chain of XPO until the completion of the anticipated spin-off of XPO's logistics segment ("GXO"), which is expected to occur in the second half of 2021. Commencing on the effective date of the spin-off, you will hold the position of Chief Financial Officer of GXO. I know I speak for the rest of our team when I say how pleased we are to make you this offer. This letter sets forth all of the terms and conditions of the offer.

Reporting and Work Location. In your initial role as Chief Financial Officer, Supply Chain, you'll report directly to XPO's Chief Executive Officer, Europe, and manage the Supply Chain finance group of XPO. In your role as Chief Financial Officer of GXO, you'll report directly to the Chief Executive Officer of GXO and manage the Supply Chain finance group of GXO. You'll be based out of XPO's headquarters in Greenwich, CT, tentatively beginning on May 14, 2021. You'll be based out of GXO's Greenwich, CT office commencing on the effective date of the spin off.

Full-Time Employment. During your employment, you will be required to devote your full time and attention to your duties and responsibilities for the Company ("Company," here and for the remainder of this letter refers to XPO until the effective date of the spin-off of GXO, and then refers to GXO on and after the effective date of the spin-off). You may not take up any outside full or part-time employment without the prior written consent of the Company.

Your Compensation. We'd like to offer you the following compensation package:

- **Base Salary:** You'll receive a base salary of \$600,000, paid on a biweekly basis (\$23,076.93 annualized), less all applicable withholdings and deductions, and pro-rated for any partial period worked. This is an exempt position, meaning you will not be eligible for overtime compensation.
- **Annual Incentive:** You will be eligible to participate in the Company's annual incentive plan, subject to the terms and conditions of the plan, as may be in effect from time to time. The incentive plan structure is based on a target percentage of your base salary. The target incentive for you is 100% of your base salary. You will have the opportunity to earn 0% to 200% of your target incentive based on the aggregate level of achievement of your performance goals (determined by your supervisor) and the Company's achievement of its business goals. Your performance goals, the Company's business goals, and the payout curve for the bonus plan will be determined annually by the Compensation Committee of the Company's Board of Directors (or its delegate) in its discretion. Your annual incentive will not be pro-rated for the year in which you are hired.

- **Incentive Grant:** You will be awarded an initial long-term stock incentive award (the "Incentive Grant"), which will be granted in the form of 100,000 stock options relating to XPO common stock and will vest in full on the fifth anniversary of the grant date, subject to (i) the occurrence of the spin-off by March 31, 2022 and (ii) your continuous employment with the Company through the fifth anniversary of the grant date; if either of these vesting conditions is not satisfied, then the Incentive Grant shall be forfeited. The Incentive Grant is contingent upon the approval of the Compensation Committee of the Company's Board of Directors or its delegate and will be subject to the applicable terms and conditions set forth in XPO's 2016 Omnibus Incentive Compensation Plan (the "Omnibus Plan") and the applicable award agreement. If approved, the Incentive Grant will be granted to you as soon as practicable following your start date with XPO. In connection with the spin-off, it is expected that the Incentive Grant will be converted into an award relating to GXO common stock based on an adjustment methodology to be approved by the Compensation Committee of the Company's Board of Directors.
- **Long-term Incentive:** You will be eligible for a long-term incentive award for the 2021 performance year with a target value of \$800,000, 70% (\$560,000) of which will be awarded in performance-based restricted stock units and 30% (\$240,000) of which will be awarded in time-based restricted stock units, subject to the terms and conditions set forth in the Omnibus Plan and the applicable award agreement. These awards are contingent upon approval of the Compensation Committee of the Company's Board of Directors or its delegate. If approved, these awards will be granted to you following the end of the 2021 performance year, subject to your continued employment on the applicable grant dates. For performance years after 2021, the grant date value of any annual long-term incentive awards to be granted to you will be determined by the Compensation Committee of the Company's Board of Directors in its discretion.
- Annual and long-term incentive awards will be reflective of your individual performance and contributions, the Company and/or business unit performance, as applicable, and the scope and expectations of your position/role in the Company and/or your business unit. As an at-will employee, annual and long-term incentives are subject to change at the sole discretion of the Company.

Your Benefits.

We're committed to hiring the best people, like you! That's why we offer a competitive benefits package—including healthcare coverage, personal time off, life/disability insurance, retirement planning and more. Additional details related to our benefits package are included with your new hire materials. Please note that the Company reserves the right to modify, amend and/or terminate the employee benefits at any time in its sole and absolute discretion, consistent with applicable law.

- **Relocation Benefits.** As discussed, we're pleased to offer you our Executive Relocation Benefits Program. You'll find details and requirements in the attached relocation documents.
 - Relocation Benefits Summary an overview of the executive relocation benefits offered
 - Relocation Repayment Agreement - the financial terms of the program
 - Relocation Information Form

Please review these documents, then complete and return the Relocation Information Form along with your signed Offer Letter and signed Relocation Repayment Agreement. For questions regarding the Relocation Benefits Program, please contact Brian Drake via e-mail at Brian.Drake@xpo.com.

Your Representations and Conditions of Employment.

- **Representations.** In your work for the Company, you are not permitted to use or disclose any confidential information, including trade secrets, of any former employer or other person to whom you have a confidentiality obligation. You are expected to use only generally known information which is used by persons with training and experience comparable to your own, which is common in the industry or otherwise legally in the public domain, or which is otherwise provided or developed by the Company.
 - You confirm that you have carefully reviewed your files (including emails, computer files and hard copies, whether personal or business) and deleted, and not retained copies of, any files prepared, generated or used during any prior employment that could contain confidential information or trade secrets of your current or former employer.
 - You agree not to bring onto the Company premises any unpublished documents or property belonging to any former employer or other person to whom you owe a confidentiality obligation.
 - By accepting this offer of employment, you affirm that you are not a party to any employment agreement, covenant not to compete, non-solicitation covenant, or other restrictive covenants that would preclude you from accepting employment with the Company.
 - During our discussions about your proposed job duties, you assured us that you would be able to perform those duties within the above-described guidelines.
- **Company Policies.** As a condition of your continued employment, you are required to abide by the Company's rules and policies as may be published from time to time.
- **Confidential Information Protection Agreement.** Your acceptance of this offer and commencement of employment with XPO, is contingent upon you entering into the Confidential Information Protection Agreement ("CIPA"), which prohibits unauthorized use or disclosure of XPO's confidential and proprietary information and includes an 18-month non-competition provision and a two-year non-solicitation provision following the termination of your employment with XPO. In connection with the spin-off, as a condition of beginning your employment with GXO, you will be required to sign a CIPA with GXO.
- **Pre-Hire Screening and Work Authorization.** This employment offer is contingent on the satisfactory conclusion of appropriate pre-employment background check and drug screen, as may be conducted by the Company in accordance with applicable law. As required by law, this offer is subject to satisfactory proof of your identity and authorization to work in the United States.

At-Will Employment. Your employment with the Company will be "at-will," and shall continue only so long as continued employment is mutually agreeable to you and the Company. Either you or the Company may terminate the employment relationship at any time and for any reason, with or without cause or advance notice. We request that, in the event of resignation, you give the Company at least 30 days advance notice. Neither this offer letter nor any other written material issued by the Company constitutes a contract between you and the Company for employment, express or implied, for any specific duration. The at-will employment relationship cannot be changed except in writing signed by the Company's Chief Executive Officer.

Third Party Beneficiary. By signing this letter, you agree that GXO is an express third party beneficiary of this letter, and this letter, including your obligations to repay the relocation benefits, is for the benefit of both GXO and XPO. You hereby expressly agree and consent to the assignment of this letter to GXO

as of the effective date of the spin-off, and the enforcement of your obligations to repay the relocation benefits by XPO, GXO, and their respective successors and/or assigns, as applicable. As of the effective date of the spin-off, all rights and obligations of XPO under this letter will transfer to GXO, and XPO will cease to have any obligations to you.

Entire Offer. This letter, along with the CIPA and Relocation Repayment Agreement, contains the entire agreement and understanding between you and the Company regarding the employment relationship and supersedes any prior or contemporaneous agreements, understandings, communications, offers, representations, warranties, or commitments by or on behalf of the Company (oral or written), including without limitation the offer letter dated April 5, 2021. This offer letter is not to be construed as a contract for employment in any particular position for any particular salary or time period.

Taking the next step. As you know, XPO has generated tremendous momentum, thanks to the efforts of our people. With you on our team, we're sure to continue along this trajectory and move forward to greater success.

Please make sure you've read the offer letter completely, plus all information included with it. Then sign, scan and email the offer letter, CIPA, Relocation Repayment Agreement, and Relocation Information Form by e-mail to Daniel.Howell@xpo.com. This offer of employment will terminate if it is not accepted, signed, and returned within five business days from the date above.

If you have any questions, please reach out to me at 203-605-0314 or Josephine.Berisha@xpo.com. We look forward to working with you!

Sincerely,

/s/ Josephine Berisha

Josephine Berisha, CHRO
Josephine.Berisha@xpo.com

Enclosures: Confidential Information Protection Agreement; Relocation Benefits Summary; Relocation Repayment Agreement; Relocation Information Form

EMPLOYMENT ACCEPTANCE

I accept XPO's offer of employment as stated above.

/s/ Baris Oran

Baris Oran

4/20/2021

Date

XPO LOGISTICS EUROPE
115-123, avenue Charles de Gaulle
92200 Neuilly-sur-seine
xpo.com

Maryclaire Hammond
6905 Wittington Ct
Oak Ridge, North Carolina, 27310

Neuilly-sur-Seine
14 May, 2021

Ref: XPO Logistics Europe Offer Letter - Chief Human Resources Officer

Dear Maryclaire,

As you know, XPO is planning to spin-off 100% of its logistics segment ("GXO") as a separate publicly traded company (the "Spinoff"). Subject to and contingent on the occurrence of the Spinoff and your acceptance of this opportunity, you will hold the position of **Chief Human Resources Officer** of GXO as of the effective date of the Spinoff. If the Spinoff does not occur, you will remain in your existing role of Senior Vice President, Human Resources, subject to your existing terms and conditions of employment, and you will have no entitlement to receive any remuneration or benefits referred to in this letter or the attached Service Agreement.

This offer letter contains a summary of the key terms of such employment. The full terms of the offer are set forth in a service agreement between XPO Supply Chain UK Limited ("the Employer") and you (the "Service Agreement") (a copy of which is attached to this offer letter), the terms of which you agree to enter into in consideration of the benefits set out in this offer letter. For the avoidance of doubt, if you do not return a signed copy of both this offer letter and the Service Agreement within seven days of the same being sent to you, then this offer and the terms of the Service Agreement will lapse except as otherwise mutually agreed between the parties.

The key terms of your offer are as follows ("Company" refers to GXO):

- Your initial **annual base salary (ABS)** will be **£288,000 per annum**, gross of any statutory deductions. Your base salary will be reviewed from time to time as part of the Employer's annual merit salary review process.
- Your position will initially be located in the Company's London office -8th Floor, Gridiron Building, One Pancras Square, London, NIC 4AG. You will be required to travel both within the United Kingdom and Ireland and other territories in which the Company operates.
- Details of your entitlement to termination notice will be included in your Service Agreement.
- **Annual Incentive:** You will be eligible to participate in the Company's Annual Incentive Plan ("AIP"), subject to the terms and conditions of the AIP as may be in effect from time to time. Your target incentive will initially be 75% of your base salary. You will have the opportunity to earn 0% to 200% of your target incentive based on the aggregate level of achievement of the performance goals outlined in the applicable incentive plan.

Performance goals under the AIP will be determined annually by the Compensation Committee of the Company's Board of Directors (the "Compensation Committee") or its delegate in its sole discretion. The Compensation Committee shall have discretion to amend such goals as it sees fit.

Your AIP award will not be pro-rated for the year in which the Spinoff takes place.

You have no contractual entitlement to an AIP award. The AIP is discretionary and may be modified or withdrawn at the Company's sole discretion.

- **Confidential information Protection Agreement ("CIPA"):** The terms of your existing CIPA with XPO dated 9 September, 2019 will remain in full force and effect notwithstanding: (i) the Spinoff; (ii) your entry into this offer letter; or (iii) your entry into the Service Agreement.
- **Incentive Grant:** Following your entry into this letter agreement, you will be awarded an initial long-term stock incentive award (the "Incentive Grant") which will be granted in the form of 20,000 stock options relating to

XPO common stock and will vest in increments over five years following the grant date, subject to: (i) the occurrence of the Spinoff by March 31, 2022 and (ii) your continuous employment with the Company through the fifth anniversary of the grant date; if either of these vesting conditions is not satisfied, then any unvested portion of the Incentive Grant shall be forfeited. The Incentive Grant is contingent upon written approval of the same from the Compensation Committee or its delegate and will be subject to the applicable terms and conditions set forth in XPO's 2016 Omnibus Incentive Compensation Plan (the "Omnibus Plan") and the applicable award agreement. In connection with the Spinoff, it is expected that the Incentive Grant will be converted into an award relating to GXO common stock.

- **Long-term Incentive:** You will be eligible for a long-term incentive award for the 2021 performance year with a target value of \$350,000, 50% (\$175,000) of which will be awarded in performance-based restricted stock units and 50% (\$175,000) of which will be awarded in time-based restricted stock units, subject to the terms of and conditions set forth in the Omnibus Plan and the applicable award agreement. Any such award, including your eligibility for the same, will be contingent upon the approval of, and subject to the sole discretion of, the Compensation Committee or its delegate. If approved, these awards will be granted to you following the end of the 2021 performance year, subject to your continued employment on the applicable grant dates. For performance years after 2021, the grant date value of any annual long-term incentive awards to be granted to you will be determined by the Compensation Committee or its delegate, in its discretion.
- Your eligibility for, as well as the amount or components of payment of, any annual and/ or long-term incentive awards will be reflective of your individual performance and contributions, the Company and/or business unit performance, as applicable, and the scope and expectations of your position/ role in the Company and/or your business unit as determined by the Company or the Compensation Committee in its or their sole discretion. You expressly acknowledge and agree that any annual and long-term incentives are subject to change at the sole discretion of the Company

For the avoidance of any doubt, in the event that, as at the payment or vesting date in respect of all or any part of any incentive awarded to you in accordance with the terms of this letter, you are no longer employed by the Company, or you are otherwise under notice of termination of employment (excluding non-fault termination), you shall have no entitlement in respect of such award.

- You will be eligible to participate in the **Company car arrangements** applicable to your grade at the Employer. As a reference, a **car allowance** is currently set at £863.33/month for your grade. Further details will be provided through your Service Agreement.
- You will be covered by the Company's personal **accident and travel insurance scheme**. These are insured benefits and are subject to restrictions imposed by the insurers.
- You will be eligible to participate in the Company's Executive Relocation Benefits Program in connection with your relocation to GXO's UK offices. You'll find details and requirements in the documents listed below, which you signed on March 24th.
 - ¢ Relocation Benefits Summary - an overview of the executive relocation benefits offered
 - ¢ Relocation Repayment Agreement - the financial terms of the program
 - ¢ Relocation Information Form

For questions regarding the Relocation Benefits Program, please contact Brian Drake via e-mail at Brian.Drake@xpo.com.

- Other terms and conditions will be outlined in your Service Agreement (i.e., healthcare insurance for you and your family and pension arrangements).

XPO Logistics

XPO LOGISTICS EUROPE
115-123, avenue Charles de Gaulle
92200 Neuilly-sur-seine
xpo.com

- Your position with the Company and the terms of your employment may result in your inclusion in the Company's public filings with the Securities and Exchange Commission (SEC), in accordance with US regulatory requirements. Your inclusion in the Company's SEC filings could result in the public disclosure of your personal information including your employment terms and conditions and compensation arrangements, required compliance with additional insider trading regulations and regular filing of public disclosure documents related to your employment and compensation. Your acceptance of this offer acknowledges your understanding of and consent to these filings.
- In the event of any inconsistency between the terms of this offer letter and the terms and conditions of any compensation or incentive plan, rules, award, or other agreement referred to herein (together, "Plan Documents"), then the terms of the relevant Plan Documents will prevail. In the event of any inconsistency between the terms of this offer letter and the Service Agreement, then the terms of the Service Agreement will prevail.
- In connection with the commencement of your employment under the Service Agreement, you will be provided with a term sheet which will illustrate your potential compensation should the Spinoff proceed. The term sheet is for illustrative purposes only and will be subject to the terms of the Plan Documents and the Service Agreement, the terms of which shall prevail over the term sheet.

I am sending an electronic copy of this letter. Please sign and return a copy for acceptance.

I trust the above details outline the position satisfactorily. However, should you have any questions please do not hesitate to contact me. I look forward to receiving your signed acceptance.

Yours sincerely,

/s/ Josephine Berisha

Josephine Berisha
Chief Human Resources Officer
On behalf of XPO Logistics Europe

I hereby accept the offer of employment as detailed in the above offer letter

Signed: /s/ Maryclaire Hammond
Maryclaire Hammond

Date May 21, 2021

EVERSHEDS
SUTHERLAND

Dated:

14 May 2021

(1) XPO SUPPLY CHAIN UK LIMITED

(2) Maryclaire Hammond

Service Agreement

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THIS AGREEMENT is made on 14 May, 2021

BETWEEN

- (1) XPO SUPPLY CHAIN UK LIMITED whose registered office is at XPO House, Lodge Way, New Dunston, Northampton, NN5 7SL (the "Company"); and
- (2) Maryclaire Hammond (the "Executive").

OPERATIVE PROVISIONS

1. DEFINITIONS AND INTERPRETATION

1.1 In this Agreement the following expressions have the following meanings:

"Automatic Enrolment Laws"	the provisions of Part I of the Pensions Act 2008 and the Occupational and Personal Pension Schemes (Automatic Enrolment) Regulations 2010;
"Board"	the Board of directors of the Company from time to time (including any committee of the Board duly appointed by it);
"CIPA"	means the Confidential Information Protection Agreement between the Executive and XPO dated 9 September, 2019;
"Commencement Date"	means the effective date of the Spin-Off;
"Confidential Information"	trade secrets or other technical or commercially sensitive information of the Company or any Group Company and its/their officers, shareholders, customers, clients or suppliers in whatever form (whether in written, oral, visual or electronic form or on any magnetic or optical disk or memory and wherever located and whether or not marked "confidential"), including (without limitation) such information falling within the following categories: Know-How; information relating to the business, products, affairs and finances of the Company or any Group Company; suppliers and their production and delivery capabilities; identity and contact details of clients, future and prospective clients, customers, future and prospective customers and details of their particular requirements; Connections; costings, profit margins, discounts, rebates and other financial information; marketing strategies and tactics; current activities and current and future plans relating to all or any of development, production or sales including the timing of all or any such matters; information about employees including their particular areas of expertise and terms of employment; remuneration and benefit strategies for employees; research and development; manufacture or production, controls including quality controls; strategies and tactics; the development of new products and services and/or new lines of business, development and

maintenance; policies and procedures; and career path and appraisal details of employees; providing that the foregoing shall not apply to information widely known outside of the Group or which has been publicly available or disseminated by the Group, save (in either case) through the default of the Executive;

“Connections”

work-related contacts and contact details obtained during the Executive’s employment with the Company or resulting from the performance of the Duties which are retained in electronic profile pages within social networking sites such as Facebook, LinkedIn, Twitter and similar and whether described as friend, follower, connection or otherwise;

“Critical Person”

any employee, agent, director, consultant or independent contractor employed, appointed or engaged by the Company or any Group Company in a senior, executive, professional, technical, marketing, distribution, sales or managerial capacity and:

- (a) with whom the Executive had material contact in the course of that person’s employment, appointment or engagement during the Relevant Period; or
- (b) for whose activities on behalf of the Company the Executive had direct or indirect responsibility during the Relevant Period

“Duties”

such duties, functions and exercises of power as delegated or assigned to the Executive by the Board from time to time in accordance with clause 3 of this Agreement;

“Employment IPRs”

Intellectual Property Rights created by the Executive in the course of their employment with the Company or any Group Company (whether or not during working hours or using the Company’s or any Group Company’s premises or resources);

“ERA”

the Employment Rights Act 1996

“Group”

the Company and every Group Company wherever registered or incorporated

“Group Company”

the Company and its Parent Undertakings, its Subsidiary Undertakings and the Subsidiary Undertakings of any of its Parent Undertakings from time to time (“Parent Undertaking” and “Subsidiary Undertaking” having the meanings set out in section 1162 Companies Act 2006);

“GXO”

means GXO Logistics, Inc

“Intellectual Property Rights”	patents, rights to Inventions, utility models, copyright and related rights, trademarks, trade names and domain names, rights in get up, rights in goodwill or to sue for passing off, unfair competition rights, rights in designs, rights in computer software, database rights, topography rights, rights in confidential information (including Know-How and trade secrets) and any other intellectual property rights, in each case whether registered or unregistered and including all applications (or rights to apply) for, and renewals or extensions of, such rights and all similar or equivalent rights or forms of protection which subsist or will subsist now or in the future in any part of the world;
“Inventions”	any invention, idea, discovery, development, improvement or innovation whether or not patentable or capable of registration and whether or not recorded in any medium;
“Know-How”	formulae, methods, plans, Inventions, discoveries, improvements, processes, performance methodologies, techniques, specifications, technical information, tests, results, reports, component lists, manuals and instructions;
“PAYE deductions”	deductions made to comply with or meet any liability of the Company to account for tax pursuant to regulations made under Chapter 2 of Part 11 Income Tax (Earnings and Pensions) Act 2003 and with any obligations to deduct national insurance contributions;
“Products or Services”	products or services which (i) are the same as, of the same kind as, or of a materially similar kind to, or competitive with, any products or services supplied or provided by the Company or Relevant Group Company within the Relevant Period and (ii) with the design, development, sale or supply, promotion or provision of which the Executive was directly or otherwise materially concerned or connected during the Relevant Period;
“Recognised Investment Exchange”	has the meaning given to it in section 285 of the Financial Services and Markets Act 2000;
“Relevant Customer”	any person, firm, company or organisation who or which at any time during the Relevant Period is or was: <ul style="list-style-type: none"> (a) negotiating with the Company or any other Group Company for the sale or supply of products or services; or (b) a client or customer of, or in the habit of dealing with, the Company or any other Group Company for the sale or supply of products or services,

and in each case:

- (i) with whom a or which the Executive had material contact or dealings or about whom or which the Executive was in possession of Confidential Information during the Relevant Period in the course of their employment; and/or
- (ii) with whom any employees of the Company or any other Group Company reporting to the Executive had material contact or dealings during the Relevant Period in the course of their employment;

“Relevant Group Company”

any Group Company (other than the Company) for which the Executive has performed services under this Agreement or for or in respect of which they have had operational or management responsibility at any time during the Relevant Period;

“Relevant Period”

the period of 12 months immediately before the Termination Date or (where such provision is applied) the commencement of any period of exclusion pursuant to **Clause 20.2**;

“Relevant Supplier”

any business which at any time during the Relevant Period has supplied products or services to the Company or any Relevant Group Company and:

- (a) with which the Company or any Group Company has exclusive, special or favourable terms which the Company or Group Company could not easily obtain from a replacement supplier;
- (b) with which the Executive had material contact or dealings or about which the Executive was in possession of Confidential Information in the Relevant Period during the course of their employment;

“Restricted Territory”

any area or territory:

- (a) in which the Executive worked during the Relevant Period; and/or
- (b) in relation to which the Executive was responsible for, or involved in, the supply of Products or Services in the Relevant Period;

“Schedule”

means the Schedule attached as an Annex to this Service Agreement;

"Spin-Off"	means the spin-off of 100% of the logistics segment of XPO Logistics, Inc. as a separate publicly traded company in a transaction or series of transactions, the result of which will be that the Company no longer will form part of the group of companies that, with XPO Holdings, Inc, form the XPO Group;
"Termination Date"	the date on which the Executive's employment under this Agreement terminates and references to "from the Termination Date" mean from and including the date of termination;
"WTR"	Working Time Regulations 1998.

- 1.2 References to "clauses" are to clauses of this Agreement unless otherwise specified.
- 1.3 Unless otherwise required words denoting the singular include the plural and vice versa.
- 1.4 References to statutory provisions include all modifications and re-enactments of them and all subordinate legislation made under them.
- 1.5 Clause headings are included for convenience only and do not affect its construction.

2. APPOINTMENT DURATION AND NOTICE

- 2.1 The Executive is appointed as Chief Human Resources Officer reporting directly to CEO, Malcolm Wilson and may, at the request of the Company, be appointed a director within the meaning of section 250 Companies Act 2006 of the Company or any Group Company. The Company has the right in its absolute discretion to change the person or persons to whom the Executive reports or on a restructuring of the Company (or part of the Company to which the Executive is assigned) to introduce additional layers of management senior to the Executive.
- 2.2 The Executive acknowledges and agrees that:
 - 2.2.1 it is a condition precedent to this Agreement that the Spin-Off takes place;
 - 2.2.2 Executive's employment under the terms of this Agreement will commence with immediate effect upon the effective date of the Spin-Off;
 - 2.2.3 should the Spin-Off occur the Company may, at its absolute discretion, require the Executive to work from an alternative location appropriate to GXO; and
 - 2.2.4 in the event that the Executive is required to enter into a new contract of employment (whether with the Company or any other entity) as a result of the Spin-Off, they will do so forthwith and without further compensation.
- 2.3 In the event that the Executive fails to comply with the provisions of **Clauses 2.2.3 and 2.2.4**, their employment under this Agreement shall terminate immediately without the need for further notice or entitlement to further payment of any kind save for accrued salary and annual leave.
- 2.4 The parties acknowledge and agree that the terms and conditions set out in this Agreement are conditional and contingent on the Spin-Off taking place and that, in the event that the Spin-Off does not take place, then the terms of this Agreement shall cease to have effect in its entirety and the Executive shall have no entitlement to rely on or otherwise receive any remuneration or benefit under the same.
- 2.5 The Executive's continuous employment with the Company for the purposes of the ERA commenced on 30 September 2019. No employment with a previous employer counts for the purposes of the ERA as part of the Executive's period of continuous employment.

2.6 The Executive's employment under this Agreement will commence on the Commencement Date and will continue unless and until terminated:

2.6.1 in the circumstances described in **Clauses 2.3, 21 or 20**; or

2.6.2 by either party giving to the other written notice of the period specified in **The Schedule**.

2.7 The Company reserves the right to transfer the Executive's employment under this Agreement to another Group Company at any time at its discretion.

2.8 There is no probationary period applicable to this appointment.

3. DUTIES

3.1 Subject to the terms of this Agreement, the Executive must:

3.1.1 devote the whole of her working time, attention and skill to the affairs of the Company and any Group Company and use her best endeavours to promote their interests;

3.1.2 faithfully and diligently exercise such powers and perform such duties as may from time to time be assigned to her by the Board;

3.1.3 obey all lawful and reasonable directions of the Board;

3.1.4 comply with all of the Company's rules, regulations, policies and procedures from time to time in force including, but not limited to, the Company's data protection policy, email and internet policy, equal opportunities policy and anti-bribery policy;

3.1.5 promptly give to the Board (in writing if requested) all information, explanations and assistance that the Board may require in connection with the business or affairs of the Company and any Group Company or her employment;

3.1.6 act as a director of the Company and carry out duties on behalf of any other Group Company including, if required by the Board, acting as an officer of any such Group Company;

3.1.7 comply with her statutory duties as a director under the Companies Act 2006 and any other fiduciary or common law duties owed to the Company and any Group Company of which she is a director;

3.1.8 comply with the articles of association of the Company and any Group Company of which she is a director;

3.1.9 comply with all requirements, recommendations or regulations, as amended from time to time, of any regulatory authority relevant to the Company or any Group Company, and any code of practice, policies or procedures issued by the Company or any Group Company relating to dealing in the securities of the Company and any Group Company;

3.1.10 comply with the requirements under both legislation and regulation on the disclosure of inside information;

3.1.11 not engage in the facilitation of tax evasion and report immediately to the Board if she has any concerns or suspicions of tax evasion or associated fraud;

3.1.12 not without the prior written consent of the Board:

3.1.12.1 incur any capital expenditure in excess of such sums as may be authorised from time to time; or

- 3.1.12.2 enter into or terminate on behalf of the Company or any Group Company any commitment, contract or arrangement otherwise than in the normal course of business or outside the scope of her normal duties or of an unusual, onerous or long-term nature; and
- 3.1.13 report immediately to the Board her own wrongdoing and any actual or suspected wrongdoing on the part of other staff of the Company or any Group Company of which she becomes aware, including in particular (without limitation) conduct which, were it by the Executive, would fall within **Clauses 3.1.1 to 3.1.12** above.
- 3.2 The Executive acknowledges and agrees that she is at all times during her employment (including during any period of suspension or while on garden leave in accordance with **Clause 20.2**) subject to duties of goodwill, trust, confidence, exclusive service, faith and fidelity to the Company. These duties include, without limitation, the obligation throughout the duration of this Agreement:
- 3.2.1 not to compete with the Company or any Group Company;
 - 3.2.2 not to make preparations (during such hours as the Executive should be providing services under this Agreement) to compete with the Company or any Group Company after this Agreement has terminated;
 - 3.2.3 not to solicit in competition with the Company or any Group Company any customer or customers of the Company or any Group Company;
 - 3.2.4 not to entertain invitations to provide services either in a personal capacity or on behalf of any third party from actual or prospective customers of the Company or any Group Company where such invitations relate to services which could be provided by the Company or any Group Company;
 - 3.2.5 not to offer employment elsewhere to employees of the Company or any Group Company;
 - 3.2.6 not to copy or memorise Confidential Information (as defined in **Clause 1.1**) or trade secrets of the Company or any Group Company with a view to using or disclosing such information for a purpose other than for the benefit of the Company or any Group Company; and
 - 3.2.7 not to encourage, procure or assist any third party to do anything which, if done by the Executive, would be a breach of **Clauses 3.2.1 to 3.2.6** above.
- 3.3 The Executive will, if and so long as required by the Company, carry out duties for and/or act as a director, officer or employee of the Company or any Group Company and shall comply with the Articles of Association of the Company and/or Group Company (as amended from time to time). The duties attendant on any such appointment will be carried out as if they were duties to be performed by the Executive on behalf of the Company under this Agreement.
- 3.4 The Executive will at all times promptly give to the Board (in writing if requested) all information, explanations and assistance that the Board may require in connection with the business or affairs of the Company and, where appropriate the Group, and the Executive's employment under this Agreement. The Executive furthermore undertakes to disclose immediately to the Board anything of which they become aware or in which they become involved which affects adversely or may affect adversely the business, interests or reputation of the Company or any Group Company including but not limited to acts of misconduct, dishonesty, breaches of contract, fiduciary duty or company rules whether by the Executive personally or by a director or employee of the Company or any Group Company, irrespective of whether doing so may be self-incriminating on the part of the Executive.
- 3.5 Without prejudice to **Clause 2.1** or **20.2** the Board may at any time require the Executive to cease performing and exercising all or the Duties and/or the Board may appoint any person or persons to act jointly with the Executive to discharge the Duties.

- 3.6 The Executive will be required to undertake certain compulsory training in respect of their role and general employment from time-to-time. This will be at the Company's expense and will normally be carried out during working hours. Details of this and any additional non-compulsory training to which they may have access subject to Company approval are available from the Human Resources department.

4. PLACE OF WORK

The Executive will perform the Duties principally at the head office of the Company and at such other place or places as the Company reasonably requires. The Executive may be required to travel both inside and outside the United Kingdom to fulfil the Duties but shall not be required to reside anywhere outside the United Kingdom for a total period of more than one month at any one time, other than by mutual consent. In connection with the Executive's relocation, the Company will provide benefits pursuant to its relocation benefit policies for senior executives, a summary of which has been made available to the Executive.

5. HOURS OF WORK

- 5.1 The Executive will work the Company's normal office hours and such other hours without additional remuneration in order to meet the requirements of the business and for the proper performance of the Duties.
- 5.2 In view of the Executive's seniority and managerial duties and responsibilities, the Executive is regarded as a "managing executive" for the purposes of the WTR and accordingly the maximum weekly working hours provided for under the WTR do not apply.

6. REMUNERATION

- 6.1 The Company will pay the Executive a basic salary at the rate specified in **The Schedule** (inclusive of any fees to which they may become entitled as a director of the Company or any Group Company) with effect from the Commencement Date which basic salary will accrue from day to day and be payable in arrears by equal monthly instalments on or around the 25th day of each month.
- 6.2 The fact that the Executive's basic salary may be increased in any year or years during their employment does not confer any right on the Executive to receive any increase in any subsequent year and no increase will be payable if the Executive is under notice of termination or in receipt of benefits under the Company's permanent health insurance scheme.
- 6.3 The Executive hereby authorises the Company to deduct from their remuneration (which for this purpose includes basic salary, pay in lieu of notice, commission, bonus, holiday pay and sick pay) all sums owed by the Executive to the Company or any Group Company, including but without limitation the balance outstanding of any loans (and interest where appropriate) advanced by the Company to the Executive and any deduction pursuant to **Clauses 11 and 13.6**.
- 6.4 In the event that any term of this Agreement provides for the payment of remuneration or payment for loss of office contravenes sections 226B and 226C of the Companies Act 2006 then the Company will be entitled to vary the relevant term.

7. INCENTIVE SCHEMES

- 7.1 During this Agreement, the Executive may be allowed to participate in such bonus, incentive, reward, RSU, stock, or long-term incentive scheme or similar schemes (together, the "**Schemes**") as the Company or Group operates for executives of comparable status and on such terms (including any performance targets or criteria) as the Company or Group may determine from time to time in their sole discretion.
- 7.2 Without prejudice to **Clause 7.1** participation in any scheme shall be subject to the following:
- 7.2.1 the rules, terms, guidelines or associated conditions of such Scheme(s) from time to time in force;

- 7.2.2 payments under, or participation in, any such Scheme(s) for any year will not confer on the Executive any right to participate in or to be paid under such Scheme(s) in the following year or any subsequent years;
 - 7.2.3 any payments are conditional on such conditions as the Company or Group may determine from time to time in their sole discretion;
 - 7.2.4 no payment will be made under any Scheme if, on the payment date the Executive has given, or has been given, notice of termination of employment, is under investigation by the Company, Group or relevant regulatory authority, suspended from employment or is no longer employed by the Company;
 - 7.2.5 any Scheme is entirely discretionary in nature and is not incorporated by reference into this Agreement;
 - 7.2.6 payments or entitlements under any Scheme are non-pensionable and are subject to PAYE deductions;
- 7.3 For the avoidance of doubt participation in any Scheme or Schemes shall not imply or be intended to imply any right, promise or indication of continued employment.

8. EXPENSES

The Executive will be reimbursed for all reasonable out of pocket expenses wholly, exclusively and necessarily incurred personally in the performance of the Duties on hotel, travelling, and other similar items provided that the Executive complies with the Company's current policy relating to expenses and produces to the Company satisfactory evidence of expenditure.

9. CAR ALLOWANCE

- 9.1 Subject to **Clause 9.3**, the Company will, during the term of this Agreement, pay to the Executive with their salary a gross monthly car allowance on the terms and at the rate specified in **The Schedule** (or such higher rate as may from time to time be notified to them). The car allowance is non pensionable and will be subject to statutory deductions. The allowance is being paid on the basis that the Executive provides their own car for business and personal use during the continuance of their employment and pays all costs related to it (including fuel, licence, insurance, repairs and maintenance), ensures that at all times the car is in the condition required by law and insured for business purposes, indemnifies the Company against all losses suffered in connection with the car which are not covered by insurance and the car used by the Executive is of a type and in a condition suitable for business purposes and commensurate with the status of the Executive.
- 9.2 In addition to **Clause 9.1**, the Company will, during the term of this Agreement reimburse the Executive for any reasonable fuel expenses wholly and necessarily incurred by them in the performance of their duties at the prevailing Company mileage rate for privately owned vehicles, subject to the completion and authorisation of a claim form.
- 9.3 The Company expressly reserves the right to at any time withdraw, reduce or vary the provision of a car allowance to the Executive, without compensation.

10. COMPANY BENEFITS

- 10.1 Subject to underwriting at a reasonable cost to the Company and to the Executive satisfying the normal underwriting requirements of the relevant insurance provider during this Agreement and provided they are below state pension age, the Executive will be entitled to participate at the Company's expense in:
- 10.1.1 such life assurance scheme as the Company may operate at the level specified in **The Schedule**;
 - 10.1.2 such private medical expenses insurance scheme as the Company may operate for the benefit of those persons specified in **The Schedule**; and

10.1.3 such permanent health insurance scheme as the Company may operate subject to **Clause 14.3**.

- 10.2 If the relevant insurance provider of any permanent health insurance, life assurance, private medical insurance or other insurance referred to in **Clause 10.1** refuses for any reason to provide the applicable insurance benefit to the Executive (or the Executive's family, as applicable), the Company shall not be liable to provide to the Executive any replacement benefit of the same or similar kind or to pay compensation in lieu of such benefit.
- 10.3 The Executive's participation in any scheme referred to in **Clause 10.1** will be subject to the rules of the relevant scheme from time to time in force and the Executive will be responsible for any tax falling due.
- 10.4 The Company expressly reserves the right to at any time withdraw, reduce or vary the Executive's entitlement under or participation in any schemes or benefits and specifically those referred to in this **Clause 10** without compensation and **Clause 10** is to be read as subject to this provision.
- 10.5 Nothing in this Agreement will prevent the Company terminating the Executive's employment for whatever reason (including but not limited to her incapacity) even if such termination results in the Executive losing any existing or prospective benefits as detailed in **Clause 14**.
- 10.6 If and for so long as the Executive is in receipt of benefits under any permanent health insurance scheme then her entitlement to any and all payments and benefits other than those provided under that scheme shall cease from the point where such insurance benefits commence.
- 10.7 If the Executive is receiving benefits under any permanent health insurance scheme, the Company shall be entitled to appoint a successor to the Executive to perform all or any of the duties required of the Executive under the terms of this Agreement and the Executive's duties shall be amended accordingly.
- 10.8 Details of any additional benefits applicable to this appointment will be provided to you by the Human Resources Department.
- 10.9 The Executive acknowledges and agrees that following the Spin-Off, they will only be entitled to the benefits offered by GXO to staff at their level and that as a result their entitlements to any benefits under this **Clause 10** may change.

11. MOBILE TELEPHONE

- 11.1 The Executive will be provided with a mobile telephone in order to assist with the proper performance of her duties. The mobile telephone remains the property of the Company and it must be returned to the Company on termination of the Executive's employment.
- 11.2 The Executive is entitled to make and receive personal telephone calls, but if the Company considers there has been improper use of the mobile telephone, the Executive may be required to meet the cost of any calls that are not business-related.

12. PENSION

- 12.1 Subject to **Clauses 12.2** and **12.3**, during this Agreement the Executive is entitled to participate in such pension scheme as is notified to the Executive by the Company from time to time.
- 12.2 Membership of any pension scheme is subject to the trust deed and rules or the policy applying to the relevant scheme from time to time (including without limitation any powers of alteration and discontinuance) and the trust deed and rules or policy will take precedence in the event of alleged discrepancy with the terms of this Agreement. If the Executive's rights or benefits under the relevant pension scheme are altered or discontinued, the Company will not be obliged to provide any additional or replacement scheme or pension benefits (except to the extent required by law) or to pay damages or compensation to the Executive.

- 12.3 The Company will comply with its employer duties under the Automatic Enrolment Laws in respect of the Executive and will automatically enrol or re-enrol the Executive into a pension scheme as and when required by law. The Executive is required to notify the Company in writing if they have registered for, or are otherwise eligible for, any form of tax protection which may be lost or prejudiced as a result of them being automatically enrolled or re-enrolled into a pension scheme. The Company will have no liability to the Executive in respect of any adverse tax consequences of their automatic enrolment or re-enrolment where the Executive fails to provide such notification, or where the notification is provided less than one week prior to the Executive's automatic enrolment or re-enrolment date.

13. HOLIDAY AND OTHER LEAVE

- 13.1 Subject to **Clauses 13.2 to 13.5** the Executive will be entitled to the number of working days' holiday specified in **The Schedule** (in addition to normal public holidays) in each holiday year to be taken at such time or times as may be approved in advance by the Board.
- 13.2 Should the Executive be absent from work for any period of one month or more due to illness or incapacity, holiday entitlement in excess of the statutory minimum will not accrue.
- 13.3 Subject to **Clauses 13.4 and 13.5**, in each holiday year the Executive will be expected to take at least the holiday to which they are entitled under the WTR. The Executive is not entitled to carry forward any holiday save in the circumstances set out in **Clause 13.4**.
- 13.4 At the discretion of the Board, and subject to any lawful conditions the Board may impose, the Executive may carry forward up to four weeks' holiday entitlement to the following holiday year in the event they are unable, due to illness or incapacity, to take at least four weeks' holiday entitlement in the year in which it accrues. However, any unused holiday entitlement carried forward in this way will lapse if it remains untaken 15 months after the end of the holiday year in which it is accrued. For the avoidance of doubt, any paid holiday actually taken in any leave year will be deemed to have been the Executive's four week statutory holiday entitlement.
- 13.5 The Executive's entitlement to paid holiday in the holiday year in which their employment terminates or commences will be pro rata for each completed calendar month of service in that year. The Board may require the Executive to take any accrued but untaken holiday entitlement during their notice period. Holiday entitlement in excess of the statutory minimum shall not accrue during any period of garden leave arising on the Company exercising its rights under **Clause 20.2**.
- 13.6 Subject to **Clause 13.7**, where the Executive has taken more or less than their holiday entitlement in the year their employment terminates, a proportionate adjustment will be made by way of addition to or deduction from (as appropriate) their final gross pay calculated on a pro rata basis.
- 13.7 If the Company terminates the Executive's employment immediately by summary notice in writing pursuant to **Clause 20.1** of this Agreement or if the Executive has terminated their employment in breach of this Agreement any payment due to the Executive under **Clause 13.6** as a result of untaken holiday will be limited to the Executive's statutory holiday entitlement only. Re-imburement of excess holiday taken by the Executive shall be recoverable from the Executive in full at the rate at which it was paid to them.
- 13.8 Details of any additional paid leave provided by the Company (other than to sickness leave under **Clause 14**) and the terms under which this operates is available from Human Resources Department.

14. INCAPACITY AND SICK PAY

- 14.1 If the Executive is absent from their duties as a result of illness or injury they will notify the Company as soon as possible and complete any self-certification forms which are required by the Company. If the incapacity continues for a period of seven days or more they will produce to the Company a medical certificate to cover the duration of such absence.

- 14.2 Subject to the rest of this **Clause 14** and subject to the receipt of the appropriate certificates in accordance with **Clause 14.1**, if the Executive is absent from their duties as a result of illness or injury they will be entitled to be paid at the rate and for the period specified in **The Schedule** in any period of 12 months (whether the absence is intermittent or continuous) subject to deduction of any statutory sick pay received by the Executive. Once the Executive has exhausted their entitlement to sick pay in any 12 month period, they will not be entitled to any further payment of sick pay after this period until they have returned to work and had no further absences for a period of 12 months. Any payment made in excess of statutory entitlement is paid entirely at the discretion of the Company. The Executive will not be entitled to any payment other than statutory sick pay during any current disciplinary investigation or proceedings.
- 14.3 Without prejudice to the Company's right to terminate this Agreement pursuant to **Clause 20.1** the Company reserves the right to terminate this Agreement notwithstanding any right the Executive might have to participate in any permanent health insurance scheme referred to in **Clause 10.1.3** or to receive sick pay or other benefits.
- 14.4 Whether or not the Executive is absent by reason of sickness, injury or other incapacity the Executive will, at the request of the Board, agree to have a medical examination performed by a doctor appointed and paid for by the Company. The Executive will be expected to authorise the Board to have unconditional access to any report or reports (including copies) produced as a result of any such examination as the Board may from time to time require to enable it to assess the Executive's ability to work and any reasonable adjustments it may be obliged or willing to consider. Entitlement to sick pay in excess of statutory sick pay pursuant to **Clause 14.2** may be affected adversely if the Executive fails to comply with the terms of this clause.

15. CONFLICT OF INTEREST

- 15.1 The Executive will disclose promptly to the Board in writing all their interests in any business other than that of the Company and the Group and any interests of their spouse, partner or children to the extent these might in the reasonable view of the Company compete or interfere with the performance of the Duties and will notify the Board immediately of any change in their external interests.
- 15.2 Except with the written consent of the Board the Executive will not during their employment under this Agreement be directly or indirectly engaged, concerned whether as principal, servant or agent (on their own behalf or on behalf of or in association with any other person) in any other trade, business or occupation other than the business of the Company or any Group Company. This clause will not prevent the Executive from being interested, for investment purposes only, as a member, debenture holder or beneficial owner of any stock, shares or debentures which are listed or dealt in on a Recognised Investment Exchange and which do not represent more than 4% of the total share or loan capital from time to time in issue in such company.
- 15.3 During their employment with the Company, the Executive will not obtain or seek to obtain, or permit any other person to obtain or seek to obtain, any financial or other competitive advantage (direct or indirect) from the disclosure, downloading, uploading, copying, transmittal, removal or destruction of information acquired by them in the course of their employment, whether or not that information is Confidential Information.
- 15.4 During the term of this Agreement the Executive shall not make (other than for the benefit of the Company or any Group Company) any statement or record in whatsoever medium relating to any matter within the scope of the business of the Company or any Group Company or use such record or allow it/them to be used other than for the benefit of the Company or any Group Company.

16. RESTRICTIVE COVENANTS

16.1 It is hereby agreed, acknowledged and understood that:-

- 16.1.1 these covenants are agreed with the Company acting on its own behalf and for and on behalf of any and all other Relevant Group Companies;
- 16.1.2 the Company shall be at liberty to enforce these covenants on its own behalf and/or for and on behalf of any other Relevant Group Company (whether in respect of actual or anticipated damage to itself or to any other Relevant Group Company);
- 16.1.3 notwithstanding the termination of this Agreement (howsoever arising), these covenants will remain in full force and effect;
- 16.1.4 damages are unlikely to be an adequate remedy for a breach of these restrictive covenants and (without prejudice to the Company's right to seek damages) injunctive relief will be an appropriate and necessary remedy in the event of an actual or anticipated breach of these restrictions;
- 16.1.5 the Company shall be at liberty to seek and recover damages occasioned as a result of a breach of these restrictive covenants, whether in respect of losses that are suffered by itself and/or by any other Relevant Group Company (and in the event that the Company recovers damages for losses suffered by any other Relevant Group Company, it shall account to that Group Company for any such damages);
- 16.1.6 at the request of the Company the Executive will enter into a direct agreement or undertaking with any other Group Company whereby the Executive will accept restrictions and provisions corresponding to the restrictions and provisions in this **Clause 16** and in **Clause 17** (or such of them as may be appropriate in the circumstances).

16.2 The Executive will not without the prior written consent of the Company or, where appropriate, Relevant Group Company, directly or indirectly and whether alone or in conjunction with or on behalf of any other person and whether as a principal, director, employee, agent, consultant, partner or otherwise:

- 16.2.1 for a period of 12 months from the Termination Date so as to compete (or to compete in the future) with the Company or any Relevant Group Company:
 - 16.2.1.1 induce, solicit or entice away (or endeavour to induce solicit or entice away) from the Company or any Relevant Group Company, the business or custom of any Relevant Customer for the supply or provision of the Products or Services;
 - 16.2.1.2 supply or provide any Products or Services to any Relevant Customer (or endeavour to do so);
 - 16.2.1.3 do or attempt to do anything which causes or may cause a Relevant Customer to cease or reduce materially its orders or contracts or intended orders or contracts with the Company or Relevant Group Company or alter its terms of business with and to the detriment of the Company and/or Relevant Group Company;
 - 16.2.1.4 do or attempt to do anything which causes or may cause any Relevant Supplier or potential Relevant Supplier to cease, alter or reduce materially its supplies to the Company or any Group Company or alter its terms of business with and to the detriment of the Company and/or Group Company;
 - 16.2.1.5 in connection with any business in, or proposing to be in, competition with the Company, or any other Group Company employ, engage or

appoint or in any way cause to be employed, engaged or appointed a Critical Person, whether or not such person would commit any breach of their contract of employment or engagement by leaving the service of the Company or any other Group Company;

16.2.2 within the Restricted Territory for a period of 12 months from the Termination Date be employed, engaged, concerned or provide technical, commercial or professional advice to any other business (whether conducted on its own or as part of a wider entity) which supplies or provides (or intends to supply or provide or is otherwise taking steps preparatory to supplying or providing) the Products or Services in direct or indirect competition with those parts of the business of the Company or any Relevant Group Company in respect of which the Executive was materially engaged or involved, or for which they were responsible, or in respect of which they were in possession of Confidential Information during the Relevant Period.

16.2.3 use or seek to register, in connection with any business, any name, internet domain name (URL), social media account or other device which includes the name or device of the Company or any Group Company, any identical or similar sign or any sign or name previously used by the Company or any Group Company or at any time after the Termination Date represent themselves as connected with the Company or any Group Company in any capacity.

16.3 None of the restrictions set out in **Clause 16.2** shall apply to prevent the Executive from being interested, for investment purposes only, in any business, whether as a member, debenture holder or beneficial owner of any stock, shares or debentures listed or dealt in on a Recognised Investment Exchange and which do not represent more than 4% of the total share or loan capital from time to time in issue in such company.

16.4 Whilst the restrictions in this **Clause 16** (on which the Executive hereby acknowledges they have had an opportunity to take independent legal advice) are regarded by the parties as fair and reasonable, each of the restrictions in this **Clause 16** is intended to be separate and severable. If any restriction is held to be void but would be valid if part of the wording (including in particular, but without limitation, the definitions contained in **Clause 1**) were deleted, such restriction will apply with so much of the wording deleted as may be necessary to make it valid or effective.

16.5 The parties agree that the periods referred to in **Clauses 16.2.1** to **16.2.2** above will be reduced by one day for every day during which at the Company's direction and pursuant to **Clause 20.2** below the Executive has been excluded from the Company's premises and/or has been required not to carry out any duties or to carry out duties other than their normal duties.

16.6 The Company has entered into this Agreement as agent for and trustee of each Relevant Group Company and each Group Company respectively.

17. CONFIDENTIALITY

The Executive acknowledges that in the course of their employment they will be exposed and have access to Confidential Information. The Executive has therefore agreed to accept the restrictions set out in this **Clause 17**.

17.1 The Executive will not either during their employment (including without limitation any period of absence or of exclusion pursuant to **Clause 20.2**) or after its termination (without limit in time) disclose, make use of, or encourage or permit the use of any Confidential Information for any purposes other than those of the Company and for the benefit of the Company or any Group Company.

17.2 All documents, manuals, hardware and software provided by the Company or any Group Company for the Executive's use and any data or documents (including copies) produced, maintained or stored on the Company's computer systems or other electronic equipment

(including mobile telephones or devices) remain the property of the Company or Group Company, as applicable.

17.3 The Executive shall be responsible for protecting the confidentiality of the Confidential Information and shall:

- 17.3.1 use her best endeavours to prevent the use, disclosure or communication of any Confidential Information by any person, company or organisation; and
- 17.3.2 inform the Board immediately on becoming aware, or suspecting, that any such person, firm or company or organisation knows or has used any Confidential Information.

17.4 The restrictions contained in this clause do not apply to any disclosure by the Executive:

- 17.4.1 which amounts to a protected disclosure within the meaning of section 43A of the ERA and/or policy on disclosure operated by the Company from time to time;
- 17.4.2 in order to report an offence to a law enforcement agency or to co-operate with a criminal investigation or prosecution;
- 17.4.3 for the purposes of reporting misconduct, or a serious breach of regulatory requirements to any body responsible for supervising or regulating the matters in question;
- 17.4.4 for the purposes of reporting an allegation of discrimination or harassment at work in accordance with the Company's policy or to the Equality and Human Rights Commission;
- 17.4.5 authorised by the Board or required in the ordinary and proper course of the Executive's employment or required by the order of a court of competent jurisdiction or by an appropriate regulatory authority;
- 17.4.6 any information which the Executive can demonstrate was known to the Executive prior to the commencement of their employment by the Company or is in the public domain otherwise than as a result of a breach by the Executive of this clause or any other duties and obligations owed to the Company or any Group Company; or
- 17.4.7 or as otherwise required by law.

17.5 The provisions of this **Clause 17** are without prejudice to the duties and obligations of the Executive which exist at common law or in equity.

17.6 The provisions of this **Clause 17** shall survive any termination of this Agreement and shall remain in force in relation to any item of Confidential Information for so long as it is still properly regarded by the Company and any Group Company as being confidential.

18. INTELLECTUAL PROPERTY RIGHTS

18.1 The Executive acknowledges that all Employment IPRs and all materials embodying and recording them will automatically belong to the Company to the fullest extent permitted by law. If such Employment IPRs and all materials embodying and recording them do not automatically vest in the Company or a Relevant Group Company, the Executive hereby assigns (including by way of present assignment of future rights) to the Company all such rights with full title guarantee. To the extent that such an assignment is not permitted or is unenforceable by the operation of law the Executive holds them on trust for the Company or Relevant Group Company.

18.2 The Executive acknowledges that, because of the nature of their duties and the particular responsibilities arising from the nature of those duties, they have, and shall have at all times while employed by the Company, a special obligation to further the Company's interests.

- 18.3 To the extent that legal title in any other Intellectual Property Rights do not vest in the Company or Relevant Group Company by virtue of **Clause 18.1**, the Executive hereby agrees immediately upon creation of such rights and inventions to offer to the Company or Relevant Group Company in writing a right of first refusal to acquire them on arm's length terms to be agreed between the parties. If the parties cannot agree on such terms within 30 days of the Company or Relevant Group Company receiving the offer, the Company or Relevant Group Company will refer the dispute to an arbitrator who will be appointed by the President of Chartered Institute of Patent Attorneys. The arbitrator's decisions will be final and binding on the parties and the costs of arbitration will be borne equally by the parties. The Executive agrees to keep such Intellectual Property Rights offered to the Company or any Relevant Group Company under this **Clause 18.3** confidential until such time as the Company or Relevant Group Company has agreed in writing that the Executive may offer them for sale to a third party.
- 18.4 The Executive agrees:
- 18.4.1 to give the Company full written details of all Employment IPRs which relate to or are capable of being used in the business of the Company or any Group Company promptly on their creation;
 - 18.4.2 at the Company's request or that of any Group Company and in any event on the termination of their employment to give to the Company or any Relevant Group Company all originals and copies of correspondence, documents, papers and records on all media which record or relate to any of the Employment IPRs;
 - 18.4.3 not to attempt to register any Employment IPRs unless requested to do so by the Company or any Relevant Group Company; and
 - 18.4.4 to keep confidential all Employment IPRs unless the Company or any Relevant Group Company has consented in writing to its disclosure by the Executive.
- 18.5 The Executive waives all their present and future moral rights which arise under the Copyright Designs and Patents Act 1988 and all similar rights in other jurisdictions relating to any copyright which forms part of the Employment IPRs and agrees not to support, maintain nor permit any claim for infringement of moral rights in such copyright works.
- 18.6 The Executive acknowledges that, except as provided by law, no further remuneration or compensation other than that provided for in this Agreement is or may become due to the Executive in respect of their compliance with this clause. This clause is without prejudice to the Executive's rights under the Patents Act 1977.
- 18.7 The Executive undertakes to execute all documents and do all acts both during and after their employment by the Company or any Group Company as may in the opinion of the Company be necessary or desirable to vest the Employment IPRs in the Company or any Relevant Group Company, to register them in the name of the Company or any Relevant Group Company where appropriate throughout the world and for the full term of those rights and to protect and maintain the Employment IPRs. Such documents may, at the Company's request, include waivers of all and any statutory moral rights relating to any copyright works which form part of the Employment IPRs. The Company agrees to reimburse or procure the reimbursement of the Executive's reasonable expenses of complying with this **Clause 18.7**.
- 18.8 The Executive agrees to give all necessary assistance to the Company or any Group Company at the Company's or any Relevant Group Company's reasonable expense to enable it/them to enforce its/their Intellectual Property Rights against third parties and to defend claims for infringement of third party Intellectual Property Rights.
- 18.9 The Executive irrevocably appoints the Company to be their attorney in their name and on their behalf to execute documents, use their name and do all things which are necessary or desirable for the Company to obtain for itself or its nominee the full benefit of this clause. A certificate in writing, signed by any director or the secretary of the Company, that any

instrument or act falls within the authority conferred by this Agreement shall be conclusive evidence that such is the case so far as any third party is concerned.

19. RETURN OF COMPANY PROPERTY

19.1 On request by the Company and in any event on termination of their employment or on commencement of any period of exclusion pursuant to **Clause 20.2** the Executive will:

19.1.1 deliver up immediately to the Company all property (including but not limited to documents and software, credit cards, mobile telephone, computer equipment, all computer disks, memory cards, social media or website passwords, keys and security passes and any Confidential Information) belonging to it or any Group Company or being relevant or connected to the Duties which is or are in the Executive's possession or under their control, at the Company's discretion being required to provide evidence of having done so. Documents and software include (but are not limited to) correspondence, diaries, address books, databases, files, reports, minutes, plans, records, documentation or any other medium for storing information. The Executive's obligations under this clause include the return of all copies, drafts, reproductions, notes, extracts or summaries (however stored or made) of all documents and software, and any data stored on external sites such as contacts on social media;

19.1.2 provide access (including passwords) to any computer (or other equipment or software) in her possession or under her control which contains information relating to the Company or any Group Company. The Executive also agrees that the Company is entitled to inspect, copy and/or remove any such information from any such computer, equipment or software owned by the Executive or under her control and the Executive agrees to allow the Company reasonable access to the same for these purposes;

19.1.3 provide a signed statement confirming their compliance with this **Clause 19**;

19.1.4 transfer without payment to the Company or as it may direct any shares or other securities held by them in the Company or any Group Company as trustee and deliver to the Company the related certificates,

and the Executive hereby irrevocably authorises the Company to appoint a person or persons to execute all necessary transfer forms and other documentation on their behalf in connection with the above.

19.2 The obligations set out in **Clause 19.1** shall not be affected by the fact that any document or software covered by this clause may include information or data personal to the Executive or may be held on mobile devices belonging personally to the Executive where such devices are used to any extent in respect of the Executive's work. In such circumstances it shall be the responsibility of the Executive when returning such property to bring such issues to the attention of the Company which shall then make arrangements for the proper and lawful disposal of such information or data.

20. TERMINATION AND GARDEN LEAVE

20.1 Without prejudice to any other rights the Company or any Group Company may have, the Company may terminate the Executive's employment immediately by summary notice in writing without notice and with no liability to make further payment to the Executive or may accept any breach of this Agreement by the Executive as having brought this Agreement to an end (notwithstanding that the Company may have allowed any time to elapse or on a former occasion may have waived its rights under this clause) if the Executive:

20.1.1 commits, repeats or continues any breach of this Agreement or their obligations under it including any material or persistent breach of their fiduciary duties or any provision of the Companies Act 2006 or similar legislation or any regulation made thereunder;

- 20.1.2 in the performance of the Duties or otherwise commits any act of gross misconduct or serious/gross incompetence or negligence or seriously or persistently breaches the Company's policies and procedures;
 - 20.1.3 acts in a manner which prejudices or is likely in the opinion of the Board to prejudice the interests or reputation of the Executive, the Company or any Group Company;
 - 20.1.4 has committed, is charged with or is convicted of any criminal offence other than an offence which does not in the reasonable opinion of the Board affect their position under this Agreement;
 - 20.1.5 is declared bankrupt or enters into or makes any arrangement or composition with or for the benefit of their creditors generally or has a County Court administration order made against them under the County Court Act 1984;
 - 20.1.6 is prohibited by law from being a director of a company or ceases to be a director of the Company or any Group Company without the prior consent or agreement of the Board;
 - 20.1.7 is removed as a director of the Company or any Group Company;
 - 20.1.8 commits any act of fraud, dishonesty, corrupt practice, a breach of her obligations under **Clause 3.1.11** or a breach of the Bribery Act 2010 relating to the Company or any Group Company, any of its or their employees, customers, suppliers or otherwise; or
 - 20.1.9 is convicted of an offence under any statutory enactment or regulation relating to bribery or insider dealing;
 - 20.1.10 is guilty of any deliberate abuse or misuse of the personal data of any employee, worker, consultant or actual or prospective customer, client or supplier of the Company or any Group Company;
 - 20.1.11 commits any serious or material breach of any regulatory rules applicable to her employment with the Company;
 - 20.1.12 commits any serious breach of the requirements, rules or regulations as amended from time to time of any regulatory authority relevant to the Company or any Group Company and any code of practice issued by the Company relating to dealing in the securities of the Company or any Group Company;
 - 20.1.13 is in breach of any of the warranties set out at **Clause 26.5** of this Agreement, regardless of whether criminal or other sanctions are imposed where relevant; or
 - 20.1.14 becomes incapacitated from performing all or any of the Duties by illness or injury (physical or mental) for a period exceeding (in total) 26 weeks (or such longer period as the Company may agree) in any rolling period of 12 months whether or not the Executive's entitlement to Company sick pay under **Clause 14.2** has been exhausted and whether or not the Executive has any actual or anticipated benefit of permanent health insurance referred to in **Clause 10.1.3** or otherwise and provided such termination would not prejudice or limit the Executive's rights or prospective rights under any permanent health insurance scheme referred to in **Clause 10.1.3**.
- 20.2 Without prejudice to **Clause 21.1**, after notice of termination has been given by either party pursuant to **Clause 2.6.2**, or if the Executive seeks to or indicates an intention to resign as a director of the Company or any Group Company or terminate their employment without notice, provided that the Executive continues to be paid and enjoys their contractual benefits until their employment terminates in accordance with the terms of this Agreement, the Board may in its absolute discretion without breaching the terms of this Agreement or giving rise to any

claim against the Company or any Group Company for all or part of the notice period required under **Clause 2.6.2**:

- 20.2.1 exclude the Executive from the premises of the Company and/or any Group Company;
 - 20.2.2 return to the Company all documents, laptop computers, Blackberry devices, mobile telephones, iPhones or similar devices and other property (including summaries, extracts or copies) belonging to the Company or any Group Company or to its or their clients or customers;
 - 20.2.3 require the Executive to carry out exceptional duties or special projects outside the scope of your normal duties or to carry out no duties;
 - 20.2.4 announce to employees, suppliers and customers that the Executive has been given notice of termination or has indicated an intention to resign (as the case may be);
 - 20.2.5 instruct the Executive not to directly or indirectly communicate with suppliers, customers, distributors officers, employees, shareholders, agents or representatives of the Company or any Group Company;
 - 20.2.6 cease to give the Executive access to its computer systems or social media.
- 20.3 For the avoidance of doubt, the Executive's duties and obligations under **Clauses 3, 15, 16, 17 and 18** and those to be implied into this Agreement at common law continue to apply during any period of exclusion pursuant to this clause.
- 20.4 During any period of exclusion pursuant to **Clause 20.2** the Executive will not be entitled to accrue or receive any bonus or holiday other than their entitlement under the WTR referred to in **Clause 13**. Any untaken holiday entitlement accrued or likely to accrue up to the Termination Date should be taken during the period of exclusion. The Executive agrees to notify the Company of any day or days during the exclusion period when they will be unavailable due to holiday and will endeavour to agree convenient holiday dates in advance with the Board.
- 20.5 Before and after termination of the Executive's employment, the Executive will provide the Company and/or any Group Company or its or their agents with any assistance it or they may request in connection with any proceedings or possible proceedings, including any internal investigation or administrative, regulatory or judicial investigation, inquiry or proceedings, in which the Company and/or Group Company is or may be involved. The Company will reimburse the Executive their reasonable expenses incurred in fulfilling their obligations under this clause. However, the Executive shall not be entitled to any other payment or remuneration in consideration of their assistance.
- 20.6 Immediately following termination of their employment, the Executive shall delete all Connections and, having done so, amend their profiles on any social media accounts to show that they are no longer employed by the Company, providing appropriate proof of having done so to the Company.

21. PAYMENT IN LIEU OF NOTICE

- 21.1 Without prejudice to **Clauses 21.5, 20.1 and 20.2**, at its absolute discretion the Company may terminate this Agreement and the Executive's employment with immediate effect at any time by giving the Executive written notice and paying them basic salary at the rate applicable at the Termination Date (less PAYE deductions) in lieu of the notice period referred to in **Clause 2.6.2** or remainder of the notice period if at the Company's request the Executive has worked (or been excluded pursuant to **Clause 20.2**) during part of the notice period.
- 21.2 The Company reserves the right to pay any sums due under **Clause 21.1** in equal monthly instalments during what would have been the unexpired portion of the Executive's contractual notice period. Notwithstanding that a termination of her employment in accordance with

Clause 21.1 is not a breach of this Agreement, the Executive agrees that following such notification as is referred to in **Clause 21.1** she will be under a duty to take reasonable steps, subject always to her obligations under **Clause 16** above, to mitigate any consequential losses by seeking an alternative remunerative position, whether as employee, director, self-employed consultant or shareholder, and to notify the Company in writing as soon as any such position is accepted, or when it is due to commence and the financial terms applicable to it. If the Executive obtains an alternative position during this period any sums due to the Executive under **Clause 21.1** will be reduced or extinguished accordingly.

- 21.3 If the Company terminates the Executive's employment without the written notification referred to in **Clause 21.1**, then the Executive will have no contractual entitlement to the pay in lieu of notice referred to in that clause.
- 21.4 For the avoidance of doubt, if the Company exercises its right under **Clause 21.1**:
- 21.4.1 the Executive's employment will terminate on the date specified in the notice given by the Company pursuant to **Clause 21.1**;
 - 21.4.2 any payment in lieu of salary pursuant to this clause will not include pay in respect of bonus, commission, holiday or other benefits which would otherwise have accrued or been payable during the period to which the payment in lieu of salary relates.
- 21.5 The Executive shall not be entitled to any payment in lieu of notice pursuant to this clause or otherwise if the Company would be entitled to terminate their employment without notice (whether in accordance with **Clause 20.1** or otherwise). In the event that any payment in lieu of notice is made in such circumstances, the Executive agrees that the Company may immediately require the same to be repaid as a debt.

22. DUTY TO NOTIFY OF NEW EMPLOYMENT

- 22.1 In order to enable the Company to protect its legitimate interests and to enforce its rights under this Agreement, the Executive agrees that during their employment they will notify the Company in writing of the identity of any prospective employer or business from which they have received an offer to be employed, engaged, concerned or interested or to which they wish to provide technical, commercial or professional advice where, in the reasonable belief of the Executive, becoming so employed, engaged, concerned or interested or providing such advice would be likely to breach the provisions of **Clause 16**, prior to accepting such employment and of the date on which the Executive proposes to start their employment, engagement, concern, interest or the provision of advice. The Company will determine whether such proposed activity is in breach of this Agreement. The Executive will additionally provide the Company with all information it reasonably requests to make this determination. The Executive will not accept the offer of employment or engagement until having been advised by the Company of its determination which the Company agrees to do within a reasonable time, which will usually be 28 business days.
- 22.2 If the Executive applies for or is offered a new employment, appointment or engagement, before entering into any related contract the Executive will bring the terms of this clause and **Clauses 2, 16, 18** and **20.2** to the attention of a third party proposing their direct or indirect employment, appointment or engagement.
- 22.3 The Company shall be entitled to disclose the terms of this Agreement and Executive's Confidential information Protection Agreement to any third party with or by whom the Executive is employed, engaged or otherwise interested or connected (as is appropriate) in order to protect the interests of the Company and/or any Group Company.

23. RESIGNATION AS DIRECTOR

- 23.1 The Executive will on termination of their employment for any reason, or on commencement of any period of exclusion pursuant to **Clause 20.2** at the request of the Board, give notice

resigning immediately without claim for compensation (but without prejudice to any claim they may have for damages for breach of this Agreement):

23.1.1 as a director of the Company and of any Group Company; and

23.1.2 all trusteeships held by the Executive of any pension scheme or other trusts established by the Company or any Group Company or any other company with which the Executive has had dealings as a consequence of their employment with the Company.

23.2 If notice pursuant to **Clause 23.1** is not received by the relevant company within forty eight hours of the Termination Date or a request by the Board, the Company (or such Group Company as may be applicable) is irrevocably authorised to appoint a person to execute any documents and to do everything necessary to effect such resignation or resignations on the Executive's behalf.

23.3 Except with the prior written agreement of the Board, the Executive will not during their employment under this Agreement resign their office as a director of the Company or any Group Company.

23.4 The Executive's appointment as a director of the Company or any Group Company will be subject to the Articles of Association from time to time of the Company or Group Company.

24. RIGHTS FOLLOWING TERMINATION

The termination of the Executive's employment under this Agreement will not affect any of the provisions of this Agreement which expressly operate or lawfully have effect after termination and will not prejudice any right of action already accrued to either party in respect of any breach of any terms of this Agreement by the other party (except in the case of termination by the Company pursuant to **Clause 21.1** in which case **Clause 21.1** will prevail in favour of the Company and the Group).

25. DISCIPLINARY AND GRIEVANCE PROCEDURES

The Company's disciplinary and grievance procedures are available from the Human Resources Department. The spirit and principles of these procedures apply to the Executive suitably adapted to reflect their seniority and status but these procedures are not incorporated by reference in this Agreement and therefore do not form any part of the Executive's contract of employment.

26. ENTIRE AGREEMENT

26.1 This Agreement constitutes the entire agreement between the parties and excluding the CIPA which continues in full force and effect, supersedes any prior agreement or arrangement in respect of the employment relationship between the Company and the Executive (and, in the case of the Group, the Company acts as agent for any Group Company), which agreement(s) or arrangement(s), shall be deemed to have been terminated by mutual consent from the Commencement Date and in respect of which agreement(s) or arrangement(s) the Executive warrants that they have received all benefits and remuneration due to them.

26.2 Neither party has entered into this Agreement in reliance upon, or shall have any remedy in respect of, any misrepresentation, representation or statement (whether made by the other party or any other person) which is not expressly set out in this Agreement.

26.3 The only remedies available for any misrepresentation or breach of any representation or statement which was made prior to entry into this Agreement and which is expressly set out in this Agreement will be for breach of contract.

26.4 Nothing in this **Clause 26** shall be interpreted or construed as limiting or excluding the liability of either party for fraud or fraudulent misrepresentation.

26.5 The Executive acknowledges, warrants and undertakes that:

- 26.5.1 by entering into this Agreement and fulfilling their obligations under it, they are not and will not be in breach of any obligation to any third party;
- 26.5.2 they are not prevented by any agreement, arrangement, contract, understanding, court order or otherwise, from performing the Duties;
- 26.5.3 they are entitled to work in the UK without any additional approvals and will notify the Company immediately if they cease to be so entitled during this Agreement or are prevented or restricted from holding office as director or fulfilling the duties of director;
- 26.5.4 they will at all times comply fully with the Company's policies concerning anti- corruption and the Bribery Act 2010; data protection; information security; bullying and harassment ; and use of Social Media and related procedures;
- 26.5.5 in the event of any claim that they are in breach of any of the above warranties, they will indemnify the Company against any claims, costs, damages, liabilities or expenses which the Company may incur in respect of such claim; and
- 26.5.6 they hold all necessary third party qualifications, permissions, authorisations and/or approvals to fulfil their obligations under this Agreement and shall notify the Company immediately if they cease to hold any such qualification, permission, authorisation or approval or become subject to any inquiry, investigation or proceedings that may lead to the loss of or restriction to such qualification, permission, authorisation or approval.

26.6 This Agreement may be executed in any number of counterparts, each of which will constitute an original, but which will together constitute one agreement.

27. THIRD PARTY RIGHTS

Except as expressly provided in this Agreement, a person who is not a party to this Agreement shall not have any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement.

28. DATA PROTECTION

- 28.1 During the course of her employment, the Executive understands that the Company will need to hold, access or process her personal data. The Company will do so in accordance with its privacy notice a copy of which is accessible on the Company intranet. The Executive is required to sign and date the privacy notice and return it to the HR Manager.
- 28.2 The Executive will familiarise herself with and at all times adhere to the Company's Data Protection Policy. The Executive undertakes to take all reasonable steps to ensure that any Company information or personal data of any person which she accesses, holds or processes (including information regarding any Group Company) will not be available or disclosed to third parties and will be kept securely by her, particularly if such information is accessed by or accessible to her via a mobile device, such as a laptop, pda or mobile telephone. The Executive agrees and understands that a failure by her to meet the obligations of this clause may lead to disciplinary action up to and including dismissal in accordance with **Clause 20.1**.
- 28.3 The Executive acknowledges furthermore undertakes to immediately notify the Company if she becomes aware of any unauthorised disclosures of any confidential information relating or belonging to the Company or any Group Company or of personal data or any other breaches of the Company's Data Protection Policy

29. NOTICES

- 29.1 Any notice or other form of communication given under or in connection with this Agreement will be in writing in the English language and be handed personally to the Executive or sent to

the Company's registered office or to the Executive's last known place of residence in the UK (as applicable), the latter being satisfied where:

29.1.1 Sent to that party's address by pre-paid first class post, airmail post, or mail delivery service providing guaranteed next working day delivery and proof of delivery; or

29.1.2 Delivered to or left at that party's address (other than by one of the methods identified in **Clause 29.1.1**).

29.2 Any notice or communication given in accordance with **Clause 29.1.1** will be deemed to have been served 48 hours after posting but where it is given in accordance with **Clause 29.1.2** it is given at the time the notice or communication is delivered to or left at that party's address.

29.3 To prove service of a notice or communication it will be sufficient to prove that the provisions of **Clause 29.1** were complied with.

29.4 For the avoidance of doubt, notice of directors' meetings may be given in any manner permitted by the Company's Articles of Association and if sent to the Executive by e-mail (to the Executive's usual e-mail address), provided it is properly addressed, the notice shall be deemed received by the Executive immediately after it was sent.

30. MISCELLANEOUS

30.1 This Agreement will be governed by and interpreted in accordance with the law of England and Wales.

30.2 The courts of England and Wales have exclusive jurisdiction to determine any dispute arising out of or in connection with this Agreement.

30.3 Any delay by the Company in exercising any of its rights under this Agreement will not constitute a waiver of such rights.

30.4 There are no collective agreements which directly affect the Executive's terms and conditions of employment.

THIS DOCUMENT is executed as a deed and delivered on the date stated at the beginning of this Deed.

THE SCHEDULE

Individual Terms

1. Notice Period – Clause 2.6.2

Notice from the Company to the Executive – not less than 12 calendar months'

Notice from the Executive to the Company – not less than 12 calendar months'

2. Salary – Clause 6.1

£288,000. per annum

3. Car Allowance – Clause 9.1

£10,400 per annum

4. Life Insurance – Clause 10.1.1

4 x salary.

5. Private Medical Insurance – Clause 10.1.2

The Executive and their spouse/partner and all dependent children in full time education under the age of 21.

6. Holiday – Clause 13.1

25 days per annum

7. Sick Pay – Clause 14.2

Where the Executive has less than 52 weeks' continuous service on the first day of sickness absence – 13 weeks' full pay

Where the Executive has more than 52 weeks' continuous service on the first day of sickness absence – up to a maximum 26 weeks' full pay

EXECUTED as a deed by
XPO SUPPLY CHAIN UK LIMITED
acting by
a director and its company secretary
or two directors

Director

EXECUTED as a deed by
XPO SUPPLY CHAIN UK LIMITED
acting by one director in the presence of:

/s/ David Thomas

David Thomas

Witness Name:

Witness signature: /s/ Adam Parker
Name: Adam Parker

Address: XPO Logistics, XPO House, Lodge Way, Northampton, NN5 7SL

Occupation VP HR UK&I

SIGNED as a deed by

/s/ Maryclaire Hammond

in the presence of:

Witness Signature:

/s/ Rhonda Ruddock

Name:

Rhonda Ruddock

Address:

4000 Piedmont Parkway
Highpoint, NC 27265

Occupation

Senior Specialist, HR



[], 2021

Dear XPO Logistics, Inc. Stockholder:

We previously announced plans to separate XPO Logistics, Inc. (“XPO”) into two independent, publicly traded companies. The separation will occur through a distribution by XPO of all of the outstanding shares of a newly formed company named GXO Logistics, Inc. (“GXO”), consisting of XPO’s existing logistics business. XPO will continue to be a publicly traded company after the separation and will consist of its existing transportation business.

The separation is expected to create two industry-leading, independent public companies with distinct investment identities and clearly delineated service offerings in vast end markets: GXO will be the second largest contract logistics company in the world, with one of the largest global e-commerce fulfillment platforms, and XPO will be a global provider of transportation services, primarily less-than-truckload transportation and truck brokerage.

Each company will have an independent corporate strategy and distinct profit drivers, and will be able to effectively allocate resources and manage its capital in line with its strategic priorities. The separation will create a separate equity currency for GXO, allowing each company to structure incentive compensation arrangements that are more closely aligned with the performance of its respective business. As separate entities, each company will be better positioned to pursue its own growth opportunities, including the increasing demand for outsourcing, digital transportation management and warehouse automation, as our customers demand faster, leaner, smarter supply chains to meet the expectations of their end-markets.

Upon completion of the distribution, each XPO stockholder as of [], 2021, the record date for the distribution, will receive one share of GXO common stock for every share of XPO common stock held as of the close of business on the record date. GXO common stock will be issued in book-entry form only, which means that no physical share certificates will be issued. For U.S. federal income tax purposes, the distribution is intended to be generally tax-free to XPO stockholders, except with respect to any cash received in lieu of fractional shares. No vote of XPO stockholders is required for the distribution. You do not need to take any action to receive shares of GXO to which you are entitled as an XPO stockholder, and you do not need to pay any consideration or surrender or exchange your XPO common stock, which will continue to trade on the New York Stock Exchange.

We encourage you to read the attached information statement, which is being provided to all XPO stockholders that held shares of XPO on the record date for the distribution. The information statement describes the planned distribution of GXO common stock in detail and contains important business and financial information about GXO. The included financial statements of GXO are prepared from XPO’s historical accounting records and contain certain allocations of XPO’s costs, and we encourage you to read them together with the pro forma financial information included in the attached information statement, which gives effect to the separation and reflects GXO’s anticipated post-separation capital structure, including the assignment of certain assets and assumption of certain liabilities not included in the historical financial statements.

We believe that the separation will create new opportunities for both companies to realize significant growth, led by management teams with a demonstrated commitment to our investors, customers, employees and community. As an XPO shareholder, you’ve seen the benefit of this commitment first-hand through a decade of operational excellence and productive capital allocation. We look forward to the potential we expect will be unlocked by the spin-off — for XPO, for GXO and for you, as a stockholder of both companies.

Sincerely,

[]

Brad Jacobs
Chairman and Chief Executive Officer
XPO Logistics, Inc.



Logistics at full potential

[], 2021

Dear Future GXO Logistics, Inc. Stockholder:

I'm excited to welcome you as a future stockholder of GXO Logistics, Inc. ("GXO"), a leader in cutting-edge logistics solutions for supply chains around the world. The planned separation of GXO from XPO is a compelling prospect for our company, and one that we believe will unlock value for all our stakeholders.

The opportunity we see in front of GXO is rooted in years of momentum as part of XPO, during which time our business benefited from significant investments in intelligent technology, customer service, talent and scale. As an independent public company, we can build on this strong positioning to capitalize on massive tailwinds in our industry: the secular growth in e-commerce and omnichannel retail, the rapidly increasing customer demand for digital capabilities, and the shift toward outsourcing logistics services. Moreover, as a separate company, we'll be able to deepen our focus on providing our broad base of customers with tailored solutions, including robotics and other advanced automation, visibility and control. By continuing to develop our proprietary technology, we'll continue to become increasingly nimble at managing our customers' supply chains, gaining ground as a trusted partner and advisor as we deliver additional value to those relationships.

Importantly for you as a stockholder, we'll be able to intensify our focus on our strategic priorities. We'll also have a simplified business structure, our own optimal capital structure and a clearly delineated investment profile. Our standalone stock listing will create an independent equity currency we can use to structure employee incentive compensation arrangements that are more directly tied to our performance, enhance our ability to recruit talent globally and accomplish accretive acquisitions. We intend to continue to drive profitable growth in our business, capitalizing on substantial market opportunities in our large and fragmented industry, and to be an innovation leader. We expect to list GXO's common stock on the New York Stock Exchange under the symbol "GXO" when the separation is complete.

Our vision for the future is clear. We intend to continue to deliver superior value for our customers. We plan to ensure operational excellence led by top talent, invest in the profitable growth of our business and generate strong cash flows, providing excellent outcomes for our stockholders. For our employees, we'll build a purposeful culture as an independent, publicly traded company and engage our people in our vision.

We look forward to our future and to your support as a holder of GXO common stock.

Sincerely,

[]

Malcolm Wilson
Chief Executive Officer
GXO Logistics, Inc.

Information contained herein is subject to completion or amendment. A Registration Statement on Form 10 relating to these securities has been filed with the U.S. Securities and Exchange Commission under the U.S. Securities Exchange Act of 1934, as amended.

Preliminary and Subject to Completion, Dated [], 2021

INFORMATION STATEMENT

GXO LOGISTICS, INC.

This information statement is being furnished in connection with the distribution by XPO Logistics, Inc. (“XPO”) to its stockholders of the outstanding shares of common stock of GXO Logistics, Inc. (“GXO”), a wholly owned subsidiary of XPO that will hold the assets and liabilities associated with XPO’s Logistics segment. To implement the separation, XPO currently plans to distribute all of the shares of GXO common stock on a pro rata basis to XPO stockholders in a distribution that is intended to be generally tax-free to XPO stockholders for U.S. federal income tax purposes, except with respect to any cash received in lieu of fractional shares.

For every share of common stock of XPO held of record by you as of the close of business on [], 2021, which is the record date for the distribution, you will receive one share of GXO common stock. You will receive cash in lieu of any fractional shares of GXO common stock that you would have received after application of the above ratio. As discussed under “The Separation and Distribution—Trading Between the Record Date and the Distribution Date,” if you sell your shares of XPO common stock in the “regular-way” market after the record date up to, and including through, the distribution date, you also will be selling your right to receive shares of GXO common stock in connection with the distribution. We expect the shares of GXO common stock to be distributed by XPO to you at [], Eastern Time, on [], 2021. We refer to the date of the distribution of the GXO common stock as the “distribution date.”

Until the distribution occurs, GXO will be a wholly owned subsidiary of XPO, and consequently, XPO will have the sole and absolute discretion to determine and change the terms of the separation (or to terminate the separation), including the establishment of the record date for the distribution and the distribution date.

No vote of XPO stockholders is required for the distribution. Therefore, you are not being asked for a proxy, and you are requested not to send XPO a proxy, in connection with the distribution. You do not need to pay any consideration, exchange or surrender your existing shares of XPO common stock or take any other action to receive your shares of GXO common stock.

There is no current trading market for GXO common stock, although we expect that a limited market, commonly known as a “when-issued” trading market, will develop on or shortly before the record date for the distribution, and we expect “regular-way” trading of GXO common stock to begin on the first trading day following the completion of the distribution. GXO intends to list its common stock on the New York Stock Exchange (the “NYSE”) under the symbol “GXO.” Following the distribution, XPO will continue to trade on the NYSE under the symbol “XPO.”

In reviewing this information statement, you should carefully consider the matters described in the section titled “Risk Factors” beginning on page 19.

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this information statement is truthful or complete. Any representation to the contrary is a criminal offense.

This information statement does not constitute an offer to sell or the solicitation of an offer to buy any securities.

The date of this information statement is [], 2021.

This information statement was first mailed to XPO stockholders on or about [], 2021.

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Presentation of Information

Unless the context otherwise requires or otherwise specifies:

- The information included in this information statement about GXO, including the Combined Financial Statements of GXO, assumes the completion of all of the transactions referred to in this information statement in connection with the separation and distribution.
- Except as otherwise specified herein, references in this information statement to “GXO,” “we,” “us,” “our,” “our company” and “the company” refer to GXO Logistics, Inc., a Delaware corporation, and its combined subsidiaries.
- References in this information statement to “XPO” refer to XPO Logistics, Inc., a Delaware corporation, and its combined subsidiaries, including XPO’s Logistics segment prior to completion of the separation and the distribution and excluding XPO’s Logistics segment following completion of the separation and the distribution.
- References in this information statement to the “GXO Businesses” refer to XPO’s Logistics segment.
- References in this information statement to the “separation” refer to the separation of the GXO Businesses from XPO’s other businesses and the creation, as a result of the distribution, of an independent, publicly traded company, GXO, to hold the assets and liabilities associated with the GXO Businesses after the distribution.
- References in this information statement to the “distribution” refer to the pro rata distribution of all of GXO’s issued and outstanding shares of common stock to XPO stockholders as of the close of business on the record date for the distribution.

- References in this information statement to GXO's per share data assume a distribution ratio of one share of GXO common stock for every share of XPO common stock.
- References in this information statement to GXO's historical assets, liabilities, products, businesses or activities generally refer to the historical assets, liabilities, products, businesses or activities of the GXO Businesses as the businesses were conducted as part of XPO prior to the completion of the separation.

Industry and Market Information

Unless indicated otherwise, the information concerning the industries and markets in which GXO participates contained in this information statement is based on GXO's general knowledge of and expectations concerning the industry. The market positions, shares, market sizes and growth estimates included in this information statement are based on estimates using GXO's internal data and estimates, based on data from various industry analyses, our internal research and adjustments and assumptions that we believe to be reasonable. GXO has not independently verified data from industry analyses and cannot guarantee their accuracy or completeness. In addition, GXO believes that data regarding the industry, market positions, shares, market sizes and growth estimates provide general guidance but are inherently imprecise. Further, GXO's estimates and assumptions involve risks and uncertainties and are subject to change based on various factors, including those discussed in the "Risk Factors" section. These and other factors could cause results to differ materially from those expressed in the estimates and assumptions. Accordingly, investors should not place undue reliance on this information.

INFORMATION STATEMENT SUMMARY

The following is a summary of selected information discussed in this information statement. This summary may not contain all of the details concerning the separation, the distribution or other information that may be important to you. To better understand the separation, the distribution and our business and financial position, you should carefully review this entire information statement. Unless the context otherwise requires, the information included in this information statement about GXO, including the Combined Financial Statements of GXO, assumes the completion of all of the transactions referred to in this information statement in connection with the separation and distribution. Unless the context otherwise requires, or when otherwise specified, references in this information statement to “GXO,” “we,” “us,” “our,” “our company” and “the company” refer to GXO Logistics, Inc., a Delaware corporation, and its subsidiaries. Unless the context otherwise requires, references in this information statement to “XPO” refer to XPO Logistics, Inc., a Delaware corporation, and its combined subsidiaries, including the GXO Businesses prior to completion of the separation and distribution and excluding the GXO Businesses following the completion of the separation and distribution.

Unless the context otherwise requires, or when otherwise specified, references in this information statement to our historical assets, liabilities, products, businesses or activities of our businesses are generally intended to refer to the historical assets, liabilities, products, businesses or activities of the GXO Businesses as they were conducted as part of XPO prior to completion of the separation and distribution.

Our Company

GXO is the second largest contract logistics company in the world, and a foremost innovator in the \$130 billion logistics industry in North America and Europe. Our revenue is diversified across numerous verticals and customers, including many multinational corporations. We provide our customers with high-value-add warehousing and distribution, order fulfillment, e-commerce and reverse logistics, and other supply chain services differentiated by our ability to deliver technology-enabled, customized solutions at scale. We have one of the largest platforms for outsourced e-commerce logistics globally, including the largest e-fulfillment platform in Europe.

Our customers rely on us to move their goods with high efficiency through their supply chains — from the moment inbound goods arrive at our logistics sites, through fulfillment and distribution and, in a growing number of cases, the management of returned products. Our customer base includes blue-chip leaders in attractive sectors that demonstrate high growth or durable demand over time.

In 2020, we generated \$6.2 billion of revenue. See “Summary Historical and Pro Forma Combined Financial Data” for additional information. As of March 31, 2021, we operated with approximately 93,000 team members (comprised of approximately 66,000 full-time and part-time employees and 27,000 temporary workers engaged through third-party agencies) and had 885 facilities worldwide, with 210 million square feet (20 million square meters) of logistics warehouse space. Approximately 104 million square feet (10 million square meters) was located in Europe; 99 million square feet (9 million square meters) was located in North America; and 7 million square feet (1 million square meters) was located in Asia. We operate these sites primarily on behalf of large corporations, who have outsourced their warehousing, distribution and other related activities to us.

We have identified five key drivers of value creation in our business:

- *Critical Scale in a Fast-Growing Industry with Strong Tailwinds:* Our significant scale makes us well-positioned to benefit from the logistics industry’s predominant tailwinds — the growth in consumer demand for e-commerce and omnichannel retail, the rapidly increasing customer demand for warehouse automation and other digital supply chain capabilities, and the secular shift in logistics toward outsourcing;
- *Robust Technological Differentiation:* We are strongly differentiated by our technology as an innovative provider of sophisticated logistics solutions that enhance visibility, speed, accuracy and cost effectiveness for our customers, and by our ability to customize our technology-enabled services to each customer’s requirements;

- *Long-Term Customer Relationships in Attractive Verticals:* We have a large opportunity to grow our share in verticals with durable fundamentals and high-growth outsourcing opportunities, where we have strong partnerships with preeminent customers, longstanding track records and deep expertise;
- *Resilient Business Model with Multiple Drivers of Profitable Growth:* We have numerous avenues for profitable growth, including a long runway for margin expansion through the ongoing deployment of our technology in areas such as labor productivity, warehouse management, inventory management, demand forecasting and advanced automation, as well as an asset-light business model that historically has given us agility across cycles and generated strong free cash flow; and
- *Experienced and Cohesive Leadership:* Our company is led by highly experienced executives who are recognized as leading practitioners in their respective fields, and who will work together to create sustainable value through operational excellence and a purposeful culture.

Critical Scale in a Fast-Growing Industry with Strong Tailwinds. GXO is the second largest contract logistics provider in the world, and a foremost innovator in North America and Europe, where logistics is a \$130 billion industry propelled by strong secular tailwinds. Order fulfillment times are compressing, and new channels are emerging as companies seek to improve the efficiency, speed and visibility of their supply chain activities, notably in the direct-to-consumer space. The most effective way to meet these expectations is through outsourced solutions that provide advanced automation, digital visibility and intelligent machines, such as robotics and autonomous goods-to-person systems — all capabilities we offer today.

Robust Technological Differentiation. Logistics processes are ripe for transformation through automation. As a global leader in logistics innovation, GXO is well positioned to capitalize on this evolution. Increasingly, customers want technology-enabled, highly customized solutions that incorporate intelligent automation and data science, particularly in e-commerce, omnichannel retail and direct-to-consumer channels. The timely delivery of goods to consumers is becoming imperative, leading to compressed order fulfillment times. Our focus as an innovator is on helping our customers meet the expectations of their customers, with reliable outcomes, more visibility and greater efficiency.

In 2019, we integrated cobots (collaborative robots) and goods-to-person systems in a number of our sites to support our warehouse employees; this substantially increased throughput in 2020.

Long-Term Customer Relationships in Attractive Verticals. Our customer base includes numerous long-term relationships with blue-chip market leaders and world-class brands, including over 30% of Fortune 100 companies and 24% of the Fortune Global 100. Our customers operate in sectors with high-growth outsourcing opportunities, such as retail and e-commerce, food and beverage, consumer packaged goods, consumer technology, telecommunications, manufacturing, chemical, agribusiness, life sciences and healthcare. We have extensive experience in these verticals, and we understand the specific requirements for quality control, real-time visibility, special handling, security, complex stock-keeping, time-assured deliveries and agility during surges in demand. The average relationship tenure for our top 20 customers in 2020, based on revenue, was approximately 15 years.

Resilient Business Model with Multiple Drivers of Profitable Growth. We have numerous drivers of profitable growth, including a long runway for margin expansion through continuous deployment of our technology, as well as our asset-light business model, which has historically been resilient across cycles, with high returns, strong free cash flow and visibility into revenue and earnings. The vast majority of our contracts with customers are multi-year agreements, with facility lease arrangements that generally align with contract length. Historically, our retention rate has been approximately 93%. Additionally, our business requires limited maintenance capital spending, which provides us with the flexibility to adjust our overall capital spending to changes in the macro environment. We are committed to continuing to deploy capital with discipline and agility to maximize shareholder value.

Experienced and Cohesive Leadership. Our company and its culture are led by Malcolm Wilson, chief executive officer, and Baris Oran, chief financial officer. Each of our executives has decades of experience in their respective fields, having previously served in leadership roles in businesses around the globe. Our executives foster a company culture that is safe, respectful, entrepreneurial, innovative, and inclusive, with a focus on diversity, equity and inclusion that continues to shape our recruitment efforts and work environments.

Our Strategy

Our strategy is to help our customers manage their supply chains efficiently, using our network of people, technology and physical assets. Our growth and optimization strategy encompasses (i) developing additional business in verticals where we already have deep expertise, long-term relationships with prominent customers and a strong track record of performance, by successfully selling to new customers and by serving existing customers expertly through new projects, thus earning more of their external and internal logistics spend; (ii) marketing the advantages of our proprietary technology for warehouse operations, which we use to manage advanced automation, robotics, labor productivity, inventory management, safety, seasonal changes in demand and other aspects of complex logistics environments; (iii) partnering with our customers in meeting their goals for supply chain performance, risk mitigation, cost efficiency, growth management and stakeholder satisfaction, by helping them overcome challenges specific to their business; and (iv) integrating industry best practices into our operations to drive productivity, with a focus on automation and other levers of profitable growth.

Technology and Intellectual Property

Our productivity is driven in large part by our proprietary warehouse management platform and order management system, as well as our comprehensive “Smart” suite of tools and analytics designed to enhance labor and inventory management. Our intelligent tools and analytics self-learn daily, site by site, to continuously optimize productivity. This technology incorporates dynamic data science, predictive analytics and machine learning to aid in decision-making. Our site managers use these tools to improve productivity in a safe, disciplined and cost-effective manner. See “Technology and Intellectual Property” for more information.

Additionally, we have developed analytics that predict future surges in demand based on data histories and forecasted customer spend. Our demand forecasting helps our customers manage their supply chains throughout the ebb and flow of required volumes, while meeting the expectations of their end-markets. In the e-commerce industry, for example, about 15% to 35% of consumer goods bought online are returned, depending on the product category, which creates reverse peaks at certain times of year. We have been able to shave several days off the reverse logistics process through automation, accelerating our customers’ ability to get e-commerce goods back into inventory for resale. We believe our expertise in managing the complexities of returned items is a strategic advantage and a key differentiator from our peers.

Another type of innovation that differentiates GXO is our “Direct” shared-space distribution network for business-to-consumer (“B2C”) and business-to-business (“B2B”) customers in North America. This network gives retailers, e-tailers and manufacturers access to our scale, expertise and technology without the high fixed costs of traditional distribution center models. Our customers can position inventory within one- and two-day ground delivery range of approximately 99% of the U.S. population and in close proximity to retail stores for inventory replenishment. As demand patterns change, we reposition the inventory around our network, managed and tracked by our technology. This service responds directly to end-market expectations for shorter fulfillment times, and consequently, it enhances brand loyalty for our customers.

Summary of Risk Factors

An investment in our company is subject to a number of risks, including risks related to our business, risks related to the separation and distribution and risks related to our common stock. Set forth below is a high-level summary of some, but not all, of these risks. Please read the information in the section titled “Risk Factors” of this information statement for a more thorough description of these and other risks.

Risks Related to Our Business

Risks Related to Our Strategy and Operations

- We operate in a highly competitive industry, and failure to compete or respond to customer requirements could negatively affect our business and our results of operations.
- Increases in our labor costs to attract, train and retain employees may have a material adverse effect on us.

- We depend on our ability to attract and retain qualified employees and temporary workers.
- Economic recessions and other factors that reduce consumer spending, both in North America and Europe, could have a material adverse impact on our business.
- Our past acquisitions, as well as any acquisitions that we may complete in the future, may be unsuccessful or result in other risks or developments that adversely affect our financial condition and results.
- We may not successfully manage our growth.
- Our overseas operations are subject to various operational and financial risks that could adversely affect our business.
- We are exposed to currency exchange rate fluctuations because a significant proportion of our assets, liabilities and earnings are denominated in foreign currencies.
- Our ability to successfully manage the costs and operational difficulties of adding new customers and business may negatively affect our financial condition and operations.
- The contractual terms between us and our customers could expose us to penalties and costs in the event we do not meet the contractually prescribed performance levels.
- Our operations are subject to seasonal fluctuations, and our inability to manage these fluctuations could negatively affect our business and our results of operations.
- The COVID-19 pandemic could have a material adverse effect on our business operations, results of operations, cash flows and financial position.

Risks Related to Our Use of Technology

- Our business will be seriously harmed if we fail to develop, implement, maintain, upgrade, enhance, protect and integrate our information technology systems, including those systems of any businesses that we acquire.
- A failure of our information technology infrastructure or a breach of our information systems, networks or processes may materially adversely affect our business.
- Issues related to the intellectual property rights on which our business depends, whether related to our failure to enforce our own rights or infringement claims brought by others, could have a material adverse effect on our business, financial condition and results of operations.

Risks Related to Third-Party Relationships

- Our business may be materially adversely affected by labor disputes or organizing efforts.
- Our business uses a large number of temporary workers in our operations. Any failure to properly manage our temporary workers could have a material adverse impact on our revenues, earnings, financial position and outlook.

Risks Related to Litigation and Regulations

- From time to time, we are involved in lawsuits and are subject to various claims that could result in significant expenditures and impact our operations.
- We are subject to risks associated with defined benefit plans for our current and former employees, which could have a material adverse effect on our earnings and financial position.
- Changes in income tax regulations for U.S. and multinational companies may increase our tax liability.

- We are subject to regulation, which could negatively impact our business.
- Proposed or pending legislative or regulatory changes, or future legislative or regulatory changes, at the federal, state or local level could decrease demand for our services, increase our costs, including our labor costs, and negatively affect our business and our results of operations.

Risks Related to the Separation and Distribution

- We have no history of operating as an independent company, and our historical and pro forma financial information is not necessarily representative of the results that we would have achieved as a separate, publicly traded company and may not be a reliable indicator of our future results.
- Following the separation and distribution, our financial profile will change, and we will be a smaller, less diversified company than XPO prior to the separation.
- We may not achieve some or all of the expected benefits of the separation and distribution, and the separation and distribution may materially adversely affect our business.
- XPO's plan to separate into two independent, publicly traded companies is subject to various risks and uncertainties and may not be completed in accordance with the expected plans or anticipated timeline, or at all, and will involve significant time and expense, which could disrupt or adversely affect our business.
- Challenges in the commercial and credit environment may adversely affect the expected benefits of the separation, the expected plans or anticipated timeline to complete the separation and our future access to capital on favorable terms.
- We intend to incur, and may in the future incur, additional debt obligations that could adversely affect our business and profitability and our ability to meet other obligations.
- We could experience temporary interruptions in business operations and incur additional costs as we build our information technology infrastructure and transition our data to our own systems.
- Our accounting, tax and other management systems and resources may not be adequately prepared to meet the financial reporting and other requirements to which we will be subject as a standalone, publicly traded company following the separation and distribution.
- In connection with the separation into two public companies, each of XPO and GXO will indemnify each other for certain liabilities. If we are required to pay under these indemnities to XPO, our financial results could be negatively impacted. The XPO indemnities may not be sufficient to hold us harmless from the full amount of liabilities for which XPO will be allocated responsibility, and XPO may not be able to satisfy its indemnification obligations in the future.
- XPO may fail to perform under various transaction agreements that will be executed as part of the separation, or we may fail to have necessary systems and services in place when certain of the transaction agreements expire.
- We may be held liable to XPO if we fail to perform certain services under the transition services agreement, and the performance of such services may negatively impact our business and operations.
- The terms we will receive in our agreements with XPO could be less beneficial than the terms we may have otherwise received from unaffiliated third parties.
- If the distribution, together with certain related transactions, does not qualify as a transaction that is generally tax-free for U.S. federal income tax purposes, we, as well as XPO and XPO's stockholders, could be subject to significant tax liabilities, and, in certain circumstances, we could be required to indemnify XPO for material amounts of taxes and other related amounts pursuant to indemnification obligations under the tax matters agreement. In addition, if certain internal restructuring transactions were to fail to qualify as

transactions that are generally tax-free for U.S. federal or non-U.S. income tax purposes, we, as well as XPO, could be subject to significant tax liabilities.

- We may not be able to engage in desirable capital-raising or strategic transactions following the separation.
- The transfer to us of certain contracts, permits and other assets and rights may require the consents or approvals of, or provide other rights to, third parties and governmental authorities. If such consents or approvals are not obtained, we may not be entitled to the benefit of such contracts, permits and other assets and rights, which could increase our expenses or otherwise harm our business and financial performance.
- Until the distribution occurs, the XPO board of directors has sole and absolute discretion to change the terms of the separation and distribution in ways that may be unfavorable to us.
- No vote of XPO stockholders is required in connection with the distribution. As a result, if you do not want to receive our common stock in the distribution, your sole recourse will be to divest yourself of your XPO common stock prior to the record date for the distribution.

Risks Related to Our Common Stock

- We cannot be certain that an active trading market for our common stock will develop or be sustained after the distribution and, following the distribution, our stock price may fluctuate significantly.
- There may be substantial and rapid changes in our stockholder base, which may cause our stock price to fluctuate significantly.
- A significant number of shares of our common stock may be sold following the distribution, which may cause our stock price to decline.
- Any stockholder's percentage of ownership in GXO may be diluted in the future at any given time.
- We cannot guarantee the timing, amount or payment of dividends on our common stock.
- Certain provisions in GXO's amended and restated certificate of incorporation and bylaws, and of Delaware law, may prevent or delay an acquisition of GXO, which could decrease the trading price of GXO's common stock.
- GXO's amended and restated certificate of incorporation will contain an exclusive forum provision that may discourage lawsuits against GXO and GXO's directors and officers.
- The combined post-separation value of one share of XPO common stock and one share of GXO common stock may not equal or exceed the pre-distribution value of one share of XPO common stock.
- Our Chairman controls a large portion of our stock, which could limit other stockholders' ability to influence the outcome of key decisions and transactions, including changes of control.

The Separation and Distribution

In December 2020, XPO announced its intention to separate into two independent, publicly traded companies. The separation will occur through a pro rata distribution to XPO stockholders of 100% of the shares of common stock of GXO, the newly formed company that will consist of XPO's existing logistics business. XPO will remain a publicly traded company after the separation, consisting of its existing transportation business.

On [], 2021, the XPO board of directors approved the distribution of all of GXO's issued and outstanding shares of common stock on the basis of one share of GXO common stock for every share of XPO common stock held as of the close of business on [], 2021, the record date for the distribution.

GXO's Post-Separation Relationship with XPO

After the distribution, XPO and GXO will each be separate companies with separate management teams and separate boards of directors. Prior to the distribution, XPO and GXO will enter into the separation agreement. We will also enter into various other agreements that will provide a framework for our relationship with XPO after the separation, including a transition services agreement, a tax matters agreement, an employee matters agreement and an intellectual property license agreement. These agreements will provide for the allocation between GXO and XPO of the assets, employees, liabilities and obligations (including, among others, investments, property and employee benefits and tax-related assets and liabilities) of XPO and its subsidiaries attributable to periods prior to, at and after the separation and will govern the relationship between us and XPO subsequent to the completion of the separation. For additional information regarding the separation agreement and other transaction agreements, see the sections titled "Risk Factors—Risks Related to the Separation and Distribution" and "Certain Relationships and Related Party Transactions."

Reasons for the Separation

The XPO board of directors believes that the separation of XPO into two independent, publicly traded companies through the separation of the GXO Businesses from XPO is in the best interests of XPO and its stockholders for a number of reasons, including:

- *Clear-Cut Investment Identities.* The separation will allow investors to more clearly understand the separate business models, financial profiles and investment identities of the two companies and to invest in each based on a better appreciation of these characteristics. Each company is expected to have less debt and enhanced earnings potential, which would make it easier for each to achieve an investment-grade credit rating. GXO is expected to have an investment-grade credit rating at the time of the distribution, and XPO will target achieving such rating over time. To the extent that enhanced investor understanding and deleveraging results in greater investor demand for shares of XPO stock and/or GXO stock, it could cause each company to be valued at multiples higher than XPO's current multiple, and higher than its publicly traded peers. Any such increase in the aggregate market value of XPO and GXO following the separation over XPO's market value prior to the separation would benefit XPO, GXO, and their respective stakeholders.
- *Creation of Independent Equity Currencies and Enhanced Strategic Opportunities.* The separation will provide each of XPO and GXO with its own pure-play equity currency that can be used to facilitate capital raising and to pursue accretive M&A opportunities that are more closely aligned with each company's strategic goals and expected growth opportunities. To the extent that the separate equity currencies are more attractively valued, this would further increase these benefits to XPO and GXO.
- *Improved Alignment of Management Incentives and Performance.* The separation will allow each company to more effectively recruit, retain and motivate employees through the use of equity-based compensation that more closely reflects and aligns management and employee incentives with specific growth objectives, financial goals and business attributes. To the extent that the separate equity currencies are more attractively valued, this would further benefit XPO and GXO.
- *Separate Capital Structures and Allocation of Financial Resources.* The separation will permit each company to allocate its financial resources to meet the unique needs of its businesses and intensify the focus on its distinct operating and strategic priorities, including by investing in enhancements to the proprietary software developed for its service offerings. The separation will also give each business its own optimal capital structure and allow it to manage capital allocation and capital return strategies with greater agility in response to changes in the operating environment and industry landscape. Further, the separation will eliminate internal competition between the two businesses for capital.
- *Enhanced Management Focus on Core Businesses.* The separation will provide each company's management team with undiluted focus on their specific operating and strategic priorities and customer requirements. The separation will enable the management teams of each company to better focus on strengthening its core businesses and operations, to more effectively address unique operating and other

needs, and to pursue distinct and targeted opportunities for long-term growth and profitability. The separation will enable each company to deepen its competitive differentiation by having its technology team focus on enhancing the proprietary software developed for its specific service offerings, including XPO's digital transportation platform and GXO's productivity tools and warehouse management platform for its logistics operations.

The XPO board of directors also considered a number of potentially negative factors in evaluating the separation, including:

- *Risk of Failure to Achieve Anticipated Benefits of the Separation.* We may not achieve the anticipated benefits of the separation for a variety of reasons, including, among others: the separation will demand significant management resources and require significant amounts of management's time and effort, which may divert management's attention from operating our business; following the separation, we may be more susceptible to market fluctuations, and other events may be more disadvantageous for us than if we were still part of XPO, because our business would be less diversified than XPO's business is prior to the completion of the separation.
- *Disruptions and Costs Related to the Separation.* The actions required to separate the GXO Businesses from XPO could disrupt our operations. In addition, we will incur substantial costs in connection with the separation and the transition to being a standalone public company, which may include accounting, tax, legal and other professional services costs, recruiting and relocation costs associated with hiring key senior management personnel who are new to GXO, tax costs, and costs to separate information systems.
- *Loss of Scale and Increased Administrative Costs.* Prior to the separation, GXO is able to take advantage of XPO's size and purchasing power in procuring certain goods, services and technologies. After the separation, as a standalone company, we may be unable to obtain these goods, services and technologies at prices or on terms as favorable as those XPO obtained prior to completion of the separation. In addition, as part of XPO, GXO benefits from certain functions performed by XPO, such as accounting, tax, legal, human resources and other general and administrative functions. After the separation, XPO will not perform these functions for us, other than certain functions that will be provided for a limited time pursuant to the transition services agreement, and, because of our smaller scale as a standalone company, our cost of performing such functions could be higher than the amounts reflected in our historical financial statements, which would cause our profitability to decrease.
- *Limitations on Strategic Transactions.* Under the terms of the tax matters agreement that we will enter into with XPO, we will be restricted from taking certain actions that could cause the distribution or certain related transactions (or certain transactions undertaken as part of the internal reorganization) to fail to qualify as tax-free under applicable law. These restrictions may limit, for a period of time, our ability to pursue certain strategic transactions and equity issuances or engage in other transactions that might increase the value of our business.
- *Uncertainty Regarding Stock Prices.* We cannot predict the effect of the separation on the trading prices of GXO or XPO common stock or know with certainty whether the combined market value of one share of our common stock and one share of XPO common stock will be less than, equal to or greater than the market value of one share of XPO common stock prior to the distribution.

In determining whether to pursue the separation, the XPO board of directors concluded the potential benefits of the separation outweighed the potential negative factors. See the sections titled "The Separation and Distribution—Reasons for the Separation" and "Risk Factors" included elsewhere in this information statement.

Capitalization Summary

GXO has not yet finalized its post-distribution capitalization. Pro forma financial information reflecting GXO's post-distribution capitalization will be included in an amendment to this information statement.

Corporate Information

GXO was incorporated in Delaware on February 16, 2021, for the purpose of holding the GXO Businesses in connection with the separation and distribution described herein. Prior to the transfer of the GXO Businesses to us by XPO, which will occur prior to the distribution, GXO will have no operations other than those incidental to the separation and related transactions. The address of our principal executive offices will be [], [], []. Our telephone number after the distribution will be []. We maintain an internet site at [www.\[\].com](http://www.[].com). **Our website and the information contained therein or connected thereto are not incorporated into this information statement or the registration statement of which this information statement forms a part, or in any other filings with, or any information furnished or submitted to, the SEC.**

Reason for Furnishing this Information Statement

This information statement is being furnished solely to provide information to XPO stockholders who will receive shares of GXO common stock in the distribution. It is not, and is not to be construed as, an inducement or encouragement to buy or sell any of XPO's or GXO's securities. The information contained in this information statement is believed by GXO to be accurate as of the date set forth on its cover. Changes may occur after that date, and neither XPO nor GXO undertakes any obligation to update the information except as may be required in the normal course of their respective disclosure obligations and practices, or as required by applicable law.

QUESTIONS AND ANSWERS ABOUT THE SEPARATION AND DISTRIBUTION

<i>What is GXO and why is XPO separating the GXO Businesses and distributing GXO common stock?</i>	GXO, which is currently a wholly owned subsidiary of XPO, was formed to own and operate XPO's GXO Businesses. The separation of GXO from XPO and the distribution of GXO common stock is intended, among other things, to simplify XPO's business structure, enable the management of the two companies to pursue opportunities for long-term growth and profitability unique to each company's business, and allow each business to more effectively implement its own optimal capital structure, investment identity, and resource allocation strategies. XPO expects that the separation will result in enhanced long-term performance of each business for the reasons discussed in the section titled "The Separation and Distribution—Reasons for the Separation."
<i>Why am I receiving this document?</i>	XPO is delivering this document to you because you are a holder of shares of XPO common stock. If you are a holder of shares of XPO common stock as of the close of business on [], 2021, the record date for the distribution, you will be entitled to receive one share of GXO common stock for every share of XPO common stock that you hold at the close of business on such date. This document is intended to describe the separation and distribution and help you understand how the separation and distribution will affect your post-separation ownership in XPO and GXO.
<i>How will the separation of GXO from XPO work?</i>	As part of the separation, and prior to the distribution, XPO and its subsidiaries expect to complete an internal reorganization (which we refer to as the "internal reorganization") to transfer to GXO the GXO Businesses that GXO will own following the separation. To complete the separation, XPO will distribute all of the outstanding shares of GXO common stock to XPO stockholders on a pro rata basis in a distribution intended to be generally tax-free to XPO stockholders for U.S. federal income tax purposes, except with respect to any cash received in lieu of fractional shares. Following the separation, the number of shares of XPO common stock you own will not change as a result of the separation.
<i>What is the record date for the distribution?</i>	The record date for the distribution will be [], 2021.
<i>When will the distribution occur?</i>	We expect that all of the outstanding shares of GXO common stock will be distributed by XPO at [], Eastern Time, on [], 2021, to holders of record of shares of XPO common stock at the close of business on [], 2021, the record date for the distribution.
<i>What do stockholders need to do to participate in the distribution?</i>	Stockholders of XPO as of the record date for the distribution will not be required to take any action to receive GXO common stock in the distribution, but you are urged to read this entire information statement carefully. No stockholder approval of the distribution is required. You are not being asked for a proxy. You do not need to pay any consideration, exchange or surrender your existing shares of XPO common stock or take any other action to receive your shares of GXO common stock. Please do not send in your XPO stock certificates. The distribution will not affect the number of outstanding shares of XPO common stock or any rights of XPO stockholders, although it will affect the market value of each outstanding share of XPO common stock.
<i>How will shares of GXO common stock be issued?</i>	You will receive shares of GXO common stock through the same channels that you currently use to hold or trade shares of XPO common stock, whether through a brokerage account, 401(k) plan or other channel. Receipt of GXO shares will be documented for you in the same manner that you typically receive stockholder updates, such as monthly broker statements and 401(k) statements.

If you own shares of XPO common stock as of the close of business on the record date for the distribution, including shares owned in certificate form, XPO, with the assistance of Computershare Trust Company, N.A., the distribution agent for the distribution (the “distribution agent” or “Computershare”), will electronically distribute shares of GXO common stock to you or to your brokerage firm on your behalf in book-entry form. The distribution agent will mail you a book-entry account statement that reflects your shares of GXO common stock, or your bank or brokerage firm will credit your account for the shares.

How many shares of GXO common stock will I receive in the distribution?

XPO will distribute to you one share of GXO common stock for every share of XPO common stock held by you as of close of business on the record date for the distribution. Based on approximately [] shares of XPO common stock outstanding as of [], 2021, a total of approximately [] shares of GXO common stock will be distributed to XPO’s stockholders. For additional information on the distribution, see “The Separation and Distribution.”

Will GXO issue fractional shares of its common stock in the distribution?

No. GXO will not issue fractional shares of its common stock in the distribution. Fractional shares that XPO stockholders would otherwise have been entitled to receive will be aggregated and sold in the public market by the distribution agent. The net cash proceeds of these sales will be distributed pro rata (based on the fractional share such holder would otherwise be entitled to receive) to those stockholders who would otherwise have been entitled to receive fractional shares. Recipients of cash in lieu of fractional shares will not be entitled to any interest on the amounts paid in lieu of fractional shares. The receipt of cash in lieu of fractional shares generally will be taxable to the recipient XPO stockholders for U.S. federal income tax purposes, as described in the section titled “Material U.S. Federal Income Tax Consequences.”

What are the conditions to the distribution?

The distribution is subject to final approval by the XPO board of directors, as well as to the satisfaction (or waiver by XPO in its sole and absolute discretion) of a number of conditions, including, among others:

- the U.S. Securities and Exchange Commission (the “SEC”) declaring effective the registration statement of which this information statement forms a part; there being no order suspending the effectiveness of the registration statement; and no proceedings for such purposes having been instituted or threatened by the SEC;
- this information statement having been made available to XPO stockholders;
- the receipt by XPO and continuing validity of an opinion of its outside counsel, satisfactory to the XPO board of directors, regarding the qualification of the distribution, together with certain related transactions, as a “reorganization” within the meaning of Sections 355 and 368(a)(1)(D) of the Internal Revenue Code of 1986, as amended (the “Code”);
- the transfer of assets and liabilities to GXO having been completed in accordance with the separation and distribution agreement, which is described below in this information statement (the “separation agreement”);
- an independent appraisal firm acceptable to the XPO board of directors having delivered one or more opinions to the XPO board of directors confirming the solvency and financial viability of XPO before the completion of the distribution and each of XPO and GXO after completion of the distribution, in each case in a form and substance acceptable to the XPO board of directors in its sole and absolute discretion;
- all actions and filings necessary or appropriate under applicable U.S. federal, state or other securities or blue sky laws and the rules and regulations thereunder relating to the separation and distribution having been taken or made and, where applicable, having become effective or been accepted;
- the transaction agreements relating to the separation and distribution having been duly executed and delivered by the parties thereto;
- no order, injunction or decree issued by any government authority of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the separation, the distribution or any of the related transactions being in effect;
- the shares of GXO common stock to be distributed having been approved for listing on the NYSE, subject to official notice of distribution;
- XPO having received certain proceeds from the GXO financing arrangements described under “Description of Material Indebtedness” and being satisfied in its sole and absolute discretion that, as of the effective time of the distribution, it will have no further liability under such arrangements, and XPO having completed any required refinancing of its existing indebtedness on terms satisfactory to the XPO board of directors in its sole and absolute discretion; and
- no other event or development existing or having occurred that, in the judgment of XPO’s board of directors, in its sole and absolute discretion, makes it inadvisable to effect the separation, the distribution or the other related transactions.

XPO and GXO cannot assure you that any or all of these conditions will be met, or that the separation or distribution will be consummated even if all of the conditions are met. XPO can decline at any time to go forward with the separation and distribution. In addition, XPO may waive any of the conditions to the distribution. For a complete discussion of all of the conditions to the distribution, see “The Separation and Distribution—Conditions to the Distribution.”

- What is the expected date of completion of the separation?** The completion and timing of the separation are dependent upon a number of conditions. We expect that the shares of GXO common stock will be distributed by XPO at [], Eastern Time, on [], 2021, to the holders of record of shares of XPO common stock at the close of business on [], 2021, the record date for the distribution. However, no assurance can be provided as to the timing of the separation or distribution or that all conditions to the distribution will be met.
- Can XPO decide to cancel the distribution of GXO common stock even if all of the conditions have been met?** Yes. Until the distribution has occurred, the XPO board of directors has the right to terminate the distribution, even if all of the conditions are satisfied.
- What if I want to sell my XPO common stock or my GXO common stock?** You should consult with your financial advisors, such as your stock broker, bank or tax advisor. If you sell your shares of XPO common stock in the “regular-way” market after the record date and before the distribution date, you also will be selling your right to receive shares of GXO common stock in connection with the distribution.
- What is “regular-way” and “ex-distribution” trading of XPO common stock?** Beginning on or shortly before the record date for the distribution and continuing up to and through the distribution date, we expect that there will be two markets in XPO common stock: a “regular-way” market and an “ex-distribution” market. XPO common stock that trades in the “regular-way” market will trade with an entitlement to shares of GXO common stock distributed pursuant to the distribution. Shares that trade in the “ex-distribution” market will trade without an entitlement to GXO common stock distributed pursuant to the distribution. If you decide to sell any shares of XPO common stock before the distribution date, you should make sure your stockbroker, bank or other nominee understands whether you want to sell your XPO common stock with or without your entitlement to GXO common stock pursuant to the distribution.
- Where will I be able to trade shares of GXO common stock?** GXO intends to list its common stock on the NYSE under the symbol “GXO.” GXO anticipates that trading in shares of its common stock will begin on a “when-issued” basis on or shortly before the record date for the distribution and will continue up to and through the distribution date, and that “regular-way” trading in GXO common stock will begin on the first trading day following the completion of the distribution. If trading begins on a “when-issued” basis, you may purchase or sell GXO common stock up to and through the distribution date, but your transaction will not settle until after the distribution date. GXO cannot predict the trading prices for its common stock before, on or after the distribution date.
- What will happen to the listing of XPO common stock?** XPO common stock will continue to trade on the NYSE after the distribution.
- Will the number of shares of XPO common stock that I own change as a result of the distribution?** No. The number of shares of XPO common stock that you own will not change as a result of the distribution.

Will the distribution affect the market price of my XPO common stock?

Yes. As a result of the distribution, XPO expects the trading price of shares of XPO common stock immediately following the distribution to be different from the “regular-way” trading price of such shares immediately prior to the distribution because the trading price will no longer reflect the value of the GXO Businesses. There can be no assurance whether the aggregate market value of XPO common stock and GXO common stock following the separation will be higher or lower than the market value of XPO common stock if the separation did not occur. This means, for example, that the combined trading prices of a share of XPO common stock and a share of GXO common stock after the distribution may be equal to, greater than or less than the trading price of a share of XPO common stock before the distribution.

What are the material U.S. federal income tax consequences of the separation and the distribution?

It is a condition to the distribution that XPO receives an opinion of its outside counsel, satisfactory to the XPO board of directors, regarding the qualification of the distribution, together with certain related transactions, as a “reorganization” within the meaning of Sections 355 and 368(a)(1)(D) of the Code.

If the distribution, together with certain related transactions, so qualifies, generally no gain or loss will be recognized by you, and no amount will be included in your income, for U.S. federal income tax purposes upon your receipt of GXO common stock in the distribution. You will, however, recognize gain or loss for U.S. federal income tax purposes with respect to cash received in lieu of a fractional share of GXO common stock.

You should carefully read the section titled “Material U.S. Federal Income Tax Consequences” and should consult your own tax advisor as to the particular consequences of the distribution to you, including the applicability and effect of any U.S. federal, state and local tax laws, as well as any non-U.S. tax laws.

What will GXO’s relationship be with XPO following the separation?

After the distribution, XPO and GXO will be separate companies with separate management teams and separate boards of directors. GXO will enter into a separation and distribution agreement with XPO to effect the separation and to provide a framework for GXO’s relationship with XPO after the separation, and will enter into certain other agreements, including a transition services agreement, a tax matters agreement, an employee matters agreement and an intellectual property license agreement. These agreements will provide for the allocation between GXO and XPO of the assets, employees, liabilities and obligations (including, among others, investments, property and employee benefits and tax-related assets and liabilities) of XPO and its subsidiaries attributable to periods prior to, at and after the separation and will govern the relationship between GXO and XPO subsequent to the completion of the separation. For additional information regarding the separation agreement and other transaction agreements, see the sections titled “Risk Factors—Risks Related to the Separation and Distribution” and “Certain Relationships and Related Party Transactions”

Who will manage GXO after the separation?

GXO will benefit from a management team with an extensive background in the GXO Businesses. For more information regarding GXO’s management and directors, see “Management” and “Directors.”

Are there risks associated with owning GXO common stock?

Yes. Ownership of GXO common stock is subject to both general and specific risks relating to the GXO Businesses, the industry in which it operates, its ongoing contractual relationships with XPO and its status as a separate, publicly traded company. Ownership of GXO common stock is also subject to risks relating to the separation. Certain of these risks are described in the “Risk Factors” section of this information statement. We encourage you to read that section carefully.

Does GXO plan to pay dividends?

The declaration and payment of any dividends in the future by GXO will be subject to the sole discretion of the board of directors and will depend upon many factors. See “Dividend Policy.”

Will GXO incur any indebtedness prior to or at the time of the distribution? Yes. GXO expects to complete one or more financing transactions before the distribution is completed, with approximately \$[] of the proceeds of such financings expected to be transferred to XPO, which intends to use such proceeds to repay existing indebtedness. As a result of such transactions, GXO anticipates having approximately \$800 million of indebtedness upon completion of the distribution. See “Description of Material Indebtedness” and “Risk Factors—Risks Related to Our Business.”

Who will be the distribution agent for the distribution and transfer agent and registrar for GXO common stock? The distribution agent, transfer agent and registrar for the GXO common stock will be Computershare. For questions relating to the transfer or mechanics of the stock distribution, you should contact Computershare toll free at [].

Where can I find more information about XPO and GXO? Before the distribution, if you have any questions relating to XPO, you should contact:

XPO Logistics, Inc.
Five American Lane
Greenwich, CT 06831
Attention: Investor Relations

After the distribution, GXO stockholders who have any questions relating to GXO should contact:

GXO
[]
[]

Attention: Investor Relations

The GXO website ([www.\[\].com](http://www.[].com)) will be operational on or around [], 2021. **The GXO website and the information contained therein or connected thereto are not incorporated into this information statement or the registration statement of which this information statement forms a part, or in any other filings with, or any information furnished or submitted to, the SEC.**

SUMMARY HISTORICAL AND PRO FORMA COMBINED FINANCIAL DATA

The following summary financial data reflects the combined operations of GXO. We derived the summary combined income statement data for the years ended December 31, 2020, 2019 and 2018, and summary combined balance sheet data as of December 31, 2020 and 2019, as set forth below, from our audited Combined Financial Statements, which are included in the “Index to Financial Statements” section of this information statement. We derived our summary combined balance sheet data as of December 31, 2018, also as set forth below, from our unaudited underlying financial records, which were derived from the financial records of XPO. We derived the summary combined income statement data for the three months ended March 31, 2021 and 2020, and summary combined balance sheet data as of March 31, 2021, as set forth below, from our unaudited Condensed Combined Financial Statements, which are included in the “Index to Financial Statements” section of this information statement. To ensure a full understanding of this summary financial data, you should read the summary combined financial data presented below in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” our Combined Financial Statements and accompanying notes and the Condensed Combined Financial Statements and accompanying notes included elsewhere in this information statement. The historical results do not necessarily indicate the results expected for any future period.

The summary unaudited pro forma combined financial data as of and for the three months ended March 31, 2021 and 2020 and for year ended December 31, 2020 has been prepared to reflect the separation, including the incurrence of indebtedness of approximately \$800 million, and the distribution of approximately \$978 million of cash to XPO. The Unaudited Pro Forma Condensed Combined Statement of Operations presented assumes the separation occurred on January 1, 2020, the beginning of our most recently completed fiscal year. The Unaudited Pro Forma Condensed Combined Balance Sheet presented for March 31, 2021 assumes the separation occurred on March 31, 2021, our latest balance sheet date. The assumptions used and pro forma adjustments derived from such assumptions are based on currently available information, and we believe such assumptions are reasonable under the circumstances.

The Unaudited Pro Forma Condensed Combined Financial Information is not necessarily indicative of our results of operations or financial condition had the distribution and our anticipated post-separation capital structure been completed on the dates assumed. It may not reflect the results of operations or financial condition that would have resulted had we been operating as an independent, publicly traded company during such periods. In addition, it is not necessarily indicative of our future results of operations or financial condition.

You should read this summary financial data together with “Unaudited Pro Forma Condensed Combined Financial Information,” “Capitalization,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations”, our Combined Financial Statements and accompanying notes and our Condensed Combined Financial Statements and accompanying notes included elsewhere in this information statement.

	Pro Forma			Historical					
	Three Months Ended March 31,		Year Ended December 31,	Three Months Ended March 31,		Years Ended December 31,			
	2021	2020	2020	2021	2020	2020	2019	2018	
<i>(In millions except per share data)</i>									
Operating Results:									
Revenue	\$ 1,823	\$ 1,442	\$ 6,203	\$ 1,822	\$ 1,440	\$ 6,195	\$ 6,094	\$ 6,065	
Operating income	29	—	8	30	2	16	150	143	
Income (loss) before income taxes	32	(1)	10	26	(4)	(6)	118	126	
Net income (loss)	21	(9)	(5)	17	(10)	(22)	81	90	
Net income (loss) attributable to GXO	18	(11)	(14)	14	(12)	(31)	60	70	
Earnings Per Share:									
Basic	\$ 0.17	\$ (0.12)	\$ (0.15)						
Diluted	\$ 0.16	\$ (0.12)	\$ (0.15)						
Other Data:									
Adjusted EBITDA	\$ 140	\$ 102	\$ 442	\$ 132	\$ 96	\$ 417	\$ 469	\$ 433	
Free Cash Flow				\$ (20)	\$ (4)	\$ 123	\$ 50	\$ 95	

	Pro Forma as of March 31,		As of March 31,		As of December 31,		
	2021	2020	2021	2020	2019	2018	
<i>(In millions)</i>							
Financial Position:							
Cash and cash equivalents		\$ 228	\$ 414	\$ 328	\$ 200	\$ 300	
Total assets ⁽¹⁾		6,881	7,120	6,548	6,151	4,974	
Long-term debt and finance lease liabilities		923	586	615	642	930	
Total equity		2,451	3,043	2,948	2,697	2,574	

(1) We adopted Accounting Standards Update 2016-02, Leases (Topic 842) prospectively on January 1, 2019. Our historical total assets as of March 31, 2021, December 31, 2020 and 2019 include operating lease assets of \$1,733 million, \$1,434 million and \$1,458 million, respectively.

The tables below reconcile our non-GAAP measures to the nearest financial measure that is in accordance with accounting principles generally accepted in the United States (“GAAP”) for the periods presented.

	Pro Forma			Adjusted EBITDA					
	Three Months Ended March 31,		Year Ended December 31,	Three Months Ended March 31,		Years Ended December 31,			
	2021	2020	2020	2021	2020	2020	2019	2018	
<i>(In millions)</i>									
Net income (loss) attributable to GXO	\$ 18	\$ (11)	\$ (14)	\$ 14	\$ (12)	\$ (31)	\$ 60	\$ 70	
Net income attributable to noncontrolling interest	(3)	(2)	(9)	(3)	(2)	(9)	(21)	(20)	
Net income (loss)	21	(9)	(5)	17	(10)	(22)	81	90	
Interest expense	7	9	31	5	7	24	33	30	
Income tax provision	11	8	15	9	6	16	37	36	
Depreciation and amortization expense ⁽¹⁾	79	77	325	79	76	323	302	261	
Transaction and integration costs	18	17	47	18	17	47	1	9	
Restructuring costs	4	—	29	4	—	29	15	7	
Adjusted EBITDA	\$ 140	\$ 102	\$ 442	\$ 132	\$ 96	\$ 417	\$ 469	\$ 433	

(1) Includes amortization of acquisition-related intangible assets of \$14 million for the three months ended March 31, 2021 and 2020 and \$57 million, \$60 million and \$64 million in 2020, 2019 and 2018, respectively.

<i>(In millions)</i>	Free Cash Flow				
	Three Months Ended March 31,		Years Ended December 31,		
	2021	2020	2020	2019	2018
Net cash provided by operating activities	\$ 47	\$ 41	\$ 333	\$ 145	\$ 335
Cash collected on deferred purchase price receivables	—	—	—	112	—
Payment for purchases of property and equipment	(67)	(48)	(222)	(222)	(270)
Proceeds from sale of property and equipment	—	3	12	15	30
Free Cash Flow	\$ (20)	\$ (4)	\$ 123	\$ 50	\$ 95

Statement Regarding Non-GAAP Measures

GXO's non-GAAP financial measures for the three months ended March 31, 2021 and 2020 and the years ended December 31, 2020, 2019 and 2018 and the unaudited pro forma financial data for the three months ended March 31, 2021 and 2020 and the year ended December 31, 2020 used in this statement include adjusted earnings before interest, taxes, depreciation and amortization ("Adjusted EBITDA") and free cash flow on a combined basis.

We believe the above adjusted financial measures facilitate analysis of our ongoing business operations because they exclude items that may not be reflective of, or are unrelated to, GXO's core operating performance, and may assist investors with comparisons to prior periods and assessing trends in our underlying business. Other companies may calculate these non-GAAP financial measures differently, and therefore our measures may not be comparable to similarly titled measures of other companies. These non-GAAP financial measures should only be used as supplemental measures of our operating performance.

Adjusted EBITDA is calculated as Net income (loss) excluding interest, taxes, depreciation and amortization, and include adjustments for transaction and integration costs, as well as restructuring costs as set forth in the above table. Transaction and integration costs are generally incremental expenses that result from an actual or planned acquisition, divestiture or spin-off and may include third-party financial, legal and tax expenditures, consulting fees and retention awards. Restructuring costs primarily relate to severance costs associated with business optimization initiatives. Management uses these non-GAAP financial measures in making financial, operating and planning decisions and evaluating GXO's ongoing performance.

We believe that adjusted EBITDA improves comparability from period to period by removing the impact of our capital structure (interest and financing expenses), asset base (depreciation and amortization), tax impacts and other adjustments that management has determined are not reflective of core operating activities and thereby assists investors with assessing trends in our underlying business.

We believe that free cash flow is an important measure of our ability to repay maturing debt or fund other uses of capital that we believe will enhance stockholder value. We calculate free cash flow as net cash provided by operating activities plus cash collected on deferred purchase price receivables, less payment for purchases of property and equipment plus proceeds from sale of property and equipment.

RISK FACTORS

You should carefully consider the following risks and other information in this information statement in evaluating GXO and GXO common stock (“our stock” or “our common stock”). Any of the following risks and uncertainties could materially adversely affect our business, financial condition or results of operations.

Risks Related to Our Business

Risks Related to Our Strategy and Operations

We operate in a highly competitive industry, and failure to compete or respond to customer requirements could negatively affect our business and our results of operations.

The logistics industry is intensely competitive and is expected to remain so for the foreseeable future. We compete against multinational firms, regional players and emerging technology companies. We also must contend with our customers’ ability to in-source their logistics operations. The primary competitive factors that are most important to our customers are price and quality of service. Many larger customers utilize the services of multiple logistics providers. Customers regularly solicit bids from competitors in order to improve service and to secure favorable pricing and contractual terms such as longer payment terms, fixed-price arrangements, higher or unlimited liability limits and performance penalties. Increased competition and competitors’ acceptance of more onerous contractual terms could result in reduced revenues, reduced margins, higher operating costs or loss of market share, any of which could have a material adverse effect on our results of operations, cash flows and financial condition.

Increases in our labor costs to attract, train and retain employees may have a material adverse effect on us.

Our workforce is comprised primarily of employees who work on an hourly basis. To grow our operations and meet the needs and expectations of our customers, we must attract, train and retain a large number of hourly employees, while at the same time controlling labor costs. Several of our long-term customer contracts are fixed-price arrangements that limit our ability to pass on to our customers increases in labor costs due to low unemployment, increases in government unemployment benefits, competitive pressures, union activity or changes in federal or state minimum wage or overtime laws, and any such increases in labor costs could adversely affect our business, results of operations, cash flows and financial condition. For instance, our labor costs increased because of the COVID-19 pandemic, in part due to increased staffing needs, wage increases (including increases we awarded for pandemic frontline service) and increases in government unemployment benefits that have incentivized potential employees to remain out of the workforce in areas where we operate.

Additionally, our operations are subject to various employment related laws and regulations, which govern matters such as minimum wages, union organizing rights, the classification of employees and independent contractors, family and medical leave, overtime pay, compensable time, recordkeeping and other working conditions, and a variety of similar laws that govern these and other employment related matters. Any changes to employment related laws and regulations, including increased minimum wages, the expansion of union organization rights or changes in the classification of employees and independent contractors, could result in increased labor costs that could adversely affect our business, results of operations, cash flows and financial condition.

We are currently subject to employment related claims in connection with our operations. These claims, lawsuits and proceedings are in various stages of adjudication or investigation and involve a wide variety of claims and potential outcomes. Because labor represents a significant portion of our operating expenses, compliance with these evolving laws and regulations could substantially increase our cost of doing business, while failure to do so could subject us to significant fines and lawsuits and could have a material adverse effect on our business, financial condition and results of operations.

We depend on our ability to attract and retain qualified employees and temporary workers.

We depend on our ability to attract and retain qualified talent, including temporary, part-time and full-time team members; managers; and executive officers. If we are unable to attract and retain such individuals, we may be

unable to maintain our current competitive position within the industry, meet our customers' expectations or successfully expand and grow our business.

In addition to our permanent employees, our ability to meet customer demands and expectations, especially during periods of peak volume, is substantially dependent on our ability to recruit and retain qualified temporary workers. Increased demand for temporary workers, low unemployment or changes in federal or state minimum wage laws may increase the costs of temporary labor, and any such increases in labor costs could adversely affect our business, results of operations, cash flows and financial condition. Moreover, our inability to recruit a qualified temporary workforce may result in our inability to meet our customers' performance targets.

Economic recessions and other factors that reduce consumer spending, both in North America and Europe, could have a material adverse impact on our business.

Our performance is affected by recessionary economic cycles, downturns in customers' business cycles, and changes in customers' business practices. Our customers experience cyclical fluctuations in demand for their products due to economic recessions, which reduces the demand for our services and could adversely affect our business, results of operations, cash flows and financial condition.

Our past acquisitions, as well as any acquisitions that we may complete in the future, may be unsuccessful or result in other risks or developments that adversely affect our financial condition and results.

While we intend for our acquisitions to improve our competitiveness and profitability, we cannot be certain that our past or future acquisitions will be accretive to earnings or otherwise meet our operational or strategic expectations. Special risks, including accounting, regulatory, compliance, information technology or human resources issues, may arise in connection with, or as a result of, the acquisition of an existing company, including the assumption of unanticipated liabilities and contingencies, difficulties in integrating acquired businesses, possible management distractions, or the inability of the acquired business to achieve the levels of revenue, profit, productivity or synergies we anticipate or otherwise perform as we expect on the timeline contemplated. We are unable to predict all of the risks that could arise as a result of our acquisitions.

If the performance of an acquired business, including our January 2021 acquisition of the majority of Kuehne + Nagel's logistics operations in the U.K., varies from our projections or assumptions, or if estimates about the future profitability of an acquired business change, our revenues, earnings or other aspects of our financial condition could be adversely affected. We may also experience difficulties in connection with integrating any acquired companies into our existing businesses and operations, including our existing infrastructure and information technology systems. The infrastructure and information technology systems of acquired companies could present issues that we were unable to identify prior to the acquisition and that could adversely affect our financial condition and results; we have experienced challenges of this nature relating to the infrastructure and systems of certain past companies that we acquired. Also, we may not realize all of the synergies we anticipate from past and potential future acquisitions. Among the synergies that we currently expect to realize are cross-selling opportunities to our existing customers, network synergies and other operational synergies. Any of these events could adversely affect our financial condition and results of operations.

We may not successfully manage our growth.

We have grown rapidly and substantially over prior years, including by expanding our internal resources, making acquisitions and entering into new markets, and we intend to continue to focus on rapid growth, including organic growth and additional acquisitions. We may experience difficulties and higher-than-expected expenses in executing this strategy as a result of unfamiliarity with new markets, changes in revenue and business models, entry into new geographic areas and increased pressure on our existing infrastructure and information technology systems.

Our growth will place a significant strain on our management, operational, financial and information technology resources. We will need to continually improve existing procedures and controls, as well as implement new transaction processing, operational and financial systems, and procedures and controls to expand, train and manage our employee base. Our working capital needs will continue to increase as our operations grow. Failure to manage

our growth effectively, or obtain necessary working capital, could have a material adverse effect on our business, results of operations, cash flows and financial condition.

Our overseas operations are subject to various operational and financial risks that could adversely affect our business.

The services we provide outside the U.S. are subject to risks resulting from changes in tariffs, trade restrictions, trade agreements, tax policies, difficulties in managing or overseeing foreign operations and agents, different liability standards, issues related to compliance with anti-corruption laws, such as the Foreign Corrupt Practices Act and the U.K. Bribery Act, data protection, trade compliance, and intellectual property laws of countries that do not protect our rights relating to our intellectual property, including our proprietary information systems, to the same extent as do U.S. laws. The occurrence or consequences of any of these factors may restrict our ability to operate in the affected region or decrease the profitability of our operations in that region. In addition, as we expand our business in foreign countries, we will be exposed to increased risk of loss from foreign currency fluctuations and exchange controls.

We are exposed to currency exchange rate fluctuations because a significant proportion of our assets, liabilities and earnings are denominated in foreign currencies.

We present our financial statements in U.S. dollars, but we have a significant proportion of our net assets and income in non-U.S. dollar currencies, primarily the euro and British pound sterling. Consequently, a depreciation of non-U.S. dollar currencies relative to the U.S. dollar could have an adverse impact on our financial results.

The economic uncertainties relating to eurozone monetary policies may cause the value of the euro to fluctuate against other currencies. Currency volatility contributes to variations in our sales of products and services in impacted jurisdictions. For example, in the event that one or more European countries were to replace the euro with another currency, our sales into such countries, or in Europe generally, would likely be adversely affected until stable exchange rates are established. Accordingly, fluctuations in currency exchange rates could adversely affect our business and financial condition in Europe and the business of the combined company.

Our ability to successfully manage the costs and operational difficulties of adding new customers and business may negatively affect our financial condition and operations.

Establishing new customer relationships or adding operational sites for existing customers requires a significant amount of time, operational focus and capital. Although we typically partner with our new customers to ensure that onboarding is smooth and allocate costs appropriately, our inability to integrate new customers or operational sites into our technology systems or recruit additional employees to manage new customer relationships, or higher than anticipated costs to onboard new customers may negatively affect our financial condition or operations.

In addition, our operations can require a significant commitment of capital in the form of shelving, racking and other warehousing systems that may be required to implement warehouse solutions for our customers. These costs are often paid back by the customer over a specified period of time associated with the expected length of the customer relationship. To the extent that a customer defaults on its obligations under its agreement with us, we could be forced to take a significant loss on the unrecovered portion of this upfront capital cost.

The contractual terms between us and our customers could expose us to penalties and costs in the event we do not meet the contractually prescribed performance levels.

We maintain long-term contracts with the majority of our customers, many of which include performance-based minimum levels of service. Although we manage our business to exceed prescribed performance levels, our inability to meet these service levels, due to labor shortages, volume peaks, our inability to procure temporary labor, technological malfunctions or other events that may or may not be within our control, may expose us to penalties or incremental costs or lead to the termination of customer contracts, all of which could negatively affect our business and financial condition.

Our operations are subject to seasonal fluctuations, and our inability to manage these fluctuations could negatively affect our business and our results of operations.

Many of our customers typically realize a significant portion of their sales in the fourth quarter of each year during the holiday season. Although not all of our customers experience the same seasonal variation, and some customers may have seasonal peaks that occur in periods other than the fourth quarter, the seasonality of our customers' businesses places higher demands on our services, requiring us to take measures, including temporarily expanding our workforce, to meet our customers' demands. Our failure to meet our customers' expectations during these seasonal peaks may negatively affect our customer relationships, could expose us to penalties under our contractual arrangements with customers and ultimately could negatively affect our business and our results of operations.

The COVID-19 pandemic could have a material adverse effect on our business operations, results of operations, cash flows and financial position.

We are closely monitoring the impact of the COVID-19 pandemic on all aspects of our business and geographies, including how it has and may continue to impact our customers, employees and other business partners. The COVID-19 pandemic has created significant volatility, uncertainty and economic disruption, which has and may continue to adversely affect our business operations and may materially and adversely affect our results of operations, cash flows and financial position.

The effects of the COVID-19 pandemic may remain prevalent for a significant period of time and may continue to adversely affect our business, results of operations and financial condition even after the COVID-19 outbreak has subsided. The extent to which the COVID-19 pandemic impacts us will depend on numerous evolving factors and future developments that we are not able to predict. Furthermore, the extent and pace of a recovery remains uncertain and may differ significantly among the countries in which we operate. We anticipate that our results of operations will continue to be impacted by this pandemic in 2021, and the pandemic could have a material impact on our results of operations and heighten many of our known risks described herein.

Risks Related to Our Use of Technology

Our business will be seriously harmed if we fail to develop, implement, maintain, upgrade, enhance, protect and integrate our information technology systems, including those systems of any businesses that we acquire.

We rely heavily on our information technology systems in managing our business; they are a key component of our customer-facing services and internal growth strategy. In general, we expect our customers to continue to demand more sophisticated, fully integrated technology from their logistics providers. To keep pace with changing technologies and customer demands, we must correctly address market trends and enhance the features and functionality of our proprietary technology platform in response to these trends. This process of continuous enhancement may lead to significant ongoing software development costs, which will continue to increase if we pursue new acquisitions of companies and their current systems. In addition, we may fail to accurately determine the needs of our customers or trends in the logistics industry, or we may fail to respond appropriately by implementing functionality for our technology platform in a timely or cost-effective manner. Any such failures could result in decreased demand for our services and a corresponding decrease in our revenues.

We must ensure that our information technology systems remain competitive. If our information technology systems are unable to manage high volumes with reliability, accuracy and speed as we grow, or if such systems are not suited to manage the various services we offer, our service levels and operating efficiency could decline. In addition, if we fail to hire and retain qualified personnel to implement, protect and maintain our information technology systems, or if we fail to enhance our systems to meet our customers' needs, our results of operations could be seriously harmed.

Our technology may not be successful or may not achieve the desired results, and we may require additional training or different personnel to successfully implement this technology. Our technology development process may be subject to cost overruns or delays in obtaining the expected results, which may result in disruptions to our operations.

A failure of our information technology infrastructure or a breach of our information systems, networks or processes may materially adversely affect our business.

The efficient operation of our business depends on our information technology systems. We rely on our information technology systems to effectively manage our sales and marketing, financial, legal and compliance functions, engineering and product development tasks, research and development data, communications, logistics order entry and fulfillment and other business processes. We also rely on third parties and virtualized infrastructure to operate our information technology systems. Despite significant testing for risk management, external and internal risks, such as malware, insecure coding, “Acts of God,” data leakage and human error pose a direct threat to the stability or effectiveness of our information technology systems and operations. The failure of our information technology systems to perform as we anticipate could adversely affect our business through transaction errors, billing and invoicing errors, internal recordkeeping and reporting errors, processing inefficiencies and loss of sales, receivables collection or customers. Any such failure could result in harm to our reputation and have an ongoing adverse impact on our business, results of operations and financial condition, including after the underlying failures have been remedied.

We may also be subject to cybersecurity attacks and other intentional hacking. Any failure to identify and address such defects or errors or prevent a cyber-attack could result in service interruptions, operational difficulties, loss of revenues or market share, liability to our customers or others, the diversion of corporate resources, injury to our reputation or increased service and maintenance costs. Addressing such issues could prove to be impossible or very costly and responding to the resulting claims or liability could similarly involve substantial cost. In addition, recently, regulatory and enforcement focus on data protection has heightened in the U.S. and abroad, particularly in the EU, and failure to comply with applicable U.S. or foreign data protection regulations or other data protection standards may expose us to litigation, fines, sanctions or other penalties, which could harm our business, its reputation, results of operations and financial condition.

Issues related to the intellectual property rights on which our business depends, whether related to our failure to enforce our own rights or infringement claims brought by others, could have a material adverse effect on our business, financial condition and results of operations.

We use both internally developed and purchased technologies in conducting our business. Whether internally developed or purchased, it is possible that users of these technologies could be claimed to infringe upon or violate the intellectual property rights of third parties. In the event that a claim is made against us by a third-party for the infringement of intellectual property rights, a settlement or adverse judgment against us could result in increased costs to license the technology or a legal prohibition against our using the technology. Thus, our failure to obtain, maintain or enforce our intellectual property rights could have a material adverse effect on our business, financial condition and results of operations.

We rely on a combination of intellectual property rights, including patents, copyrights, trademarks, domain names, trade secrets, intellectual property licenses and other contractual rights, to protect our intellectual property and technology. Any of our owned or licensed intellectual property rights could be challenged, invalidated, circumvented, infringed or misappropriated; our trade secrets and other confidential information could be disclosed in an unauthorized manner to third parties; or we may fail to secure the rights to intellectual property developed by our employees, contractors and others. Efforts to enforce our intellectual property rights may be time-consuming and costly, distract management’s attention, divert our resources and ultimately be unsuccessful. Moreover, should we fail to develop and properly manage future intellectual property, this could adversely affect our market positions and business opportunities.

Risks Related to Third-Party Relationships

Our business may be materially adversely affected by labor disputes or organizing efforts.

Labor disputes involving our customers could affect our operations. If our customers experience plant slowdowns or closures because they are unable to negotiate labor contracts, our revenue and profitability could be negatively impacted. In particular, we derive a substantial portion of our revenue from the operation and management of facilities that are often located in close proximity to a customer’s manufacturing plant and are

integrated into the customer's production line process. If any of our customers are affected by labor disputes and consequently cease or significantly modify their operations at a plant served by us, we may experience significant revenue loss and shutdown costs, including costs related to early termination of leases, causing our business to suffer.

In Europe, our business activities rely on a large amount of labor, including a number of workers who are affiliated with trade unions and other staff representative institutions. It is essential that we maintain good relations with employees, trade unions and other staff representative institutions. A deteriorating economic environment may result in tensions in industrial relations, which may lead to industrial action within our European operations; this could have a direct impact on our business operations. Generally, any deterioration in industrial relations in our European operations, such as general strike activities or other material labor disputes, could have an adverse effect on our revenues, earnings, financial position and outlook.

Although our work force in the United States is not unionized, labor unions have, from time to time, attempted to organize our employees. Successful unionization by our employees or organizing efforts could lead to business interruptions, work stoppages and the reduction of service levels due to work rules that could have an adverse effect on our customer relationships and our revenues, earnings, financial position and outlook.

Our business uses a large number of temporary workers in our operations. Any failure to properly manage our temporary workers could have a material adverse impact on our revenues, earnings, financial position and outlook.

We make significant use of temporary staff. We cannot guarantee that temporary workers are as well-trained as our other employees. Specifically, we may be exposed to the risk that temporary workers may not perform their assignments in a satisfactory manner or may not comply with our safety rules in an appropriate manner, whether as a result of their lack of experience or otherwise. If such risks materialize, they could have a material adverse effect on our business and financial condition.

Risks Related to Litigation and Regulations

From time to time, we are involved in lawsuits and are subject to various claims that could result in significant expenditures and impact our operations.

The nature of our business exposes us to the potential for various types of claims and litigation. We are subject to claims and litigation related to labor and employment, personal injury, vehicular accidents, cargo and other property damage, business practices, environmental liability and other matters, including with respect to claims asserted under various other theories of agency or employer liability. Claims against us may exceed the amount of insurance coverage that we have or may not be covered by insurance at all. Businesses that we acquire also increase our exposure to litigation. Material increases in liability claims or workers' compensation claims, or the unfavorable resolution of claims, or our failure to recover, in full or in part, under indemnity provisions could materially and adversely affect our operating results. In addition, significant increases in insurance costs or the inability to purchase insurance as a result of these claims could reduce our profitability.

We are subject to risks associated with defined benefit plans for our current and former employees, which could have a material adverse effect on our earnings and financial position.

We maintain defined benefit pension plans and a postretirement medical plan. Our defined benefit pension plans include funded and unfunded plans in the U.S. and the U.K. A decline in interest rates or lower returns on funded plan assets may cause increases in the expense and funding requirements for these defined benefit pension plans and for our postretirement medical plan. Despite past amendments that froze our defined benefit pension plans to new participants and curtailed benefits, these pension plans remain subject to volatility associated with interest rates, inflation, returns on plan assets, other actuarial assumptions and statutory funding requirements. In addition to being subject to volatility associated with interest rates, our postretirement medical plan remains subject to volatility associated with actuarial assumptions and trends in healthcare costs. Any of the aforementioned factors could lead to a significant increase in the expense of these plans and a deterioration in the solvency of these plans, which could

significantly increase our contribution requirements. As a result, we are unable to predict the effect on our financial statements associated with our defined benefit pension plans and our postretirement medical plan.

Changes in income tax regulations for U.S. and multinational companies may increase our tax liability.

The U.S. Congress, the Organization for Economic Co-operation and Development (“OECD”), the EU, and other government agencies in jurisdictions in which we and our affiliates do business have maintained a focus on the taxation of multinational companies. The OECD has recommended changes to numerous long-standing international tax principles through its base erosion and profit shifting (“BEPS”) project. These and other tax laws and related regulation changes, to the extent adopted, may increase tax uncertainty, result in higher compliance cost and adversely affect our provision for income taxes, results of operations and/or cash flow.

We are subject to regulation, which could negatively impact our business.

Our operations are regulated and licensed by various governmental agencies at the local, state and federal levels in the U.S. and in the foreign countries where we operate. These regulatory agencies have authority and oversight of domestic and international activities. Our subsidiaries must also comply with applicable regulations and requirements of various agencies.

The regulatory landscape in which we operate is constantly evolving and subject to significant change, including as a result of evolving political and social attitudes. Future laws, regulations and regulatory reforms, including without limitation future laws and regulations related to increased minimum wages, the expansion of union organization rights or changes in the classification of employees and independent contractors, may be more stringent and may require changes to our operating practices that influence the demand for our services or require us to incur significant additional costs. We are unable to predict the impact that recently enacted and future regulations may have on our business. If higher costs are incurred by us as a result of future changes in regulations, this could adversely affect our results of operations to the extent we are unable to obtain a corresponding increase in price from our customers.

Proposed or pending legislative or regulatory changes, or future legislative or regulatory changes, at the federal, state or local level could decrease demand for our services, increase our costs, including our labor costs, and negatively affect our business and our results of operations.

Our business is subject to possible regulatory and legislative changes that may impact our operations, including but not limited to changes that would encourage workers to unionize, make it easier for workers to collectively bargain, increase operational requirements on our business or mandate certain restrictions on the use of individual workers, including how often they can work or how long they can work in any individual shift. Any and all of these changes or other similar changes could have significant implications for our business model, including increasing our labor costs, reducing our operational flexibility and depressing our ability to meet our customers’ expectations and demands, all of which would negatively affect our business and our results of operations.

The enactment of proposed or future legislation by Congress could change union organization rights, resulting in increased efforts by workers to unionize. If such legislation is enacted at the federal, state or local level, such efforts could distract our management team, result in business interruptions, work stoppages and the reduction of service levels due to work rules that could have an adverse effect on our customer relationships and our revenues, earnings, financial position and outlook, and could adversely affect our business by increasing our labor costs. Recent regulatory proposals and statements by the Biden administration suggest that certain regulatory bodies, including the National Labor Relations Board, Occupational Safety and Health Administration (“OSHA”) and the Equal Employment Opportunity Commission, may promulgate regulations that could limit our operational flexibility. If such regulations are adopted, they could increase our cost of operations or hinder our ability to meet our customers’ expectations and demands, either of which would negatively affect our business and our results of operations.

Additionally, significant regulatory changes at the federal, state or local level may negatively affect economic output, cause growth to slow, reduce consumer spending and sentiment and result in weaker demand for our services, negatively affecting our business and our results of operations.

Risks Related to the Separation and Distribution

We have no history of operating as an independent company, and our historical and pro forma financial information is not necessarily representative of the results that we would have achieved as a separate, publicly traded company and may not be a reliable indicator of our future results.

The historical information about GXO in this information statement refers to the GXO Businesses as operated by and integrated with XPO. Our historical financial information included in this information statement is derived from XPO's accounting records and is presented on a standalone basis as if the GXO Businesses have been conducted independently from XPO. Additionally, the pro forma financial information included in this information statement is derived from our historical financial information and (i) gives effect to the separation and (ii) reflects GXO's anticipated post-separation capital structure, including the assignment of certain assets and assumption of certain liabilities not included in the historical financial statements. Accordingly, the historical and pro forma financial information does not necessarily reflect the financial condition, results of operations or cash flows that we would have achieved as a separate, publicly traded company during the periods presented or those that we will achieve in the future primarily as a result of the factors described below:

- Generally, our working capital requirements and capital for our general corporate purposes, including capital expenditures and acquisitions, have historically been satisfied as part of the corporate-wide cash management policies of XPO. Following the completion of the distribution, our results of operations and cash flows are likely to be more volatile, and we may need to obtain additional financing from banks, through public offerings or private placements of debt or equity securities, strategic relationships or other arrangements, which may or may not be available and may be more costly.
- Prior to the distribution, our business has been operated by XPO as part of its broader corporate organization, rather than as an independent company. XPO or one of its affiliates performed various corporate functions for us, such as legal, treasury, accounting, auditing, human resources, investor relations, and finance. Our historical and pro forma financial results reflect allocations of corporate expenses from XPO for such functions, which may be less than the expenses we would have incurred had we operated as a separate, publicly traded company.
- Currently, our business is integrated with the other businesses of XPO. Historically, we have shared economies of scope and scale in costs, employees, vendor relationships and customer relationships. While we have sought to minimize the impact on GXO when separating these arrangements, there is no guarantee these arrangements will continue to capture these benefits in the future.
- As a current part of XPO, we take advantage of XPO's overall size and scope to obtain more advantageous procurement terms. After the distribution, as a standalone company, we may be unable to obtain similar arrangements to the same extent that XPO did, or on terms as favorable as those XPO obtained, prior to completion of the distribution.
- After the completion of the distribution, the cost of capital for our business may be higher than XPO's cost of capital prior to the distribution.
- Our historical financial information does not reflect the debt that we will incur as part of the distribution.
- As an independent public company, we will separately become subject to, among other things, the reporting requirements of the Securities Exchange Act of 1934, the Sarbanes-Oxley Act, the Dodd-Frank Wall Street Reform and Consumer Protection Act, and the regulations of the NYSE and will be required to prepare our standalone financial statements according to the rules and regulations required by the SEC. These reporting and other obligations will place significant demands on our management and administrative and operational resources. Moreover, to comply with these requirements, we anticipate that we will need to migrate our systems, including information technology systems, implement additional financial and management controls, reporting systems and procedures and hire additional accounting and finance staff. We expect to incur additional annual expenses related to these steps, and those expenses may be significant. If we are unable to implement our financial and management controls, reporting systems, information technology

and procedures in a timely and effective fashion, our ability to comply with our financial reporting requirements and other rules that apply to reporting companies under the Securities Exchange Act of 1934 could be impaired.

Other significant changes may occur in our cost structure, management, financing and business operations as a result of operating as a company separate from XPO. For additional information about the past financial performance of our business and the basis of presentation of the historical combined financial statements and the unaudited pro forma condensed combined financial statements of our business, see “Unaudited Pro Forma Condensed Combined Financial Information,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the historical financial statements and accompanying notes included elsewhere in this information statement.

Following the separation and distribution, our financial profile will change, and we will be a smaller, less diversified company than XPO prior to the separation.

The separation will result in each of XPO and GXO being smaller, less diversified companies with more limited businesses concentrated in their respective industries. As a result, our company may be more vulnerable to changing market conditions, which could have a material adverse effect on our business, financial condition and results of operations. In addition, the diversification of our revenues, costs, and cash flows will diminish as a standalone company, such that our results of operations, cash flows, working capital and financing requirements may be subject to increased volatility and our ability to fund capital expenditures and investments, pay dividends and service debt may be diminished. Following the separation, we may also lose capital allocation efficiency and flexibility, as we will no longer be able to use cash flow from XPO to fund our investments into one of our other businesses.

We may not achieve some or all of the expected benefits of the separation and distribution, and the separation and distribution may materially adversely affect our business.

We may not be able to achieve the full strategic and financial benefits expected to result from the separation and distribution, or such benefits may be delayed or not occur at all. The distribution is expected to provide a number of benefits, including those described elsewhere in this information statement.

We may not achieve these and other anticipated benefits for a variety of reasons, including, among others: (i) the separation will demand significant management resources and require significant amounts of management’s time and effort, which may divert management’s attention from operating and growing our business; (ii) following the separation, we may be more susceptible to market fluctuations and other adverse events than if we were still a part of XPO because our business will be less diversified than XPO’s business prior to the completion of the separation; (iii) after the separation, as a standalone company, we may be unable to obtain certain goods, services and technologies at prices or on terms as favorable as those XPO obtained prior to completion of the separation; (iv) the separation may require us to pay costs that could be substantial and material to our financial resources, including insurance, accounting, tax, legal and other professional services costs, recruiting and relocation costs associated with hiring key senior management and personnel new to GXO, tax costs and costs to separate information systems; (v) under the terms of the tax matters agreement that we will enter into with XPO, we will be restricted from taking certain actions that could cause the distribution or certain related transactions (or certain transactions undertaken as part of the internal reorganization) to fail to qualify as tax-free, and these restrictions may limit us for a period of time from pursuing certain strategic transactions and equity issuances or engaging in other transactions that might increase the value of our business; and (vi) after the separation, we cannot predict the trading prices of GXO common stock or know whether the combined value of one share of our common stock and one share of XPO common stock will be less than, equal to or greater than the market value of one share of XPO common stock prior to the distribution. If we fail to achieve some or all of the benefits expected to result from the separation, or if such benefits are delayed, it could have a material adverse effect on our competitive position, business, financial condition, results of operations and cash flows.

XPO's plan to separate into two independent, publicly traded companies is subject to various risks and uncertainties and may not be completed in accordance with the expected plans or anticipated timeline, or at all, and will involve significant time and expense, which could disrupt or adversely affect our business.

XPO's separation into two independent, publicly traded companies is complex in nature, and unanticipated developments or changes, including changes in the law, the macroeconomic environment, competitive conditions of XPO's markets, regulatory approvals or clearances, the uncertainty of the financial markets and challenges in executing the separation, could delay or prevent the completion of the proposed separation, or cause the separation to occur on terms or conditions that are different or less favorable than expected. Additionally, the XPO board of directors, in its sole and absolute discretion, may decide not to proceed with the distribution at any time prior to the distribution date.

The process of completing the proposed separation has been and is expected to continue to be time-consuming and involves significant costs and expenses. The separation costs may be significantly higher than what we currently anticipate and may not yield a discernible benefit if the separation is not completed or is not well executed, or the expected benefits of the separation are not realized. Executing the proposed separation will also require significant amounts of management's time and effort, which may divert management's attention from operating and growing our business. Other challenges associated with effectively executing the separation include attracting, retaining and motivating employees during the pendency of the separation and following its completion; addressing disruptions to our supply chain, manufacturing, sales and distribution, and other operations resulting from separating XPO into two independent companies; and separating XPO's information systems.

Challenges in the commercial and credit environment may adversely affect the expected benefits of the separation, the expected plans or anticipated timeline to complete the separation and our future access to capital on favorable terms.

Volatility in the world financial markets could increase borrowing costs or affect our ability to access the capital markets. Our ability to issue debt or enter into other financing arrangements on acceptable terms could be adversely affected if there is a material decline in the demand for our services or in the solvency of our customers or suppliers or if there are other significantly unfavorable changes in economic conditions. These conditions may adversely affect our anticipated timeline to complete the separation and the expected benefits of the separation, including by increasing the time and expense involved in the separation.

We intend to incur, and may in the future incur, additional debt obligations that could adversely affect our business and profitability and our ability to meet other obligations.

We expect to complete one or more financing transactions on or prior to the completion of the distribution, with approximately all of the proceeds of such financings expected to be transferred to XPO, which will use such cash to repay existing indebtedness. As a result of such transactions, we anticipate having approximately \$800 million of indebtedness upon completion of the distribution. See "Description of Material Indebtedness." We may also incur additional indebtedness in the future.

This significant amount of debt could potentially have important consequences to us and our debt and equity investors, including:

- requiring a substantial portion of our cash flow from operations to make interest payments;
- making it more difficult to satisfy debt service and other obligations;
- increasing the risk of a future credit ratings downgrade of our debt, which could increase future debt costs and limit the future availability of debt financing;
- increasing our vulnerability to adverse economic and industry conditions;
- reducing the cash flow available to fund capital expenditures and other corporate purposes and to grow our business;

- limiting our flexibility in planning for, or reacting to, changes in our business and the industry;
- placing us at a competitive disadvantage relative to our competitors that may not be as highly leveraged with debt; and
- limiting our ability to borrow additional funds as needed or take advantage of business opportunities as they arise, pay cash dividends or repurchase common shares.

To the extent that we incur additional indebtedness, the foregoing risks could increase. In addition, our actual cash requirements in the future may be greater than expected. Our cash flow from operations may not be sufficient to repay all of the outstanding debt as it becomes due, and we may not be able to borrow money, sell assets or otherwise raise funds on acceptable terms, or at all, to refinance our debt.

We could experience temporary interruptions in business operations and incur additional costs as we build our information technology infrastructure and transition our data to our own systems.

We are in the process of creating our own, or engaging third parties to provide, information technology infrastructure and systems to support our critical business functions, including accounting and reporting, in order to replace many of the systems XPO currently provides to us. We may incur temporary interruptions in business operations if we cannot transition effectively from XPO's existing operating systems, databases and programming languages that support these functions to our own systems. Our failure to implement the new systems and transition our data successfully and cost-effectively could disrupt our business operations and have a material adverse effect on our profitability. In addition, our costs for the operation of these systems may be higher than the amounts reflected in our historical combined financial statements.

Our accounting, tax and other management systems and resources may not be adequately prepared to meet the financial reporting and other requirements to which we will be subject as a standalone, publicly traded company following the separation and distribution.

Our financial results previously were included within the combined results of XPO, and we believe that our reporting and control systems were appropriate for those of subsidiaries of a public company. However, we were not directly subject to the reporting and other requirements of the Securities Exchange Act of 1934. As a result of the distribution, we will be directly subject to reporting and other obligations under the Securities Exchange Act of 1934, including the requirements of Section 404 of the Sarbanes-Oxley Act, which will require annual management assessments of the effectiveness of our internal control over financial reporting and a report by our independent registered public accounting firm addressing these assessments. These reporting and other obligations will place significant demands on our management and administrative and operational resources, including accounting resources. We may not have sufficient time following the separation to meet these obligations by the applicable deadlines.

Moreover, to comply with these requirements, we anticipate that we will need to migrate our systems, including information technology systems, implement additional financial and management controls, reporting systems and procedures and hire additional accounting, tax and finance staff. We expect to incur additional annual expenses related to these steps, and those expenses may be significant. If we are unable to implement our financial and management controls, reporting systems, information technology and procedures in a timely and effective fashion, our ability to comply with our financial reporting requirements and other rules that apply to reporting companies under the Securities Exchange Act of 1934 could be impaired. In the event we are unable to implement a sufficient tax reporting system and related processes, we may be unable to comply with tax law and face penalties associated with our lack of compliance. Any failure to achieve and maintain effective internal controls could result in adverse regulatory consequences and/or loss of investor confidence, which could limit GXO's ability to access the global capital markets and could have a material adverse effect on our business, financial condition, results of operations, cash flows or the market price of GXO securities.

In connection with the separation into two public companies, each of XPO and GXO will indemnify each other for certain liabilities. If we are required to pay under these indemnities to XPO, our financial results could be negatively impacted. The XPO indemnities may not be sufficient to hold us harmless from the full amount of liabilities for which XPO will be allocated responsibility, and XPO may not be able to satisfy its indemnification obligations in the future.

Pursuant to the separation agreement and certain other agreements between XPO and GXO, each party will agree to indemnify the other for certain liabilities, in each case for uncapped amounts, as discussed further in the section titled “Certain Relationships and Related Party Transactions—Separation Agreement” of this information statement. Indemnities that we may be required to provide XPO are not subject to any cap, may be significant and could negatively impact our business. Third parties could also seek to hold us responsible for any of the liabilities that XPO has agreed to retain. Any amounts we are required to pay pursuant to these indemnification obligations and other liabilities could require us to divert cash that would otherwise have been used in furtherance of our operating business. Further, the indemnities from XPO for our benefit may not be sufficient to protect us against the full amount of such liabilities, and XPO may not be able to fully satisfy its indemnification obligations.

Moreover, even if we ultimately succeed in recovering from XPO any amounts for which we are held liable, we may be temporarily required to bear these losses ourselves. Each of these risks could negatively affect our business, results of operations and financial condition.

XPO may fail to perform under various transaction agreements that will be executed as part of the separation, or we may fail to have necessary systems and services in place when certain of the transaction agreements expire.

In connection with the separation and prior to the distribution, GXO and XPO will enter into the separation agreement and will also enter into various other agreements, including a transition services agreement, a tax matters agreement, an employee matters agreement and an intellectual property license agreement. The separation agreement, the tax matters agreement, the employee matters agreement and the intellectual property license agreement, together with the documents and agreements by which the internal reorganization will be effected, will determine the allocation of assets and liabilities between the companies following the separation for those respective areas and will include any necessary indemnifications related to liabilities and obligations. The transition services agreement will provide for the performance of certain services by each company for the benefit of the other for a period of time after the separation. GXO will rely on XPO to satisfy its performance and payment obligations under these agreements. If XPO is unable or unwilling to satisfy its obligations under these agreements, including its indemnification obligations, we could incur operational difficulties and/or losses. If we do not have in place our own systems and services, or if we do not have agreements with other providers of these services once certain transaction agreements expire, we may not be able to operate our business effectively, and our profitability may decline. We are in the process of creating our own, or engaging third parties to provide, systems and services to replace many of the systems and services that XPO currently provides to us. However, we may not be successful in implementing these systems and services in a timely manner or at all, we may incur additional costs in connection with, or following, the implementation of these systems and services, and we may not be successful in transitioning data from XPO’s systems to ours.

We may be held liable to XPO if we fail to perform certain services under the transition services agreement, and the performance of such services may negatively impact our business and operations.

In connection with the separation, GXO and XPO will enter into a transition services agreement that will provide for the performance of certain services by each company for the benefit of the other for a period of time after the separation. If we do not satisfactorily perform our obligations under the agreement, we may be held liable for any resulting losses suffered by XPO, subject to certain limits. In addition, during the transition services periods, our management and employees may be required to divert their attention away from our business in order to provide services to XPO, which could adversely affect our business.

The terms we will receive in our agreements with XPO could be less beneficial than the terms we may have otherwise received from unaffiliated third parties.

The agreements we will enter into with XPO in connection with the separation, including the separation agreement, a transition services agreement, a tax matters agreement, an employee matters agreement and an intellectual property license agreement, were prepared in the context of the separation while we were still a wholly owned subsidiary of XPO. Accordingly, during the period in which the terms of those agreements were prepared, we did not have an independent board of directors or a management team that was independent of XPO. As a result, the terms of those agreements may not reflect terms that would have resulted from arm's-length negotiations between unaffiliated third parties. See "Certain Relationships and Related Party Transactions."

If the distribution, together with certain related transactions, does not qualify as a transaction that is generally tax-free for U.S. federal income tax purposes, we, as well as XPO and XPO's stockholders, could be subject to significant tax liabilities, and, in certain circumstances, we could be required to indemnify XPO for material amounts of taxes and other related amounts pursuant to indemnification obligations under the tax matters agreement. In addition, if certain internal restructuring transactions were to fail to qualify as transactions that are generally tax-free for U.S. federal or non-U.S. income tax purposes, we, as well as XPO, could be subject to significant tax liabilities.

It is a condition to the distribution that XPO receives an opinion of its outside counsel, satisfactory to the XPO board of directors, regarding the qualification of the distribution, together with certain related transactions, as a "reorganization" within the meaning of Sections 355 and 368(a)(1)(D) of the Code. The opinion of counsel will be based upon and rely on, among other things, various facts and assumptions, as well as certain representations, statements and undertakings of XPO and GXO, including those relating to the past and future conduct of XPO and GXO. If any of these facts, assumptions, representations, statements or undertakings is, or becomes, inaccurate or incomplete, or if XPO or GXO breaches any of its representations or covenants contained in the separation agreement and certain other agreements and documents or in any documents relating to the opinion of counsel, the opinion of counsel may be invalid and the conclusions reached therein could be jeopardized.

Notwithstanding receipt of the opinion of counsel, the U.S. Internal Revenue Service (the "IRS") could determine that the distribution and/or certain related transactions should be treated as taxable transactions for U.S. federal income tax purposes if it determines that any of the representations, assumptions or undertakings upon which the opinion of counsel was based are false or have been violated. In addition, the opinion of counsel will represent the judgment of such counsel and will not be binding on the IRS or any court, and the IRS or a court may disagree with the conclusions in the opinion of counsel. Accordingly, notwithstanding receipt of the opinion of counsel, there can be no assurance that the IRS will not assert that the distribution and/or certain related transactions do not qualify for tax-free treatment for U.S. federal income tax purposes or that a court would not sustain such a challenge. In the event the IRS were to prevail with such challenge, we, as well as XPO and XPO's stockholders, could be subject to significant U.S. federal income tax liability.

If the distribution, together with certain related transactions, were to fail to qualify as a transaction that is generally tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code, in general, for U.S. federal income tax purposes, XPO would recognize taxable gain as if it had sold the GXO common stock in a taxable sale for its fair market value (unless XPO and we jointly make an election under Section 336(e) of the Code with respect to the distribution, in which case, in general, (a) the XPO group would recognize taxable gain as if we had sold all of our assets in a taxable sale in exchange for an amount equal to the fair market value of GXO common stock and the assumption of all our liabilities and (b) we would obtain a related step-up in the tax basis of our assets), and XPO stockholders who receive such GXO shares in the distribution would be subject to tax as if they had received a taxable distribution equal to the fair market value of such shares. For more information, see "Material U.S. Federal Income Tax Consequences."

In addition, as part of the separation, and prior to the distribution, XPO and its subsidiaries expect to complete the internal reorganization, and XPO, GXO and their respective subsidiaries expect to incur certain tax costs in connection with the internal reorganization, including non-U.S. tax costs resulting from transactions in non-U.S. jurisdictions, which may be material. With respect to certain transactions undertaken as part of the internal

reorganization, XPO intends to obtain opinions of external tax advisors, in each case, regarding the tax treatment of such transactions. Such opinions will be based upon and rely on, among other things, various facts and assumptions, as well as certain representations, statements and undertakings of XPO, GXO or their respective subsidiaries. If any of these representations or statements is, or becomes, inaccurate or incomplete, or if XPO, GXO or their respective subsidiaries do not fulfill or otherwise comply with any such undertakings or covenants, such opinions may be invalid or the conclusions reached therein could be jeopardized. Further, notwithstanding receipt of any such tax opinions, there can be no assurance that the relevant taxing authorities will not assert that the tax treatment of the relevant transactions differs from the conclusions reached in the relevant tax opinions. In the event any such tax opinions cannot be obtained or the relevant taxing authorities prevail with any challenge in respect of any relevant transaction, XPO, GXO and their subsidiaries could be subject to significant tax liabilities.

Under the tax matters agreement to be entered into between XPO and GXO in connection with the separation, we generally would be required to indemnify XPO for any taxes resulting from the separation (and any related costs and other damages) to the extent such amounts resulted from (i) an acquisition of all or a portion of the equity securities or assets of GXO, whether by merger or otherwise (and regardless of whether we participated in or otherwise facilitated the acquisition), (ii) certain other actions or failures to act by GXO, or (iii) any breach of GXO's covenants or undertakings contained in the separation agreement and certain other agreements and documents. Further, under the tax matters agreement, we generally would be required to indemnify XPO for a specified portion of any taxes (and any related costs and other damages) arising as a result of the failure of the distribution and certain related transactions to qualify as a transaction that is generally tax-free (including as a result of Section 355(e) of the Code) or a failure of any internal distribution that is intended to qualify as a transaction that is generally tax-free to so qualify, in each case, to the extent such amounts did not result from a disqualifying action by, or acquisition of equity securities of, XPO or GXO. Any such indemnity obligations could be material. For a more detailed discussion, see "Certain Relationships and Related Party Transactions—Tax Matters Agreement."

We may not be able to engage in desirable capital-raising or strategic transactions following the separation.

Under current U.S. federal income tax law, a spin-off that otherwise qualifies for tax-free treatment can be rendered taxable to the parent corporation and its stockholders as a result of certain post-spin-off transactions, including certain acquisitions of shares or assets of the spun-off corporation. For example, a spin-off may result in taxable gain to the parent corporation under Section 355(e) of the Code if it were later deemed to be part of a plan (or series of related transactions) pursuant to which one or more persons acquire, directly or indirectly, shares representing a 50 percent or greater interest (by vote or value) in the spun-off corporation. To preserve the U.S. federal income tax treatment of the separation and distribution, and in addition to our indemnity obligation described above, the tax matters agreement will restrict us, for the two-year period following the distribution, except in specific circumstances, from, among other things: (i) ceasing to actively conduct certain of our businesses; (ii) entering into certain transactions or series of transactions pursuant to which all or a portion of the shares of GXO stock would be acquired, whether by merger or otherwise; (iii) liquidating or merging or consolidating with any other person; (iv) issuing equity securities beyond certain thresholds; (v) repurchasing shares of GXO stock other than in certain open-market transactions; or (vi) taking or failing to take any other action that would jeopardize the expected U.S. federal income tax treatment of the distribution and certain related transactions. Further, the tax matters agreement will impose similar restrictions on us and our subsidiaries during the two-year period following the distribution that are intended to prevent certain transactions undertaken as part of the internal reorganization from failing to qualify as transactions that are generally tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code or for applicable non-U.S. income tax purposes. These restrictions may limit our ability to pursue certain equity issuances, strategic transactions, repurchases or other transactions that we may otherwise believe to be in the best interests of our stockholders or that might increase the value of our business. Also, we may be responsible for liabilities arising from the failure of the distribution, together with certain related transactions, to qualify for tax-free treatment (see the discussion under the section titled "Certain Relationships and Related Party Transactions—Tax Matters Agreement"), and our indemnity obligations for such liabilities under the tax matters agreement, may discourage, delay, or prevent certain third parties from acquiring us. For more information, see the sections titled "Certain Relationships and Related Party Transactions—Tax Matters Agreement" and "Material U.S. Federal Income Tax Consequences."

The transfer to us of certain contracts, permits and other assets and rights may require the consents or approvals of, or provide other rights to, third parties and governmental authorities. If such consents or approvals are not obtained, we may not be entitled to the benefit of such contracts, permits and other assets and rights, which could increase our expenses or otherwise harm our business and financial performance.

The separation agreement will provide that certain contracts, permits and other assets and rights are to be transferred from XPO or its subsidiaries to GXO or its subsidiaries in connection with the separation. The transfer of certain of these contracts, permits and other assets and rights may require consents or approvals of third parties or governmental authorities or provide other rights to third parties. In addition, in some circumstances, we and XPO are joint beneficiaries of contracts, and we and XPO may need the consents of third parties in order to split or separate the existing contracts or the relevant portion of the existing contracts to us or XPO.

Some parties may use consent requirements or other rights to seek to terminate contracts or obtain more favorable contractual terms from us, which, for example, could take the form of adverse price changes, require us to expend additional resources in order to obtain the services or assets previously provided under the contract or require us to seek arrangements with new third parties or obtain letters of credit or other forms of credit support. If we are unable to obtain required consents or approvals, we may be unable to obtain the benefits, permits, assets and contractual commitments that are intended to be allocated to us as part of our separation from XPO, and we may be required to seek alternative arrangements to obtain services and assets which may be more costly and/or of lower quality. The termination or modification of these contracts or permits or the failure to timely complete the transfer or separation of these contracts or permits could negatively impact our business, financial condition, results of operations and cash flows.

Until the distribution occurs, the XPO board of directors has sole and absolute discretion to change the terms of the separation and distribution in ways that may be unfavorable to us.

Until the distribution occurs, GXO will be a wholly-owned subsidiary of XPO. Accordingly, the XPO board of directors will have the sole and absolute discretion to determine and change the terms of the separation, including the establishment of the record date for the distribution and the distribution date. These changes could be unfavorable to us. In addition, the XPO board of directors, in its sole and absolute discretion, may decide not to proceed with the distribution at any time prior to the distribution date.

No vote of XPO stockholders is required in connection with the distribution. As a result, if you do not want to receive our common stock in the distribution, your sole recourse will be to divest yourself of your XPO common stock prior to the record date for the distribution.

No vote of XPO stockholders is required in connection with the distribution. Accordingly, if you do not want to receive our common stock in the distribution, your only recourse will be to divest yourself of your XPO common stock prior to the record date for the distribution.

Risks Related to Our Common Stock

We cannot be certain that an active trading market for our common stock will develop or be sustained after the distribution and, following the distribution, our stock price may fluctuate significantly.

A public market for our common stock does not currently exist. We anticipate that on or prior to the record date for the distribution, trading of shares of our common stock will begin on a “when-issued” basis and will continue through the distribution date. However, we cannot guarantee that an active trading market will develop or be sustained for our common stock after the distribution, nor can we predict the prices at which shares of our common stock may trade after the distribution. Similarly, we cannot predict the effect of the distribution on the trading prices of our common stock or whether the combined market value of one share of our common stock and one share of XPO common stock will be less than, equal to or greater than the market value of one share of XPO common stock prior to the distribution.

Until the market has fully evaluated XPO’s businesses without GXO, the price at which each share of XPO common stock trades may fluctuate more significantly than might otherwise be typical, even with other market

conditions, including general volatility, held constant. Similarly, until the market has fully evaluated our business as a standalone entity, the prices at which shares of our common stock trade may fluctuate more significantly than might otherwise be typical, even with other market conditions, including general volatility, held constant. The increased volatility of our stock price following the distribution may have a material adverse effect on our business, financial condition and results of operations. The market price of our common stock may fluctuate significantly due to a number of factors, some of which may be beyond our control, including:

- actual or anticipated fluctuations in our operating results;
- changes in earnings estimated by securities analysts or our ability to meet those estimates;
- the operating and stock price performance of comparable companies;
- changes to the regulatory and legal environment under which we operate;
- actual or anticipated fluctuations in commodities prices; and
- domestic and worldwide economic conditions.

There may be substantial and rapid changes in our stockholder base, which may cause our stock price to fluctuate significantly.

Many investors holding shares of XPO common stock may hold that stock because of a decision to invest in a company with XPO's profile. Following the distribution, the shares of GXO common stock held by those investors will represent an investment in a company with a different profile. This may not be aligned with a holder's investment strategy and may cause the holder to sell the shares rapidly. As a result, the price of GXO common stock may decline or experience volatility as GXO's stockholder base changes.

A significant number of shares of our common stock may be sold following the distribution, which may cause our stock price to decline.

Any sales of substantial amounts of our common stock in the public market or the perception that such sales might occur, in connection with the distribution or otherwise, may cause the market price of our common stock to decline. Upon completion of the distribution, we expect that we will have an aggregate of approximately [] shares of our common stock issued and outstanding. Shares distributed to XPO stockholders in the separation will generally be freely tradeable without restriction or further registration under the U.S. Securities Act of 1933, as amended (the "Securities Act"), except for shares owned by one of our "affiliates," as that term is defined in Rule 405 under the Securities Act.

We are unable to predict whether large amounts of our common stock will be sold in the open market following the distribution. We are also unable to predict whether a sufficient number of buyers of our common stock to meet the demand to sell shares of our common stock at attractive prices would exist at that time.

Any stockholder's percentage of ownership in GXO may be diluted in the future at any given time.

In the future, your percentage ownership in GXO may be diluted because of equity issuances for acquisitions, capital market transactions or otherwise, including any equity awards that we will grant to our directors, officers and employees. Our employees will have stock-based awards that correspond to shares of our common stock after the distribution as a result of conversion of their XPO stock-based awards. We anticipate that the compensation committee of our board of directors will grant additional stock-based awards to our employees after the distribution. Such awards will have a dilutive effect on the number of GXO shares outstanding, and therefore on our earnings per share, which could adversely affect the market price of our common stock. From time to time, we will issue additional stock-based awards to our employees under our employee benefits plans.

We cannot guarantee the timing, amount or payment of dividends on our common stock.

The payment of any dividends in the future, and the timing and amount thereof, is within the discretion of GXO's board of directors. The board of directors' decisions regarding the payment of dividends will depend on many factors, such as our financial condition, earnings, capital requirements, debt service obligations, restrictive covenants in our debt, industry practice, legal requirements, regulatory constraints and other factors that our board of directors deems relevant. Our ability to pay dividends will depend on our ongoing ability to generate cash from operations and on our access to the capital markets. We cannot guarantee that we will pay a dividend in the future or continue to pay any dividends if and when we commence paying dividends. For more information, see "Dividend Policy."

Certain provisions in GXO's amended and restated certificate of incorporation and bylaws, and of Delaware law, may prevent or delay an acquisition of GXO, which could decrease the trading price of GXO's common stock.

Our amended and restated certificate of incorporation and amended and restated bylaws will contain, and Delaware law contains, provisions that are intended to deter coercive takeover practices and inadequate takeover bids by making such practices or bids unacceptably expensive to the bidder and to encourage prospective acquirers to negotiate with our board of directors rather than to attempt a hostile takeover. These provisions are expected to include, among others:

- the ability of our remaining directors to fill vacancies on our board of directors;
- limitations on stockholders' ability to call a special stockholder meeting or act by written consent;
- rules regarding how stockholders may present proposals or nominate directors for election at stockholder meetings; and
- the right of our board of directors to issue preferred stock without stockholder approval.

In addition, we expect to be subject to Section 203 of the Delaware General Corporate Law (the "DGCL"), which could have the effect of delaying or preventing a change of control that you may favor. Section 203 provides that, subject to limited exceptions, persons that acquire, or are affiliated with persons that acquire, more than 15% of the outstanding voting stock of a Delaware corporation may not engage in a business combination with that corporation, including by merger, consolidation or acquisitions of additional shares, for a three-year period following the date on which that person or any of its affiliates becomes the holder of more than 15% of the corporation's outstanding voting stock.

We believe these provisions will protect our stockholders from coercive or otherwise unfair takeover tactics by requiring potential acquirers to negotiate with our board of directors and by providing our board of directors with more time to assess any acquisition proposal. These provisions are not intended to make GXO immune from takeovers; however, these provisions will apply even if the offer may be considered beneficial by some stockholders and could delay or prevent an acquisition that our board of directors determines is not in the best interests of GXO and our stockholders. These provisions may also prevent or discourage attempts to remove and replace incumbent directors. See "Description of Capital Stock."

In addition, an acquisition or further issuance of our stock could trigger the application of Section 355(e) of the Code, causing the distribution to be taxable to XPO. For a discussion of Section 355(e) of the Code, see "Material U.S. Federal Income Tax Consequences." Under the tax matters agreement, we would be required to indemnify XPO for the resulting tax, and this indemnity obligation might discourage, delay or prevent a change of control that our stockholders may consider favorable.

GXO's amended and restated certificate of incorporation will contain an exclusive forum provision that may discourage lawsuits against GXO and GXO's directors and officers.

Our amended and restated certificate of incorporation will provide that unless the board of directors otherwise determines, the state courts within the State of Delaware (or, if no state court located within the State of Delaware has jurisdiction, the federal district court for the District of Delaware) will be the sole and exclusive forum for any

derivative action or proceeding brought on behalf of GXO, any action asserting a claim for or based on a breach of a fiduciary duty owed by any current or former director or officer of GXO to GXO or to GXO stockholders, including a claim alleging the aiding and abetting of such a breach of fiduciary duty, any action asserting a claim against GXO or any current or former director or officer of GXO arising pursuant to any provision of the DGCL or our amended and restated certificate of incorporation or amended and restated bylaws, any action asserting a claim relating to or involving GXO governed by the internal affairs doctrine, or any action asserting an “internal corporate claim” as that term is defined in Section 115 of the DGCL.

Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. Accordingly, both state and federal courts have jurisdiction to entertain such claims. To prevent having to litigate claims in multiple jurisdictions and the threat of inconsistent or contrary rulings by different courts, among other considerations, our amended and restated certificate of incorporation will further provide that the federal district courts of the United States will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. However, while the Delaware Supreme Court ruled in March 2020 that federal forum selection provisions purporting to require claims under the Securities Act be brought in federal court are “facially valid” under Delaware law, there is uncertainty as to whether other courts will enforce our federal forum provision. Our stockholders will not be deemed to have waived compliance with the federal securities laws and the rules and regulations thereunder.

This exclusive forum provision may limit the ability of our stockholders to bring a claim in a judicial forum that such stockholders find favorable for disputes with GXO or our directors or officers, which may discourage such lawsuits against GXO and our directors and officers. Alternatively, if a court were to find this exclusive forum provision inapplicable to, or unenforceable in respect of, one or more of the specified types of actions or proceedings described above, we may incur additional costs associated with resolving such matters in other jurisdictions, which could negatively affect our business, results of operations and financial condition.

The combined post-separation value of one share of XPO common stock and one share of GXO common stock may not equal or exceed the pre-distribution value of one share of XPO common stock.

As a result of the separation, we expect the trading price of shares of XPO common stock immediately following the separation to be different from the “regular-way” trading price of XPO common shares immediately prior to the separation because the trading price will no longer reflect the value of the GXO Businesses. There can be no assurance that the aggregate market value of a share of XPO common stock and one share of GXO common stock following the separation will be higher than, lower than or the same as the market value of a share of XPO common stock if the separation did not occur.

Our Chairman controls a large portion of our stock, which could limit other stockholders’ ability to influence the outcome of key decisions and transactions, including changes of control.

Our Chairman, Brad Jacobs, will beneficially own approximately []% of our outstanding common stock as of [], 2021. This concentration of share ownership may adversely affect the trading price for our common stock because investors may perceive disadvantages in owning stock in companies with concentrated stockholders. Mr. Jacobs can exert substantial influence over our management and affairs and matters requiring stockholder approval, including the election of directors and the approval of significant corporate transactions, such as mergers, consolidations or the sale of substantially all of our assets. Consequently, this concentration of ownership may have the effect of delaying or preventing a change of control, including a merger, consolidation, or other business combination involving us, or discouraging a potential acquirer from making a tender offer or otherwise attempting to obtain control, even if that change of control would benefit our other stockholders. Additionally, significant fluctuations in the levels of ownership of our largest stockholders, including shares beneficially owned by Mr. Jacobs, could impact the volume of trading, liquidity and market price of our common stock.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This information statement and other materials XPO and GXO have filed or will file with the SEC (and oral communications that XPO or GXO may make) contain or incorporate by reference 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 (including risks, uncertainties and assumptions) that might cause or contribute to a material difference include, but are not limited to:

- the severity, magnitude, duration and aftereffects of the COVID-19 pandemic and government responses to the COVID-19 pandemic;
- public health crises (including COVID-19);
- economic conditions generally;
- competition and pricing pressures;
- our ability to align our investments in capital assets, including equipment, service centers and warehouses, to our customers’ demands;
- our ability to successfully integrate and realize anticipated synergies, cost savings and profit improvement opportunities with respect to acquired companies;
- our ability to develop and implement suitable information technology systems and prevent failures in or breaches of such systems;
- our ability to raise debt and equity capital;
- litigation;
- labor matters, including our ability to manage our subcontractors, and risks associated with labor disputes at our customers and efforts by labor organizations to organize our employees;
- risks associated with defined benefit plans for our current and former employees;
- fluctuations in currency exchange rates;
- fluctuations in fixed and floating interest rates;
- issues related to our intellectual property rights;
- governmental regulation, including trade compliance laws, as well as changes in international trade policies and tax regimes;
- governmental or political actions, including the United Kingdom’s exit from the European Union;
- natural disasters, terrorist attacks or similar incidents;

- political, economic, and regulatory risks relating to GXO's global operations, including compliance with U.S. and foreign trade and tax laws, sanctions, embargoes and other regulations;
- a material disruption of GXO's operations;
- the inability to achieve the level of revenue growth, cash generation, cost savings, improvement in profitability and margins, fiscal discipline, or strengthening of competitiveness and operations anticipated or targeted;
- the impact of potential cyber-attacks and information technology or data security breaches;
- the inability to implement technology initiatives successfully;
- the expected benefits and timing of the separation, and uncertainties regarding the planned separation, including the risk that conditions to the separation will not be satisfied and that it will not be completed pursuant to the targeted timing, asset perimeters, and other anticipated terms, if at all, and that the separation will not produce the desired benefits;
- a determination by the IRS that the distribution or certain related transactions should be treated as taxable transactions;
- the possibility that any consents or approvals required in connection with the separation will not be received or obtained within the expected time frame, on the expected terms or at all;
- expected financing transactions undertaken in connection with the separation and risks associated with additional indebtedness;
- the risk that dis-synergy costs, costs of restructuring transactions and other costs incurred in connection with the separation will exceed our estimates; and
- the impact of the separation on our businesses, our operations, our relationships with customers, suppliers, employees and other business counterparties, and the risk that the businesses will not be separated successfully or that such separation may be more difficult, time-consuming or costly than expected, which could result in additional demands on our resources, systems, procedures and controls, disruption of our ongoing business, and diversion of management's attention from other business concerns.

There can be no assurance that the separation, distribution or any other transaction described above will in fact be consummated in the manner described or at all. The above list of factors is not exhaustive or necessarily in order of importance. For additional information on identifying factors that may cause actual results to vary materially from those stated in forward-looking statements, see the discussions under "Risk Factors" in this information statement. Any forward-looking statement speaks only as of the date on which it is made, and each of XPO and GXO assumes no obligation to update or revise such statement, whether as a result of new information, future events or otherwise, except as required by applicable law.

THE SEPARATION AND DISTRIBUTION

Overview

On December 2, 2020, XPO announced its intention to separate into two independent, publicly traded companies. The separation will occur through a pro rata distribution to the XPO stockholders of 100% of the shares of common stock of GXO, which was formed to hold the GXO Businesses.

In connection with the distribution, we expect that:

- XPO will complete the internal reorganization as a result of which GXO will become the parent company of the XPO operations comprising, and the entities that will conduct, the GXO Businesses;
- GXO will incur approximately \$800 million of indebtedness, as described under “Description of Material Indebtedness;” and
- using a portion of the proceeds from one or more financing transactions on or prior to the completion of the distribution, GXO will transfer approximately \$978 million of cash to XPO, which XPO will use to repay existing indebtedness.

On [], 2021, the XPO board of directors approved the distribution of all of GXO’s issued and outstanding shares of common stock on the basis of one share of GXO common stock for every share of XPO common stock held as of the close of business on [], 2021, the record date for the distribution.

At [], Eastern Time, on [], 2021, the distribution date, each XPO stockholder will receive one share of GXO common stock for every share of XPO common stock held at the close of business on the record date for the distribution, as described below. XPO stockholders will receive cash in lieu of any fractional shares of GXO common stock that they would have received after application of this ratio. Upon completion of the separation, each GXO stockholder as of the record date will continue to own shares of XPO and will receive a proportionate share of the outstanding common stock of GXO to be distributed. You will not be required to make any payment, surrender or exchange your XPO common stock or take any other action to receive your shares of GXO common stock in the distribution. The distribution of GXO common stock as described in this information statement is subject to the final approval of the XPO board of directors and the satisfaction or waiver of certain conditions. For a more detailed description of these conditions, see “The Separation and Distribution—Conditions to the Distribution.”

Reasons for the Separation

The XPO board of directors believes that the separation of XPO into two independent, publicly traded companies through the separation of the GXO Businesses from XPO is in the best interests of XPO and its stockholders for a number of reasons, including:

- *Clear-Cut Investment Identities.* The separation will allow investors to more clearly understand the separate business models, financial profiles and investment identities of the two companies and to invest in each based on a better appreciation of these characteristics. Each company is expected to have less debt and enhanced earnings potential, which would make it easier for each to achieve an investment-grade credit rating. GXO is expected to have an investment-grade credit rating at the time of distribution, and XPO will target achieving such rating over time. To the extent this enhanced investor understanding and deleveraging results in greater investor demand for shares of XPO stock and/or GXO stock, it could cause each company to be valued at multiples higher than XPO’s current multiple, and higher than its publicly traded peers. Any such increase in the aggregate market value of XPO and GXO following the separation over XPO’s market value prior to the separation would benefit XPO, GXO, and their respective stakeholders.
- *Creation of Independent Equity Currencies and Enhanced Strategic Opportunities.* The separation will provide each of XPO and GXO with its own pure-play equity currency that can be used to facilitate capital raising and to pursue accretive M&A opportunities that are more closely aligned with each company’s strategic goals and expected growth opportunities. To the extent the separate equity currencies are more attractively valued, this would further increase these benefits to XPO and GXO.

- *Improved Alignment of Management Incentives and Performance.* The separation will allow each company to more effectively recruit, retain and motivate employees through the use of equity-based compensation that more closely reflects and aligns management and employee incentives with specific growth objectives, financial goals and business attributes. To the extent the separate equity currencies are more attractively valued, this would further benefit XPO and GXO.
- *Separate Capital Structures and Allocation of Financial Resources.* The separation will permit each company to allocate its financial resources to meet the unique needs of its businesses and intensify the focus on its distinct operating and strategic priorities, including by investing in enhancements to the proprietary software developed for its service offerings. The separation will also give each business its own optimal capital structure and allow it to manage capital allocation and capital return strategies with greater agility in response to changes in the operating environment and industry landscape. Further, the separation will eliminate internal competition between the two businesses for capital.
- *Enhanced Management Focus on Core Businesses.* The separation will provide each company's management team with undiluted focus on their specific operating and strategic priorities and customer requirements. The separation will enable the management teams of each company to better focus on strengthening its core businesses and operations, to more effectively address unique operating and other needs, and to pursue distinct and targeted opportunities for long-term growth and profitability. The separation will enable each company to deepen its competitive differentiation by having its technology team focus on enhancing the proprietary software developed for its specific service offerings, including the XPO Connect™ digital transportation platform and GXO's productivity tools for its logistics operations.

The XPO board of directors also considered a number of potentially negative factors in evaluating the separation, including:

- *Risk of Failure to Achieve Anticipated Benefits of the Separation.* We may not achieve the anticipated benefits of the separation for a variety of reasons, including, among others: the separation will demand significant management resources and require significant amounts of management's time and effort, which may divert management's attention from operating our business; and following the separation, we may be more susceptible to market fluctuations and other adverse events than if we were still a part of XPO because our business will be less diversified than XPO's business prior to the completion of the separation.
- *Disruptions and Costs Related to the Separation.* The actions required to separate the GXO Businesses from XPO could disrupt our operations. In addition, we will incur substantial costs in connection with the separation and the transition to being a standalone, public company, which may include accounting, tax, legal and other professional services costs, recruiting and relocation costs associated with hiring key senior management personnel who are new to GXO, tax costs and costs to separate information systems.
- *Loss of Scale and Increased Administrative Costs.* As a current part of XPO, GXO takes advantage of XPO's size and purchasing power in procuring certain goods and services. After the separation, as a standalone company, we may be unable to obtain these goods, services and technologies at prices or on terms as favorable as those XPO obtained prior to completion of the separation. In addition, as part of XPO, GXO benefits from certain functions performed by XPO, such as accounting, tax, legal, human resources and other general and administrative functions. After the separation, XPO will not perform these functions for us, other than certain functions that will be provided for a limited time pursuant to the transition services agreement, and, because of our smaller scale as a standalone company, our cost of performing such functions could be higher than the amounts reflected in our historical financial statements, which would cause our profitability to decrease.
- *Limitations on Strategic Transactions.* Under the terms of the tax matters agreement that we will enter into with XPO, we will be restricted from taking certain actions that could cause the distribution or certain related transactions (or certain transactions undertaken as part of the internal reorganization) to fail to qualify as tax-free under applicable law. These restrictions may limit for a period of time our ability to

pursue certain strategic transactions and equity issuances or engage in other transactions that might increase the value of our business.

- *Uncertainty Regarding Stock Prices.* We cannot predict the effect of the separation on the trading prices of GXO or XPO common stock or know with certainty whether the combined market value of one share of our common stock and one share of XPO common stock will be less than, equal to or greater than the market value of one share of XPO common stock prior to the distribution.

In determining whether to pursue the separation, the XPO board of directors concluded the potential benefits of the separation outweighed the foregoing negative factors. See the section titled “Risk Factors” included elsewhere in this information statement.

Formation of GXO

GXO was formed as a Delaware corporation on February 16, 2021 for the purpose of holding the GXO Businesses. As part of the plan to separate the GXO Businesses from the remainder of its businesses, in connection with the internal reorganization, XPO plans to transfer the equity interests of certain entities that are expected to operate the GXO Businesses and the assets and liabilities of the GXO Businesses to GXO prior to the distribution. For additional information, see “The Separation and Distribution—Internal Reorganization.”

When and How You Will Receive the Distribution

With the assistance of Computershare, XPO expects to distribute GXO common stock at [], Eastern Time, on [], 2021, the distribution date, to all holders of outstanding XPO common stock as of the close of business on [], 2021, the record date for the distribution. Computershare will serve as the settlement and distribution agent in connection with the distribution and the transfer agent and registrar for GXO common stock.

If you own XPO common stock as of the close of business on the record date for the distribution, GXO common stock that you are entitled to receive in the distribution will be issued electronically, as of the distribution date, to you in direct registration form or to your bank or brokerage firm on your behalf. If you are a registered holder, Computershare will then mail you a direct registration account statement that reflects your shares of GXO common stock. If you hold your XPO shares through a bank or brokerage firm, your bank or brokerage firm will credit your account for the GXO shares. Direct registration form refers to a method of recording share ownership when no physical share certificates are issued to stockholders, as is the case in this distribution. If you sell XPO common stock in the “regular-way” market up to and including the distribution date, you will be selling your right to receive shares of GXO common stock in the distribution.

Commencing on or shortly after the distribution date, if you hold physical share certificates that represent your XPO common stock and you are the registered holder of the shares represented by those certificates, the distribution agent will mail to you an account statement that indicates the number of shares of GXO common stock that have been registered in book-entry form in your name.

Most XPO stockholders hold their common stock through a bank or brokerage firm. In such cases, the bank or brokerage firm is said to hold the shares in “street name” and ownership would be recorded on the bank or brokerage firm’s books. If you hold your XPO common stock through a bank or brokerage firm, your bank or brokerage firm will credit your account for the GXO common stock that you are entitled to receive in the distribution. If you have any questions concerning the mechanics of having shares held in “street name,” please contact your bank or brokerage firm.

Transferability of Shares You Receive

Shares of GXO common stock distributed to holders in connection with the distribution will be transferable without registration under the Securities Act, except for shares received by persons who may be deemed to be our affiliates. Persons who may be deemed to be our affiliates after the distribution generally include individuals or entities that control, are controlled by or are under common control with us, which may include certain of our executive officers or directors. Securities held by our affiliates will be subject to resale restrictions under the

Securities Act. Our affiliates will be permitted to sell shares of our common stock only pursuant to an effective registration statement or an exemption from the registration requirements of the Securities Act, such as the exemption afforded by Rule 144 under the Securities Act.

Number of Shares of GXO Common Stock You Will Receive

For every share of XPO common stock that you own at the close of business on [], 2021, the record date for the distribution, you will receive one share of GXO common stock on the distribution date. XPO will not distribute any fractional shares of GXO common stock to its stockholders. Instead, if you are a registered holder, the distribution agent will aggregate fractional shares into whole shares, sell the whole shares in the open market at prevailing market prices and distribute the aggregate cash proceeds (net of discounts and commissions) of the sales pro rata (based on the fractional share such holder would otherwise be entitled to receive) to each holder who otherwise would have been entitled to receive a fractional share in the distribution. The distribution agent, in its sole discretion, without any influence by XPO or GXO, will determine when, how and through which broker-dealer and at what price to sell the whole shares. Any broker-dealer used by the distribution agent will not be an affiliate of either XPO or GXO and the distribution agent is not an affiliate of either XPO or GXO. Neither GXO nor XPO will be able to guarantee any minimum sale price in connection with the sale of these shares. Recipients of cash in lieu of fractional shares will not be entitled to any interest on the amounts paid in lieu of fractional shares. The receipt of cash in lieu of fractional shares generally will be taxable to the recipient XPO stockholders for U.S. federal income tax purposes, as described in the section titled “Material U.S. Federal Income Tax Consequences.”

If you hold physical certificates for shares of XPO common stock and are the registered holder, you will receive a check from the distribution agent in an amount equal to your pro rata share of the net cash proceeds of the sales. We estimate that it will take approximately two weeks from the distribution date for the distribution agent to complete the distribution of the net cash proceeds. If you hold your shares of XPO common stock through a bank or brokerage firm, your bank or brokerage firm will receive, on your behalf, your pro rata share of the net cash proceeds of the sales and will electronically credit your account for your share of such proceeds.

Treatment of Equity-Based Compensation

In connection with the separation and distribution, XPO equity-based awards that are outstanding immediately prior to the separation and distribution and held by individuals who will serve as employees or non-employee directors of GXO following the separation and distribution will be treated as follows:

Restricted Stock Units (“RSUs”). Each award of XPO RSUs (including any event-based RSUs) held by an individual who will be an employee or non-employee director of GXO following the separation and distribution will be converted into an award of RSUs with respect to GXO common stock. The number of shares subject to each such award will be adjusted in a manner intended to preserve the aggregate intrinsic value of the original XPO award as measured immediately before and immediately after the separation and distribution, subject to rounding. Such adjusted award will otherwise be subject to the same terms and conditions that applied to the original XPO award immediately prior to the separation and distribution.

Stock Options. Each award of XPO stock options held by an individual who will be an employee of GXO following the separation and distribution will be converted into an award of stock options with respect to GXO common stock. The exercise price of, and number of shares subject to, each such award will be adjusted in a manner intended to preserve the aggregate intrinsic value of the original XPO award as measured immediately before and immediately after the separation and distribution, subject to rounding. Such adjusted award will otherwise be subject to the same terms and conditions that applied to the original XPO award immediately prior to the separation and distribution.

Internal Reorganization

As part of the separation, and prior to the distribution, XPO and its subsidiaries expect to complete an internal reorganization in order to transfer to GXO the GXO Businesses that it will hold following the separation. Among other things and subject to limited exceptions, the internal reorganization is expected to result in GXO owning, directly or indirectly, the operations comprising, and the entities that conduct, the GXO Businesses.

The internal reorganization is expected to include various restructuring transactions pursuant to which (i) the operations, assets and liabilities of XPO and its subsidiaries used to conduct the GXO Businesses will be separated from the operations, assets and liabilities of XPO and its subsidiaries used to conduct XPO's other businesses and (ii) such GXO Businesses' operations, assets and liabilities will be contributed, transferred or otherwise allocated to GXO or one of its direct or indirect subsidiaries. These restructuring transactions may take the form of asset transfers, mergers, demergers, dividends, contributions and similar transactions, and may involve the formation of new subsidiaries in U.S. and non-U.S. jurisdictions to own and operate the GXO Businesses in such jurisdictions.

As part of this internal reorganization, XPO will contribute to GXO certain liabilities and certain assets, including equity interests in entities that are expected to conduct the GXO Businesses.

Following the completion of the internal reorganization and immediately prior to the distribution, GXO will be the parent company of the entities that are expected to conduct the GXO Businesses and XPO will remain the parent company of the entities that currently conduct all of XPO's operations except the GXO Businesses.

Results of the Distribution

After the distribution, GXO will be an independent, publicly traded company. The actual number of shares to be distributed will be determined at the close of business on [], 2021, the record date for the distribution, and will reflect any exercise of XPO options between the date the XPO board of directors declares the distribution and the record date for the distribution. The distribution will not affect the number of outstanding shares of XPO common stock or any rights of XPO stockholders. XPO will not distribute any fractional shares of GXO common stock.

We will enter into a separation agreement and other related agreements with XPO to effect the separation and to provide a framework for our relationship with XPO after the separation, and will enter into certain other agreements, including a transition services agreement, a tax matters agreement, an employee matters agreement, and an intellectual property license agreement. These agreements will provide for the allocation between GXO and XPO of the assets, employees, liabilities and obligations (including, among others, investments, property and employee benefits and tax-related assets and liabilities) of XPO and its subsidiaries attributable to periods prior to, at and after GXO's separation from XPO and will govern the relationship between GXO and XPO subsequent to the completion of the separation. For additional information regarding the separation agreement and other transaction agreements, see the sections titled "Risk Factors—Risks Related to the Separation and Distribution" and "Certain Relationships and Related Party Transactions."

Market for GXO Common Stock

There is currently no public trading market for GXO common stock. GXO intends to list its common stock on the NYSE under the symbol "GXO." GXO has not and will not set the initial price of its common stock. The initial price will be established by the public markets.

We cannot predict the price at which GXO common stock will trade after the distribution. In fact, the combined trading prices, after the distribution, of the shares of GXO common stock that each XPO stockholder will receive in the distribution, together with the XPO common stock held at the record date for the distribution, may not equal the "regular-way" trading price of the XPO common stock immediately prior to the distribution. The price at which GXO common stock trades may fluctuate significantly, particularly until an orderly public market develops. Trading prices for GXO common stock will be determined in the public markets and may be influenced by many factors. See "Risk Factors—Risks Related to Our Common Stock."

Incurrence of Debt

GXO expects to complete one or more financing transactions on or prior to the completion of the distribution, with approximately all of the proceeds of such financings expected to be transferred to XPO, which intends to use such cash to repay existing indebtedness. As a result of such transactions, GXO anticipates having approximately \$800 million of indebtedness upon completion of the distribution. For more information, see "Description of Material Indebtedness."

Trading Between the Record Date and the Distribution Date

Beginning on or shortly before the record date for the distribution and continuing up to and including through the distribution date, XPO expects that there will be two markets in XPO common stock: a “regular-way” market and an “ex-distribution” market. XPO common stock that trades on the “regular-way” market will trade with an entitlement to GXO common stock distributed in the distribution. XPO common stock that trades on the “ex-distribution” market will trade without an entitlement to GXO common stock distributed in the distribution. Therefore, if you sell shares of XPO common stock in the “regular-way” market up to and including through the distribution date, you will be selling your right to receive shares of GXO common stock in the distribution. If you own XPO common stock at the close of business on the record date and sell those shares on the “ex-distribution” market up to and including through the distribution date, you will receive the shares of GXO common stock that you are entitled to receive pursuant to your ownership of shares of XPO common stock as of the record date.

Furthermore, beginning on or shortly before the record date for the distribution and continuing up to and including the distribution date, GXO expects that there will be a “when-issued” market in its common stock. “When-issued” trading refers to a sale or purchase made conditionally because the security has been authorized but not yet issued. The “when-issued” trading market will be a market for GXO common stock that will be distributed to holders of XPO common stock on the distribution date. If you owned XPO common stock at the close of business on the record date for the distribution, you would be entitled to GXO common stock distributed pursuant to the distribution. You may trade this entitlement to shares of GXO common stock, without trading the XPO common stock you own, on the “when-issued” market. On the first trading day following the distribution date, “when-issued” trading with respect to GXO common stock will end, and “regular-way” trading with respect to GXO common stock will begin.

Conditions to the Distribution

The distribution will be effective at [], Eastern Time, on [], 2021, which is the distribution date, subject to final approval by the XPO board of directors, as well as to the satisfaction (or waiver by XPO in its sole and absolute discretion), of a number of conditions set forth in the separation agreement, including, among others:

- the SEC declaring effective the registration statement of which this information statement forms a part; there being no order suspending the effectiveness of the registration statement; and no proceedings for such purposes having been instituted or threatened by the SEC;
- this information statement having been made available to XPO stockholders;
- the receipt by XPO and continuing validity of an opinion of its outside counsel, satisfactory to the XPO board of directors, regarding the qualification of the distribution, together with certain related transactions, as a “reorganization” within the meaning of Sections 355 and 368(a)(1) (D) of the Code;
- the transfer of assets and liabilities to GXO having been completed in accordance with the separation agreement;
- an independent appraisal firm acceptable to the XPO board of directors having delivered one or more opinions to the XPO board of directors confirming the solvency and financial viability of XPO before the completion of the distribution, in each case in a form and substance acceptable to the XPO board of directors in its sole and absolute discretion;
- all actions and filings necessary or appropriate under applicable U.S. federal, state or other securities or blue sky laws and the rules and regulations thereunder relating to the separation and distribution having been taken or made and, where applicable, having become effective or been accepted;
- the transaction agreements relating to the separation and distribution having been duly executed and delivered by the parties thereto;

- no order, injunction or decree issued by any government authority of competent jurisdiction or other legal restraint or prohibition preventing the consummation of the separation, the distribution or any of the related transactions being in effect;
- the shares of GXO common stock to be distributed having been approved for listing on the NYSE, subject to official notice of distribution;
- XPO having received certain proceeds from the financing arrangements described under “Description of Material Indebtedness” and being satisfied in its sole and absolute discretion that, as of the effective time of the distribution, it will have no further liability under such arrangements, and XPO having completed any required refinancing of its existing indebtedness on terms satisfactory to the XPO board of directors in its sole and absolute discretion; and
- no other event or development existing or having occurred that, in the judgment of XPO’s board of directors, in its sole and absolute discretion, makes it inadvisable to effect the separation, the distribution or the other related transactions.

XPO will have the sole and absolute discretion to determine (and change) the terms of, and whether to proceed with, the distribution and, to the extent it determines to so proceed, to determine the record date for the distribution, the distribution date and the distribution ratio. XPO will also have sole and absolute discretion to waive any of the conditions to the distribution. XPO does not intend to notify its stockholders of any modifications to the terms of the separation or distribution that, in the judgment of its board of directors, are not material. For example, the XPO board of directors might consider material such matters as significant changes to the distribution ratio and the assets to be contributed or the liabilities to be assumed in the separation. To the extent that the XPO board of directors determines that any modifications by XPO materially change the material terms of the distribution, XPO will notify XPO stockholders in a manner reasonably calculated to inform them about the modification as may be required by law, by, for example, publishing a press release, filing a current report on Form 8-K or circulating a supplement to this information statement.

DIVIDEND POLICY

The payment of any dividends in the future, and the timing and amount thereof, is within the discretion of GXO's board of directors. The board of directors' decisions regarding the payment of dividends will depend on many factors, such as our financial condition, earnings, capital requirements, debt service obligations, restrictive covenants in our debt, industry practice, legal requirements, regulatory constraints and other factors that our board of directors deems relevant. Our ability to pay dividends will depend on our ongoing ability to generate cash from operations and on our access to the capital markets. We cannot guarantee that we will pay a dividend in the future or continue to pay any dividends if and when we commence paying dividends.

CAPITALIZATION

The following table sets forth our capitalization as of March 31, 2021, on an unaudited historical basis and on a pro forma basis to give effect to the pro forma adjustments included in our Unaudited Pro Forma Condensed Combined Financial Information. The information below is not necessarily indicative of what our capitalization would have been had the separation, distribution and related financing transactions been completed as of March 31, 2021. In addition, it is not indicative of our future capitalization. This table should be read in conjunction with “Unaudited Pro Forma Condensed Combined Financial Information,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” our Combined Financial Statements and notes and our Condensed Combined Financial Statements and notes included in the “Index to Financial Statements” section of this information statement.

<i>(In millions, except per share amounts)</i>	March 31, 2021	
	Historical	Pro Forma
Cash		
Cash and cash equivalents	\$ 414	\$ 228
Debt		
Short-term borrowings and current finance lease liabilities	\$ 32	\$ 32
Long-term debt and finance lease liabilities	586	923
Total indebtedness	618	955
Equity		
Common stock, par value \$0.01	—	1
Additional paid-in capital	—	2,421
XPO investment	2,903	—
Accumulated other comprehensive income	16	(91)
Noncontrolling interests	124	120
Total equity	3,043	2,451
Total capitalization	\$ 3,661	\$ 3,406

GXO has not yet finalized its post-distribution capitalization. Unaudited Pro Forma Condensed Combined Financial Information reflecting GXO’s post-distribution capitalization will be included in an amendment to this information statement.

UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

The following unaudited pro forma condensed combined financial information of GXO consists of the Unaudited Pro Forma Combined Statement of Operations for the three months ended March 31, 2021 and 2020 and the year ended December 31, 2020 and the Unaudited Pro Forma Combined Balance Sheet as of March 31, 2021, which have been derived from our historical combined financial statements included elsewhere in this information statement.

The Unaudited Pro Forma Combined Statement of Operations gives effect to the Pro Forma Transactions (as defined below) as if they occurred on January 1, 2020, the beginning of the most recently completed fiscal year. The Unaudited Pro Forma Combined Balance Sheet gives effect to the Pro Forma Transactions as if they occurred as of March 31, 2021, our latest balance sheet date.

The pro forma adjustments include transaction accounting adjustments that reflect the accounting for transactions in accordance with U.S. GAAP, and autonomous entity adjustments that reflect certain incremental expense or other changes necessary, if any, to reflect the financial condition and results of operations as if GXO was a separate stand-alone entity. The following unaudited pro forma condensed combined financial information illustrates the effects of the following transactions (collectively, the "Pro Forma Transactions"):

- the separation of the assets (including the equity interests of certain subsidiaries) and liabilities related to the GXO Businesses from XPO and the transfer of those assets (including the equity interests of certain subsidiaries) and liabilities to GXO;
- the removal of XPO-related assets and liabilities included in GXO's historical financial statements but retained by XPO;
- the distribution of 100% of our issued and outstanding common stock by XPO in connection with the separation;
- the effect of our anticipated post-separation capital structure, including the incurrence of indebtedness of approximately \$800 million, and the distribution of approximately \$978 million of cash to XPO; and
- the impact of, and transactions contemplated by, the separation agreement, the transition services agreement, the tax matters agreement, the employee matters agreement and the intellectual property license agreement between us and XPO and the provisions contained therein.

A final determination regarding our capital structure has not yet been made, and the separation and distribution agreement, tax matters agreement, transition services agreement, employee matters agreement and intellectual property license agreement and certain other transaction agreements have not been finalized. As such, the pro forma statements may be revised in future amendments to reflect the impact on our capital structure and the final form of those agreements, to the extent any such revisions would be deemed material.

The operating expenses reported in our historical Combined Statements of Operations include allocations of certain XPO costs. These costs include allocation of XPO corporate costs that benefit us, including corporate governance, executive management, finance, legal, information technology, human resources, other general and administrative costs, shared services and depreciation on shared XPO assets.

To operate as an independent public company, we expect our recurring costs to replace these services to be lower than expenses historically allocated to us from XPO as presented in our historical Combined Statements of Operations. The significant assumptions involved in determining our estimates of the recurring costs of being an independent, publicly traded company include:

- Costs to perform financial reporting, tax, regulatory compliance, corporate governance, treasury, legal, internal audit and investor relations activities;
- Compensation, including equity-based awards, and benefits with respect to new and existing positions and the board of directors; and

- Incremental third-party costs with respect to insurance, audit services, tax services, employee benefits and legal services.

We estimate that the net impact of these costs as compared to our historical Combined Statement of Operations would have been a reduction of approximately \$4 million in Depreciation and amortization expense for the three months ended March 31, 2021, and would have been a reduction of between approximately \$10 million and \$20 million in Sales, general and administrative expense and approximately \$20 million in Depreciation and amortization expense for the year ended December 31, 2020. Certain factors could impact these stand-alone public company costs, including the finalization of our staffing and infrastructure needs. A pro forma adjustment has not been made to the accompanying Unaudited Pro Forma Combined Statement of Operations to reflect the anticipated adjustment in the level of these expenses as they are projected amounts based on estimates.

The pro forma adjustments are based on available information and assumptions our management believes are reasonable; however, such adjustments are subject to change as transaction-related agreements are finalized and the costs of operating as a standalone company are determined. In addition, such adjustments are estimates and may not prove to be accurate. The Unaudited Pro Forma Condensed Combined Financial Information is based on information and assumptions which are described in the accompanying notes.

The Unaudited Pro Forma Condensed Combined Financial Information should be read in conjunction with our historical combined financial information, “Capitalization” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included elsewhere in this information statement. The Unaudited Pro Forma Condensed Combined Financial Information constitutes forward-looking information and is subject to certain risks and uncertainties that could cause actual results to differ materially from those anticipated. See “Cautionary Note Regarding Forward-Looking Statements” included elsewhere in this information statement.

GXO Logistics, Inc.

**Unaudited Pro Forma Condensed Combined Balance Sheets
As of March 31, 2021**

<i>(In millions, except per share data)</i>	Historical	Transaction Accounting Adjustments	Autonomous Entity Adjustments	Pro Forma
ASSETS				
Current assets				
Cash and cash equivalents	\$ 414	\$ (186) (a)		\$ 228
Accounts receivable, net of allowances	1,293	(9) (b)		1,284
Other current assets	327	(80) (c) (d)		247
Total current assets	2,034	(275)	—	1,759
Long-term assets				
Property and equipment, net	815	18 (c)		833
Operating lease assets	1,733	2 (c)	16 (m)	1,751
Goodwill	2,048			2,048
Identifiable intangible assets, net	307			307
Other long-term assets	183			183
Total long-term assets	5,086	20	16	5,122
Total assets	\$ 7,120	\$ (255)	\$ 16	\$ 6,881
LIABILITIES AND EQUITY				
Current liabilities				
Accounts payable	480	(1) (b)		479
Accrued expenses	877	(4) (b)		873
Short-term borrowings and current finance lease liabilities	32			32
Short-term operating lease liabilities	379		2 (m)	381
Other current liabilities	126			126
Total current liabilities	1,894	(5)	2	1,891
Long-term liabilities				
Long-term debt and finance lease liabilities	586	337 (c) (e) (f)		923
Deferred tax liability	65	(8) (g) (h)	(2) (h)	55
Long-term operating lease liabilities	1,367	2 (c)	14 (m)	1,383
Other long-term liabilities	165	13 (g)		178
Total long-term liabilities	2,183	344	12	2,539
Equity				
Common stock, par value \$0.01]	—	1 (i)		1
Additional paid-in capital	—	2,419 (b) - (i)	2 (h)	2,421
XPO investment	2,903	(2,903) (i)		—
Accumulated other comprehensive income	16	(107) (g)		(91)
Total equity before noncontrolling interests	2,919	(590)	2	2,331
Noncontrolling interests	124	(4) (g)		120
Total equity	3,043	(594)	2	2,451
Total liabilities and equity	\$ 7,120	\$ (255)	\$ 16	\$ 6,881

See accompanying notes to unaudited pro forma combined financial statements.

GXO Logistics, Inc.

**Unaudited Pro Forma Condensed Combined Statements of Operations
For the Three Months Ended March 31, 2021**

(In millions, except per share data)

	Historical	Transaction Accounting Adjustments		Autonomous Entity Adjustments	Pro Forma
Revenue	\$ 1,822	\$ 1	(b) (c)		\$ 1,823
Direct operating expense	1,520	1	(b) (c)		1,521
Sales, general and administrative expense	171			1 (n)	172
Depreciation and amortization expense	79				79
Transaction and integration costs	18				18
Restructuring costs	4				4
Operating income	30	—		(1)	29
Other income	(1)	(9)	(b) (g)		(10)
Interest expense	5	2	(j)		7
Income before income taxes	26	7		(1)	32
Income tax provision	9	2	(h)		11
Net income	17	5		(1)	21
Net income attributable to noncontrolling interests	(3)				(3)
Net income attributable to GXO	\$ 14	\$ 5		\$ (1)	\$ 18
Earnings per share:					
Basic					\$ 0.17 (k)
Diluted					\$ 0.16 (l)
Weighted average common shares outstanding:					
Basic					106 (k)
Diluted					112 (l)

See accompanying notes to unaudited pro forma combined financial statements.

GXO Logistics, Inc.

**Unaudited Pro Forma Condensed Combined Statements of Operations
For the Three Months Ended March 31, 2020**

(In millions, except per share data)

	Historical	Transaction Accounting Adjustments		Autonomous Entity Adjustments	Pro Forma
Revenue	\$ 1,440	\$ 2	(b) (c)		\$ 1,442
Direct operating expense	1,203	2	(b) (c)		1,205
Sales, general and administrative expense	142			1	143
Depreciation and amortization expense	76	1	(c)		77
Transaction and integration costs	17				17
Restructuring costs	—				—
Operating income	2	(1)		(1)	—
Other income	(1)	(7)	(b) (g)		(8)
Interest expense	7	2	(j)		9
Loss before income taxes	(4)	4		(1)	(1)
Income tax provision	6	2	(h)		8
Net loss	(10)	2		(1)	(9)
Net income attributable to noncontrolling interests	(2)				(2)
Net loss attributable to GXO	\$ (12)	\$ 2		\$ (1)	\$ (11)
Earnings per share:					
Basic					\$ (0.12)
Diluted					\$ (0.12)
Weighted average common shares outstanding:					
Basic					92
Diluted					92

See accompanying notes to unaudited pro forma combined financial statements.

GXO Logistics, Inc.

**Unaudited Pro Forma Condensed Combined Statements of Operations
For the Year Ended December 31, 2020**

(In millions, except per share data)

	Historical	Transaction Accounting Adjustments		Autonomous Entity Adjustments	Pro Forma
Revenue	\$ 6,195	\$ 8	(b) (c)		\$ 6,203
Direct operating expense	5,169	8	(b) (c)		5,177
Sales, general and administrative expense	611			6	617
Depreciation and amortization expense	323	2	(c)		325
Transaction and integration costs	47				47
Restructuring costs	29				29
Operating income	16	(2)		(6)	8
Other income	(2)	(31)	(b) (g)		(33)
Interest expense	24	7	(j)		31
Income (loss) before income taxes	(6)	22		(6)	10
Income tax provision	16	1	(h)	(2)	15
Net loss	(22)	21		(4)	(5)
Net income attributable to noncontrolling interests	(9)				(9)
Net loss attributable to GXO	\$ (31)	\$ 21		\$ (4)	(14)
Earnings per share attributable to GXO:					
Basic					\$ (0.15) (k)
Diluted					\$ (0.15) (l)
Weighted average common shares outstanding:					
Basic					92 (k)
Diluted					92 (l)

See accompanying notes to unaudited pro forma combined financial statements.

Notes to Unaudited Pro Forma Condensed Combined Financial Statements

Transaction Accounting Adjustments:

- (a) Reflects an adjustment to provide GXO with \$228 million of pro forma cash at March 31, 2021. This amount includes \$128 million intended to fund the squeeze-out for the remaining 3% of XPO Logistics Europe, which is described in Note 9—Subsequent events to the Condensed Combined Interim Financial Statements, and \$100 million of available cash. The cash amount presented reflects the distribution of approximately \$978 million of cash to XPO, including settlements of existing loans.
- (b) Adjustments reflect the impact of removing the historical results of certain legal entities attributed to GXO that will not be transferred from XPO to GXO in connection with the Distribution. Refer to the below table for further details on specific adjustments:

Unaudited Pro Forma Condensed Combined Balance Sheet Line Item	(in millions)
Cash and cash equivalents	\$ 3
Accounts receivable	9
Accounts payable	1
Accrued expenses	4

Refer to Note 2 —Basis of Presentation of our unaudited condensed combined financial statements for further discussion of the Company's attribution of assets and liabilities.

- (c) Reflects the transfer of assets and liabilities related to the GXO Businesses from XPO and the related impact to the statements of operations. Refer to the below table for further details on specific adjustments:

Unaudited Pro Forma Condensed Combined Balance Sheet Line Item	(in millions)
Other current assets	\$ 5
Property and equipment, net	18
Operating lease assets	2
Long-term debt and finance lease liabilities	2
Operating lease liabilities	2

- (d) Reflects the amendment of the existing securitization program to exclude XPO trade receivables. In connection with this amendment, \$85 million of trade receivables previously purchased from XPO are expected to be returned to XPO with an offsetting adjustment of the XPO investment.
- (e) Reflects the settlement of \$457 million of outstanding loans with XPO. In connection with the spin-off, \$135 million of loans with our European subsidiaries will be cash settled and \$322 million of loans with our North American subsidiary will be eliminated.
- (f) Reflects the incurrence of \$800 million of indebtedness, net of debt issuance costs of \$8 million. The indebtedness is assumed to consist of \$800 million term notes with a weighted average interest rate of 2%. A 0.125% change to the annual interest rate would change interest expense by \$1 million for the year ended December 31, 2020.
- (g) Reflects the assumption of 100% of the plan assets and obligations related to the United Kingdom pension plan. The net plan liability and related deferred tax assets of \$13 million and \$3 million, respectively, will be transferred from XPO to GXO, with the obligations associated with such plans resulting in GXO recognizing accumulated other comprehensive loss of \$107 million, net of tax and reducing noncontrolling interest by \$4 million. Reflects an adjustment to include income associated with the plan of \$10 million, \$8 million and \$34 million for the three months ended March 31, 2021 and 2020 and the year ended December 31, 2020, respectively.

- (h) Reflects the income tax impact of the pro forma adjustments. For March 31, 2021 and 2020, the tax impact was calculated using a forecasted full-year effective tax rate of approximately 24.2% and 41.9%, respectively. For December 31, 2020, the tax impact was calculated using the jurisdictional tax rate associated with each adjustment. The final income tax impact may be materially different as more detailed information will become available after the consummation of the spin-off and related transactions.
- (i) Represents the reclassification of XPO's net investment in GXO, including the additional net assets expected to be contributed by XPO and other pro forma adjustments, into Additional paid-in capital and Common stock, par value \$0.01, to reflect the number of shares of GXO common stock expected to be outstanding at the distribution date.
- (j) Reflects the adjustment to interest expense included in the unaudited pro forma Condensed Combined Statement of Operations of \$2 million for both the three months ended March 31, 2021 and 2020 and \$7 million for the year ended December 31, 2020, respectively, for the settlement of intercompany loans and issuance of the notes.
- (k) Reflects the number of shares of GXO common stock which are expected to be outstanding upon completion of the distribution. We have assumed the number of outstanding shares of common stock based on the number of XPO common shares outstanding at March 31, 2021 and an assumed pro-rata distribution ratio of one share of GXO common stock for each share of XPO common stock. The actual number of shares of GXO common stock outstanding upon completion of the Distribution may be different from this estimated amount.
- (l) Reflects the estimated number of shares of GXO common stock that are expected to be outstanding upon completion of the distribution and reflects the potential issuance of shares of our common stock under our equity plans, based on the distribution ratio of one share of GXO common stock for every share of XPO common stock. The actual number of shares of GXO common stock outstanding upon completion of the Distribution may be different from this estimated amount.

Autonomous Entity Adjustments:

- (m) Reflects the impact of new lease agreements with XPO for corporate offices. These adjustments recognize operating lease assets and liabilities of \$16 million based on the estimated present value of the lease payments over the lease term. There is no impact to the condensed combined statements of operations as lease expense is consistent with the lease expense previously allocated to GXO.
- (n) Reflects the net impact of new compensation agreements for current executives of GXO. These adjustments relate primarily to increases in salary and bonus and stock-based compensation of \$1 million for both the three months ended March 31, 2021 and 2020 and \$3 million for the year ended December 31, 2020.
- (o) Reflects the impact of the transition services agreement, which results in incremental corporate and administrative costs not included in the Company's historical combined financial statements. An adjustment of \$3 million to increase Sales, general and administrative expense were recorded in the Unaudited Pro Forma Combined Statement of Operations for the year ended December 31, 2020.

Non-recurring costs:

We currently estimate that GXO will incur additional one-time expenses of between \$45 million and \$65 million associated with becoming a stand-alone public company. The accompanying unaudited pro forma combined financial statements are not adjusted for these estimated expenses. These expenses include, among other things, costs related to legal, accounting and other professional fees, along with transitional costs such as those to convert to a standalone public company.

BUSINESS

This section discusses GXO's business assuming the completion of all of the transactions described in this information statement, including the separation. All monetary amounts discussed in this section are in millions of U.S. dollars, unless otherwise indicated.

Company Overview

GXO is the second largest contract logistics company in the world, and a foremost innovator in the \$130 billion logistics industry in North America and Europe. In 2020, we generated \$6.2 billion of revenue. Our revenue is diversified across numerous verticals and customers, including many multinational corporations. We provide our customers with high-value-add warehousing and distribution, order fulfillment, e-commerce and reverse logistics, and other supply chain services differentiated by our ability to deliver technology-enabled, customized solutions at scale. We have one of the largest platforms for outsourced e-commerce logistics globally, including the largest e-fulfillment platform in Europe.

Our customers rely on us to move their goods with high efficiency through their supply chains — from the moment inbound goods arrive at our logistics sites, through fulfillment and distribution and, in a growing number of cases, the management of returned products. Our customer base includes many blue-chip leaders in attractive sectors that demonstrate high growth or durable demand over time.

We strive to provide all of our customers with consistently high levels of service and cutting-edge automation managed by our proprietary technology. We also collaborate with our largest customers on planning and forecasting, and provide assistance with network optimization, working with these customers to design or redesign their supply chains to meet specific goals, such as sustainability metrics. Our multidisciplinary, consultative approach to customer service has led to many of our key customer relationships extending for years and growing in scope.

Drivers of value creation

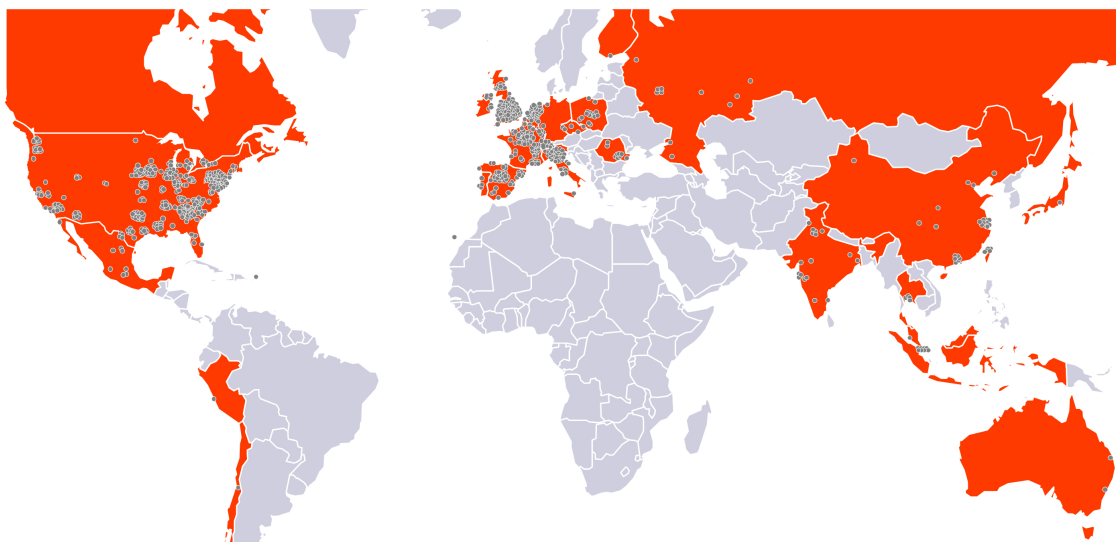
We have identified five key drivers of value creation in our business:

- *Critical Scale in a Fast-Growing Industry with Strong Tailwinds:* Our significant scale makes us well-positioned to benefit from the logistics industry's predominant tailwinds — the growth in consumer demand for e-commerce and omnichannel retail, the rapidly increasing customer demand for warehouse automation and other digital supply chain capabilities, and the secular shift in logistics toward outsourcing;
- *Robust Technological Differentiation:* We are strongly differentiated by our technology as an innovative provider of sophisticated logistics solutions that enhance visibility, speed, accuracy and cost effectiveness for our customers, and by our ability to customize our technology-enabled services to each customer's requirements;
- *Long-Term Customer Relationships in Attractive Verticals:* We have a large opportunity to grow our share in verticals with durable fundamentals and high-growth outsourcing opportunities, where we have strong partnerships with preeminent customers, longstanding track records and deep expertise;
- *Resilient Business Model with Multiple Drivers of Profitable Growth:* We have numerous avenues for profitable growth, including a long runway for margin expansion through the ongoing deployment of our technology in areas such as labor productivity, warehouse management, inventory management, demand forecasting and advanced automation, as well as an asset-light business model that historically has given us agility across cycles and generated strong free cash flow; and
- *Experienced and Cohesive Leadership:* Our company is led by highly experienced executives who are recognized as leading practitioners in their respective fields, and who will work together to create sustainable value through operational excellence and a purposeful culture.

Critical Scale in a Fast-Growing Industry with Strong Tailwinds

We operate at the forefront of a rapidly expanding industry that represents a \$130 billion opportunity in North America and Europe combined. We expect that the industry will continue to grow faster than GDP, with increased demand for outsourced logistics propelled by strong secular tailwinds, such as the consumer shift to e-commerce, customer demand for warehouse automation and the ongoing trend toward outsourcing logistics management. Our technology and scale provide us with competitive advantages and strategically position us to capitalize on these substantial growth opportunities.

Our locations span the globe, with our operating sites located primarily in North America and Europe:



GXO's 885 operating sites are focused primarily in North America and Europe

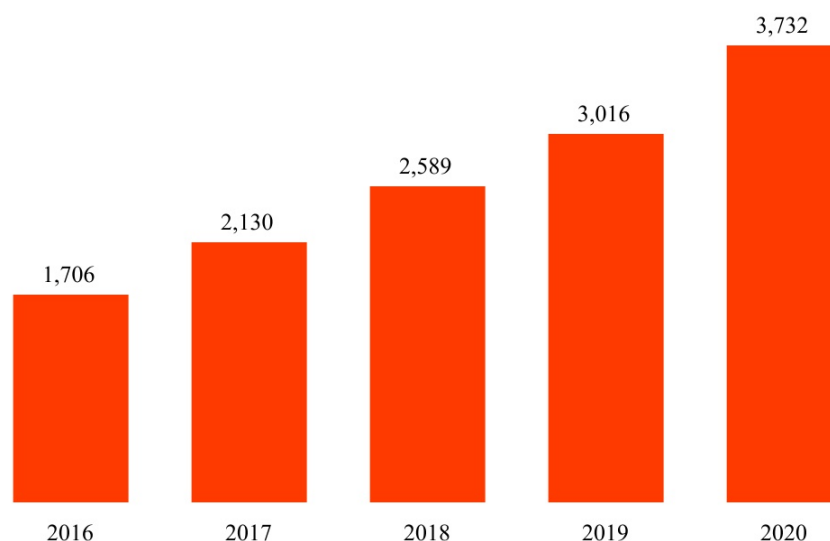
As of March 31, 2021, we operated 210 million square feet (20 million square meters) of logistics warehouse space worldwide at 885 locations and operated with approximately 93,000 team members (comprised of approximately 66,000 full-time and part-time employees and 27,000 temporary workers).

<i>(in millions)</i>	Pro Forma Combined			Historical				
	Three Months Ended March 31,		Year Ended December 31,	Three Months Ended March 31,		Years Ended December 31,		
	2021	2020	2020	2021	2020	2020	2019	2018
Revenue	\$ 1,823	\$ 1,442	6,203	\$ 1,822	\$ 1,440	\$ 6,195	\$ 6,094	\$ 6,065
Operating income	29	—	8	30	2	16	150	143
Adjusted EBITDA	140	102	442	132	96	417	469	433

Our significant scale gives us a competitive advantage in the growing logistics industry. The most dramatic growth in demand for logistics services in recent years has come from e-commerce and related sectors, including omnichannel retail and direct-to-consumer channels established by manufacturers. Prior to 2020, e-commerce was

already growing globally at a double-digit rate; COVID-19 has accelerated that growth by encouraging more consumers to purchase a wide variety of goods online:

Global e-commerce, \$ in millions



The rapid pace of growth and the necessary reliance on technology make it difficult for many companies to provide consistently high levels of service while handling e-commerce logistics in-house. This is a secular growth driver for our business on two fronts: more companies are turning to outsourcing to manage high volumes of e-commerce fulfillment and returns, and their supply chains are becoming increasingly complex, requiring sophisticated warehouse automation that is difficult to achieve on their own.

GXO's positioning as a technology leader and one of the largest providers of outsourced e-fulfillment globally — including the largest e-fulfillment platform in Europe — are significant competitive advantages for us. In addition, we have expertise with numerous verticals and SKU types in the e-commerce space, with an ability to produce replicable outcomes at scale. These are major reasons why our e-fulfillment services are equally attractive to longstanding e-commerce companies and new entrants.

We engineer customized, end-to-end solutions for our customers: storage, inventory management, staffing, peak management, demand forecasting, fulfillment, aftermarket support, high-value-add services, such as order personalization, and reverse logistics — the merchandise returns that have become a fast-growing byproduct of e-fulfillment. We are a major provider of integrated reverse logistics services, including the inspection, repackaging, refurbishment and resale or disposal of returned merchandise, as well as refunding and warranty management. Reverse logistics expertise is highly valued by companies with consumer end-markets, as shoppers increasingly “test-drive” the merchandise they buy online.

Robust Technological Differentiation

Logistics processes of all kinds are ripe for transformation through advanced automation and digital management. We anticipated this nearly a decade ago, and prioritized the development of proprietary technologies that make logistics smarter, faster and more responsive to changes in demand. Our customers see the depth of our commitment to innovation, and they value our ability to meet their current objectives and future needs. Many of our larger customers consider us a strategic partner — they view our technology and expertise as critical to their success. Our reputation as an innovator also supports our capacity to develop new capabilities by attracting world-class technology talent to our organization.

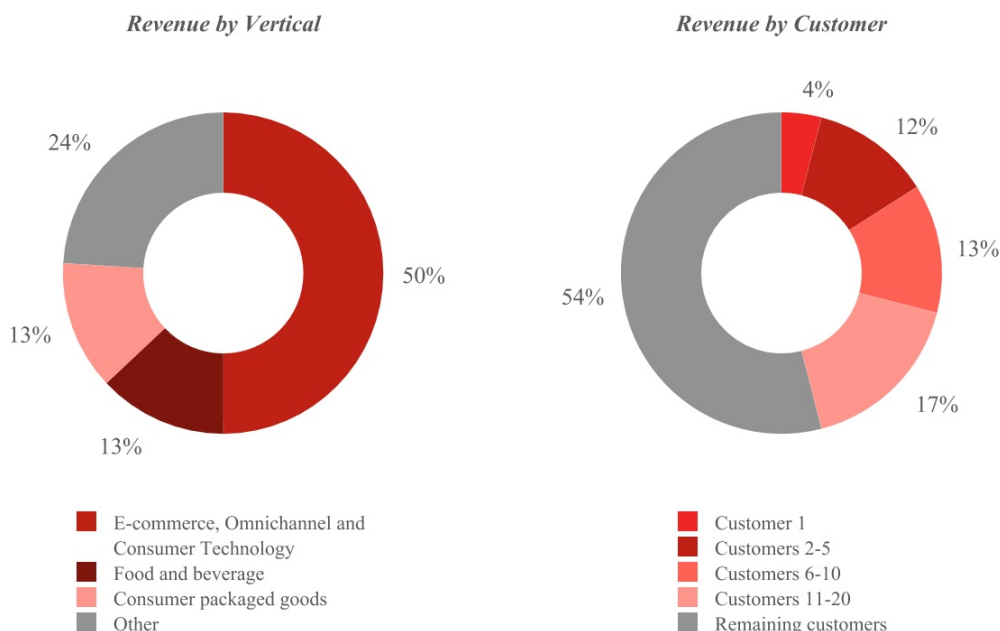
The most significant impacts of our technology to date are in three areas: our “Smart” suite of intelligent productivity tools, advanced warehouse automation and predictive analytics, all of which are integrated into our operations. See “Technology and Intellectual Property” for more information.

Another type of innovation that further differentiates GXO from our competitors is our “Direct” shared-space distribution network for B2C and B2B customers in North America. This network increases utilization of our existing warehouses and other resources, and it offers our customers the option of a flexible “fulfillment as a service” (“FaaS”) model. Our facilities serve as strategically located stockholding sites and cross-docks that can be utilized by multiple customers at the same time. The network gives retailers, e-tailers and manufacturers access to our scale, expertise and technology without the high fixed costs of traditional distribution center models.

Our “Direct” network enables our customers to position inventory within one- and two-day ground delivery range of approximately 99% of the U.S. population and in close proximity to retail stores for inventory replenishment. As demand patterns change, we reposition the inventory around our network, managed and tracked by our technology. This responds directly to consumer expectations for shorter fulfillment times, and consequently, it enhances consumer loyalty for our customers. The customers who use this network have the use of our technology for ease of doing business at both ends of distribution, as well as our predictive analytics to help plan inventory flows.

Long-Term Customer Relationships in Attractive Verticals

We have a large opportunity to grow our share in verticals with durable fundamentals and high-growth outsourcing opportunities, where we have strong partnerships with preeminent customers, longstanding track records and deep expertise. Our revenue is diversified across numerous verticals and customers with different demand patterns and seasonality, including over 30% of Fortune 100 companies and 24% of the Fortune Global 100. In 2020, our revenue profile reflected a healthy mix of verticals and customers, with low concentration risk:

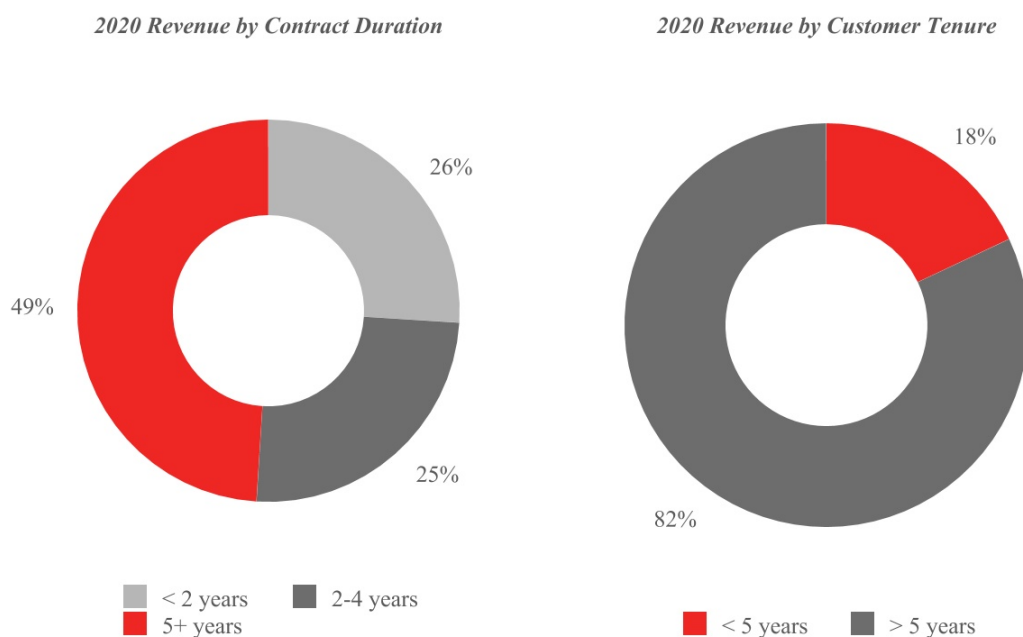


Our customers include numerous long-term relationships with blue-chip market leaders and world-class brands, operating primarily in e-commerce and retail, food and beverage, consumer packaged goods, technology, aerospace, consumer technology, industrial and manufacturing, chemicals, agribusiness, life sciences and healthcare. These are

all verticals where we have decades of expertise and understand the unique supply chain requirements, such as complex stock-keeping, time-assured distribution and surge management.

We are strongly positioned with large customers because we can provide the technology and customization required for their complex supply chains. GXO's ability to produce reliable outcomes at scale resonates with these customers, as does our expansive capacity and leading ability to manage tight labor markets.

By partnering with our customers for the long term, we further our differentiation as a highly valued supply chain partner. The average relationship tenure for our top 20 customers in 2020, based on revenue, was approximately 15 years. GXO's growth is also propelled by long-cycle projects and long-term contractual relationships:



Resilient Business Model with Multiple Drivers of Profitable Growth

Our business has numerous drivers of profitable growth, including the ability to expand our margins through continuous deployment of our technology in areas such as labor productivity, warehouse management, inventory management, demand forecasting and advanced automation, as well as our asset-light business model, which has historically been resilient across cycles.

Our business relationships are characterized by long-term contractual agreements structured with either a fixed-variable or cost-plus mechanism to cover our base expenses across the economic cycle, with a historical customer retention rate of approximately 93%. Additionally, our business requires limited maintenance capital spending, which provides us with the flexibility to adjust our overall capital spending to changes in the macro environment. Our long-term contracts and flexible operating model allow us to adapt across the cycle, reducing costs during downturns and putting us in a position to expand quickly in growing markets. The result is expected to be strong, macro-independent free cash flow generation. We are committed to continuing to deploy capital with discipline and agility to maximize shareholder value.

Experienced and Cohesive Leadership

Our company is led by Malcolm Wilson, chief executive officer and Baris Oran, chief financial officer. Each of our executives has decades of experience in their respective fields, having previously served in leadership roles in businesses around the globe.

Malcolm Wilson has three decades of executive experience managing multinational supply chain operations. Prior to GXO, he served as Chief Executive Officer of XPO's European operations, where he led the European logistics business to unprecedented growth and efficiencies. Earlier, he was head of the logistics division for industry leader Norbert Dentressangle and grew that logistics division to global scale as Norbert Dentressangle's largest revenue-producing unit. XPO acquired Norbert Dentressangle in 2015.

Baris Oran has more than two decades of finance experience, including most recently serving as chief financial officer of the Sabanci Group, one of Turkey's largest publicly traded companies. Oran also has significant board experience, having served as chairman, vice chairman or board member of eight public companies and four private companies over the course of his career.

Our leaders prioritize developing a company culture that is, among other things:

- *Safe:* In 2020, our recordable incident rate ("RIR") in the U.S. was once again significantly better than the industry average. While the most recent industry average RIR for General Warehousing and Storage was 4.9, as reported by OSHA, our RIR in 2020 was significantly better at 1.3;
- *Diverse:* In 2020, approximately 8,840 of our global hires were women, representing over 30% of all hires. In the U.S., approximately 78% of our 2020 hires were diverse based on self-identification as a person of color, military veteran, member of the LGBTQ+ community or a person with a disability; and
- *Sustainable:* A number of our warehouse facilities are ISO 14001-certified, which ensures environmental and other regulatory compliance. We also monitor fuel emissions from forklifts, with protocols in place to take immediate corrective action if needed. Our packaging engineers ensure that the optimal carton size is used for each product slated for distribution, and when feasible, we purchase recycled packaging. As a byproduct of managing returned merchandise, we recycle millions of electronic components and batteries each year.

Our Strategy

Our strategy is to help our customers manage their supply chains most efficiently, using our network of people, technology and physical assets. We deliver value to customers in the form of technological innovations, process efficiencies, cost efficiencies and reliable outcomes. Our services are both highly responsive to customer goals — such as increasing visibility in the supply chain, decreasing fulfillment times and mitigating environmental impacts over time — and proactive in identifying potential improvements.

Management's growth and optimization strategy for GXO is to:

- Develop additional business in verticals where we already have deep expertise, relationships with prominent customers and a strong track record of performance, by successfully selling to new customers and by expanding the services we provide to existing customers through new projects, thus earning more of their external and internal logistics spend;
- Market the advantages of our proprietary technology for warehouse operations, which we use to manage advanced automation, robotics, labor productivity, inventory management, safety, seasonal changes in demand and other aspects of complex logistics environments;
- Partner with our customers in meeting their goals for supply chain performance, risk mitigation, cost efficiency, growth management and stakeholder satisfaction by helping them overcome challenges specific to their business; and

- Integrate industry best practices into our operations to drive productivity and share gains, with a focus on automation and other levers of profitable growth.

Our growth and optimization strategy is geared toward consumer-related sectors that demonstrate enduring demand over time and where we already have a deep presence. In 2020, 50% of our revenue came from e-commerce, omnichannel and consumer technology, 13% came from food and beverage, and 13% from consumer packaged goods. These top three verticals accounted for 76% of our revenue, with the vast majority of revenue generated in the U.S., the U.K., France and Spain.

To aid us in executing our strategy, we have instilled a culture that focuses our efforts on delivering mutually beneficial results for our customers and our company.

Technology and Intellectual Property

Our industry is evolving, and logistics processes are ripe for innovative, disruptive thinking. Customers want to reduce risk and increase the productivity of their supply chains. We are well-positioned to meet these expectations because we prioritized visibility, quality control and automation early in our technological development.

Our highly scalable platform is built on the cloud to speed the deployment of new ways to increase efficiency and leverage our footprint. We can implement innovations across multiple geographies in a relatively short time, or take an innovation developed for one vertical and apply it to other verticals to enhance the value we offer our customers.

The most significant impacts of our proprietary technology to date are in three areas: labor and inventory management productivity, intelligent warehouse automation and predictive analytics, all of which are integrated through our proprietary warehouse management platform.

Labor and Inventory Management

Our productivity is driven by our comprehensive “Smart” suite of intelligent tools and analytics designed to optimize labor and inventory management. This technology incorporates dynamic data science, predictive analytics and machine learning to aid in decision-making. Our site managers use these tools to improve productivity in site-specific ways in a safe, disciplined and cost-effective manner.

As of year-end 2020, we had implemented these tools and analytics in approximately 85% of our North American logistics sites and 50% of our European logistics sites, with further roll-outs underway. This technology is delivering an average labor productivity improvement of 5% to 7%, and we expect to see further increases in productivity as we fully utilize these tools in all of our operations.

Intelligent Warehouse Automation

Our intelligent warehouse automation includes our deployments of autonomous robots and cobots (collaborative robots), automated sortation systems, automated guided vehicles, goods-to-person systems and wearable smart devices — these are all effective ways to deliver critical improvements in speed, accuracy and productivity. Importantly, automation also enhances safety and the overall quality of employment. Our warehouse management system creates a synchronized environment across automation platforms to control these technologies holistically as part of an integrated solution.

Other technologies that differentiate our logistics environments are our proprietary warehouse module for order management, which gives customers deep visibility into fulfillment flows, and our analytics dashboard, which gives customers valuable business intelligence to manage their supply chains. Our connection management software module facilitates integration with SAP, Oracle and other external systems, enabling our customers to get the most benefit from our technology in areas such as visibility, demand planning and continuous improvement.

We have found that autonomous goods-to-person systems can improve labor productivity by four to six times, and that cobots, which assist workers with the inventory picking process, can improve productivity by two times on average. Stationary robot arms can repeat demanding tasks with precision three times faster than is possible

manually. Robots are particularly valuable in tight labor markets where wage inflation and labor shortages can erode customer margins.

Our ability to employ our technologies for our customers' benefit is highlighted by our innovative partnership with Nestle, the world's largest food and beverage company. In mid-2020, we opened our Digital Distribution Warehouse of the Future in partnership with Nestlé in the U.K. This flagship site has the capacity to process the highest throughput of any facility in Nestlé's global network.

The Digital Distribution Warehouse of the Future brings together the latest systems architecture and intelligent applications under one roof, with sophisticated robotics, advanced sortation systems and data analysis using machine learning. Our European innovation lab is based on the premises, where it functions as both a think tank and an innovation incubator, giving us the ability to test new technologies under real-life operating conditions.

Predictive Analytics

Our predictive analytics add significant value for customers, particularly in e-commerce and omnichannel retail, where seasonality drives high volumes through outbound and inbound logistics processes. For example, about 15% to 35% of consumer goods bought online are returned, based on the product category, and this creates reverse peaks of returned merchandise at certain times of year. We have developed analytics that predict future surges in demand using a combination of data histories and customer forecasting.

As an industry leader that makes substantial investments in technology, we have access to an immense amount of data, as well as the analytical processing capabilities to capitalize on that data by incorporating our learnings into customer solutions. We believe our ability to process and act upon data is a key competitive advantage and differentiator versus our competitors.

Properties

As of March 31, 2021, we operated 885 locations, primarily in North America and Europe. These sites included locations in 27 countries.

Location	Leased Facilities	Owned Facilities	Customer Facilities ⁽²⁾	Total
North America	187	1	143	331
Europe	278	9	203	490
Other ⁽¹⁾	49	—	15	64
Total	514	10	361	885

(1) Locations not in North America or Europe; primarily in Asia.

(2) Locations owned or leased by customers.

We lease our current executive office located in London, England, our U.S. headquarters in Greenwich, Connecticut, our U.S. operations center in North Carolina and our various office facilities in France, the U.K. and India, to support our global executive and shared-services functions. We believe that our facilities are sufficient for our current needs.

Customers and Markets

GXO provides services to over 1,000 customers globally, including Fortune 100 companies in the U.S., European multinational market leaders and renowned global brands. The customers we serve span every major industry and touch every part of the economy. The diversification of our customer base minimizes concentration risk: in 2020, our top five customers combined accounted for approximately 16% of our revenue, with our largest customer accounting for approximately 4% of revenue.

Our revenue is highly diversified due to our expertise across a range of key verticals. We derive our revenue from retail and e-commerce, food and beverage, consumer packaged goods, consumer technology and other verticals where we have longstanding positioning and prominent customers.

We market to domestic and international customers and primarily perform services in North America and Europe. In 2020, approximately 36% of our total revenue was generated in the U.S., 27% in Europe (excluding the U.K. and France), 25% in the U.K. and 10% in France.

Competition

GXO operates in a highly fragmented marketplace with thousands of companies competing domestically and internationally. We compete on quality of service, reliability, scope and scale of operations, technological capabilities, expertise and price.

Our competitors include local, regional, national and international companies that offer the same services we provide; some have larger customer bases, significantly more resources and more experience than we have. Some of our competitors include Clipper Logistics, DHL, DSV Panalpina, ID Logistics, and Kuehne + Nagel. Additionally, some of our customers have sufficient internal resources to perform the services we offer. Due to the competitive nature of our marketplaces, we strive daily to strengthen existing business relationships and forge new relationships.

Environmental and Other Government Regulations

Our operations are regulated and licensed by various governmental agencies in the U.S. at the local, state and federal levels and in other countries where we conduct business. These regulations impact us directly, and also indirectly when they regulate third parties with which we arrange or contract services. In addition, we are subject to a variety of other U.S. and foreign laws and regulations, including, but not limited to, the Foreign Corrupt Practices Act and other anti-bribery and anti-corruption statutes.

Moreover, we are subject to various environmental laws and regulations in the jurisdictions where we operate. From time to time, we receive inquiries from governmental authorities about potential environmental exposure related to the operations of our facilities. Historically, we have successfully resolved such inquiries without a material effect on our business or operations. We believe that our operations are in substantial compliance with current laws and regulations and we do not know of any existing environmental condition that reasonably would be expected to have a material adverse effect on our business or operating results.

A number of GXO's sites are ISO 14001-certified to high standards for environmental management, and we have implemented numerous programs to manage environmental risks and maintain compliance in our business. U.S. federal and state governments, as well as governments in certain foreign jurisdictions where we operate, have also proposed environmental legislation that could, among other things, potentially limit carbon, exhaust and greenhouse gas emissions. If enacted, such legislation could result in reduced productivity and efficiency and increased operating expenses, all of which could adversely affect our results of operations.

Seasonality

Our revenue and profitability are typically lower in the first quarter of the calendar year relative to other quarters. We believe this is due in part to the post-holiday reduction in demand experienced by many of our customers, which leads to less use of the logistics services we provide. Our business benefits from strong positioning in the e-commerce sector, where demand is characterized by seasonal surges in activity, with the fourth quarter holiday peak typically being the most dramatic.

Human Capital

Our success relies in large part on our robust governance structure and Code of Business Ethics, our good corporate citizenship and, importantly, engaged employees who embrace our values.

As a customer-centric company with a strong service culture, we constantly work to maintain our position as an employer of choice. This requires an unwavering commitment to workplace inclusion and safety, as well as competitive total compensation that meets the needs of our employees and their families.

Employee Profile

As of March 31, 2021, we operated with approximately 93,000 team members (comprised of approximately 66,000 full-time and part-time employees and 27,000 temporary workers) in 27 countries: 32% of our employees were based in North America, 65% were based in Europe and 3% were based in Latin America and Asia combined. Of our North American employees, 83% were in hourly roles and 17% were in salaried positions. In Europe, 72% of our employees were covered by collective bargaining agreements, while none of our employees in North America were covered by collective bargaining agreements.

We have made significant investments in the safety, well-being and satisfaction of our employees in numerous areas, including:

Diversity, Equity and Inclusion

We take pride in having an inclusive workplace that encourages a diversity of backgrounds and perspectives and mandates fair treatment for all individuals — these attributes of our culture make us a stronger organization and a better partner to all GXO stakeholders. We welcome employees of every gender identity, sexual orientation, race, ethnicity, national origin, religion, life experience, veteran status and disability.

Health and Safety

Our frontline employees provide essential services that keep goods flowing to the people who need them. Their protection is always our foremost priority, and we have numerous protocols in place to ensure a safe workplace environment. We aim to maintain an OSHA recordable incident rate that is less than half the published rate for the General Warehousing and Storage sector, based on the “Industry Injury and Illness Data” of the U.S. Bureau of Labor Statistics.

Amid the onset of COVID-19 in 2020, we deployed a combination of protective measures, technology and virtual communications to maintain a safe workplace environment. We have taken many risk-mitigating actions to protect our employees, including offering 100% paid pandemic sick leave for eligible employees, providing frontline employee appreciation pay to approximately 18,500 workers in the U.S. and Canada, procuring personal protective equipment for employees in all of our workplaces, and providing expanded access to mental health counseling services for employees and their dependents.

Talent Development and Engagement

Our employees are critically important to our ability to provide best-in-class service. We ask our employees for feedback through engagement surveys, roundtables and town halls, and we use periodic engagement surveys to gauge our progress, assess satisfaction and ask for constructive suggestions. In this way, our employees help drive the continuous improvement of our business. We seek to identify top talent in all aspects of the recruitment process, and we emphasize training and development.

We tailor our recruitment efforts by geography and job function using an array of channels to ensure a diverse candidate pool. Our talent development infrastructure provides resources to employees throughout their career path, such as tailored skills development, training and mentoring for employees who aspire to grow into higher-paying positions with more responsibility. In addition, we maintain a robust pipeline of future operations leaders by using structured sponsorships and incidental learning techniques to develop internal candidates who demonstrate high potential in supervisory roles into positions as site leaders. The programs also serve to retain top talent by defining personalized development paths, and they attract new talent by differentiating GXO as an employer.

Expansive Total Rewards

We appreciate that our employees choose to work for GXO from among the many different options available to them inside and outside our industry. We offer a total compensation package that is both competitive and progressive to help attract and retain outstanding talent.

We offer competitive wages and a comprehensive suite of benefits to all employees to maintain our positioning as an employer of choice in the talent marketplace. A number of the benefits we offer were introduced in response to employee feedback — in the U.S., examples include our pregnancy care policy, family bonding policy, tuition reimbursement program for continuing education, and benefits such as diabetes management, supplemental insurance and short-term loans. In Europe, the benefits offered vary by country and are tailored to the needs of the local markets. Examples include comprehensive healthcare and risk insurance, employee assistance programs covering mental, physical and financial wellbeing, pension plans, profit sharing schemes, and local and global bonus schemes structured to offer competitive pay in each country.

Legal Proceedings

In the ordinary course of conducting our business activities, we and our subsidiaries become involved in judicial, administrative and regulatory proceedings involving both private parties and governmental authorities. These proceedings include insured and uninsured matters that are brought on an individual, collective, representative and class action basis, and other proceedings involving personal injury claims arising from the transportation and handling of goods, contractual disputes, employment-related claims, including alleged violations of wage and hour laws, and general and commercial liability matters.

Based on facts currently available, we do not expect any of these proceedings to have a material effect, individually or in the aggregate, on our reputation, business, financial position, results of operations or cash flows; however, we can give no assurance that the results of any such proceedings will not materially affect our reputation, business, financial position, results of operations and cash flows.

MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”) in conjunction with the audited Combined Financial Statements and corresponding notes and the Unaudited Pro Forma Condensed Combined Financial Information and corresponding notes included elsewhere in this information statement. This MD&A contains forward-looking statements. The matters discussed in these forward-looking statements are subject to risk, uncertainties, and other factors that could cause actual results to differ materially from those projected or implied in the forward-looking statements. Please see “Risk Factors” and “Cautionary Note Regarding Forward-Looking Statements” for a discussion of the uncertainties, risks and assumptions associated with these statements.

Business Overview

GXO Logistics, Inc. (“GXO” or “we”) is the second largest contract logistics company in the world and a foremost innovator in the \$130 billion logistics industry in North America and Europe. We provide high-value-add warehousing and distribution, order fulfillment, e-commerce and reverse logistics, and other supply chain services differentiated by our ability to deliver technology-enabled, customized solutions at scale. Our revenue is diversified across numerous verticals and customers, including many multinational corporations.

Our customers rely on us to move their goods with high efficiency through their supply chains — from the moment inbound goods arrive at our logistics sites, through fulfillment and distribution and, in a growing number of cases, the management of returned products. Our customer base includes many blue-chip leaders in attractive sectors that demonstrate high growth or durable demand over time, with significant growth potential through customer outsourcing of logistics services.

We strive to provide all of our customers with consistently high levels of service and cutting-edge automation managed by our proprietary technology. We also collaborate with our largest customers on planning and forecasting, and provide assistance with network optimization, working with these customers to design or redesign their supply chains to meet specific goals, such as sustainability metrics. Our multidisciplinary, consultative approach has led to many of our key customer relationships extending for years and growing in scope.

The most dramatic growth in secular demand in recent years has been in e-commerce and related sectors, including omnichannel retail and other direct-to-consumer channels. As part of our growth strategy, we intend to develop additional business in consumer and other verticals where we already have deep expertise, prominent customer relationships and a strong track record of successful performance. We also intend to expand into new verticals by leveraging our capacity and technological strengths, and by marketing the benefits of our proprietary platform for warehouse operations. We use this technology to manage advanced automation, labor productivity, safety and the complex flow of goods within sophisticated logistics environments.

Our business model is asset-light and historically resilient in cycles, with high returns, strong free cash flow and visibility into revenue and earnings. The vast majority of our contracts with customers are multi-year agreements, and our facility lease arrangements generally align with contract length. Most of our customer contracts contain both fixed and variable components. The fixed component is typically designed to cover facility, technology and equipment costs, and may cover management costs, while the variable component is determined based on expected volumes and associated labor costs.

The Spin-Off

In December 2020, our parent company, XPO Logistics, Inc. (together with its subsidiaries, “XPO”), announced its intention to separate into two independent, publicly traded companies. The spin-off is expected to be completed through a tax-free pro rata distribution of all the outstanding shares of common stock of GXO. The proposed spin-off is complex in nature, and unanticipated developments or changes, including changes in law, the macroeconomic environment, competitive conditions of our markets, regulatory approvals or clearances, the uncertainty of the financial markets, and challenges in executing the separation, could delay or prevent the completion of the proposed spin-off, or cause the spin-off to occur on terms or conditions that are different or less favorable than expected,

including, without limitation, the failure of the spin-off to qualify as a transaction that is generally tax-free for U.S. federal income tax purposes to our shareholders. There can be no assurance that the spin-off will occur or, if it does occur, of its terms or timing.

In connection with the separation and distribution, GXO and XPO will enter into several agreements to implement the legal and structural separation between the two companies; govern the relationship between GXO and XPO after the completion of the separation; and allocate between GXO and XPO various assets, liabilities and obligations, including, among other things, employee benefits, intellectual property and tax-related assets and liabilities.

Impacts of COVID-19

As a global provider of supply chain solutions, our business can be impacted to varying degrees by factors beyond our control. The rapid escalation of COVID-19 into a pandemic in 2020 has affected, and will continue to affect, economic activity broadly and customer sectors served by our industry.

In response to the COVID-19 pandemic, the governments of many countries, states, cities and other geographic regions have taken and are continuing to take preventative or reactive actions, such as imposing restrictions on travel and business operations and establishing guidelines for social distancing and occupational safety. Due to the critical role we play in moving goods in the markets we serve, GXO is considered an “essential business,” providing supply chain solutions to crucial industries. As a result, our sites have generally remained open and operating, and we have continued to serve our customers while employing significant measures to protect our employees and keep them safe.

The COVID-19 pandemic and associated impacts on economic activity had an adverse effect on our results of operations and financial condition as of and for the year ended December 31, 2020, as discussed below. We experienced declines in demand for our services that began in the first quarter of 2020, had a substantial impact in the second quarter of 2020, and abated throughout the second half of 2020. These declines in demand meaningfully affected our results in both North America and Europe.

Due to the largely unprecedented and evolving nature of the COVID-19 pandemic, it remains very difficult to predict the extent of the impact on our industry generally and our business in particular. Furthermore, the extent and pace of a recovery remains uncertain and may differ significantly among the countries in which we operate. We expect our results of operations will continue to be impacted by this pandemic in 2021.

We have incurred net incremental costs related to COVID-19 to ensure that we meet the needs of our customers and employees; these include costs for personal protective equipment (“PPE”), temporary site closures, site cleanings and enhanced employee benefits. We also implemented supplemental “appreciation pay” programs for thousands of frontline employees who continued to work during the pandemic. We expect to continue to incur additional costs as we implement operational changes in response to the pandemic. However, the majority of our cost base is variable, and we have taken and, if appropriate, will continue to take aggressive actions to adjust our expenses to reflect changes in demand for our services. These actions include reduced use of contractors, reduced employee hours, furloughs, layoffs and required use of paid time off, consistent with applicable regulations. While we could not fully offset the decrease in demand for our services arising from the economic disruption of the pandemic in 2020, the actions we have taken, combined with the variable components of our cost structure, have helped to mitigate the impact on our profitability.

A further discussion of the potential impact of the COVID-19 pandemic on our business is set forth above in Risk Factors.

Basis of Presentation

The combined financial statements of the Company were prepared on a standalone basis and have been derived from the combined financial statements and accounting records of XPO. Historically, separate financial statements have not been prepared for the Company, and it has not operated as a standalone business separate from XPO. The combined financial statements include certain assets and liabilities that have historically been held by XPO or by

other XPO subsidiaries but are specifically identifiable or otherwise attributable to the Company. Significant intercompany balances and transactions between the operations of the GXO legal entities have been eliminated in the accompanying combined financial statements. All significant related party transactions between GXO and XPO have been included in these combined financial statements as components of XPO investment. We prepare our combined financial statements in accordance with accounting principles generally accepted in the United States of America (“GAAP”), which requires us to make estimates and assumptions that impact the amounts reported and disclosed in our combined financial statements and the accompanying notes. We prepared these estimates based on the most current and best available information, but actual results could differ materially from these estimates and assumptions, particularly in light of the outbreak of a strain of coronavirus, COVID-19.

The Combined Balance Sheets include certain assets and liabilities directly attributable to GXO, and the Combined Statements of Operations include allocations of XPO costs and expenses, as described below.

XPO’s corporate function (“Corporate”) incurs a variety of expenses including, but not limited to, information technology, human resources, accounting, sales and sales operations, procurement, executive services, legal, corporate finance and communications. For purposes of the Combined Statements of Operations, an allocation of these expenses is included to burden all business units comprising XPO’s historical operations. The charges reflected have either been specifically identified or allocated using drivers including proportional adjusted earnings before interest, taxes, depreciation and amortization (“adjusted EBITDA”), which includes adjustments for transaction and integration costs, as well as restructuring costs and other adjustments, or headcount. The majority of these allocated costs are recorded in Sales, general and administrative expense (“SG&A”) and Depreciation and amortization expense in the Combined Statements of Operations. We believe the assumptions regarding allocations of XPO corporate expenses are reasonable. Nevertheless, the combined financial statements may not reflect the combined results of operations, financial position and cash flows had the Company been a standalone entity during the periods presented.

Direct operating expenses are comprised of both fixed and variable expenses and consist of operating costs related to our logistics facilities, including personnel costs, facility and equipment expenses, such as rent, utilities, equipment maintenance and repair, transportation costs, costs of materials and supplies and information technology expenses. SG&A, including the allocated costs of XPO, primarily consists of salary and benefit costs for executive and certain administration functions, professional fees, facility costs other than those related to our logistics facilities, bad debt expense and legal costs. We report depreciation and amortization expense as a separate line within operating income on our Combined Statements of Operations.

XPO investment represents XPO’s historical investment in GXO, and includes the net effects of transactions with and allocations from XPO, as well as GXO’s accumulated earnings. Certain transactions between GXO and XPO, including XPO’s non-GXO subsidiaries, have been included in these combined financial statements, and are considered to be effectively settled at the time the transaction was recorded. The total net effect of the cash settlement of these transactions is reflected in the Combined Statements of Cash Flows as a financing activity and in the Combined Balance Sheets as XPO investment. The components of the net transfers to and from XPO include certain costs allocated from Corporate functions, income tax expense, certain cash receipts and payments made on behalf of GXO and general financing activities.

GXO has a single reportable segment.

Combined Summary Financial Table

(In millions)	Three Months Ended March 31,		Percent of Revenue	
	2021	2020	2021	2020
Revenue	\$ 1,822	\$ 1,440	100.0 %	100.0 %
Direct operating expense	1,520	1,203	83.4 %	83.5 %
Sales, general and administrative expense	171	142	9.4 %	9.9 %
Depreciation and amortization expense	79	76	4.3 %	5.3 %
Transaction and integration costs	18	17	1.0 %	1.2 %
Restructuring costs	4	—	0.2 %	— %
Operating income	\$ 30	\$ 2	1.7 %	0.1 %
Other income	(1)	(1)	— %	(0.1)%
Interest expense	5	7	0.3 %	0.5 %
Income (loss) before income taxes	\$ 26	\$ (4)	1.4 %	(0.3)%
Income tax provision	9	6	0.5 %	0.4 %
Net income (loss)	\$ 17	\$ (10)	0.9 %	(0.7)%

Three Months Ended March 31, 2021 Compared with Three Months Ended March 31, 2020

Our revenue increased 26.5% to \$1.8 billion in first quarter of 2021, compared with \$1.4 billion for the same quarter in 2020. The increase in revenue compared to the first quarter of 2020 reflects 38.4% growth in our European business and 8.6% growth in our North American business, driven by increases in revenues from our e-commerce/retail and food and beverage customers. Also impacting our revenue was the Kuehne + Nagel business we acquired in January 2021, which contributed approximately 13.6 percentage points to revenue growth in our European business and 8.2 percentage points to our total revenue growth. Foreign currency movement increased revenue by approximately 5.5 percentage points in 2021.

Direct operating expense in the first quarter of 2021 was \$1.5 billion, or 83.4% of revenue, compared with \$1.2 billion, or 83.5% of revenue, for the same quarter in 2020. As a percentage of revenue, compensation costs and third-party transportation costs decreased direct operating expense by approximately 1.1% and 0.7%, respectively. These decreases were offset by higher temporary labor and maintenance costs, which increased direct operating expense by approximately 0.7% and 0.6%, respectively, as a percentage of revenue.

SG&A was \$171 million for the first quarter of 2021, or 9.4% of revenue, compared with \$142 million, or 9.9% of revenue, for the same quarter in 2020. The year-over-year decrease in SG&A as a percentage of revenue primarily resulted from lower compensation costs as a percentage of revenue due to the significant year-over-year increase in revenues.

Depreciation and amortization expense for the first quarter of 2021 was \$79 million, compared with \$76 million for the same quarter in 2020. Depreciation and amortization expense included amortization of acquisition-related intangible assets of \$14 million in the first quarter of 2021 and 2020.

Transaction and integration costs for the first quarter in 2021 are primarily related to costs related to our planned spin-off.

We engage in restructuring actions as part of our ongoing efforts to best use our resources and infrastructure. We recorded restructuring charges of \$4 million for severance costs in the first quarter of 2021. For further information on our restructuring actions, see Note 5—Restructuring Charges to the Condensed Combined Interim Financial Statements.

Other income for the first quarter of both 2021 and 2020 was \$1 million and primarily consists of pension income.

Interest expense for the first quarter of 2021 decreased 28.6% to \$5 million, from \$7 million for the same quarter in 2020. The decrease in interest expense was primarily due to lower average total indebtedness.

Our effective income tax rate was 33.4% and (124.7)% in the first three months of 2021 and 2020, respectively. The effective tax rates for the first quarter of 2021 and 2020 were based on forecasted full-year effective tax rates. The negative effective income tax rate for the first quarter of 2020 was primarily driven by contribution- and margin-based taxes which we incurred even though our pretax income was negative.

Combined Summary Financial Table

(In millions)	Years Ended December 31,			Percent of Revenue		
	2020	2019	2018	2020	2019	2018
Revenue	\$ 6,195	\$ 6,094	\$ 6,065	100.0 %	100.0 %	100.0 %
Direct operating expense	5,169	5,112	5,117	83.4 %	83.9 %	84.4 %
Sales, general and administrative expense	611	514	528	9.9 %	8.4 %	8.7 %
Depreciation and amortization expense	323	302	261	5.2 %	5.0 %	4.3 %
Transaction and integration costs	47	1	9	0.8 %	— %	0.1 %
Restructuring costs	29	15	7	0.5 %	0.2 %	0.1 %
Operating income	16	150	143	0.3 %	2.5 %	2.4 %
Other income	(2)	(1)	(13)	— %	— %	(0.2) %
Interest expense	24	33	30	0.4 %	0.5 %	0.5 %
Income (loss) before income taxes	(6)	118	126	(0.1) %	1.9 %	2.1 %
Income tax provision	16	37	36	0.3 %	0.6 %	0.6 %
Net income (loss)	\$ (22)	\$ 81	\$ 90	(0.4) %	1.3 %	1.5 %

Year Ended December 31, 2020 Compared with Year Ended December 31, 2019

Our revenue increased 1.7% to \$6.2 billion in 2020, compared with \$6.1 billion in 2019. The increase in revenue compared to 2019 reflects 5.5% growth in our European business, partially offset by a 4.2% decline in our North American business. The growth in our European business was primarily driven by higher revenues from our e-commerce/retail customers, partially offset by the impact of COVID-19. The decline in our North America business was driven by the impact of COVID-19 and our elimination of certain low-margin business. Foreign currency movement increased revenue by approximately 0.8 percentage points in 2020.

Direct operating expense in 2020 was \$5.2 billion, or 83.4% of revenue, compared with \$5.1 billion, or 83.9% of revenue, in 2019. The year-over-year decrease as a percentage of revenue was primarily driven by lower temporary labor and third-party transportation costs, which decreased direct operating expense by approximately 1.0% and 0.6%, respectively, as a percentage of revenue. These decreases were partially offset by higher payroll costs, which increased direct operating expense by approximately 1.0%, as well as other incremental COVID-19-related costs. Additionally, 2020 and 2019 included \$1 million and \$9 million, respectively, from gains on sales of property and equipment.

SG&A was \$611 million in 2020, or 9.9% of revenue, compared with \$514 million, or 8.4% of revenue, in 2019. The year-over-year increase in SG&A as a percentage of revenue primarily resulted from higher compensation costs. Compensation costs were higher for the year ended December 31, 2020 in comparison to the prior-year period due to the strength of our operating performance in a challenging macro-environment.

Depreciation and amortization expense in 2020 was \$323 million, compared with \$302 million in 2019. The increase was primarily due to the impact of prior capital investments, new contract startups and accelerated depreciation due to contract modifications. Depreciation and amortization expense included amortization of acquisition-related intangible assets of \$57 million in 2020, compared to \$60 million in 2019.

Transaction and integration costs in 2020 are primarily related to XPO's previously announced exploration of strategic alternatives that was terminated in March 2020 and costs related to the acquisition of Kuehne + Nagel's U.K. logistics business, which was completed in 2021.

We engage in restructuring actions as part of our ongoing efforts to best use our resources and infrastructure, including actions in response to COVID-19. We expect the restructuring initiatives to which the 2020 charges relate

to be complete by December 31, 2021. Once complete, these initiatives are expected to generate annualized pre-tax savings of approximately \$30 million. For further information on our restructuring actions, see Note 5—Restructuring Charges to the Combined Financial Statements.

Other income primarily consists of pension income. Other income for 2020 was \$2 million, compared with \$1 million in 2019.

Interest expense for 2020 decreased to \$24 million, from \$33 million in 2019. The decrease in interest expense was primarily due to lower average total indebtedness.

Our effective income tax rate was (264.5)% and 31.4% in 2020 and 2019, respectively. The decrease in our effective income tax rate for the year ended December 31, 2020 compared to the year ended December 31, 2019 was primarily driven by the incurrence of contribution- and margin-based taxes in both periods combined with a pretax loss in 2020 compared to pretax income in 2019.

The U.S. Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”) enacted in March 2020 provides numerous tax provisions and other stimulus measures, including temporary changes regarding the prior and future utilization of net operating losses, temporary changes to the prior and future limitations on interest deductions, and technical corrections from prior tax legislation for tax depreciation of certain qualified improvement property. We have applied the provisions of the CARES Act relating to income taxes and there was no material income tax benefit on our Consolidated Statements of Operations in 2020. Additionally, our cash flows benefited from the ability to defer the payment of certain payroll taxes that would otherwise have been due in 2020. We have not applied for any government loans under the CARES Act or similar laws.

Year Ended December 31, 2019 Compared with Year Ended December 31, 2018

Our revenue for 2019 increased by 0.5% to \$6.09 billion, from \$6.07 billion in 2018. The increase in revenue compared to 2018 was primarily driven by 5.0% growth of our North American business, partially offset by a 2.2% decline in revenue in Europe, primarily due to foreign currency movement. The growth of our North American business was led by higher revenues from our food and beverage, consumer packaged goods and aerospace customers. Foreign currency movement reduced revenue growth by approximately three percentage points in 2019.

Direct operating expense in 2019 was \$5.1 billion, or 83.9% of revenue, compared with \$5.1 billion, or 84.4% of revenue, in 2018. The year-over-year decrease as a percentage of revenue was primarily driven by lower temporary labor and third-party transportation costs, which decreased direct operating expense by approximately 1.6% and 0.3%, respectively, as a percentage of revenue. These decreases were partially offset by higher personnel costs to support growth in the North American business, which increased direct operating expense by approximately 1.6% as a percentage of revenue. Additionally, 2019 and 2018 included \$9 million and \$2 million, respectively, from gains on sales of property and equipment.

SG&A was \$514 million in 2019, or 8.4% of revenue, compared with \$528 million, or 8.7% of revenue, in 2018. The year-over-year decrease in SG&A as a percentage of revenue primarily resulted from lower bad debt and overhead expenses, which in aggregate decreased SG&A by approximately 0.6% as a percentage of revenue.

Depreciation and amortization expense in 2019 was \$302 million, compared with \$261 million in 2018. The increase was primarily due to the impact of prior capital investments and new contract startups.

Transaction and integration costs in 2018 are primarily related to litigation expenses.

Other income for 2019 was \$1 million, compared with \$13 million in 2018. Included in Other income for 2018 was a gain of \$9 million related to a terminated swap.

Interest expense for 2019 increased to \$33 million, from \$30 million in 2018. The increase in interest expense was primarily due to higher average total indebtedness.

Our effective income tax rate was 31.4% and 28.9% in 2019 and 2018, respectively. The increase in our effective income tax rate for 2019 compared to 2018 was primarily driven by changes in our valuation allowances.

Liquidity and Capital Resources

Our principal existing sources of cash are cash generated from operations and funding from XPO.

Treasury activities at XPO are generally centralized, while certain balances are managed locally, except as noted below. To the extent cash and cash equivalents are legally owned by GXO, they are reflected in the combined financial statements.

Our European subsidiaries use a centralized notional pooling approach to cash management and the financing of their operations. To the extent additional financing is required, XPO, including its affiliates, funds the European subsidiaries' operating and investing activities. This arrangement is not reflective of the manner in which the Company would have financed its operations had it been a standalone business separate from XPO during the periods presented. All cash management accounts and transactions are reflected in the Combined Balance Sheets as cash and cash equivalents and in the Combined Statements of Cash Flows as operating activities. For our European subsidiaries, none of the cash and cash equivalents or debt at the corporate level has been assigned to the Company in the Combined Financial Statements. Under the notional pooling arrangements, since there is no immediate contractual obligation for us to cover any negative cash positions of these pooling arrangements related to other members, including other XPO affiliates, no obligation or guarantee to cover any such negative cash positions has been included in the Combined Balance Sheets.

We continually evaluate our liquidity requirements in light of our operating needs, growth initiatives and capital resources. We believe that our existing liquidity and sources of capital are sufficient to support our operations over the next 12 months. In conjunction with the planned spin-off, we expect to further evaluate our liquidity needs, capital structure and sources of capital on a standalone basis.

Financial Condition

The following table summarizes our asset and liability balances as of March 31, 2021, December 31, 2020 and December 31, 2019:

<i>(In millions)</i>	March 31,	December 31,	
	2021	2020	2019
Total current assets	2,034	1,836	1,488
Total long-term assets	5,086	4,712	4,663
Total current liabilities	1,894	1,738	1,483
Total long-term liabilities	2,183	1,862	1,971

Total assets increased \$397 million from December 31, 2019 to December 31, 2020 primarily due to higher cash and cash equivalents and accounts receivable, the latter of which is due to higher revenues and reduced factoring of our receivables. Total liabilities increased \$146 million from December 31, 2019 to December 31, 2020 due to an increase in accrued expenses in 2020, primarily due to the deferral of payroll tax payments as a result of the CARES Act.

The increase in our assets and liabilities from December 31, 2020 to March 31, 2021 primarily reflects the impact of the Kuehne + Nagel business acquired in January 2021.

Trade Receivables Securitization and Factoring Programs

We sell certain of our trade accounts receivable on a non-recourse basis to third-party financial institutions under factoring agreements. We account for these transactions as sales of receivables and present cash proceeds as cash provided by operating activities in the Combined Statements of Cash Flows. We also sell certain European trade accounts receivable under a securitization program described below. We use trade receivables securitization and factoring programs to help manage our cash flows and offset the impact of extended payment terms for some of our customers.

XPO Logistics Europe, one of our majority-owned subsidiaries, participates in a trade receivables securitization program co-arranged by three European banks (the “Purchasers”). Under the program, a wholly-owned bankruptcy-remote special purpose entity of XPO Logistics Europe sells trade receivables that originate with wholly-owned subsidiaries of XPO Logistics Europe to unaffiliated entities managed by the Purchasers. The special purpose entity is a variable interest entity and has been presented within these combined financial statements based on our control of the entity’s activities.

We account for transfers under our securitization and factoring arrangements as sales because we sell full title and ownership in the underlying receivables and control of the receivables is considered transferred. For these transfers, the receivables are removed from our Combined Balance Sheets at the date of transfer. In the securitization and factoring arrangements, our continuing involvement is limited to servicing the receivables. The fair value of any servicing assets and liabilities is immaterial. Our current trade receivables securitization program also permits us to borrow, on an unsecured basis, cash collected in a servicing capacity on previously sold receivables, which we report within short-term debt on our Combined Balance Sheets. In addition to selling trade receivables which originate with GXO, the special purpose entity also purchases trade receivables from XPO and sells assets to the Purchasers. The trade receivables which have been purchased from XPO have been reflected within Other current assets in the Combined Balance Sheets, and the related cash flows have been reflected within Purchase and sale of affiliate trade receivables, net, within investing activities in the Combined Statements of Cash Flows. See Note 10—Debt to the Combined Financial Statements and Note 6—Debt to the Interim Condensed Combined Financial Statements for additional information related to our receivables securitization secured borrowing program and these borrowings.

Under a prior securitization program that was terminated in July 2019, we accounted for transfers as either sales or secured borrowings based on an evaluation of whether control has transferred. For the transfers that did not meet the criteria for surrender of control, the transaction was accounted for as a secured borrowing. These secured borrowings were repaid when the program was terminated. For transfers that were accounted for as sales, the consideration received included a simultaneous cash payment and a deferred purchase price receivable. The cash payment which we received on the date of the transfer was reflected within Net cash provided by operating activities on our Combined Statement of Cash Flows. As we received cash payments on the deferred purchase price receivable, it was reflected as an investing activity. The current program does not include a deferred purchase price mechanism.

The maximum amount of net cash proceeds available at any one time under the current program, inclusive of any unsecured borrowings, is €400 million (approximately \$469 million as of March 31, 2021). As of March 31, 2021, €82 million (approximately \$96 million) was available under the program, subject to having sufficient receivables available to sell to the Purchasers.

Information related to the trade receivables sold was as follows:

(In millions)	Three Months Ended March 31,		Years Ended December 31,		
	2021	2020	2020	2019	2018
Securitization programs ⁽¹⁾					
Receivables sold in period	\$ 347	\$ 319	\$ 1,491	\$ 1,023	\$ 146
Cash consideration	347	319	1,491	943	113
Deferred purchase price	—	—	—	80	33
Factoring programs					
Receivables sold in period	100	246	612	794	612
Cash consideration	100	245	611	790	609

(1) Receivable transfers under the securitization programs are accounted for as either sales or secured borrowings. In the prior program, a portion of the transfers were accounted for as secured borrowings while under the current program, all transfers are accounted for as sales. This change had the effect of increasing the amount of trade receivables we reported as sold beginning in 2019.

Cash Flow Activity for the Three Months Ended March 31, 2021 and 2020

Our cash flows from operating, investing and financing activities, as reflected on our Condensed Combined Statements of Cash Flows, are summarized as follows:

<i>(In millions)</i>	Three Months Ended March 31,	
	2021	2020
Net cash provided by operating activities	\$ 47	\$ 41
Net cash used in investing activities	(38)	(37)
Net cash provided by financing activities	80	81
Effect of exchange rates on cash, cash equivalents and restricted cash	(3)	(13)
Net increase in cash, cash equivalents and restricted cash	\$ 86	\$ 72

During the first quarter of 2021, we: (i) generated cash from operating activities of \$47 million and (ii) received net transfers from XPO of \$138 million. We used cash during this period primarily to: (i) purchase property and equipment of \$67 million and (ii) make payments on debt and finance leases of \$26 million.

During the first quarter of 2020, we: (i) generated cash from operating activities of \$41 million; (ii) received net transfers from XPO of \$55 million; and (iii) received net proceeds related to secured borrowing activity of \$84 million. We used cash during this period primarily to: (i) make payments on debt and finance leases of \$62 million and (ii) purchase property and equipment of \$48 million.

Cash flows from operating activities for the first quarter of 2021 increased by \$6 million compared with 2020. The increase reflects higher net income, partially offset by the impact of operating assets and liabilities generating \$38 million less in cash in 2021.

Investing activities used \$38 million of cash for the first quarter of 2021, compared with \$37 million used for the same quarter in 2020. During for the first quarter of 2021, we used \$67 million of cash to purchase property and equipment and received \$20 million, net, in connection with the purchase and sale of affiliate trade receivables. During the same quarter in 2020, we used \$48 million of cash to purchase property and equipment and received \$8 million, net, in connection with the purchase and sale of affiliate trade receivables and received \$3 million of cash from sales of property and equipment.

Financing activities generated \$80 million of cash for the first quarter of 2021 and generated \$81 million of cash for the same quarter in 2020. The primary source of cash from financing activities for the first quarter of 2021 were \$138 million of net transfers from XPO. The primary uses of cash from financing activities for the first quarter of 2021 were \$26 million used to repay debt and finance leases and \$25 million from net borrowings related to our securitization program. By comparison, the primary sources of cash from financing activities in the first quarter of 2020 were \$84 million of net proceeds related to secured borrowing activity and \$55 million of net transfers from XPO. The primary uses of cash from financing activities in the first quarter of 2020 were \$62 million used to repay debt and finance leases.

Cash Flow Activity for the Years Ended December 31, 2020, 2019 and 2018

Our cash flows from operating, investing and financing activities, as reflected on our Combined Statements of Cash Flows, are summarized as follows:

(In millions)	Years Ended December 31,		
	2020	2019	2018
Net cash provided by operating activities	\$ 333	\$ 145	\$ 335
Net cash used in investing activities	(280)	(147)	(240)
Net cash provided by (used in) financing activities	67	(102)	(38)
Effect of exchange rates on cash, cash equivalents and restricted cash	8	3	(11)
Net increase (decrease) in cash, cash equivalents and restricted cash	\$ 128	\$ (101)	\$ 46

During 2020, we: (i) generated cash from operating activities of \$333 million and (ii) received net transfers from XPO of \$168 million. We used cash during this period primarily to: (i) purchase property and equipment of \$222 million and (ii) make payments on debt and finance leases of \$123 million.

During 2019, we: (i) generated cash from operating activities of \$145 million; (ii) collected \$112 million on the deferred purchase price receivable as described above; (iii) received net transfers from XPO of \$278 million; and (iv) received net proceeds related to secured borrowing activity of \$261 million. We used cash during this period primarily to: (i) purchase property and equipment of \$222 million; (ii) make payments on debt and finance leases of \$376 million; and (iii) purchase noncontrolling interests of \$258 million.

During 2018, we: (i) generated cash from operating activities of \$335 million and (ii) received net transfers from XPO of \$65 million. We used cash during this period primarily to: (i) purchase property and equipment of \$270 million and (ii) make payments on debt and finance leases of \$139 million.

Cash flows from operating activities for 2020 increased by \$188 million compared with 2019. The increase reflects the impact of operating assets and liabilities generating \$310 million more in cash in 2020, partially offset by lower net income. Within operating assets and liabilities, accrued expenses and other liabilities was a source of cash for 2020 as compared to a use of cash in 2019. This fluctuation reflects the deferral of certain tax payments and an increase in compensation and purchased transportation accruals in 2020.

Cash flows from operating activities for 2019 decreased by \$190 million compared with 2018. The decrease primarily reflects the impact of operating assets and liabilities generating \$240 million less cash in 2019. Within operating assets and liabilities, accounts receivable was a use of cash in 2019 compared to a source of cash in 2018, which reflected increased revenues in 2019.

Investing activities used \$280 million of cash in 2020, compared with \$147 million used in 2019 and \$240 million used in 2018. During 2020, we used \$222 million of cash to purchase property and equipment, received \$12 million from sales of property and equipment and used \$40 million, net, in connection with the purchase and sale of affiliate trade receivables. During 2019, we used \$222 million of cash to purchase property and equipment, received \$15 million of cash from sales of property and equipment, received proceeds of \$112 million related to the realization of cash on deferred purchase price receivable and used \$52 million, net, in connection with the purchase and sale of affiliate trade receivables. During 2018, we used \$270 million of cash to purchase property and equipment and received \$30 million of cash from sales of property and equipment.

Financing activities generated \$67 million of cash in 2020, used \$102 million of cash in 2019 and used \$38 million of cash in 2018. The primary sources of cash from financing activities in 2020 were \$168 million of net transfers from XPO and \$24 million from net borrowings related to our securitization program. The primary uses of cash from financing activities in 2020 were \$123 million used to repay debt and finance leases. By comparison, the primary sources of cash from financing activities in 2019 were \$278 million of net transfers from XPO and \$261 million of net proceeds related to secured borrowing activity on our securitization program. The primary uses of cash from financing activities in 2019 were \$376 million used to repay debt and finance leases and \$258 million

used to purchase a shareholder's noncontrolling interest in XPO Logistics Europe SA. The primary uses of cash from financing activities in 2018 were \$139 million used to repay debt and finance leases. The primary sources of cash from financing activities in 2018 were \$65 million of net transfers from XPO and \$47 million of net proceeds related to secured borrowing activity on our securitization program.

Off-Balance Sheet Arrangements

We do not engage in any off-balance sheet financial arrangements that have or are reasonably likely to have a material current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Contractual Obligations

The table below reflects our contractual obligations as of December 31, 2020. As of March 31, 2021, the Company's future contractual obligations have not materially changed.

(In millions)	Payments Due by Period				
	Total	2021	2022-2023	2024-2025	Thereafter
Contractual obligations					
Finance leases	\$ 206	\$ 34	\$ 61	\$ 36	\$ 75
Operating leases ⁽¹⁾	1,632	381	605	333	313
Debt (excluding finance leases)	515	26	2	351	136
Interest on related-party debt ⁽²⁾	39	18	20	1	—
Total contractual obligations	\$ 2,392	\$ 459	\$ 688	\$ 721	\$ 524

(1) As of December 31, 2020, we had additional operating leases that have not yet commenced with future undiscounted lease payments of \$143 million. These operating leases will commence in 2021 through 2022 with initial lease terms of 2 years to 10 years.

(2) Estimated interest payments have been calculated based on the outstanding amount of debt and the applicable interest rates as of December 31, 2020.

As of December 31, 2020, our Combined Balance Sheet reflects a long-term liability of \$54 million for deferred taxes. Additionally, our Combined Balance Sheet reflects gross unrecognized tax benefits of \$4 million, which are primarily included in long-term liabilities. As the timing of future cash outflows for these liabilities is uncertain, they are excluded from the above table. Actual amounts of contractual cash obligations may differ from estimated amounts due to changes in foreign currency exchange rates. We anticipate net capital expenditures to be between \$225 million and \$275 million in 2021, funded by cash on hand and available liquidity.

The above table also excludes the principal amount of indebtedness expected to be incurred in connection with the separation and distribution of approximately \$800 million and associated interest payments of \$16 million per year. See "Description of Material Indebtedness" for additional discussion.

Critical Accounting Policies

We prepare our combined financial statements in accordance with U.S. generally accepted accounting principles. The methods, assumptions, and estimates that we use in applying our accounting policies may require us to apply judgments regarding matters that are inherently uncertain and may change based on changing circumstances or changes in our analysis. Material changes in these assumptions, estimates and/or judgments have the potential to materially alter our results of operations. We have identified below our accounting policies that we believe could potentially produce materially different results if we were to change underlying assumptions, estimates and/or judgments. Although actual results may differ from estimated results, we believe the estimates are reasonable and appropriate.

Corporate Expense Allocation

The Combined Financial Statements of GXO include general corporate expenses for certain support functions that are provided on a centralized basis, such as expenses related to information technology, human resources, accounting, sales and sales operations, procurement, executive services, legal, corporate finance and

communications. For purposes of the Combined Statements of Operations, an allocation of these expenses is included to burden all business units comprising XPO's historical operations. The charges reflected have either been specifically identified or allocated using drivers including proportional adjusted EBITDA, which includes adjustments for transaction and integration costs, as well as restructuring costs and other adjustments, or headcount. All such costs have been deemed to have been incurred and settled through XPO investment in the period when the costs were recorded.

Evaluation of Goodwill

We measure goodwill as the excess of consideration transferred over the fair value of net assets acquired in business combinations. We allocate goodwill to our reporting units for the purpose of impairment testing. We evaluate goodwill for impairment annually, or more frequently if an event or circumstance indicates an impairment loss may have been incurred. We measure goodwill impairment, if any, at the amount a reporting unit's carrying amount exceeds its fair value, not to exceed the carrying amount of goodwill. We have two reporting units. Application of the goodwill impairment test requires judgment, including the identification of the reporting unit, the assignment of assets and liabilities to the reporting unit, the assignment of goodwill to the reporting unit, and a determination of the fair value of the reporting unit.

For our 2020 and 2019 goodwill assessments, we performed a quantitative analysis for both of our reporting units using a combination of income and market approaches, with the assistance of a third-party valuation specialist. As of August 31, 2020 and 2019, we completed our annual impairment tests for goodwill and both of our reporting units had fair values in excess of their carrying values, resulting in no impairment of goodwill.

The income approach of determining fair value is based on the present value of estimated future cash flows, discounted at an appropriate risk-adjusted rate. The discount rates reflect management's judgment and are based on a risk adjusted weighted-average cost of capital utilizing industry market data of businesses similar to the reporting units. Inherent in our preparation of cash flow projections are assumptions and estimates derived from a review of our operating results, business plans, expected growth rates, cost of capital and tax rates. Our forecasts also reflect expectations concerning future economic conditions, interest rates and other market data. The market approach of determining fair value is based on comparable market multiples for companies engaged in similar businesses, as well as recent transactions within our industry. We believe this approach, which utilizes multiple valuation techniques, yields the most appropriate evidence of fair value.

Many of the factors used in assessing fair value are outside the control of management, and these assumptions and estimates may change in future periods. Changes in assumptions or estimates could materially affect the estimate of the fair value of a reporting unit, and therefore could affect the likelihood and amount of any potential impairment.

New Accounting Standards

Information related to new accounting standards is included in Note 2—Basis of Presentation and Significant Accounting Policies to the Combined Financial Statements and Note 2—Basis of Presentation to the Condensed Combined Financial Statements.

MANAGEMENT

Executive Officers Following the Distribution

The following table sets forth information as of [], 2021 regarding the individuals who are expected to serve as executive officers of GXO following the completion of the distribution. We are in the process of identifying the other persons who will be our executive officers following the completion of the distribution and will include information concerning those persons in an amendment to this information statement.

Name	Age	Position
Malcolm Wilson	62	Chief Executive Officer
Baris Oran	47	Chief Financial Officer
Maryclaire Hammond	55	Chief Human Resources Officer
[]	[]	[]
[]	[]	[]

Malcolm Wilson currently serves as chief executive officer of XPO Logistics Europe. Under his leadership of XPO Logistics Europe, XPO's European logistics business achieved unprecedented growth and efficiencies. Mr. Wilson has three decades of executive experience managing multinational supply chain operations in North America, Europe and Asia. He joined XPO in 2015 through the company's acquisition of industry leader Norbert Dentressangle, where he led the logistics division and served on the executive board. Mr. Wilson grew the logistics division to global scale as Norbert Dentressangle's largest revenue-producing unit.

Baris Oran currently serves as chief financial officer of XPO's Logistics segment. Mr. Oran joined XPO on May 14, 2021, having previously served as chief financial officer of the Sabanci Group, one of Turkey's largest publicly traded companies. Mr. Oran served as chief financial officer of Sabanci from 2016 to 2021, prior to which he held other senior finance roles at the company. Mr. Oran was previously employed by Kordsa Global, Ernst and Young, Sara Lee Corp, and Price Waterhouse Coopers. Mr. Oran also has significant board experience, including serving as executive chairman of Teknosa since 2019.

Maryclaire Hammond currently serves as senior vice president, human resources – Americas and Asia Pacific for XPO's North American logistics business, a role she has held since September 2019. In this capacity, Ms. Hammond oversees the employment culture of more than 22,000 XPO employees at over 300 locations in the America's and Asia Pacific. Prior to her time with XPO, Ms. Hammond was employed by Marathon Petroleum Company (formerly Andeavor) as a senior human resources director from August 2017 – September 2019, and before that as human resources director for BP North America. Additionally, she served as a Global Vice President of Human Resources with Honeywell in Rolle, Switzerland.

DIRECTORS

Board Structure and Directors Following the Distribution

Our amended and restated certificate of incorporation will provide for a classified board of directors, with members of each class serving staggered three-year terms. We will have [] directors in Class I, [] directors in Class II and [] directors in Class III. Any additional directorships resulting from an increase in the number of directors will be distributed among the three classes so that, as nearly as possible, each class will consist of one-third of the directors. The terms of directors in Classes I, II and III end at the annual meetings in 2022, 2023 and 2024, as indicated below.

Following the completion of the distribution, commencing with the first annual meeting of stockholders following the distribution, directors for each class will be elected at the annual meeting of stockholders held in the year in which the term for that class expires and thereafter will serve for a term of three years. Commencing with the second annual meeting of stockholders after the completion of the distribution, directors for each class will be elected at the annual meeting of stockholders held in the year in which the term for that class expires and thereafter each director will serve for a term of one year and until his or her successor is duly elected and qualified, or until his or her earlier resignation or removal. Consequently, by 2025, all of our directors will stand for election each year for one-year terms, and our board will therefore no longer be divided into three classes.

The following table sets forth information as of [], 2021 regarding the individuals who are expected to serve on GXO's board of directors following completion of the distribution and until their respective successors are duly elected and qualified. We are in the process of identifying the other persons who are expected to serve on GXO's board of directors following the completion of the distribution and will include information concerning those persons in an amendment to this information statement.

Name	Age	Position	Class
Brad Jacobs	64	Chairman of the Board	Class []—Expiring 202[]
[]	[]	Lead Independent Director	Class []—Expiring 202[]
[]	[]	Vice Chairman	Class []—Expiring 202[]
[]	[]	Director	Class []—Expiring 202[]
[]	[]	Director	Class []—Expiring 202[]
[]	[]	Director	Class []—Expiring 202[]
[]	[]	Director	Class []—Expiring 202[]
[]	[]	Director	Class []—Expiring 202[]
[]	[]	Director	Class []—Expiring 202[]

Brad Jacobs, chairman and chief executive officer of XPO Logistics, has started five companies from scratch and led each of them to become a billion dollar or multi-billion dollar enterprise. These include XPO Logistics (NYSE: XPO) and two other publicly traded companies: United Rentals (NYSE: URI) and United Waste Systems. XPO Logistics and United Rentals were among the 20 best-performing stocks of the last decade. Prior to starting XPO in 2011, Mr. Jacobs founded United Rentals in 1997 and led the company for 10 years as chairman, including six years as chief executive officer. He founded United Waste Systems in 1989 and served eight years as chairman and chief executive officer.

Director Independence

Under our Corporate Governance Guidelines (“Guidelines”), our board of directors will be responsible for making independence determinations annually with the assistance of the Nominating, Corporate Governance and Sustainability Committee. Such independence determinations will be made by reference to the independence standard under the Guidelines and the definition of “independent director” under Section 303A.02 of the NYSE Listed Company Manual.

In addition to the independence standards provided in the Guidelines, our board of directors will be responsible for determining that each director who serves on our Audit Committee satisfies standards established by the SEC providing that, to qualify as “independent” for the purposes of membership on that committee, members of audit committees may not: (i) accept directly or indirectly any consulting, advisory or other compensatory fee from GXO other than their director compensation, or (ii) be an affiliated person of GXO or any of its subsidiaries. Our board of directors will also determine that each member of the Compensation Committee satisfies the NYSE standards for independence of Compensation Committee members. Additionally, our board of directors will determine that each member of the Nominating, Corporate Governance and Sustainability Committee satisfies the NYSE standards for independence. In making the independence determinations for each director, our board of directors and the Nominating, Corporate Governance and Sustainability Committee will analyze certain relationships of the directors that are not required to be disclosed pursuant to Item 404(a) of Regulation S-K.

The board is expected to affirmatively determine that all the directors are independent except Mr. Jacobs. In the course of its determination regarding independence, the board is expected not to find any material relationships between GXO and any of the directors, other than Mr. Jacobs’ role as the Chief Executive Officer of XPO.

Committees of the Board of Directors

Effective upon the completion of the distribution, our board of directors will have the following three standing committees: an Audit Committee, Compensation Committee, and a Nominating, Corporate Governance and Sustainability Committee. The board is expected to adopt written charters for each committee, which will be available on our website.

Each of the Audit Committee, the Compensation Committee, and the Nominating, Corporate Governance and Sustainability Committee is expected to be composed solely of directors who have been determined by the board to be independent in accordance with SEC regulations, NYSE listing standards and the independence standards under our Guidelines (including the heightened independence standards for members of the Audit Committee and the Compensation Committee).

Audit Committee. Our Audit Committee will be established in accordance with Section 3(a)(58)(A) of the Exchange Act, to assist our board in fulfilling its responsibilities in a number of areas, including, without limitation, oversight of: (i) our accounting and financial reporting processes, including our systems of internal controls and disclosure controls, (ii) the integrity of our financial statements, (iii) our compliance with legal and regulatory requirements, (iv) the qualifications and independence of our independent registered public accounting firm, (v) the performance of our independent registered public accounting firm and internal audit function and (vi) related party transactions. Each member of the Audit Committee will be required to: (i) satisfy all applicable independence standards, (ii) not have participated in the preparation of our financial statements at any time during the past three years and (iii) be able to read and understand fundamental financial statements.

Compensation Committee. The primary responsibilities of the Compensation Committee will be, among other things: (i) to oversee the administration of our compensation programs, (ii) to review and approve the compensation of our executive management, (iii) to review company contributions to qualified and non-qualified plans, (iv) to prepare any report on executive compensation required by SEC rules and regulations and (v) to retain independent compensation consultants and oversee the work of such consultants.

Nominating, Corporate Governance and Sustainability Committee. The primary responsibilities of the Nominating, and Corporate Governance and Sustainability Committee will be, among other things: (i) to identify individuals qualified to become directors and recommend that our board select such individuals to be presented for stockholder consideration at the annual meeting or to be appointed by the board to fill a vacancy, (ii) to make recommendations to our board concerning committee appointments, (iii) to develop, recommend to our board and annually review the Guidelines and oversee corporate governance matters and (iv) to oversee an annual evaluation of our board and committees.

How We Make Pay Decisions and Assess Our Compensation Programs

During our fiscal year ended December 31, 2020, GXO was not an independent company and did not have a compensation committee or any other committee serving a similar function. Decisions as to the compensation of those who currently serve as our executive officers were made by XPO, as described in the section of this information statement titled “Compensation Discussion and Analysis.”

Corporate Governance

Our Commitment to Sound Corporate Governance

GXO will be committed to strong corporate governance practices designed to maintain high standards of independent oversight, accountability, integrity and ethics while promoting long-term growth in stockholder value.

Our governance structure will enable independent, experienced and accomplished directors to provide advice, insight and oversight to advance the interests of GXO and our stockholders. GXO will strive to maintain sound governance standards, to be reflected in our Code of Business Ethics, Corporate Governance Guidelines, our systematic approach to risk management and our commitment to transparent financial reporting and strong internal controls.

The following documents, as well as additional corporate governance information and materials, will be available on our website at []:

- Amended and Restated Certificate of Incorporation
- Amended and Restated Bylaws
- Corporate Governance Guidelines
- Insider Trading Policy
- Code of Business Ethics
- Related Person Transaction Approval Policy
- []

In addition, the following documents will be available on our website at []:

- Charters of each of our board committees

Copies of these documents will also be available in print form at no charge by sending a request to GXO, [].

The GXO website and the information contained therein or connected thereto are not incorporated into this information statement or the registration statement of which this information statement forms a part, or in any other filings with, or any information furnished or submitted to, the SEC.

Role of the Board and Board Leadership Structure

The Nominating, Corporate Governance and Sustainability Committee is expected to routinely review our governance practices and board leadership structure to ensure that it continues to serve GXO’s best interests and the best interests of our stockholders.

As of the completion of the distribution, it is expected that Brad Jacobs will serve as GXO’s Chairman. To ensure independent oversight and decision-making, GXO will also have a Lead Independent Director and a Vice Chairman.

Under our Corporate Governance Guidelines to be adopted in connection with the distribution, the independent directors will designate a Lead Independent Director to, among other things, preside over meetings of the board of

directors at which the Chairman is not present and at executive sessions of the independent directors, and to serve as a liaison between the Chairman and the independent directors. It is expected that [] will serve as the Lead Independent Director as of the completion of the distribution.

Additionally, the board of directors will appoint a Vice Chairman responsible for, among other things, presiding at meetings of the board of directors where the Chairman and Lead Independent Director are not present; assisting the Chairman, when appropriate, in carrying out his or her duties; assisting the Lead Independent Director, when appropriate, in carrying out his or her duties; and such other duties, responsibilities and assistance as the board of directors or the Chairman may determine. It is expected that [] will serve as the Vice Chairman as of the completion of the distribution.

Executive Sessions

Following the completion of the distribution, our board of directors will hold regular and special meetings throughout each calendar year. In conjunction with those meetings, executive sessions, which are meetings of the independent directors, will be regularly scheduled throughout the year. Our Lead Independent Director will preside over the executive sessions of the board.

Board, Committee and Director Evaluations

The board will annually assess the effectiveness of the full board, the operations of its committees and the contributions of director nominees. The Nominating, Corporate Governance and Sustainability Committee will oversee the evaluation of the board as a whole and its committees, as well as individual evaluations of those directors who are being considered for possible re-nomination to the board.

Director Selection Process

The Nominating, Corporate Governance and Sustainability Committee will be responsible for recommending to our board all nominees for election to the board, including nominees for re-election to the board, in each case, after consultation with the Chairman of the board. Subject to the foregoing, in considering new nominees for election to our board, the Nominating, Corporate Governance and Sustainability Committee will consider, among other things, breadth of experience, financial expertise, wisdom, integrity, an ability to make independent analytical inquiries, an understanding of our company's business environment, knowledge and experience in such areas as technology and marketing, and other disciplines relevant to our company's businesses, the nominee's ownership interest in our company, and a willingness and ability to devote adequate time to board duties, all in the context of the needs of the board at that point in time and with the objective of ensuring diversity in the background, experience and viewpoints of board members. When searching for new directors, our board will endeavor to actively seek out highly qualified women and individuals from underrepresented minorities to include in the pool from which board nominees are chosen. Our board will aim to create a team of directors with diverse experiences and perspectives to provide our global company with thoughtful and engaged board oversight. The Nominating, Corporate Governance and Sustainability Committee will assess the effectiveness of its diversity efforts through periodic evaluations of the board's composition.

The Nominating, Corporate Governance and Sustainability Committee will be able to identify potential nominees for election to our board from a variety of sources, including recommendations from current directors or management, recommendations from our stockholders or any other source the committee deems appropriate, including engaging a third-party consulting firm to assist in identifying independent director nominees.

Our board will consider nominees submitted by our stockholders, subject to the same factors that are brought to bear when it considers nominees referred by other sources. Our stockholders will be permitted to nominate candidates for election as directors by following the procedures set forth in our amended and restated bylaws, which are summarized below.

Our amended and restated bylaws will provide that a stockholder who wishes to nominate an individual for election as a director at our annual meeting must give us advance written notice. The notice will be required to be delivered to or mailed and received by the secretary of our company not less than 90 days, and not more than 120

days, prior to the earlier of the date of the annual meeting and the first anniversary of the preceding year's annual meeting. As more specifically provided in our amended and restated bylaws, any nomination will be required to include, among other information: (i) the nominator's name and address and the number of shares of each class of our capital stock that the nominator owns, (ii) the name and address of any person with whom the nominator is acting in concert and the number of shares of each class of our capital stock that any such person owns, (iii) the information with respect to each such proposed director nominee that would be required to be provided in a proxy statement prepared in accordance with applicable SEC rules and (iv) the consent of the proposed candidate to serve as a member of our board.

Any stockholder who wishes to nominate a potential director candidate will be required to follow the specific requirements set forth in our amended and restated bylaws, a copy of which will be available in print form at no charge by sending a request to GXO, [].

Board Risk Oversight

Our board will provide overall risk oversight, with a focus on the most significant risks facing our company. In addition, our board will be responsible for ensuring that appropriate crisis management and business continuity plans are in place. The management of risks to our business, and the execution of contingency plans, will be primarily the responsibility of our senior management team.

Our board and senior management team will regularly discuss the company's business strategy, operations, policies, controls, prospects and current and potential risks. Our board will delegate responsibility for the oversight of specific risks special to committees as follows:

Audit Committee. The Audit Committee will oversee the policies that govern the process by which our exposure to risk is assessed and managed by management. In that role, the Audit Committee will be responsible for discussing with our management major financial risk exposures and the steps taken by management to monitor and control these exposures. The Audit Committee will also be responsible for reviewing risks arising from related party transactions involving our company and for overseeing our company-wide Code of Business Ethics and overall compliance with legal and regulatory requirements.

Compensation Committee. The Compensation Committee will monitor the risks associated with our compensation philosophy and programs to ensure that the company has a compensation structure that strikes an appropriate balance between motivating our senior executives to deliver long-term results for the company's stockholders and simultaneously holding our senior leadership team accountable.

Nominating, Corporate Governance and Sustainability Committee. The Nominating, Corporate Governance and Sustainability Committee will oversee risks related to our governance structure and processes.

Corporate Governance Guidelines and Code of Business Ethics

Our board of directors will remain committed to sound corporate governance principles and practices. The Chairman of the board will provide support on key governance matters and stockholder engagement to the board as well as providing strategic guidance to GXO's executive management team.

The Guidelines will serve as a framework within which our board will conduct its operations. Among other things, the Guidelines will include criteria for determining the qualifications and independence of the members of our board, requirements for the standing committees of our board, responsibilities for members of our board and an annual evaluation of the effectiveness of our board and its committees. The Nominating, Corporate Governance and Sustainability Committee will be responsible for reviewing the Guidelines annually, or more frequently as appropriate, and recommending to our board appropriate changes in light of applicable laws and regulations, the governance standards identified by leading governance authorities and our company's evolving needs.

Our Code of Business Ethics will apply to our directors and executive officers. This code will be designed to deter wrongdoing, to promote the honest and ethical conduct of all employees and to promote compliance with applicable governmental laws, rules and regulations, as well as to provide clear channels for reporting concerns. The

Code of Business Ethics will constitute a “code of ethics” as defined in Item 406(b) of Regulation S-K. We intend to satisfy the disclosure requirements under applicable SEC rules relating to amendments to the Code of Business Ethics or waivers from any provision thereof applicable to our principal executive officer, our principal financial officer and our principal accounting officer by posting such information on our website pursuant to SEC rules.

The Guidelines and our Code of Business Ethics will be available on our website at www.gxo.com. Copies of these documents will also be available in print form at no charge by sending a request to GXO, [redacted].

Stockholder Communication with the Board

GXO’s Corporate Governance Guidelines will include procedures by which stockholders and other interested parties may communicate with our board of directors, any board committee, any individual director, including our Lead Independent Director and Vice Chairman, or any group of directors (such as our independent directors) by sending written correspondence to: board of directors c/o Secretary, GXO, [redacted]. We will not forward communications to the board that qualify as spam, junk mail, mass mailings, resumes or other forms of job inquiries, surveys, business solicitations or advertisements.

Procedures for Approval of Related Persons Transactions

GXO will have a written Related Person Transaction Approval Policy regarding the review, approval and ratification of transactions between GXO and related persons. The policy will apply to any transaction in which GXO or a GXO subsidiary is a participant, the amount involved exceeds \$120,000 and a related person has a direct or indirect material interest. A related person will mean any director or executive officer of GXO, any nominee for director, any stockholder known to GXO to be the beneficial owner of more than 5% of any class of GXO’s voting securities, and any immediate family member of any such person.

Under this policy, reviews will be conducted by management to determine which transactions or relationships should be referred to the Audit Committee for consideration. The Audit Committee will then review the material facts and circumstances regarding a transaction and determine whether to approve, ratify, revise or reject a related person transaction, or to refer it to the full board or another committee of the board for consideration. GXO’s Related Person Transaction Approval Policy will operate in conjunction with other aspects of GXO’s compliance program, including its Business Conduct Policies, which will require that all directors, officers and employees have a duty to be free from the influence of any conflict of interest when they represent GXO in negotiations or make recommendations with respect to dealings with third parties, or otherwise carry out their duties with respect to GXO.

The board is expected to consider the following types of potential related person transactions and pre-approve them under GXO’s Related Person Transaction Approval Policy as not presenting material conflicts of interest:

- employment of GXO executive officers (except employment of a GXO executive officer that is an immediate family member of another GXO executive officer, director, or nominee for director) as long as the Compensation Committee has approved the executive officers’ compensation;
- director compensation that the board has approved;
- any transaction with another entity in which the aggregate amount involved does not exceed the greater of \$1,000,000 or 2% of the other entity’s total annual revenues, if a related person’s interest arises only from:
 - such person’s position as an employee or executive officer of the other entity; or
 - such person’s position as a director of the other entity; or
 - the ownership by such person, together with his or her immediate family members, of less than a 10% equity interest in the aggregate in the other entity (other than a partnership); or
 - both such position as a director and ownership as described above; or

- such person's position as a limited partner in a partnership in which the person, together with his or her immediate family members, have an interest of less than 10%;
- charitable contributions in which a related person's only relationship is as an employee (other than an executive officer), or a director or trustee, if the aggregate amount involved does not exceed the greater of \$250,000 or 2% of the charitable organization's total annual receipts;
- transactions, such as the receipt of dividends, in which all stockholders receive proportional benefits;
- transactions involving competitive bids;
- transactions involving the rendering of services as a common or contract carrier, or public utility, at rates or charges fixed in conformity with law or governmental authority; and
- transactions with a related person involving services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture or similar services.

EXECUTIVE COMPENSATION

As discussed elsewhere in this information statement, XPO is separating into two publicly traded companies, XPO and GXO. GXO is currently a subsidiary of XPO and is not yet an independent company, and its compensation committee has not yet been formed. Following the separation and distribution, GXO will have its own executive officers and its own compensation committee of the GXO Board (the “GXO Compensation Committee”). As of the date of this information, the following individuals are expected to serve as executive officers of GXO in the positions set forth below effective as of the separation and distribution:

- Malcolm Wilson, Chief Executive Officer
- Baris Oran, Chief Financial Officer
- Maryclaire Hammond, Chief Human Resources Officer

This section discusses the compensation policies and practices that are expected to apply to the identified GXO executive officers after the separation and distribution. These policies and practices remain subject to the review and approval by the GXO Compensation Committee after the separation and distribution. This section also contains a description of certain GXO executive compensation arrangements that are expected to become effective upon the occurrence of separation and distribution.

Compensation Discussion & Analysis

Compensation Philosophy and Executive Compensation Program Objectives

XPO’s executive compensation philosophy is founded on the following core objectives, which we expect to be the core objectives of GXO’s compensation philosophy:

- Attract high-impact, results-oriented executives in a competitive job market who will contribute to our goal of maximizing stockholder value.
- Ensure that each executive receives total compensation that encourages his or her long-term retention through business and individual performance assessments, coupled with market benchmarking.
- Maintain executive focus on the company’s top priorities of profitable growth, innovation, operational excellence and customer satisfaction, as well as increased focus on ESG matters including employee safety and engagement.
- Set ambitious targets that incentivize our executives to drive long-term stockholder value creation without unnecessary risk.
- Align the interests of our executives with those of our stockholders by emphasizing high growth and high returns in our long-term, performance-based incentives.
- Incorporate stockholder feedback into our Compensation Committee’s decision-making process.

Executive Compensation Governance Framework

Stock Ownership Policies

We believe that executive equity ownership in the company mitigates a number of risks, including risks related to executive attrition and undue risk-taking. It is expected that GXO’s executive stock ownership guidelines will initially be consistent with XPO’s executive stock ownership guidelines and will therefore be expressed as a multiple of each GXO named executive officer’s annual base salary as follows:

- Chief Executive Officer: 6x annual base salary
- Other GXO Named Executive Officers: 3x annual base salary

Compliance with GXO's stock ownership guidelines will be determined using the aggregate count of shares of common stock held directly or indirectly by the GXO named executive officer, plus unvested restricted stock units subject solely to time-based vesting. Stock options, whether vested or unvested, and equity-based awards subject to performance-based vesting conditions, will not be counted toward meeting stock ownership guidelines until they have settled or been exercised, as applicable.

Until the stock ownership guidelines are met, a named executive officer is required to retain 70% of the net shares (after tax withholding) received upon settlement of equity-based awards. A newly appointed executive is required to reach his or her stock ownership guideline no later than five years from the date of appointment.

Clawback Policy

XPO's named executive officers are subject to clawback restrictions with respect to long-term and annual short-term incentive compensation as described below. The Compensation Committee of XPO's Board of Directors (the "XPO Compensation Committee") is focused on mitigating risk associated with XPO's compensation program for XPO named executive officers and believes that clawback provisions are an important tool to achieve this. We expect that GXO will adopt a clawback policy with similar terms, which will be set forth in the GXO equity award agreements.

The XPO named executive officer employment agreements include a clawback provision under which the XPO named executive officer may be required, upon certain triggering events, to repay all or a portion of long-term incentive compensation that was previously paid (including proceeds from previously-exercised and vested equity-based awards) and to forfeit unvested equity-based awards during the term of the employment agreements. These clawback provisions are generally triggered if any of the following conditions apply—the XPO named executive officer:

- Has engaged in fraud or other willful misconduct that contributes materially to any significant financial restatement or material loss to XPO or any of XPO's affiliates;
- Is terminated for cause, as defined in the employment agreement; or
- Breaches the restrictive covenants that are applicable under the employment agreement.

In addition, if an XPO named executive officer has engaged in fraud or other willful misconduct that contributes materially to any financial restatement or material loss to the company or any of its affiliates, XPO may: (i) require repayment by the XPO named executive officer of any cash bonus or annual bonus previously paid, net of any taxes paid by the XPO named executive officer on such bonus; (ii) cancel any earned but unpaid cash bonus or annual bonus; and/or (iii) adjust the XPO named executive officer's future compensation in order to recover an appropriate amount with respect to the restated financial results or the material loss.

Process for Determining Executive Compensation

Role of the Compensation Committee

We expect that the GXO Compensation Committee will adopt a similar role to the role of the XPO Compensation Committee following the separation and distribution. The XPO Compensation Committee is responsible for approving XPO's compensation practices and overseeing XPO's executive compensation program in a manner consistent with XPO's compensation philosophy. The XPO Compensation Committee is tasked with: (i) reviewing the annual and long-term performance goals for XPO Executive Officers (ii) approving awards under incentive compensation and equity-based plans; and (iii) approving all other compensation and benefits for XPO Executive Officers. The XPO Compensation Committee acts independently but works closely with the full Board of Directors of XPO and executive management in making many of its decisions. To assist it in discharging its responsibilities, the XPO Compensation Committee has retained the services of an independent compensation consultant.

Role of Management

We expect GXO management will adopt a similar role in determination of executive compensation to the role of XPO management following the separation and distribution. Executive management provides input to the XPO Compensation Committee, including with respect to the XPO Compensation Committee's evaluation of executive compensation practices. The XPO Compensation Committee carefully and independently reviews the recommendations of management without members of management present and consults its independent advisor before making final determinations. XPO believes this process ensures that its executive compensation program effectively aligns with XPO's compensation philosophy and stockholder interests.

Peer Group

It is expected that the initial GXO peer group will be as set forth below, subject to the review and approval of the GXO Compensation Committee after the separation and distribution. This peer group reflects a group of companies with similar or adjacent business models, and that source talent from the same labor pools as GXO. In determining the peer group, the following factors were considered: (i) whether company is publicly-traded on a major U.S. stock exchange, (ii) whether company is within a reasonable size range of GXO, (iii) whether company is operating in similar or adjacent industry to logistics, and (iv) whether company has displayed a degree of peer similarity.

Aspen Technology, Inc.	Pitney Bowes Inc.
C.H. Robinson Worldwide, Inc.	Rockwell Automation, Inc.
Cintas Corporation	Rollins, Inc.
The Descartes Systems Group, Inc.	Sanmina Corporation
Expeditors International of Washington, Inc.	Shopify Inc.
FedEx Corporation	United Parcel Service, Inc.
Iron Mountain Inc.	

Executive Compensation Elements

It is expected that GXO's executive compensation program will consist of four principal elements: (1) annual base salary, (2) annual short-term incentive, (3) annual long-term incentive, and (4) employee benefits and limited executive perquisites.

Annual Base Salary

Annual base salary provides a fixed incentive that corresponds to an executive's experience and job scope. We expect that the GXO Compensation Committee will review annual base salaries for GXO's executive officers each year in order to ensure alignment with current market levels. The 2021 annual base salary of each identified GXO executive officer is set forth in the table below.

Executive Officer	Annual Base Salary	
Malcolm Wilson, Chief Executive Officer	£	468,000
Baris Oran, Chief Financial Officer	\$	600,000
Maryclaire Hammond, Chief Human Resources Officer	£	288,000

Annual Short-Term Incentive

Each GXO named executive officer is eligible for an annual short-term incentive payment. The table below reflects the 2021 annual short-term incentive opportunity of each identified GXO executive officer.

Executive Officer	Base Salary	Target Opportunity (as a percentage of base salary)	Target Opportunity	Maximum Bonus Opportunity
Malcolm Wilson, Chief Executive Officer	£468,000	115%	£538,200	2x target
Baris Oran, Chief Financial Officer	\$600,000	100%	\$600,000	2x target
Maryclaire Hammond, Chief Human Resources Officer	£288,000	75%	£216,000	2x target

We expect that, subject to review and approval by the GXO Compensation Committee, GXO will maintain a 2021 short-term incentive program that utilizes a balanced scorecard of three weighted metrics:

- 50% adjusted EBITDA;
- 30% Revenue; and
- 20% Free Cash Flow, as adjusted to exclude certain items.

We expect that for the 2021 performance year, each performance metric must equal or exceed 90% of target performance in order for each named executive officer to become eligible for a short term incentive award, assuming they remained employed on the payment date. We expect that 2021 short-term incentives would pay out at 50% of the target opportunity at a 90% target performance level with upward potential up to a maximum of 200% of the target opportunity for a 120% target performance level. The actual performance goals for each metric and the corresponding payout curve will be confirmed by the GXO Compensation Committee after the separation and distribution.

Long-Term Incentives

We expect that GXO will maintain a long-term incentive program designed to retain key executives and to align the interests of GXO executives with the achievement of sustainable long-term growth and performance. Subject to the review and approval of the GXO Compensation Committee after the separation and distribution, we expect that annual long-term incentive grants made in 2022 in respect of the 2021 performance year will be composed of 70% performance-based restricted stock units and 30% time-based restricted stock units for key positions, including the CEO and CFO; all other executive officer positions will have awards comprised of 50% performance-based stock units and 50% restricted stock units. We expect that, subject to the review and approval of the GXO Compensation Committee after the separation and distribution, the initial performance awards granted by GXO to executive officers in 2022 will have a four-year performance period, with awards vesting at end of the performance period based on the achievement of performance goals, using the following three performance measures:

- 60% total shareholder return vs. the S&P MidCap 400 Index
- 25% adjusted Cash Flow per Share
- 15% ESG scorecard measures

Employee Benefits and Limited Executive Perquisites

We expect GXO to offer a variety of health and welfare programs to all eligible employees, including the GXO named executive officers. The GXO named executive officers will be eligible for the same health and welfare benefit programs that apply to, on the same basis as, the rest of our employees, including medical and dental care coverage, life insurance coverage and short and long-term disability, with the exception of our CEO who is entitled to the UK pension allowance described below since he does not participate in the GXO UK pension scheme.

We expect to limit the use of perquisites as a method of compensation and provide executive officers with only those perquisites that we believe are reasonable and consistent with our compensation goal of enabling us to attract and retain superior executives for key positions.

Going Forward GXO Compensation Arrangements

XPO has entered into, or expects to enter into, offer letters and service agreements with each of the identified GXO executive officers with respect to their GXO executive positions following the occurrence of the separation and distribution. These offer letters and service agreements will become effective, and GXO will assume such agreements, as of the separation and distribution. The material terms of these letters and agreements are described below.

In connection with the separation and distribution, it is expected that GXO will adopt an executive severance plan (described below) and the 2021 Omnibus Incentive Compensation Plan (which is described in this information statement under the heading “GXO 2021 Omnibus Incentive Compensation Plan”), each of which will be effective for GXO upon the separation and distribution. Following the separation and distribution, the GXO Compensation Committee will consider and develop GXO’s compensation programs, plans, philosophy and practices, consistent with GXO’s business needs and goals.

Offer Letter and Service Agreement with GXO Chief Executive Officer

The offer letter and service agreement with Malcolm Wilson would become effective upon, and subject to the occurrence of, the separation and distribution and provides for Mr. Wilson to serve as Chief Executive Officer of GXO and to receive an annual compensation package consisting of a base salary of £468,000, a target annual bonus award of 115% of base salary, an annual equity award consisting of 30% restricted stock units and 70% performance-based restricted stock units with a total target value of \$850,000 for the 2021 performance year and a pension allowance equal to 17.79% of base salary. In addition, the offer letter and service agreement provide for an XPO equity award of 120,000 stock options relating to XPO common stock that will vest in installments over the five-year period following the grant date, subject to (i) the occurrence of the separation and distribution by March 31, 2022 and (ii) Mr. Wilson’s continuous employment with XPO (and GXO after the separation and distribution) through each applicable vesting date. Treatment of such XPO stock option award will be consistent with the treatment of other outstanding XPO equity-based compensation awards held by GXO employees in connection with the separation and distribution, as described under “The Separation and Distribution—Treatment of Equity-Based Compensation.”

Offer Letter with GXO Chief Financial Officer

The offer letter with Baris Oran will become effective upon, and subject to the occurrence of, the separation and distribution and provides for Mr. Oran to serve as Chief Financial Officer of GXO and to receive an annual compensation package consisting of a base salary of \$600,000, a target annual bonus award of 100% of base salary, and an annual equity award consisting of 30% restricted stock units and 70% performance-based restricted stock units with a total target value of \$800,000 for the 2021 performance year. In addition, the offer letter provides for an XPO equity award of 100,000 stock options relating to XPO common stock that will vest in installments over the five-year period following the grant date, subject to (i) the occurrence of the separation and distribution by March 31, 2022 and (ii) Mr. Oran’s continuous employment with XPO (and GXO after the separation and distribution) through each applicable vesting date. Treatment of such XPO stock option award will be consistent with the treatment of other outstanding XPO equity-based compensation awards held by GXO employees in connection with the separation and distribution, as described under “The Separation and Distribution—Treatment of Equity-Based Compensation.”

Offer Letter and Service Agreement with GXO Chief Human Resources Officer

The offer letter and service agreement with Maryclaire Hammond would become effective upon, and subject to the occurrence of, the separation and distribution and provides for Ms. Hammond to serve as the Chief Human Resources Officer of GXO effective as of the separation and distribution and to receive an annual compensation package consisting of a base salary of £288,000, a target annual bonus award of 50% of base salary, and an annual equity award consisting of 50% restricted stock units and 50% performance-based restricted stock units with a total target value of \$350,000 for the 2021 performance year. In addition, the offer letter and service agreement provide for an XPO equity award of 20,000 stock options relating to XPO common stock that will vest in installments over the five-year period following the grant date, subject to (i) the occurrence of the separation and distribution by

March 31, 2022 and (ii) Ms. Hammond's continuous employment with XPO (and GXO after the separation and distribution) through each applicable vesting date. Treatment of such XPO stock option award will be consistent with the treatment of other outstanding XPO equity-based compensation awards held by GXO employees in connection with the separation and distribution, as described under "The Separation and Distribution—Treatment of Equity-Based Compensation." Ms. Hammond also entered into a UK pension top-up agreement with XPO in connection with her role with GXO following the separation and distribution, which states that XPO will provide a top up to her pension account of 4% of base salary, subject to her individual contribution of at least 8% of base salary (which additional contribution will be grossed up to offset any additional tax impact).

GXO Severance Plan

It is expected that GXO will adopt a severance plan that will become effective upon, and subject to, the occurrence of, the separation and distribution. The eligible participants under the severance plan would include the named executive officers of GXO and its other executive officers and key members of executive management.

Pursuant to the severance plan, any GXO executive officer whose employment is terminated without "cause" at any time other than within the two years following a "change in control" (as such terms are defined in the severance plan) of GXO, would be entitled to receive (subject to the officer's execution of a release of claims in favor of GXO and continuing compliance with the officer's confidential information protection agreement that includes restrictive covenants relating to confidentiality, ownership of intellectual property, non-hire and non-solicitation of employees, non-solicitation of customers, non-competition and non-disparagement):

- continuation of annual base salary for 18 months (for the Chief Executive Officer) or 12 months (for other executive officers);
- a prorated target annual bonus for the year of termination (the "Prorated Bonus"); and
- up to 18 months (for the Chief Executive Officer) or 12 months (for other executive officers) of healthcare benefit coverage continuation at the active employee rate for healthcare benefit coverage or a cash payment in lieu thereof (the "Healthcare Benefit").

Pursuant to the severance plan, any GXO executive officer whose employment is terminated without "cause" or who resigns for "good reason" on, or within the two years following, a "change in control" (as such terms are defined in the severance plan) of GXO, would be entitled to receive (subject to the officer's execution of a release of claims in favor of GXO and continuing compliance with the officer's confidential information protection agreement, service agreement, or other similar contractual obligations):

- a lump sum cash severance payment equal to two and one-half times (for the Chief Executive Officer) and two times (for other executive officers) the sum of (a) the officer's annual base salary and (b) the officer's target annual bonus;
- the Prorated Bonus; and
- the Healthcare Benefit.

The severance plan provides that, in the event that the payments and benefits to a named executive officer in connection with a change in control, whether pursuant to the severance plan or otherwise, would be subject to the golden parachute excise tax imposed under Sections 280G and 4999 of the Code, then the officer will either receive all such payments and benefits and pay the excise tax, or such payments and benefits will be reduced to the extent necessary so that the excise tax does not apply, whichever approach results in a higher after-tax amount of the payments and benefits being retained by the officer.

Cash severance payable under the severance plan will be offset by any other severance payments to which the officer is entitled in respect of the applicable termination of employment, including pursuant to the GXO confidential information protection agreement, as applicable, which provides for payments of the GXO executive officer's base salary for the duration of his or her post-termination non-compete period with a minimum payment of base salary for 12 months following termination if the officer is terminated without cause before January 1, 2022.

Executive Compensation Tables

As none of our executive officers were previously serving as executive officers of XPO in 2020, there are no executive compensation tables provided.

DIRECTOR COMPENSATION

The initial GXO non-employee director compensation program is designed to enable ongoing attraction and retention of highly qualified directors and to address the time, effort, expertise and accountability required of active GXO Board membership. This program is described in further detail below. Following the separation and distribution, the director compensation program will be subject to the review and approval of the GXO Board or a committee thereof.

Treatment of outstanding XPO equity-based compensation awards held by GXO non-employee directors in connection with the distribution is described under “The Separation and Distribution—Treatment of Equity-Based Compensation.”

The GXO annual non-employee director compensation program will initially be consistent of the following: (i) an annual cash retainer of \$80,000, payable quarterly in arrears; and (ii) an annual grant of time-based restricted stock units with a target value of \$190,000, which will generally be granted on the first business day of the calendar year (starting with calendar year 2022) and vest on the later of the first anniversary of grant or the first business day of the following calendar year, subject to continued service on the GXO Board on the vesting date. It is expected that the number of shares of GXO common stock subject to each award will be determined by dividing \$190,000 by the average of the closing prices of GXO’s common stock on the ten trading days immediately preceding the grant date.

The vice chairman of the Board will receive an additional annual cash retainer of \$25,000, payable quarterly in arrears. The lead independent director also will receive an additional \$25,000 annual cash retainer, payable quarterly in arrears. The chairperson of each of the GXO Audit Committee, the GXO Compensation Committee and the GXO Nominating, Corporate Governance and Sustainability Committee each will receive an additional cash retainer of \$25,000, \$20,000 and \$20,000, respectively, payable quarterly in arrears.

No other fees will be paid to directors for their attendance at or participation in meetings of the GXO Board or its committees. GXO will reimburse directors for expenses incurred in the performance of their duties, including reimbursement for air travel and hotel expenses.

GXO 2021 OMNIBUS INCENTIVE COMPENSATION PLAN

The material terms of the GXO Logistics, Inc. 2021 Omnibus Incentive Compensation Plan (the “Plan”) are summarized below. This summary does not contain all information about the Plan. This summary is qualified in its entirety by reference to, and should be read together with the full text of the Plan.

Types of Awards

The Plan provides for the grant of options intended to qualify as incentive stock options (“ISOs”) under Section 422 of the Code, nonqualified stock options (“NSOs”), stock appreciation rights (“SARs”), restricted share awards, restricted stock units (“RSUs”), performance awards, cash incentive awards, deferred share units and other equity-based and equity-related awards, as well as cash-based awards.

Plan Administration

The Plan is administered by the Compensation Committee of the GXO Board or such other committee the GXO Board designates to administer the Plan (the “Committee”). Subject to the terms of the Plan and applicable law, the Committee has sole authority to administer the Plan, including, but not limited to, the authority to (1) designate plan participants, (2) determine the type or types of awards to be granted to a participant, (3) determine the number of shares of GXO common stock to be covered by awards, (4) determine the terms and conditions of awards, (5) determine the vesting schedules of awards and, if certain performance criteria were required to be attained in order for an award to vest or be settled or paid, establish such performance criteria and certify whether, and to what extent, such performance criteria have been attained, (6) interpret, administer, reconcile any inconsistency in, correct any default in and/or supply any omission in, the Plan, (7) establish, amend, suspend or waive such rules and regulations and appoint such agents as it should deem appropriate for the proper administration of the Plan, (8) accelerate the vesting or exercisability of, payment for or lapse of restrictions on, awards, and (9) make any other determination and take any other action that the Committee deems necessary or desirable for the administration of the Plan.

Shares Available For Awards

Subject to adjustment for changes in capitalization, there are [] shares of GXO common stock, in the aggregate, that are currently authorized for delivery pursuant to awards granted under the Plan, [] shares of which may be granted pursuant to ISOs. Awards that are settled in cash do not reduce the number of shares available for delivery under the Plan. If any award granted under the Plan is forfeited, or otherwise expires, terminates or is canceled without the delivery of all shares subject thereto, then the number of shares subject to such award that were not issued are not treated as issued for purposes of reducing the maximum aggregate number of shares that may be delivered pursuant to the Plan.

Notwithstanding the foregoing, and for the avoidance of doubt, shares that were surrendered or tendered to us in payment of the exercise price of an award (including with respect to stock-settled SARs) or any taxes required to be withheld in respect of an award and awards based on the fair market value of a share that are settled other than by the delivery of shares (including cash settlement) do not become available again to be delivered pursuant to awards under the Plan or increase the number of shares that may be delivered pursuant to ISOs under the Plan. The maximum value of shares of GXO common stock that are available to be granted pursuant to awards to any non-employee director in the Plan in any fiscal year is \$[●] as of the date of grant.

Changes in Capitalization

In the event of any extraordinary dividend or other extraordinary distribution, recapitalization, rights offering, stock split, reverse stock split, split-up or spin-off affecting the shares of GXO common stock, the Committee shall make equitable adjustments and other substitutions to the Plan and awards under the Plan in the manner it determined to be appropriate or desirable. In the event of any reorganization, merger, consolidation, combination, repurchase or exchange of GXO common stock or other similar corporate transactions, the Committee in its discretion is permitted to make such adjustments and other substitutions to the Plan and awards under the Plan as it deems appropriate or desirable.

Substitute Awards

The Committee is permitted to grant awards in assumption of, or in substitution for, outstanding awards previously granted by GXO or any of its affiliates or a company that GXO acquired or with which GXO combined. Any shares issued by GXO through the assumption of or substitution for outstanding awards granted by a company that GXO acquired do not reduce the aggregate number of shares of GXO common stock available for awards under the Plan, except that awards issued in substitution for ISOs will reduce the number of shares of GXO common stock available for ISOs under the Plan.

Source of Shares

Any shares of GXO common stock issued under the Plan consist, in whole or in part, of authorized and unissued shares or of treasury shares.

Eligible Participants

Directors, officers, employees and consultants (including any prospective directors, officers, employees and consultants) of GXO and its affiliates are eligible to receive awards under the Plan.

Stock Options

The Committee is permitted to grant both ISOs and NSOs under the Plan. The exercise price for stock options may not be less than the fair market value (as defined in the Plan) of GXO common stock on the grant date. The Committee may not reprice any stock option granted under the Plan without the approval of GXO stockholders. All stock options granted under the Plan are NSOs unless the applicable award agreement expressly stated that the stock option was intended to be an ISO. Subject to the provisions of the Plan (including the minimum vesting period described below) and the applicable award agreement, the Committee determines, at or after the grant of a stock option, the vesting criteria, term, methods of exercise and any other terms and conditions of any stock option. Unless otherwise set forth in the applicable award agreement, each stock option expires upon the earlier of (i) the tenth anniversary of the date the stock option was granted and (ii) three months after the participant who was holding the stock option ceased to be a director, officer, employee or consultant for GXO, or one of its affiliates. The exercise price is permitted to be paid with cash (or its equivalent) or, in the sole discretion of the Committee, with previously acquired shares of GXO common stock or through delivery of irrevocable instructions to a broker to sell GXO common stock otherwise deliverable upon the exercise of the stock option (provided that there was a public market for GXO common stock at such time), or, in the sole discretion of the Committee, a combination of any of the foregoing, provided that the combined value of all cash and cash equivalents and the fair market value of any such shares so tendered to us as of the date of such tender, together with any shares withheld by us in respect of taxes relating to a stock option, was at least equal to such aggregate exercise price.

Stock Appreciation Rights

The Committee is permitted to grant SARs under the Plan. The exercise price for SARs may not be less than the fair market value (as defined in the Plan) of GXO common stock on the grant date. The Committee may not reprice any SAR granted under the Plan without the approval of GXO stockholders. Upon exercise of a SAR, the holder receives cash, shares of GXO common stock, other securities, other awards, other property or a combination of any of the foregoing, as determined by the Committee, equal in value to the excess, if any, of the fair market value of a share of GXO common stock on the date of exercise of the SAR over the exercise price of the SAR. Subject to the provisions of the Plan (including the minimum vesting period described below) and the applicable award agreement, the Committee determines, at or after the grant of a SAR, the vesting criteria, term, methods of exercise, methods and form of settlement and any other terms and conditions of any SAR. Unless otherwise set forth in the applicable award agreement, each SAR expires upon the earlier of (i) the tenth anniversary of the date the SAR was granted and (ii) three months after the participant who was holding the SAR ceased to be a director, officer, employee or consultant for GXO or one of its affiliates. Under certain circumstances, the GXO Committee has the ability to substitute, without the consent of the affected participant, SARs for outstanding NSOs. No SAR granted under the Plan could be exercised more than 10 years after the date of grant.

Restricted Shares and Restricted Stock Units

Subject to the provisions of the Plan, the Committee is permitted to grant restricted shares and RSUs. Restricted shares and RSUs are not permitted to be sold, assigned, transferred, pledged or otherwise encumbered except as provided in the Plan or the applicable award agreement, except that the Committee may determine that restricted shares and RSUs are permitted to be transferred by the participant for no consideration. Restricted shares may be evidenced in such manner as the Committee determines.

An RSU is granted with respect to one share of GXO common stock or has a value equal to the fair market value of one such share. Upon the lapse of restrictions applicable to an RSU, the RSU may be paid in cash, shares of GXO common stock, other securities, other awards or other property, as determined by the Committee, or in accordance with the applicable award agreement. In connection with each grant of restricted shares, except as provided in the applicable award agreement, the holder is entitled to the rights of a stockholder (including the right to vote and receive dividends) in respect of such restricted shares. The Committee is permitted to, on such terms and conditions as it might determine, provide a participant who holds RSUs with dividend equivalents, payable in cash, shares of GXO common stock, other securities, other awards or other property.

Performance Awards

Subject to the provisions of the Plan, the Committee is permitted to grant awards under the Plan that are conditioned on the achievement of performance goals established by the Committee. In its discretion, the Committee sets performance goals that, depending on the extent to which they were met during a specified performance period, determine the number of shares of GXO common stock and/or amount of cash or other property that are paid out to the participant. The Committee, in its sole discretion, is permitted to pay earned performance awards in the form of cash, shares of GXO common stock or other property or any combination thereof that has an aggregate fair market value equal to the value of the earned performance units at the close of the applicable performance period. The determination of the Committee with respect to the form and timing of payout of performance units is set forth in the applicable award agreement. The Committee is permitted to, on such terms and conditions as it might determine, provide a participant who holds performance units with dividends or dividend equivalents, payable in cash, shares of GXO common stock, other securities, other awards or other property.

Cash Incentive Awards

Subject to the provisions of the Plan, the Committee is permitted to grant cash incentive awards to participants. In its discretion, the Committee determines the number of cash incentive awards to be awarded, the duration of the period in which, and any condition under which, the cash incentive awards vest or are forfeited, and any other terms and conditions applicable to the cash incentive awards. Subject to the provisions of the Plan, the holder of a cash incentive award may receive payment based on the number and value of the cash incentive award earned, which is determined by the Committee, in its discretion, based on the extent to which performance goals or other conditions applicable to the cash incentive award have been achieved.

Other Stock-Based Awards

Subject to the provisions of the Plan, the Committee is permitted to grant to participants other equity-based or equity-related compensation awards, including vested stock, which shall be granted pursuant to the five percent limit described below under the header "Minimum Vesting Period." The Committee is permitted to determine the amounts and terms and conditions of any such awards.

Assumed XPO Awards

Notwithstanding any provisions in the Plan to the contrary, each XPO equity award that is assumed by GXO in the distribution shall be subject to the terms and conditions of the equity compensation plan and award agreement to which such equity award was subject immediately prior to the distribution, subject to the adjustment of such equity award by the Compensation Committee of XPO and the terms of the Employee Matters Agreement.

Clawbacks

The Company may clawback awards provided to eligible employees to the extent required by applicable law and as otherwise determined by the Compensation Committee and set forth in an award agreement.

Minimum Vesting Period

The Plan is subject to a designated vesting period of at least one year following the date of grant, except that up to five percent of shares available for grant under the Plan may be granted without regard to this requirement. Such minimum vesting period does not apply to equity-based compensation awards issued in connection with the adjustment of outstanding XPO equity-based compensation awards upon the distribution.

Amendment and Termination

Subject to any applicable law or government regulation and to the rules of the applicable national stock exchange or quotation system on which the shares of GXO common stock may be listed or quoted, the Plan may be amended, modified or terminated by the GXO Board without the approval of GXO stockholders, except that stockholder approval is required for any amendment that (i) increases the maximum number of shares of GXO common stock available for awards under the Plan or increases the maximum number of shares of GXO common stock that could be delivered pursuant to ISOs granted under the Plan, (ii) changes the class of employees or other individuals eligible to participate in the Plan, (iii) amends or decreases the exercise price of any option or SAR, (iv) cancels or exchanges any option or SAR at a time when its exercise price exceeds the fair market value of the underlying shares, (v) allows repricing of any option or SAR without stockholder approval, or (vi) constitutes a material increase in the benefits to be provided to eligible employees within the meaning of the New York Stock Exchange rules as of the date hereof. Under these provisions, stockholder approval is not to be required for all possible amendments that might increase the cost of the Plan. No modification, amendment or termination of the Plan that materially and adversely impairs the rights of any participant is effective without the consent of the affected participant, unless otherwise provided by the Committee in the applicable award agreement.

The Committee is permitted to waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate any award previously granted under the Plan, the Prior Plan or the Stock Option Plan (as defined below), prospectively or retroactively. However, unless otherwise provided by the Committee in the applicable award agreement or in the Plan, any such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination that materially and adversely impairs the rights of any participant to any award previously granted is not effective without the consent of the affected participant.

The Committee is authorized to make adjustments in the terms and conditions of awards in the event of any unusual or nonrecurring corporate event (including the occurrence of a change of control of GXO) affecting GXO, any of its affiliates or the financial statements of GXO or any of its affiliates, or of changes in applicable rules, rulings, regulations or other requirements of any governmental body or securities exchange, accounting principles or law whenever the GXO Committee, in its discretion, determined that those adjustments were appropriate or desirable, including providing for the substitution or assumption of awards, accelerating the exercisability of, lapse of restrictions on, or termination of, awards or providing for a period of time for exercise prior to the occurrence of such event and, in its discretion, the GXO Committee is permitted to provide for a cash payment to the holder of an award in consideration for the cancellation of such award.

Change of Control

The Plan provides that, unless otherwise provided in an award agreement, in the event of a change of control of GXO, awards will be assumed and replaced by awards of equivalent value in connection with the change of control and such assumed awards will have so-called “double trigger” vesting provisions, such that the awards will vest in full and become immediately exercisable upon qualifying terminations of employment during the two-year period following the change of control. However, in the event that awards are not replaced with awards of equivalent value the vesting of the awards will generally accelerate immediately prior to the change of control.

Unless otherwise provided pursuant to an award agreement, a change of control is defined to mean any of the following events, generally:

- during any period, a change in the composition of a majority of the board of directors, as constituted on the first day of such period, that was not supported by a majority of the incumbent board of directors;
- consummation of certain mergers or consolidations of GXO with any other corporation following which GXO stockholders hold 50% or less of the combined voting power of the surviving entity;
- the stockholders approve a plan of complete liquidation or dissolution of GXO; or
- an acquisition by any individual, entity or group of beneficial ownership of a percentage of the combined voting power of the then outstanding voting securities entitled to vote generally in the election of directors that was equal to or greater than 30%.

Although award agreements may provide for a different definition of change of control than is provided for in the Plan, except in the case of a transaction described in the third bullet above, any definition of change of control set forth in any award agreement must provide that a change of control will not occur until consummation or effectiveness of a change of control of GXO, rather than upon the announcement, commencement, stockholder approval or other potential occurrence of any event or transaction that, if completed, will result in a change of control of GXO.

Term of the Plan

Prior to the distribution, it is expected that the Plan will be approved by the GXO Board and by XPO as the sole shareowner of GXO. No award may be granted under the Plan more than ten years after the distribution.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Agreements with XPO

Following the separation and distribution, GXO and XPO will each operate separately as an independent public company. In connection with the separation, GXO will enter into a separation agreement with XPO to effect the separation and to provide a framework for GXO's relationship with XPO after the separation and will enter into certain other agreements, including a transition services agreement, a tax matters agreement, an employee matters agreement and an intellectual property license agreement. These agreements will provide for the allocation between GXO and XPO of the assets, employees, liabilities and obligations (including, among others, investments, property and employee benefits and tax-related assets and liabilities) of XPO and its subsidiaries attributable to periods prior to, at and after the separation and will govern the relationship between GXO and XPO subsequent to the completion of the separation.

The material agreements described below will be filed as exhibits to the registration statement on Form 10 of which this information statement is a part. The summaries of each of these agreements set forth below are qualified in their entireties by reference to the full text of the applicable agreements, which are incorporated by reference into this information statement.

Separation Agreement

Transfer of Assets and Assumption of Liabilities

The separation agreement will identify the assets to be transferred, the liabilities to be assumed and the contracts to be transferred to each of GXO and XPO as part of the separation of XPO into two independent companies, and will provide for when and how these transfers and assumptions will occur. In particular, the separation agreement will provide that, among other things, subject to the terms and conditions contained therein:

- certain assets related to the GXO Businesses, which we refer to as the “GXO Assets,” will be retained by or transferred to GXO or one of its subsidiaries, including:
 - equity interests in certain GXO subsidiaries that hold assets of the GXO Businesses;
 - the GXO brands, certain other trade names and trademarks, and certain other intellectual property (including patents, know-how and trade secrets), software, information and technology allocated to GXO pursuant to the separation agreement;
 - facilities owned or leased by GXO;
 - certain contracts exclusively related to the GXO Businesses;
 - with respect to certain contracts primarily but not exclusively related to the GXO Businesses, those portions of such contracts to the extent related to the GXO Businesses;
 - other assets and rights expressly allocated to GXO pursuant to the terms of the separation agreement or certain other agreements entered into in connection with the separation;
 - permits that primarily relate to the GXO Businesses; and
 - other assets that are included in GXO's pro forma balance sheet, included in GXO's Unaudited Pro Forma Condensed Combined Financial Information, which appear in the section titled “Unaudited Pro Forma Condensed Combined Financial Information”;
- certain liabilities related to the GXO Businesses or the GXO Assets, which we refer to as the “GXO Liabilities,” will be retained by or transferred to GXO; and
- all of the assets and liabilities (including whether accrued, contingent or otherwise) other than the GXO Assets and the GXO Liabilities (such assets and liabilities, other than the GXO Assets and the GXO

Liabilities, we refer to as the “XPO Assets” and “XPO Liabilities,” respectively) will be retained by or transferred to XPO.

Except as expressly set forth in the separation agreement or any ancillary agreement, neither of GXO nor XPO will make any representation or warranty as to the assets, business or liabilities transferred or assumed as part of the separation, as to any approvals or notifications required in connection with the transfers, as to the value of or the freedom from any security interests of any of the assets transferred, as to the absence or presence of any defenses or right of setoff or freedom from counterclaim with respect to any claim or other asset of either of GXO or XPO, or as to the legal sufficiency of any document or instrument delivered to convey title to any asset or thing of value to be transferred in connection with the separation. All assets will be transferred on an “as is,” “where is” basis, and the respective transferees will bear the economic and legal risks that any conveyance will prove to be insufficient to vest in the transferee good and marketable title, free and clear of all security interests, that any necessary consents or governmental approvals are not obtained, or that any requirements of law, agreements, security interests or judgments are not complied with.

Information in this information statement with respect to the assets and liabilities of the parties following the distribution is presented based on the allocation of such assets and liabilities pursuant to the separation agreement, unless the context otherwise requires. The separation agreement will provide that in the event that the transfer of certain assets and liabilities (or a portion thereof) to GXO or XPO, as applicable, does not occur prior to the separation, then until such assets or liabilities (or a portion thereof) are able to be transferred, GXO or XPO, as applicable, will hold such assets on behalf and for the benefit of the transferee and will pay, perform and discharge such liabilities, for which the transferee will reimburse GXO or XPO, as applicable, for all commercially reasonable payments made in connection with the performance and discharge of such liabilities.

The Distribution

The separation agreement will also govern the rights and obligations of the parties regarding the distribution following the completion of the separation. On the distribution date, XPO will distribute to its stockholders that hold XPO common stock as of the record date for the distribution all of the issued and outstanding shares of GXO common stock on a pro rata basis. Stockholders will receive cash in lieu of any fractional shares.

Conditions to the Distribution

The separation agreement will provide that the distribution is subject to satisfaction (or waiver by XPO in its sole and absolute discretion) of certain conditions. These conditions are described under “The Separation and Distribution—Conditions to the Distribution.” XPO will have the sole and absolute discretion to determine (and change) the terms of, and to determine whether to proceed with, the distribution and, to the extent that it determines to so proceed, to determine the record date for the distribution, the distribution date and the distribution ratio.

Claims

In general, each party to the separation agreement will assume liability for all pending, threatened and unasserted legal matters related to its own business or its assumed or retained liabilities and will indemnify the other party for any liability to the extent arising out of or resulting from such assumed or retained legal matters.

Releases

The separation agreement will provide that GXO and its affiliates will release and discharge XPO and its affiliates from all liabilities assumed by GXO as part of the separation, from all acts and events occurring or failing to occur, and all conditions existing, on or before the distribution date relating to the GXO Businesses, except as expressly set forth in the separation agreement. XPO and its affiliates will release and discharge GXO and its affiliates from all liabilities retained by XPO and its affiliates as part of the separation, from all acts and events occurring or failing to occur, and all conditions existing, on or before the distribution date relating to the businesses conducted by XPO, except the GXO Businesses, and from all liabilities existing or arising in connection with the implementation of the separation, except as expressly set forth in the separation agreement.

These releases will not extend to obligations or liabilities under any agreements between the parties that remain in effect following the separation, which agreements include the separation agreement and the other agreements described under “Certain Relationships and Related Party Transactions.”

Indemnification

In the separation agreement, GXO will agree to indemnify, defend and hold harmless XPO, each of XPO’s controlled affiliates and each of their respective directors, officers and employees, from and against all liabilities to the extent relating to, arising out of or resulting from:

- the GXO Liabilities;
- GXO’s failure or the failure of any other person to pay, perform or otherwise promptly discharge any of the GXO Liabilities, in accordance with their respective terms, whether prior to, at or after the distribution;
- except to the extent relating to an XPO Liability, any guarantee, indemnification or contribution obligation for the benefit of GXO by XPO that survives the distribution;
- any breach by GXO of the separation agreement or any of the ancillary agreements; and
- any untrue statement or alleged untrue statement or omission or alleged omission of material fact in the Form 10 or in this information statement (as amended or supplemented), except for any such statements or omissions made explicitly in XPO’s name.

XPO will agree to indemnify, defend and hold harmless GXO, each of GXO’s controlled affiliates and each of their respective directors, officers and employees from and against all liabilities to the extent relating to, arising out of or resulting from:

- the XPO Liabilities;
- the failure of XPO or any other person to pay, perform or otherwise promptly discharge any of the XPO Liabilities in accordance with their respective terms whether prior to, at or after the distribution;
- except to the extent relating to a GXO Liability, any guarantee, indemnification or contribution obligation for the benefit of XPO by GXO that survives the distribution;
- any breach by XPO of the separation agreement or any of the ancillary agreements; and
- any untrue statement or alleged untrue statement or omission or alleged omission of a material fact made explicitly in XPO’s name in the Form 10 or in this information statement (as amended or supplemented).

The separation agreement will also establish procedures with respect to claims subject to indemnification and related matters.

Indemnification with respect to taxes, and the procedures related thereto, will be governed by the tax matters agreement.

Non-Compete

The separation agreement will contain a covenant not to compete, prohibiting, subject to certain customary exceptions, (1) GXO and its subsidiaries from engaging in the XPO retained businesses and (2) XPO and its subsidiaries from engaging in the GXO Businesses, in each case for a period of two years following the distribution date.

Insurance

The separation agreement will provide for the allocation between the parties of rights and obligations under existing insurance policies with respect to claims covered by XPO's insurance prior to the distribution and set forth procedures for the administration of insured claims and related matters.

Further Assurances

In addition to the actions specifically provided for in the separation agreement, except as otherwise set forth therein or in any ancillary agreement, GXO and XPO will agree in the separation agreement to use reasonable best efforts, prior to, on and after the distribution date, to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper or advisable under applicable laws, regulations and agreements to consummate and make effective the transactions contemplated by the separation agreement and the ancillary agreements.

Dispute Resolution

The separation agreement will contain provisions that govern, except as otherwise provided in any ancillary agreement, the resolution of disputes, controversies or claims that may arise between GXO and XPO related to the separation or distribution and that are unable to be resolved through good faith discussions between GXO and XPO. These provisions will contemplate that efforts will be made to resolve disputes, controversies and claims by escalation of the matter to executives of the parties in dispute. If such efforts are not successful, one of the parties in dispute may submit the dispute, controversy or claim to binding alternative dispute resolution, subject to the provisions of the separation agreement.

Expenses

Except as expressly set forth in the separation agreement or in any ancillary agreement, XPO will be responsible for all costs and expenses incurred in connection with the separation incurred prior to the distribution date, including costs and expenses relating to legal and tax counsel, financial advisors and accounting advisory work related to the separation. Except as expressly set forth in the separation agreement or in any ancillary agreement, or as otherwise agreed in writing by GXO and XPO, all costs and expenses incurred in connection with the separation after the distribution will be paid by the party incurring such cost and expense.

Amendment and Termination

The separation agreement will provide that it may be terminated, and the separation and distribution may be modified or abandoned, at any time prior to the distribution date in the sole and absolute discretion of the XPO board of directors without the approval of any person, including GXO or XPO stockholders. In the event of a termination of the separation agreement, no party, nor any of its directors, officers or employees, will have any liability of any kind to the other parties or any other person. After the distribution date, the separation agreement may not be amended or terminated, except by an agreement in writing signed by both GXO and XPO.

Transition Services Agreement

GXO and XPO will enter into a transition services agreement in connection with the separation pursuant to which GXO and XPO and their respective affiliates will provide each other, on an interim, transitional basis, various services, such as, treasury administration, employee benefits administration, information technology services, regulatory services, general administrative services and other support services. The agreed-upon charges for such services are generally intended to allow the servicing party to charge a price comprised of out-of-pocket costs and expenses and a predetermined profit in the form of a mark-up of such out-of-pocket expenses. The party receiving each transition service will be provided with reasonable information that supports the charges for such transition service by the party providing the service.

The services generally will commence on the distribution date and terminate no later than [] months following the distribution date. The receiving party may terminate any services by giving prior written notice to the provider of such services and paying any applicable wind-down charges.

Subject to certain exceptions, the liabilities of each party providing services under the transition services agreement will generally be limited to the aggregate charges actually paid to such party by the other party pursuant to the transition services agreement. The transition services agreement also will provide that the provider of a service will not be liable to the recipient of such service for any special, indirect, incidental or consequential damages.

Tax Matters Agreement

In connection with the separation, GXO and XPO will enter into a tax matters agreement that will govern the parties' respective rights, responsibilities and obligations with respect to taxes (including responsibility for taxes, entitlement to refunds, allocation of tax attributes, preparation of tax returns, control of tax contests and other tax matters).

Under the tax matters agreement, XPO generally will be responsible for all U.S. federal income taxes imposed on the XPO consolidated tax return group and state and foreign income, franchise, capital gain, withholding and similar taxes imposed on a consolidated, combined or unitary tax return group (or similar tax group under non-U.S. law) that includes XPO or one of its subsidiaries with respect to taxable periods (or portions thereof) that end on or prior to the distribution date, except (i) special rules will apply with respect to certain taxes imposed in connection with the internal reorganization or the separation and distribution, and (ii) GXO will be responsible for (x) taxes resulting from any breach of certain covenants made by GXO in the tax matters agreement or other separation-related agreements and (y) certain other taxes attributable to GXO's business. GXO generally will be responsible for all federal, state, or foreign income, franchise, capital gain, withholding or similar taxes imposed on a separate return basis on GXO (or any of its subsidiaries or any subgroup consisting solely of GXO and its subsidiaries), as applicable, with respect to taxable periods (or portions thereof) that end on or prior to the date of the relevant distribution, except (i) special rules will apply with respect to certain taxes imposed in connection with the internal reorganization or the separation and distribution and (ii) XPO will be responsible for taxes resulting from any breach of any covenant made by XPO in the tax matters agreement or other separation-related agreements.

The tax matters agreement will provide special rules that allocate tax liabilities in the event either (i) the distribution, together with certain related transactions, fails to qualify as a transaction that is generally tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code or (ii) any internal separation transaction that is intended to qualify as a transaction that is generally tax-free fails to so qualify. Under the tax matters agreement, each party will be responsible for any taxes and related amounts imposed on XPO or GXO as a result of the failure to so qualify, to the extent that the failure to so qualify is attributable to actions, events or transactions relating to such party's respective stock, assets or business, or a breach of the relevant covenants made by that party in the tax matters agreement. Further, under the tax matters agreement, each of XPO and GXO would be responsible for a specified portion of any taxes (and any related costs and other damages) arising as a result of the failure of the distribution and certain related transactions to qualify as a transaction that is generally tax-free (including as a result of Section 355(e) of the Code) or a failure of any internal separation transaction that is intended to qualify as a transaction that is generally tax-free to so qualify, in each case, to the extent such amounts did not result from a disqualifying action by, or acquisition of equity securities of, XPO or GXO.

In addition, the tax matters agreement will impose certain restrictions on GXO and its subsidiaries during the two-year period following the distribution that will be intended to prevent the distribution, together with certain related transactions, from failing to qualify as a transaction that is generally tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code. Specifically, during such period, except in specific circumstances, GXO and its subsidiaries will be prohibited from: (i) ceasing to conduct certain businesses; (ii) entering into certain transactions or series of transactions pursuant to which all or a portion of the shares of GXO common stock would be acquired or all or a portion of certain assets of GXO and its subsidiaries would be acquired; (iii) liquidating, merging or consolidating with any other person; (iv) issuing equity securities beyond certain thresholds; (v) repurchasing GXO stock other than in certain open-market transactions or (vi) taking or failing to take any other action that would cause the distribution, together with certain related transactions, to fail to qualify as a transaction that is generally tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code. Further, the tax matters agreement will impose similar restrictions on us and our subsidiaries during the two-year period following the distribution that are intended to prevent certain transactions undertaken as part of the

internal reorganization from failing to qualify as transactions that are generally tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code or for applicable non-U.S. income tax purposes.

Employee Matters Agreement

GXO and XPO will enter into an employee matters agreement in connection with the separation to allocate liabilities and responsibilities relating to employment matters, employee compensation and benefits plans and programs, and other related matters. The employee matters agreement will govern certain compensation and employee benefit obligations with respect to the current and former employees and non-employee directors of each company.

The employee matters agreement will provide that, unless otherwise specified, each party will be responsible for liabilities associated with current employees of such party and its subsidiaries and former employees of such party's business for purposes of post-separation compensation and benefit matters. The employee matters agreement will also provide, subject to customary exceptions, that neither XPO nor GXO nor their respective subsidiaries will solicit for employment or hire any individual who is a salaried employee of the other party or its subsidiaries for a period of two years following the distribution date.

The employee matters agreement will also govern the terms of equity-based awards granted by XPO prior to the separation. See "The Separation and Distribution—Treatment of Equity-Based Compensation."

Intellectual Property License Agreement

GXO and XPO will enter into an intellectual property license agreement in connection with the separation to facilitate and provide for an orderly transition in connection with the transaction. Under the intellectual property license agreement, each of GXO and XPO will be the owner of a copy of the XPO Smart Software for use in its business. The intellectual property license agreement will also provide GXO a non-exclusive license to certain XPO software platforms for use in the operation of the GXO Businesses, and XPO will retain a non-exclusive license to certain GXO software platforms for use in the operation of XPO's retained businesses. Further, the intellectual property license agreement will also provide the parties with reciprocal, non-exclusive licenses under certain intellectual property rights transferred to GXO and certain intellectual property rights retained by XPO in order to provide the parties freedom to operate their respective businesses.

MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES

The following is a discussion of material U.S. federal income tax consequences of the distribution to “U.S. holders” (as defined below) of XPO common stock. This discussion is based on the Code, Treasury Regulations promulgated thereunder, rulings and other administrative pronouncements issued by the IRS, and judicial decisions, in each case as in effect and available as of the date of this information statement and all of which are subject to differing interpretations and change at any time, possibly with retroactive effect. Any such change could affect the accuracy of the statements and conclusions set forth in this document. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the tax consequences described below.

This discussion applies only to U.S. holders (as defined below) of shares of XPO common stock who hold such shares as a capital asset within the meaning of Section 1221 of the Code (generally, property held for investment). This discussion is based upon the assumption that the separation and the distribution, together with certain related transactions, were or will be consummated in accordance with the separation agreement and the other agreements related to the separation and as described in this information statement. Holders of XPO common stock that are not U.S. holders should consult their own tax advisors as to the tax consequences of the distribution.

This discussion does not address all aspects of U.S. federal income taxation that may be relevant to particular holders of XPO common stock in light of their particular circumstances nor does it address tax consequences applicable to holders that are or may be subject to special treatment under the U.S. federal income tax laws (such as, for example, insurance companies, tax-exempt organizations, financial institutions, mutual funds, certain former U.S. citizens or long-term residents of the United States, broker-dealers, partnerships (or entities or arrangements treated as partnerships for U.S. federal income tax purposes), or other pass-through entities or owners thereof, traders in securities who elect a mark-to-market method of accounting, holders who hold their XPO common stock as part of a “hedge,” “straddle,” “conversion,” “synthetic security,” “integrated investment” or “constructive sale transaction,” holders who acquired XPO common stock upon the exercise of employee stock options or otherwise as compensation, or U.S. holders whose functional currency is not the U.S. dollar). This discussion also does not address any tax consequences arising under the alternative minimum tax, the Medicare tax on net investment income or the Foreign Account Tax Compliance Act (including the Treasury Regulations promulgated thereunder and intergovernmental agreements entered into pursuant thereto or in connection therewith). In addition, no information is provided with respect to any tax consequences under state, local, or foreign laws or U.S. federal laws other than those pertaining to the U.S. federal income tax. This discussion does not address the tax consequences to any person who actually or constructively owns 5% or more of XPO common stock.

If a partnership (or any other entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds XPO common stock, the tax treatment of a partner in such partnership will generally depend upon the status of the partner and the activities of the partnership. Holders of XPO common stock that are partnerships and partners in such partnerships should consult their own tax advisors as to the tax consequences of the distribution.

For purposes of this discussion, a “U.S. holder” is a beneficial owner of XPO common stock that is, for U.S. federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation (or any other entity treated as a corporation) created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if (1) a court within the United States is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all of the substantial decisions of such trust or (2) it has a valid election in effect under applicable Treasury Regulations to be treated as a U.S. person.

THE FOLLOWING DISCUSSION IS A SUMMARY OF MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE DISTRIBUTION UNDER CURRENT LAW AND IS FOR GENERAL INFORMATION ONLY. ALL HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE DISTRIBUTION, INCLUDING THE APPLICABILITY AND EFFECT OF U.S. FEDERAL, STATE, LOCAL AND NON-U.S. AND OTHER TAX LAWS, IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES AND THE EFFECT OF POSSIBLE CHANGES IN LAW THAT MIGHT AFFECT THE TAX CONSEQUENCES DESCRIBED HEREIN.

It is a condition to the distribution that XPO receives an opinion of its outside counsel, satisfactory to the XPO board of directors, regarding the qualification of the distribution, together with certain related transactions, as a “reorganization” within the meaning of Sections 355 and 368(a)(1)(D) of the Code. The opinion of counsel will be based upon and rely on, among other things, various facts and assumptions, as well as certain representations, statements and undertakings of GXO and XPO (including those relating to the past and future conduct of GXO and XPO). If any of these facts, assumptions, representations, statements or undertakings is, or becomes, inaccurate or incomplete, or if GXO or XPO breaches any of its respective representations or covenants contained in the separation agreement and certain other separation-related agreements and documents or in any documents relating to the opinion of counsel, such opinion of counsel may be invalid and the conclusions reached therein could be jeopardized.

Notwithstanding receipt by XPO of the opinion of counsel, the IRS could determine that the distribution and/or certain related transactions should be treated as taxable transactions for U.S. federal income tax purposes if it determines that any of the facts, representations, assumptions, statements or undertakings upon which the opinion of counsel was based is false or has been violated, or that the distribution and/or certain related transactions should be taxable for other reasons, including as a result of certain transactions occurring after the distribution. In addition, an opinion of counsel represents the judgment of such counsel and is not binding on the IRS or any court and the IRS or a court may disagree with the conclusions in the opinion of counsel. Accordingly, notwithstanding receipt by XPO of the opinion of counsel, there can be no assurance that the IRS will not assert that the distribution and/or certain related transactions do not qualify for tax-free treatment for U.S. federal income tax purposes or that a court would not sustain such a challenge. In the event the IRS were to prevail with such challenge, XPO, GXO and XPO stockholders could be subject to significant U.S. federal income tax liability or tax indemnification obligations. Please refer to “—Material U.S. Federal Income Tax Consequences if the Distribution Is Taxable” below.

Material U.S. Federal Income Tax Consequences if the Distribution, Together with Certain Related Transactions, Qualifies as a Transaction That is Generally Tax-Free under Sections 355 and 368(a)(1)(D) of the Code.

If the distribution, together with certain related transactions, qualifies as a transaction that is generally tax-free for U.S. federal income tax purposes under Sections 355 and 368(a)(1)(D) of the Code, the U.S. federal income tax consequences of the distribution generally are as follows:

- no gain or loss will be recognized by (and no amount will be includible in the income of) XPO as a result of the distribution, other than gain or income arising in connection with certain internal restructurings undertaken in connection with the separation and distribution (including with respect to any portion of the borrowing proceeds transferred to XPO from GXO that is not used for qualifying purposes) with respect to any “excess loss account” or “intercompany transaction” required to be taken into account by XPO under Treasury Regulations relating to consolidated U.S. federal income tax returns;
- no gain or loss will be recognized by (and no amount will be includible in the income of) U.S. holders of XPO common stock upon the receipt of GXO common stock in the distribution, except with respect to any cash received in lieu of fractional shares of GXO common stock (as described below);
- the aggregate tax basis in the XPO common stock and the GXO common stock received in the distribution (including any fractional share interest in GXO common stock for which cash is received) in the hands of each U.S. holder of XPO common stock immediately after the distribution will equal the aggregate basis of

XPO common stock held by such U.S. holder immediately before the distribution, allocated between the XPO common stock and the GXO common stock (including any fractional share interest in GXO common stock for which cash is received) in proportion to the relative fair market value of each on the date of the distribution; and

- the holding period of GXO common stock received by each U.S. holder of XPO common stock in the distribution (including any fractional share interest in GXO common stock for which cash is received) will generally include the holding period at the time of the distribution for the XPO common stock with respect to which the distribution is made.

A U.S. holder who receives cash in lieu of a fractional share of GXO common stock in the distribution will be treated as having received such fractional share in the distribution and then sold such fractional share for cash, and will recognize capital gain or loss in an amount equal to the difference, if any, between the amount of cash received and such U.S. holder's adjusted tax basis in such fractional share. Such gain or loss generally will be long-term capital gain or loss if, as of the date of the distribution, the U.S. holder's holding period with respect to the shares of XPO common stock surrendered exceeds one year.

If a U.S. holder of XPO common stock holds different blocks of XPO common stock (generally shares of XPO common stock acquired on different dates or at different prices), such holder should consult its own tax advisor regarding the determination of the basis and holding period of shares of GXO common stock received in the distribution in respect of particular blocks of XPO common stock.

Material U.S. Federal Income Tax Consequences if the Distribution Is Taxable.

As discussed above, notwithstanding receipt by XPO of an opinion of counsel, the IRS could assert that the distribution does not qualify for tax-free treatment for U.S. federal income tax purposes. If the IRS were successful in taking this position, some or all of the consequences described above would not apply, and XPO, GXO and XPO stockholders could be subject to significant U.S. federal income tax liability. In addition, certain events that may or may not be within the control of XPO or GXO could cause the distribution and certain related transactions not to qualify for tax-free treatment for U.S. federal income tax purposes.

If the distribution, together with certain related transactions, were to fail to qualify as a transaction that is generally tax-free for U.S. federal income tax purposes under Section 355 and 368(a)(1)(D) of the Code, in general, for U.S. federal income tax purposes, XPO would recognize taxable gain as if it had sold the GXO common stock in a taxable sale for its fair market value (unless XPO and GXO jointly make an election under Section 336(e) of the Code with respect to the distribution, in which case, in general, (1) the XPO group would recognize taxable gain as if GXO had sold all of its assets in a taxable sale in exchange for an amount equal to the fair market value of the GXO common stock and the assumption of all GXO's liabilities and (2) GXO would obtain a related step up in the basis of its assets), and XPO stockholders who receive shares of GXO common stock in the distribution would be subject to tax as if they had received a taxable distribution equal to the fair market value of such shares.

Even if the distribution, together with certain related transactions, were otherwise to qualify as a tax-free transaction under Sections 355(a) and 368(a)(1)(D) of the Code, the distribution may result in taxable gain to XPO (but not its shareholders) under Section 355(e) of the Code if the distribution, together with certain related transactions, were deemed to be part of a plan (or series of related transactions) pursuant to which one or more persons acquire, directly or indirectly, shares representing a 50% or greater interest (by vote or value) in XPO or GXO. For this purpose, any acquisitions of XPO or GXO shares within the period beginning two years before, and ending two years after, the distribution are presumed to be part of such a plan, although XPO or GXO may be able to rebut that presumption (including by qualifying for one or more safe harbors under applicable Treasury Regulations).

In connection with the distribution, GXO and XPO will enter into a tax matters agreement that, among other things, will allocate between GXO and XPO the responsibility for tax liabilities incurred by them as a result of the failure of the distribution, together with certain related transactions, to qualify for tax-free treatment. For a discussion of the tax matters agreement, see "Certain Relationships and Related Person Transactions—Tax Matters Agreement."

Information Reporting and Backup Withholding.

Payments of cash to U.S. holders of XPO common stock in lieu of fractional shares of GXO common stock generally will be subject to information reporting and, under certain circumstances, may be subject to backup withholding (currently, at a rate of 24%), unless such U.S. holder delivers a properly completed IRS Form W-9 certifying such U.S. holder's correct taxpayer identification number and certain other information, or otherwise establishes an exemption from backup withholding. Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules may be refunded or credited against a U.S. holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS.

THE FOREGOING IS INTENDED ONLY AS A SUMMARY OF MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE DISTRIBUTION UNDER CURRENT LAW. IT IS NOT A COMPLETE ANALYSIS OR DISCUSSION OF ALL POTENTIAL TAX CONSEQUENCES THAT MAY BE IMPORTANT TO PARTICULAR HOLDERS. ALL HOLDERS OF XPO COMMON STOCK SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE DISTRIBUTION, INCLUDING THE APPLICATION AND EFFECT OF U.S. FEDERAL, STATE, LOCAL, NON-U.S. AND OTHER TAX LAWS.

DESCRIPTION OF MATERIAL INDEBTEDNESS

Prior to the distribution, GXO Logistics, Inc. intends to enter into a \$800 million unsecured, unsubordinated five-year revolving credit facility (the “Revolving Credit Facility”) and to issue approximately \$800 million of unsecured, unsubordinated notes (the “notes”). As a result of such transactions, GXO Logistics, Inc. and its subsidiaries anticipate having approximately \$800 million of outstanding indebtedness when the distribution is completed (excluding finance leases and intercompany liabilities). GXO Logistics, Inc. and/or its subsidiaries may also incur additional indebtedness in the future. In addition, the amount of indebtedness actually incurred by GXO Logistics, Inc. and/or its subsidiaries may be adjusted prior to the completion of the distribution.

GXO Logistics, Inc. expects to use proceeds from the Revolving Credit Facility for general corporate purposes and to use the net proceeds from the offering of the notes to fund a cash distribution to XPO Logistics, Inc., to provide working capital to GXO Logistics, Inc. and/or to pay fees, costs and expenses incurred in connection with the separation, distribution, such financing transactions and related transactions.

Notes

As described above, GXO Logistics, Inc. expects to issue approximately \$800 million in aggregate principal amount of unsecured, unsubordinated notes prior to the consummation of the distribution, which notes are expected to be offered and sold to qualified institutional buyers in reliance on Rule 144A under the Securities Act and to non-U.S. persons in reliance on Regulation S of the Securities Act. GXO Logistics, Inc. expects that the maturities of the notes will range from 3 years to 10 years. The notes are expected to contain customary affirmative covenants, negative covenants and events of default for financings of this type and to be redeemable at GXO Logistics, Inc.’s option in a customary manner.

The foregoing description and the other information in this information statement regarding the potential offering of notes is included in this information statement solely for informational purposes. Nothing in this information statement should be construed as an offer to sell, or the solicitation of an offer to buy, any such notes.

Revolving Credit Facility

GXO Logistics, Inc. anticipates entering into an \$800 million senior unsecured five-year Revolving Credit Facility prior to the consummation of the distribution. The availability of revolving loans and letters of credit thereunder is expected to be subject to the satisfaction (or waiver) of certain conditions, including the consummation of the separation and distribution. Loans under the Revolving Credit Facility are expected to bear interest at a floating rate based on a ratings-based pricing grid, and proceeds thereof will be used for general corporate purposes.

The Revolving Credit Facility is expected to contain representations and warranties, affirmative and negative covenants and events of default customary for financings of this type, including negative covenants that, among other things, are expected to limit the ability of GXO Logistics, Inc. and its subsidiaries to incur liens, limit the ability of GXO Logistics, Inc. to make certain fundamental changes and limit the ability of GXO Logistics, Inc.’s subsidiaries to incur indebtedness, in each case subject to a number of important exceptions and qualifications. In addition, the Revolving Credit Facility is expected to require GXO Logistics, Inc. to maintain a maximum consolidated leverage ratio. GXO Logistics, Inc. anticipates that there will be no guarantors under the Revolving Credit Facility as of the consummation of the distribution.

Finance Leases

As of March 31, 2021, pro forma for the separation and distribution, GXO Logistics, Inc. and its subsidiaries had finance lease liabilities of \$163 million.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Before the separation and distribution, all of the outstanding shares of GXO common stock will be owned beneficially and of record by XPO. Following the separation and distribution, GXO expects to have outstanding an aggregate of approximately [] shares of common stock based upon approximately [] shares of XPO common stock issued and outstanding on [], 2021, excluding treasury shares, assuming no exercise of XPO options and applying the distribution ratio.

Stock Ownership of Certain Beneficial Owners

The following table shows all holders known to GXO that are expected to be beneficial owners of more than 5% of the outstanding shares of GXO common stock immediately following the completion of the distribution, based on information available as of [], 2021 and based upon the assumption that, for every share of XPO common stock held by such persons, they will receive one share of GXO common stock.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
[]	[]	[]

Stock Ownership of Directors and Executive Officers

The following table shows the ownership of GXO common stock, deferred share units and deferred restricted share units expected to be beneficially owned by our directors, named executive officers, and our directors and current executive officers as a group immediately following the completion of the distribution, based on information available as of [], 2021 and based on the assumption that, for every share of XPO common stock held by such persons, they will receive one share of GXO common stock.

Name of Beneficial Owner	Shares of Common Stock(1)	Deferred Share Units(2)	Deferred Restricted Share Units(3)	Total
Brad Jacobs	[]	[]	[]	[]
Malcolm Wilson	[]	[]	[]	[]
Baris Oran	[]	[]	[]	[]
Maryclaire Hammond	[]	[]	[]	[]

- (1) []
(2) []
(3) []

DESCRIPTION OF CAPITAL STOCK

GXO's certificate of incorporation and bylaws will be amended and restated prior to the distribution. The following briefly summarizes the material terms of our capital stock that will be contained in our amended and restated certificate of incorporation and amended and restated bylaws. These summaries do not describe every aspect of these securities and documents and are subject to all the provisions of our amended and restated certificate of incorporation or amended and restated bylaws that will be in effect at the time of the distribution, and are qualified in their entirety by reference to these documents, which you should read (along with the applicable provisions of Delaware law) for complete information on our capital stock as of the time of the distribution. The amended and restated certificate of incorporation and amended and restated bylaws, each in a form expected to be in effect at the time of the distribution, will be included as exhibits to GXO's registration statement on Form 10, of which this information statement forms a part. We will include our amended and restated certificate of incorporation and amended and restated bylaws, as in effect at the time of the distribution, in a Current Report on Form 8-K filed with the SEC. The following also summarizes certain relevant provisions of the DGCL. Since the terms of the DGCL are more detailed than the general information provided below, you should read the actual provisions of the DGCL for complete information.

General

GXO's authorized capital stock will consist of 300,000,000 shares of common stock, par value \$0.01 per share, and 10,000,000 shares of preferred stock, par value \$0.01 per share.

Immediately following the distribution, we expect that approximately [] shares of our common stock will be issued and outstanding, based on approximately [] shares of XPO common stock issued and outstanding on [], 2021, and that no shares of our preferred stock will be issued and outstanding.

GXO's common stock is expected to be listed on the NYSE under the symbol "GXO."

Common Stock

Immediately following the distribution, we expect that approximately [] shares of our common stock will be issued and outstanding, all of which will be fully paid and non-assessable.

Common stockholders will be entitled to one vote for each share held on all matters submitted to a vote of stockholders. Except as otherwise required by law and except for director elections (see below), whenever any corporate action is to be taken, such action will be authorized by a majority of the votes cast at a meeting of stockholders by the stockholders entitled to vote thereon.

Common stockholders will be entitled to share equally in the dividends, if any, that may be declared by GXO's board of directors out of funds that are legally available to pay dividends, but only after payment of any dividends required to be paid on outstanding preferred stock, if any. Upon any voluntary or involuntary liquidation, dissolution or winding up of GXO, the common stockholders will be entitled to share ratably in all assets of GXO remaining after we pay all of our debts and other liabilities and any amounts we may owe to the holders of our preferred stock, if any.

Common stockholders will not have any preemptive, subscription, redemption or conversion rights. The rights, preferences and privileges of common stockholders will be subject to the rights of the stockholders of any series of preferred stock that we will or may designate and issue.

Delaware law and our amended and restated bylaws will permit us to issue uncertificated shares of common stock.

Preferred Stock

Pursuant to Delaware law and our amended and restated certificate of incorporation, our board of directors will have the authority, without further action by the stockholders, to issue shares of preferred stock in one or more series, and to fix the rights, preferences and privileges (including voting rights, dividend rights, conversion rights,

redemption privileges and liquidation preferences) of each series, which may be greater than the rights of the common stock.

Immediately following the distribution, we expect no shares of our preferred stock to be issued and outstanding.

Corporate Governance

We will institute strong corporate governance practices, as described below and elsewhere in this information statement. Responsible and appropriate corporate governance will ensure that our management always keeps stockholder interests in mind when crafting value-creating strategies at all levels of the organization.

Single Class Capital Structure. We will have a single class share capital structure with all stockholders entitled to vote for director nominees and each holder of common stock entitled to one vote per share.

Director Elections. The election of directors in an uncontested election will require the affirmative vote of a majority of the votes cast (the number of shares voted “for” a director’s election exceeds fifty percent (50%) of the number of votes cast with respect to that director’s election) by holders of shares of our common stock at the meeting at which a quorum is present. If any incumbent director standing for re-election receives a greater number of votes “against” his or her election than votes “for” such election, our amended and restated bylaws will require that such person promptly tender his or her resignation to our board of directors. Once an election is determined to be a contested election, directors will be elected by a plurality of the votes cast at the meeting at which a quorum is present.

Classified Board. As discussed further below, upon completion of the separation, we will have a classified board until 2025.

Majority Vote for Mergers and Other Business Combinations. Mergers and other business combinations involving GXO will generally be required to be approved by a majority of our outstanding shares of common stock where such stockholder approval is required.

Other Expected Corporate Governance Features. Governance features related to our board of directors are set forth in the section of this information statement captioned “Directors.” In addition to the foregoing, it is expected that we will implement stock ownership guidelines for directors and senior executive officers, annual board performance evaluations, clawback and anti-hedging policies, prohibitions on option repricing in equity plans without stockholder approval, risk oversight procedures and other practices and protocols.

Anti-Takeover Effects of Various Provisions of Delaware Law, our Amended and Restated Certificate of Incorporation, and our Amended and Restated Bylaws

Provisions of the DGCL, our amended and restated certificate of incorporation and our amended and restated bylaws could make it more difficult to acquire GXO by means of a tender offer, a proxy contest or otherwise, or to remove incumbent officers and directors. These provisions, summarized below, are expected to discourage types of coercive takeover practices and inadequate takeover bids and to encourage persons seeking to acquire control of GXO to first negotiate with our board of directors. We believe that the benefits of increased protection of our potential ability to negotiate with the proponent of an unfriendly or unsolicited proposal to acquire or restructure GXO outweigh the disadvantages of discouraging takeover or acquisition proposals because, among other things, negotiation of these proposals could result in an improvement of their terms.

Delaware Anti-Takeover Statute. Section 203 of the DGCL, an anti-takeover statute, generally prohibits a publicly held Delaware corporation from engaging in a “business combination” with an “interested stockholder” for a period of three years following the time the person became an interested stockholder, unless (with certain exceptions) the business combination or the transaction in which the person became an interested stockholder is approved in a prescribed manner. A “business combination” generally includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. An “interested stockholder” generally is a person who, together with affiliates and associates, owns (or within three years prior to the determination of interested stockholder status did own) 15 percent or more of a corporation’s voting stock. The existence of this

provision would be expected to have an anti-takeover effect with respect to transactions not approved in advance by our board of directors, including discouraging attempts that might result in a premium over the market price for the shares of common stock. A corporation may “opt out” of Section 203 of the DGCL in its certificate of incorporation. GXO will not “opt out” of, and will thus be subject to, Section 203 of the DGCL.

Classified Board. Upon completion of the separation, our board of directors will initially be divided into three classes, with Class I composed of [] directors, Class II composed of [] directors and Class III composed of [] directors. The directors designated as Class I directors will have terms expiring at the first annual meeting of stockholders following the distribution, which we expect to hold in 2022. The directors designated as Class II directors will have terms expiring at the following year’s annual meeting of stockholders, which we expect to hold in 2023, and the directors designated as Class III directors will have terms expiring at the following year’s annual meeting of stockholders, which we expect to hold in 2024. At the first annual meetings of stockholders following the distribution, the successors of Class I directors will be elected to serve for a term of three years each. Commencing with the second annual meeting of stockholders following the separation, directors for each class will be elected at the annual meeting of stockholders held in the year in which the term for that class expires and thereafter each director will serve for a term of one year and until his or her successor is duly elected and qualified, or until his or her earlier resignation or removal. Consequently, by 2025, all of our directors will stand for election each year for one year terms, and our board will therefore no longer be divided into three classes. Before our board of directors is declassified, it would take at least two elections of directors for any individual or group to gain control of our board of directors. Accordingly, while the classified board is in effect, these provisions could discourage a third-party from initiating a proxy contest, making a tender offer or otherwise attempting to gain control of our company.

Size of Board and Vacancies. Our amended and restated certificate of incorporation and bylaws will provide that the number of directors on our board of directors will be fixed exclusively by our board of directors, but in no event shall be less than one nor more than nine. Any vacancies created in the board of directors resulting from any increase in the authorized number of directors or the death, resignation, retirement, disqualification, removal from office or other cause will be filled by a majority of the board of directors then in office, even if less than a quorum is present, or by a sole remaining director. Any director appointed to fill a vacancy on our board of directors will be appointed for a term expiring at the next annual meeting of stockholders, and until his or her successor has been elected and qualified.

Director Removal. Our amended and restated certificate of incorporation and/or bylaws will provide that (i) prior to the board being fully declassified, as discussed above, stockholders will be permitted to remove a director only for cause; and (ii) after the board has been fully declassified, stockholders may remove the Company’s directors with or without cause. Removal will require the affirmative vote of at least a majority of the Company’s voting stock.

Stockholder Action by Written Consent. Our amended and restated certificate of incorporation will expressly eliminate the right of our stockholders to act by written consent effective as of the distribution. Stockholder action must take place at the annual or at a special meeting of GXO stockholders.

Special Stockholder Meetings. Our amended and restated certificate of incorporation will provide that the Chairman of the board of directors or the board of directors pursuant to a resolution adopted by a majority of the entire board of directors may call special meetings of our stockholders. Stockholders may not call special meetings of stockholders.

Requirements for Advance Notification of Stockholder Nominations and Proposals. Our amended and restated certificate of incorporation will mandate that stockholder nominations for the election of directors be given in accordance with the bylaws. Our amended and restated bylaws will establish advance notice procedures with respect to stockholder proposals and nomination of candidates for election as directors as well as other requirements for stockholders making the proposals or nominations. Additionally, the bylaws will require that candidates for election as director disclose their qualifications and make certain representations.

No Cumulative Voting. The DGCL provides that stockholders are denied the right to cumulate votes in the election of directors unless a corporation's certificate of incorporation provides otherwise. Our amended and restated certificate of incorporation will not provide for cumulative voting.

Undesignated Preferred Stock. Our amended and restated certificate of incorporation will authorize 10,000,000 shares of undesignated preferred stock. As a result, our board of directors will be permitted, without the approval of holders of our common stock, to issue shares of our preferred stock with super voting, special approval, dividend or other rights or preferences on a discriminatory basis that could impede the success of any attempt to acquire GXO. These and other provisions may have the effect of deferring, delaying or discouraging hostile takeovers or changes in control or management of GXO.

Limitation of Liability and Indemnification of Officers and Directors

The DGCL authorizes corporations to limit or eliminate the personal liability of directors to corporations and their stockholders for monetary damages for breaches of directors' fiduciary duties as directors, and our amended and restated certificate of incorporation will include such an exculpation provision. Our amended and restated certificate of incorporation and amended and restated bylaws will include provisions that indemnify, to the fullest extent allowable under the DGCL, the personal liability of directors or officers for monetary damages for actions taken as a director or officer of GXO, or for serving at our request as a director or officer or in another position at another corporation or enterprise, as the case may be. Our amended and restated certificate of incorporation and amended and restated bylaws will also provide that we must indemnify and advance expenses to our directors and officers, subject to our receipt of an undertaking from the indemnitee as may be required under the DGCL. We will also be expressly authorized to, and intend to, carry directors' and officers' insurance to protect GXO and our directors, officers, employees and agents from certain liabilities.

The limitation of liability and indemnification provisions that will be in our amended and restated certificate of incorporation and amended and restated bylaws may discourage stockholders from bringing a lawsuit against directors for breach of their fiduciary duties. These provisions may also have the effect of reducing the likelihood of derivative litigation against directors and officers, even though such an action, if successful, might otherwise benefit us and our stockholders. We may be adversely affected to the extent that, in a class action or direct suit, we pay the costs of settlement and damage awards against directors and officers pursuant to these indemnification provisions.

Authorized but Unissued Shares of Common Stock

Authorized but unissued shares of our common stock and preferred stock will be available for future issuance without approval by the holders of our common stock. We will be permitted to use additional shares for a variety of corporate purposes, including future public offerings to raise additional capital, employee benefit plans and as consideration for or to finance future acquisitions, investments or other purposes. The existence of authorized but unissued shares of our common stock and preferred stock could render more difficult or discourage an attempt to obtain control of GXO by means of a proxy contest, tender offer, merger or otherwise.

Exclusive Forum

Our amended and restated certificate of incorporation will provide that unless our board of directors otherwise determines, the state courts within the State of Delaware (or, if no state court located within the State of Delaware has jurisdiction, the federal district court for the District of Delaware) will be the sole and exclusive forum for any derivative action or proceeding brought on behalf of GXO, any action asserting a claim for or based on a breach of a fiduciary duty owed by any current or former director or officer of GXO to GXO or to GXO stockholders, including a claim alleging the aiding and abetting of such a breach of fiduciary duty, any action asserting a claim against GXO or any current or former director or officer of GXO arising pursuant to any provision of the DGCL or our amended and restated certificate of incorporation or amended and restated bylaws, any action asserting a claim relating to or involving GXO governed by the internal affairs doctrine, or any action asserting an "internal corporate claim" as that term is defined in Section 115 of the DGCL.

Section 22 of the Securities Act creates concurrent jurisdiction for federal and state courts over all suits brought to enforce any duty or liability created by the Securities Act or the rules and regulations thereunder. Accordingly,

both state and federal courts have jurisdiction to entertain such claims. To prevent having to litigate claims in multiple jurisdictions and the threat of inconsistent or contrary rulings by different courts, among other considerations, our amended and restated certificate of incorporation will further provide that the federal district courts of the United States will be the exclusive forum for resolving any complaint asserting a cause of action arising under the Securities Act. However, while the Delaware Supreme Court ruled in March 2020 that federal forum selection provisions purporting to require claims under the Securities Act be brought in federal court are “facially valid” under Delaware law, there is uncertainty as to whether other courts will enforce our federal forum provision. Our stockholders will not be deemed to have waived compliance with the federal securities laws and the rules and regulations thereunder.

Listing

We expect to list our shares of common stock on the NYSE under the symbol “GXO.”

Sale of Unregistered Securities

On February 16, 2021, GXO issued 100 shares of its common stock to XPO for total consideration of \$10. Pursuant to Section 4(a)(2) of the Securities Act, we did not register the issuance of the issued shares under the Securities Act because such issuance did not constitute a public offering.

Transfer Agent and Registrar

After the distribution, the transfer agent and registrar for our common stock will be Computershare.

WHERE YOU CAN FIND MORE INFORMATION

We have filed a registration statement on Form 10 with the SEC with respect to the shares of our common stock being distributed as contemplated by this information statement. This information statement is a part of, and does not contain all of the information set forth in, the registration statement and the exhibits and schedules to the registration statement. For further information with respect to GXO and GXO common stock, please refer to the registration statement, including its exhibits and schedules. Statements made in this information statement relating to any contract or other document filed as an exhibit to the registration statement include the material terms of such contract or other document. However, such statements are not necessarily complete, and you should refer to the exhibits attached to the registration statement for copies of the actual contract or document. You may review a copy of the registration statement, including its exhibits and schedules, on the internet website maintained by the SEC at www.sec.gov. **Information contained on or connected to any website referenced in this information statement is not incorporated into this information statement or the registration statement of which this information statement forms a part, or in any other filings with, or any information furnished or submitted to, the SEC.**

As a result of the distribution, GXO will become subject to the information and reporting requirements of the Exchange Act and, in accordance with the Exchange Act, will file periodic reports, proxy statements and other information with the SEC.

We intend to furnish holders of our common stock with annual reports containing combined financial statements prepared in accordance with U.S. generally accepted accounting principles and audited and reported on, with an opinion expressed, by an independent registered public accounting firm.

You should rely only on the information contained in this information statement or to which this information statement has referred you. We have not authorized any person to provide you with different information or to make any representation not contained in this information statement.

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Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors

XPO Logistics, Inc.:

Opinion on the Combined Financial Statements

We have audited the accompanying combined balance sheets of GXO Logistics, Inc. (the Company) as of December 31, 2020 and 2019, the related combined statements of operations, comprehensive income (loss), cash flow, and changes in equity for each of the years in the three-year period ended December 31, 2020, and the related notes (collectively, the combined financial statements). In our opinion, the combined financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2020, in conformity with U.S. generally accepted accounting principles.

Change in Accounting Principle

As discussed in Note 7 to the combined financial statements, the Company changed its method of accounting for leases in 2019 due to the adoption of Accounting Standard Update (ASU) No. 2016-02, *Leases* and its related amendments (Topic 842).

Basis for Opinion

These combined financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these combined financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB and in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the combined financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the combined financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the combined financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical Audit Matter

The critical audit matter communicated below is a matter arising from the current period audit of the combined financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the combined financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of a critical audit matter does not alter in any way our opinion on the combined financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Assessment of the carrying value of goodwill

As discussed in Notes 2 and 8 to the combined financial statements of the Company, the goodwill balance as of December 31, 2020 was \$2,063 million. The Company performs goodwill impairment testing annually, or more frequently if events or circumstances indicate the carrying value of a reporting unit that includes goodwill might exceed the fair value of that reporting unit. In assessing the carrying value of goodwill, the Company uses a third-party specialist, who uses a combination of an income approach and a market approach to estimate fair value. The

income approach is based on the present value of estimated future cash flows, discounted at a risk-adjusted rate to estimate the fair value of the Company's reporting units. The market approach is based on comparable market multiples for companies engaged in similar business, as well as recent transactions within the industry.

We identified the assessment of the carrying value of goodwill for each of the Company's two reporting units as a critical audit matter. Assessment of certain assumptions used to estimate fair value under the income approach, including the fair value model, long-term future growth rates, and the risk-adjusted discount rate, had estimation uncertainty which resulted in subjective auditor judgment and required specialized skills and knowledge. Additionally, assessment of the guideline public companies and transactions within the industry used to estimate fair value under the market approach required significant auditor judgment. Changes to these assumptions may have a significant effect on the Company's assessment of the carrying value of the goodwill.

The following are the primary procedures performed to address this critical audit matter. We evaluated the design and tested the operating effectiveness of certain internal controls over the Company's goodwill impairment assessment process. This included controls related to the determination of the fair value of the reporting units, including the Company's estimate of long-term future growth rates, the assumptions used to develop the risk-adjusted discount rates, and the determination of the guideline public companies and transactions within the industry. We performed sensitivity analyses over the fair value model for long-term future growth rates to assess their impact on the Company's determination of the fair value of each reporting unit. We compared the Company's historical growth rate forecast to actual results to assess the Company's ability to accurately forecast. We involved valuation professionals with specialized skill and knowledge, who assisted in:

- comparing the valuation methodologies used by the Company to valuation standards
- comparing the Company's risk-adjusted discount rates to risk-adjusted discount rate ranges that were independently developed using publicly available third-party market data for comparable entities
- comparing the long-term growth rates to industry data, economic growth data, and long-term growth rates used by the Company in prior years' valuation analyses
- evaluating the guideline public companies and transactions used by the Company by reading the business descriptions, examining financial metrics of the comparable public companies and transactions within the industry, and considering market participant guidance and perspective.

/s/ KPMG LLP

We have served as the Company's auditor since 2021.

Stamford, Connecticut

March 19, 2021

GXO Logistics, Inc.
Combined Balance Sheets

<i>(In millions)</i>	December 31,	
	2020	2019
ASSETS		
Current assets		
Cash and cash equivalents	\$ 328	\$ 200
Accounts receivable, net of allowances of \$18 and \$20, respectively	1,224	1,069
Other current assets	284	219
Total current assets	1,836	1,488
Long-term assets		
Property and equipment, net of \$922 and \$685 in accumulated depreciation, respectively	770	742
Operating lease assets	1,434	1,458
Goodwill	2,063	1,984
Identifiable intangible assets, net of \$373 and \$302 in accumulated amortization, respectively	299	343
Other long-term assets	146	136
Total long-term assets	4,712	4,663
Total assets	\$ 6,548	\$ 6,151
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	\$ 415	\$ 413
Accrued expenses	784	609
Short-term borrowings and current finance lease liabilities	58	31
Short-term operating lease liabilities	332	336
Other current liabilities	149	94
Total current liabilities	1,738	1,483
Long-term liabilities		
Long-term debt and finance lease liabilities	615	642
Deferred tax liability	54	85
Long-term operating lease liabilities	1,099	1,124
Other long-term liabilities	94	120
Total long-term liabilities	1,862	1,971
Equity		
XPO investment	2,765	2,633
Accumulated other comprehensive income (loss)	58	(66)
Total equity before noncontrolling interests	2,823	2,567
Noncontrolling interests	125	130
Total equity	2,948	2,697
Total liabilities and equity	\$ 6,548	\$ 6,151

See accompanying notes to combined financial statements.

GXO Logistics, Inc.
Combined Statements of Operations

<i>(In millions)</i>	Years Ended December 31,		
	2020	2019	2018
Revenue	\$ 6,195	\$ 6,094	\$ 6,065
Direct operating expense	5,169	5,112	5,117
Sales, general and administrative expense	611	514	528
Depreciation and amortization expense	323	302	261
Transaction and integration costs	47	1	9
Restructuring costs	29	15	7
Operating income	16	150	143
Other income	(2)	(1)	(13)
Interest expense	24	33	30
Income (loss) before income taxes	(6)	118	126
Income tax provision	16	37	36
Net income (loss)	(22)	81	90
Net income attributable to noncontrolling interests	(9)	(21)	(20)
Net income (loss) attributable to GXO	\$ (31)	\$ 60	\$ 70

See accompanying notes to combined financial statements.

GXO Logistics, Inc.

Combined Statements of Comprehensive Income (Loss)

<i>(In millions)</i>	Years Ended December 31,		
	2020	2019	2018
Net income (loss)	\$ (22)	\$ 81	\$ 90
Other comprehensive income (loss), net of tax			
Foreign currency translation gain (loss), net of tax effect of \$(3), \$3 and \$(1)	\$ 129	\$ (13)	\$ (89)
Unrealized gain (loss) on financial assets/liabilities designated as hedging instruments, net of tax effect of \$—, \$— and \$3	2	—	(7)
Defined benefit plans adjustment, net of tax effect of \$—, \$— and \$—	1	1	(1)
Other comprehensive income (loss)	132	(12)	(97)
Comprehensive income (loss)	\$ 110	\$ 69	\$ (7)
Less: Comprehensive income attributable to noncontrolling interests	17	23	3
Comprehensive income (loss) attributable to GXO	\$ 93	\$ 46	\$ (10)

See accompanying notes to combined financial statements.

GXO Logistics, Inc.

Combined Statements of Cash Flow

(In millions)	Years Ended December 31,		
	2020	2019	2018
Operating activities			
Net income (loss)	\$ (22)	\$ 81	\$ 90
Adjustments to reconcile net income (loss) to net cash from operating activities			
Depreciation, amortization and net lease activity	323	302	261
Other	(2)	38	20
Changes in assets and liabilities			
Accounts receivable	(122)	(173)	39
Other assets	4	51	(64)
Accounts payable	(13)	(41)	(39)
Accrued expenses and other liabilities	165	(113)	28
Net cash provided by operating activities	333	145	335
Investing activities			
Payment for purchases of property and equipment	(222)	(222)	(270)
Proceeds from sale of property and equipment	12	15	30
Cash collected on deferred purchase price receivable	—	112	—
Purchase and sale of affiliate trade receivables, net	(40)	(52)	—
Other	(30)	—	—
Net cash used in investing activities	(280)	(147)	(240)
Financing activities			
Proceeds from borrowings related to current trade securitization program	24	—	—
Repayment of debt and finance leases	(123)	(376)	(139)
Purchase of noncontrolling interests	(21)	(258)	—
Net proceeds related to secured borrowing activity on prior securitization program	—	261	47
Net transfers from XPO	168	278	65
Other	19	(7)	(11)
Net cash provided by (used in) financing activities	67	(102)	(38)
Effect of exchange rates on cash, cash equivalents and restricted cash	8	3	(11)
Net increase (decrease) in cash, cash equivalents and restricted cash	128	(101)	46
Cash, cash equivalents and restricted cash, beginning of year	200	301	255
Cash, cash equivalents and restricted cash, end of year	\$ 328	\$ 200	\$ 301
Supplemental disclosure of cash flow information:			
Cash paid for interest	\$ 32	\$ 29	\$ 33
Cash paid for income taxes	\$ 27	\$ 40	\$ 21

See accompanying notes to combined financial statements.

GXO Logistics, Inc.

Combined Statements of Changes in Equity

For the Three Years Ended December 31, 2020, 2019 and 2018

<i>(In millions)</i>	XPO Investment	Accumulated Other Comprehensive Income (Loss)	Equity Before Noncontrolling Interests	Non-controlling Interests	Total Equity
Balance as of December 31, 2017	\$ 2,202	\$ 28	\$ 2,230	\$ 311	\$ 2,541
Net income	70	—	70	20	90
Other comprehensive loss	—	(80)	(80)	(17)	(97)
Net transfers from XPO	40	—	40	—	40
Balance as of December 31, 2018	\$ 2,312	\$ (52)	2,260	\$ 314	\$ 2,574
Net income	60	—	60	21	81
Other comprehensive income (loss)	—	(14)	(14)	2	(12)
Purchase of noncontrolling interests	(3)	—	(3)	(255)	(258)
Other	(7)	—	(7)	(2)	(9)
Net transfers from XPO	271	—	271	50	321
Balance as of December 31, 2019	\$ 2,633	\$ (66)	\$ 2,567	\$ 130	\$ 2,697
Net income (loss)	(31)	—	(31)	9	(22)
Other comprehensive income	—	124	124	8	132
Purchase of noncontrolling interests	(1)	—	(1)	(20)	(21)
Net transfers from XPO	164	—	164	(2)	162
Balance as of December 31, 2020	\$ 2,765	\$ 58	\$ 2,823	\$ 125	\$ 2,948

See accompanying notes to combined financial statements.

GXO Logistics, Inc.

Notes to Combined Financial Statements

Years Ended December 31, 2020, 2019 and 2018

1. Organization

Nature of Operations

We are a leading global provider of logistics services, with operations primarily in North America and Europe. We provide high-value-add warehousing and distribution, order fulfillment and other supply chain services differentiated by our ability to deliver technology-enabled, customized solutions. In addition, we are a major provider of reverse logistics, which is also called returns management. We serve a broad range of customers in the e-commerce and retail, food and beverage, consumer packaged goods, aerospace, consumer technology, manufacturing and other industries. We present our operations in the Combined Financial Statements as one reportable segment.

The Proposed Distribution

In December 2020, the board of directors of our parent company, XPO Logistics, Inc. (together with its subsidiaries, "XPO"), unanimously approved a plan to pursue a spin-off of 100% of its Logistics segment as a separate publicly traded company named GXO Logistics, Inc. ("GXO", the "Company" or "we"). The spin-off is expected to be completed through a tax-free pro rata distribution of all the outstanding shares of common stock of GXO (the "Distribution") to XPO shareholders. GXO's stock is expected to trade on the New York Stock Exchange. Completion of the transaction, is subject to a number of conditions including the approval of XPO's board of directors, in its sole and absolute discretion. References to GXO or the Company include the subsidiaries of XPO that will be subsidiaries of GXO at the time of the Distribution.

2. Basis of Presentation and Significant Accounting Policies

Basis of Presentation

The combined financial statements of GXO were prepared on a standalone basis and have been derived from the consolidated financial statements and accounting records of XPO. These financial statements reflect the combined historical results of operations, financial position and cash flows of GXO in accordance with U.S. generally accepted accounting principles ("GAAP").

Historically, separate financial statements have not been prepared for the Company and it has not operated as a standalone business separate from XPO. The combined financial statements include certain assets and liabilities that have historically been held by XPO or by other XPO subsidiaries but are specifically identifiable or otherwise attributable to the Company. All significant intercompany transactions between XPO and the Company have been included as components of XPO investment in the combined financial statements, as they are to be considered effectively settled upon effectiveness of the Distribution. The combined financial statements are presented as if the GXO businesses had been combined for all periods presented. The assets and liabilities in the combined financial statements have been reflected on a historical cost basis, as immediately prior to the Distribution all of the assets and liabilities presented are wholly owned by XPO and are being transferred to GXO at a carry-over basis.

The Combined Balance Sheets include certain assets and liabilities directly attributable to GXO, and the Combined Statements of Operations include allocations of XPO costs and expenses, as described below.

XPO's corporate function ("Corporate") incurs a variety of expenses including, but not limited to, information technology, human resources, accounting, sales and sales operations, procurement, executive services, legal, corporate finance and communications. For purposes of the Combined Statements of Operations, an allocation of these expenses is included to burden all business units comprising XPO's historical operations. The charges reflected have either been specifically identified or allocated using drivers including proportional adjusted earnings before interest, taxes, depreciation and amortization ("adjusted EBITDA"), which includes adjustments for

transaction and integration costs, as well as restructuring costs and other adjustments, or headcount. The majority of these allocated costs are recorded in SG&A and Depreciation and amortization expense in the Combined Statements of Operations. We believe the assumptions regarding allocations of XPO corporate expenses are reasonable. Nevertheless, the combined financial statements may not reflect the combined results of operations, financial position and cash flows had the Company been a standalone entity during the periods presented.

Direct operating expenses are comprised of both fixed and variable expenses and consist of operating costs related to our logistics facilities, including personnel costs, facility and equipment expenses, such as rent, utilities, equipment maintenance and repair, transportation costs, costs of materials and supplies and information technology expenses. SG&A, including the allocated costs of XPO, primarily consists of salary and benefit costs for executive and certain administration functions, professional fees, facility costs not related to our logistics facilities, bad debt expense and legal costs. We report depreciation and amortization expense as a separate line within operating income on our Combined Statements of Operations.

XPO investment represents XPO's historical investment in GXO, and includes the net effects of transactions with and allocations from XPO as well as GXO's accumulated earnings. Certain transactions between GXO and XPO, including XPO's non-GXO subsidiaries, have been included in these combined financial statements, and are considered to be effectively settled at the time the transaction is recorded. The total net effect of the cash settlement of these transactions is reflected in the Combined Statements of Cash Flows as a financing activity and in the Combined Balance Sheets as XPO investment. The components of the net transfers to and from XPO include certain costs allocated from Corporate functions, income tax expense, certain cash receipts and payments made on behalf of GXO and general financing activities.

Principles of Combination

The combined financial statements include the accounts and business activities distributed across the legal entities of GXO. Significant intercompany balances and transactions among the operations of the GXO legal entities have been eliminated in the combined financial statements. All significant related party transactions between GXO and XPO have been included in these combined financial statements as components of XPO investment. The preparation of the combined financial statements in accordance with GAAP requires us to make estimates and assumptions that impact the amounts reported and disclosed in our combined financial statements and the accompanying notes. We prepared these estimates based on the most current and best available information, but actual results could differ materially from these estimates and assumptions, particularly in light of the outbreak of a strain of coronavirus, COVID-19. COVID-19 has had, and we expect will continue to have, significant effects on economic activity, on demand for our services, and on our results of operations in 2021.

We have a controlling financial interest in entities generally when we own a majority of the voting interest. The noncontrolling interests reflected in our combined financial statements primarily relate to a minority interest in XPO Logistics Europe SA ("XPO Logistics Europe"), a business XPO acquired in 2015. As described in Note 3—Purchases of Noncontrolling Interest, XPO purchased portions of the noncontrolling interests in both 2020 and 2019. Following these acquisitions, the noncontrolling interest was approximately 3% and 5% of XPO Logistics Europe at December 31, 2020 and 2019, respectively.

Significant Accounting Policies

Revenue Recognition

We recognize revenue when we transfer control of promised products or services to customers in an amount equal to the consideration we expect to receive for those products or services.

Performance Obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when the performance obligation is satisfied.

We generate revenue by providing supply chain services for our customers, including warehousing and distribution, order fulfillment, reverse logistics, packaging and labeling, factory and aftermarket support and inventory management contracts ranging from a few months to a few years. Our performance obligations are satisfied over time as customers receive and consume the benefits of our services. The contracts generally contain a single performance obligation as the distinct services provided remain substantially the same over time and possess the same pattern of transfer. The transaction price is based on the amount specified in the contract with the customer and contains fixed and variable components. In general, the fixed component of a contract represents reimbursement for facility and equipment costs incurred to satisfy the performance obligation and is recognized on a straight-line basis over the term of the contract. The variable component is comprised of cost reimbursement determined based on the costs incurred, while per-unit pricing is determined based on units provided, and time and materials pricing is determined based on the hours of services provided. The variable component is recognized based on the level of activity.

Generally, we can adjust our pricing based on contractual provisions related to achieving agreed-upon performance metrics, changes in volumes, services and market conditions. Revenue relating to these pricing adjustments is estimated and included in the consideration if it is probable that a significant revenue reversal will not occur in the future. The estimate of variable consideration is determined by the expected value or most likely amount method and factors in current, past and forecasted experience with the customer. Customers are billed based on terms specified in the revenue contract, and they pay us according to approved payment terms.

Contract Costs

In connection with setting up a customer warehouse, we incur incremental expenditures to fulfill the customer contract, such as designing the warehouse. These expenditures are capitalized to the extent they are recoverable from the expected margin in the contract and will help us satisfy future performance obligations. Conversely, costs which the company incurs as it delivers services and satisfies its performance obligations are expensed as incurred.

Cash, Cash Equivalents and Restricted Cash

We consider all highly liquid investments with an original maturity of three months or less on the date of purchase to be cash equivalents. Treasury activities at XPO are generally centralized, while certain balances are managed locally, except as noted below. To the extent cash and cash equivalents are legally owned by GXO, they are reflected in the combined financial statements.

Our European subsidiaries use a centralized notional pooling approach to cash management and the financing of their operations. To the extent additional financing is required, XPO, including its affiliates, funds the European subsidiaries' operating and investing activities. This arrangement is not reflective of the manner in which the Company would have financed its operations had it been a standalone business separate from XPO during the periods presented. All cash management accounts and transactions are reflected in the Combined Balance Sheets as cash and cash equivalents and in the Combined Statements of Cash Flows as operating activities. For our European subsidiaries, none of the cash and cash equivalents or debt at the corporate level has been assigned to the Company in the Combined Financial Statements. Under the notional pooling arrangements, since there is no immediate contractual obligation for us to cover any negative cash positions of these pooling arrangements related to other members, including other XPO affiliates, no obligation or guarantee to cover any such negative cash positions has been included in the Combined Balance Sheets.

Accounts Receivable and Allowance for Doubtful Accounts

We record accounts receivable at the contractual amount, and we record an allowance for doubtful accounts for the amount we estimate we may not collect. In determining the allowance for doubtful accounts, we consider historical collection experience, the age of the accounts receivable balances, the credit quality and risk of our customers, any specific customer collection issues, current economic conditions, and other factors that may impact our customers' ability to pay. Commencing in 2020 and as discussed further below, we also consider reasonable and supportable forecasts of future economic conditions and their expected impact on customer collections in determining our allowance for doubtful accounts. We write off accounts receivable balances once the receivables are no longer deemed collectible.

The roll-forward of the allowance for doubtful accounts was as follows:

<i>(In millions)</i>	Years Ended December 31,		
	2020	2019	2018
Beginning balance	\$ 20	\$ 11	\$ 8
Provision charged to expense	8	13	5
Write-offs, less recoveries, and other adjustments	(10)	(4)	(2)
Ending balance	\$ 18	\$ 20	\$ 11

Trade Receivables Securitization and Factoring Programs

We sell certain of our trade accounts receivable on a non-recourse basis to third-party financial institutions under factoring agreements. We account for these transactions as sales of receivables and present cash proceeds as cash provided by operating activities in the Combined Statements of Cash Flows. We also sell certain European trade accounts receivable under a securitization program described below. We use trade receivables securitization and factoring programs to help manage our cash flows and offset the impact of extended payment terms for some of our customers.

XPO Logistics Europe, one of our majority-owned subsidiaries, participates in a trade receivables securitization program co-arranged by three European banks (the "Purchasers"). Under the program, a wholly-owned bankruptcy-remote special purpose entity of XPO Logistics Europe sells trade receivables that originate with wholly-owned subsidiaries of XPO Logistics Europe to unaffiliated entities managed by the Purchasers. The special purpose entity is a variable interest entity and has been presented within these combined financial statements based on our control of the entity's activities.

We account for transfers under our securitization and factoring arrangements as sales because we sell full title and ownership in the underlying receivables and control of the receivables is considered transferred. For these transfers, the receivables are removed from our Combined Balance Sheets at the date of transfer. In the securitization and factoring arrangements, our continuing involvement is limited to servicing the receivables. The fair value of any servicing assets and liabilities is immaterial. In addition to selling trade receivables which originate with GXO, the special purpose entity also purchases trade receivables from XPO and sells assets to the Purchasers. The trade receivables which have been purchased from XPO have been reflected within Other current assets in the Combined Balance Sheets, and the related cash flows have been reflected within Purchase and sale of affiliate trade receivables, net, within investing activities in the Combined Statements of Cash Flows. See Note 10—Debt for additional information related to our receivables securitization secured borrowing program and these borrowings.

Under a prior securitization program that was terminated in July 2019, we accounted for transfers as either sales or secured borrowings based on an evaluation of whether control has transferred. For the transfers that did not meet the criteria for surrender of control, the transaction was accounted for as a secured borrowing. These secured borrowings were repaid when the program was terminated. For transfers that were accounted for as sales, the consideration received included a simultaneous cash payment and a deferred purchase price receivable. The cash payment which we received on the date of the transfer was reflected within Net cash provided by operating activities on our Combined Statement of Cash Flows. As we received cash payments on the deferred purchase price receivable, it was reflected as an investing activity. The current program does not include a deferred purchase price mechanism.

Information related to the trade receivables sold was as follows:

<i>(In millions)</i>	Years Ended December 31,		
	2020	2019	2018
Securitization programs			
Receivables sold in period	\$ 1,491	\$ 1,023	\$ 146
Cash consideration	1,491	943	113
Deferred purchase price	—	80	33
Factoring programs			
Receivables sold in period	612	794	612
Cash consideration	611	790	609

Property and Equipment

We generally record property and equipment at cost, or in the case of acquired property and equipment, at fair value at the date of acquisition. Maintenance and repair expenditures are charged to expense as incurred. For internally-developed computer software, all costs incurred during planning and evaluation are expensed as incurred. Costs incurred during the application development stage are capitalized and included in property and equipment. Capitalized software also includes the fair value of acquired internally-developed technology.

We compute depreciation expense on a straight-line basis over the estimated useful lives of the assets as follows:

	Estimated Useful Life
Buildings and leasehold improvements	Term of lease to 40 years
Machinery, equipment and other	3 to 15 years
Computer software and equipment	1 to 6 years

Leases

We determine if an arrangement is a lease at inception. We recognize operating lease right-of-use assets and liabilities at the lease commencement date based on the estimated present value of the lease payments over the lease term. For most of our leases, the implicit rate cannot be readily determined and, as a result, we use the incremental borrowing rates of XPO based on the information available at commencement date to determine the present value of future lease payments. This rate is determined from a hypothetical yield curve that takes into consideration market yield levels of XPO's relevant debt outstanding as well as the index that matches XPO's credit rating, and then adjusts as if the borrowings were collateralized.

We include options to extend or terminate a lease in the lease term when we are reasonably certain to exercise such options. We exclude variable lease payments (such as payments based on an index or reimbursements of lessor costs) from our initial measurement of the lease liability. We recognize leases with an initial term of 12 months or less as lease expense over the lease term, and those leases are not recorded on our Combined Balance Sheets. We account for lease and non-lease components within a contract as a single lease component for our real estate leases. For additional information on our leases, see Note 7—Leases.

Segment Reporting

We evaluated segment reporting in accordance with Accounting Standards Codification ("ASC") 280—Segment Reporting. We concluded that GXO is comprised of two operating segments based on the operating results regularly reviewed by the chief operating decision maker ("CODM") to make decisions about resource allocation and the performance of the business. These two operating segments have been aggregated into a single reporting segment.

Goodwill

We measure goodwill as the excess of consideration transferred over the fair value of net assets acquired in business combinations that were pushed down to GXO. We allocate goodwill to our reporting units for the purpose of impairment testing. We evaluate goodwill for impairment annually, or more frequently if an event or circumstance indicates an impairment loss may have been incurred. We measure goodwill impairment, if any, as the amount by which a reporting unit's carrying amount exceeds its fair value, not to exceed the carrying amount of goodwill. We have two reporting units.

For our 2020 and 2019 goodwill assessments, we performed a quantitative analysis for both of our reporting units using a combination of income and market approaches, with the assistance of a third-party valuation specialist. As of August 31, 2020 and 2019, we completed our annual impairment tests for goodwill with both of our reporting units having fair values in excess of their carrying values, resulting in no impairment of goodwill.

The income approach of determining fair value is based on the present value of estimated future cash flows, discounted at an appropriate risk-adjusted rate. We use our internal forecasts to estimate future cash flows and include an estimate of long-term future growth rates based on our most recent views of the long-term outlook for our business. The market approach of determining fair value is based on comparable market multiples for companies engaged in similar businesses, as well as recent transactions within our industry.

Intangible Assets

Our intangible assets subject to amortization consist of customer relationships. We review long-lived assets to be held-and-used for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. An asset is considered to be impaired if the sum of the undiscounted expected future cash flows over the remaining useful life of a long-lived asset group is less than its carrying amount. An impairment loss is measured as the amount by which the carrying amount of the asset group exceeds the fair value of the asset. We estimate fair value using the expected future cash flows discounted at a rate consistent with the risks associated with the recovery of the asset. We amortize intangible assets on a straight-line basis or on a basis consistent with the pattern in which the economic benefits are realized. The estimated useful life for customer relationships ranges from 5 to 15 years.

Other Long-Term Assets

Other long-term assets include contract assets, primarily comprised of deferred contract-related costs, deposits, miscellaneous long-term receivable balances and other deferred assets.

Accrued Expenses

The components of accrued expenses as of December 31, 2020 and 2019 are as follows:

<i>(In millions)</i>	As of December 31,	
	2020	2019
Accrued salaries and wages	\$ 317	\$ 252
Accrued transportation and facility charges	259	218
Accrued value-added tax and other taxes	141	87
Other accrued expenses	67	52
Total accrued expenses	\$ 784	\$ 609

Contract Liabilities

Contract liabilities represents our obligation to transfer services to a customer for which we have received consideration, or the amount is due, from the customer. Contract liabilities are included in other current liabilities on our Combined Balance Sheets.

Self-Insurance

We participate in a combination of self-insurance programs and purchased insurance that are managed by XPO to provide for the costs of medical, casualty, liability, vehicular, cargo and workers' compensation claims. XPO periodically evaluates our level of insurance coverage and adjusts our insurance levels based on risk tolerance and premium expense.

Liabilities for the risks we retain, including estimates of claims incurred but not reported, are not discounted and are estimated, in part, by considering historical cost experience, demographic and severity factors, and judgments about current and expected levels of cost per claim and retention levels. Changes in these assumptions and factors can impact actual costs paid to settle the claims and those amounts may be different than estimates.

Advertising Costs

Advertising costs are expensed as incurred.

Accumulated Other Comprehensive Income (Loss)

The components of and changes in accumulated other comprehensive income (loss) ("AOCI"), net of tax for the years ended December 31, 2020 and 2019, are as follows:

<i>(In millions)</i>	Foreign Currency Translation Adjustments	Derivative Hedges	Defined Benefit Plans Liability	Less: AOCI Attributable to Noncontrolling Interests	AOCI Attributable to GXO
As of December 31, 2018	\$ (55)	\$ (2)	\$ (3)	\$ 8	\$ (52)
Other comprehensive income (loss)	(13)	—	1	(2)	(14)
As of December 31, 2019	(68)	(2)	(2)	6	(66)
Other comprehensive income (loss)	129	2	1	(8)	124
As of December 31, 2020	\$ 61	\$ —	\$ (1)	\$ (2)	\$ 58

Income Taxes

During the periods presented in the Combined Financial Statements, the operations of the Company were included in the consolidated U.S. federal and certain state and local and foreign income tax returns filed by XPO, where applicable. Income tax expense and other income tax related information contained in the Combined Financial Statements are presented on a separate return basis as if the Company had filed its own tax returns. As a result, actual tax transactions included in the consolidated financial statements of XPO may not be included in the combined financial statements. Similarly, the tax treatment of certain items reflected in the combined financial statements may not be reflected in the consolidated financial statements and tax returns of XPO. Therefore, portions of items such as net operating losses ("NOLs"), credit carryforwards, other deferred taxes, and valuation allowances may exist in the combined financial statements that may or may not exist in XPO's consolidated financial statements and vice versa. In addition, although deferred tax assets have been recognized for NOLs and tax credits in accordance with the separate return method, certain NOLs and credits will not carry over with the Company in connection with the Distribution. The income taxes of the Company as presented in the Combined Financial Statements may not be indicative of the income taxes that the Company will incur in the future. In jurisdictions where the Company has been included in tax returns filed by XPO, any income tax receivables or payables resulting from the related income tax provisions have been reflected in the Combined Balance Sheets within XPO investment.

We adopted the separate return approach for the purpose of presenting the Combined Financial Statements, including the income tax provisions (benefits) and the related deferred tax assets and liabilities. The historic operations of the Company reflect a separate return approach for each jurisdiction in which the Company had a presence and XPO filed a tax return.

We account for income taxes using the asset and liability method on a legal entity and jurisdictional basis, under which we recognize the amount of taxes payable or refundable for the current year and deferred tax assets and

liabilities for the future tax consequences of events that have been recognized in our financial statements or tax returns. Our calculation relies on several factors, including pre-tax earnings, differences between tax laws and accounting rules, statutory tax rates, tax credits, uncertain tax positions, and valuation allowances. We use judgment and estimates in evaluating our tax positions. Valuation allowances are established when, in our judgment, it is more likely than not that our deferred tax assets will not be realized based on all available evidence. We record Global Intangible Low-Taxed Income (“GILTI”) tax as a period cost. We recognize tax benefits from uncertain tax positions only if (based on the technical merits of the position) it is more likely than not that the tax positions will be sustained on examination by the tax authority. We adjust these tax liabilities, including related interest and penalties, based on the current facts and circumstances. We report tax-related interest and penalties as a component of income tax expense.

Foreign Currency Translation and Transactions

The assets and liabilities of our foreign subsidiaries that use their local currency as their functional currency are translated to U.S. dollars (“USD”) using the exchange rate prevailing at each balance sheet date, with balance sheet currency translation adjustments recorded in AOCI on our Combined Balance Sheets. The assets and liabilities of our foreign subsidiaries whose local currency is not their functional currency are remeasured from their local currency to their functional currency and then translated to USD. The results of operations of our foreign subsidiaries are translated to USD using average exchange rates prevailing for each period presented.

We convert foreign currency transactions recognized on our Combined Statements of Operations to USD by applying the exchange rate prevailing on the date of the transaction. Gains and losses arising from foreign currency transactions and the effects of remeasuring monetary assets and liabilities are recorded in Other income in our Combined Statements of Operations and were not material for any of the periods presented.

We use a loan designated as a net investment hedge to hedge our exposure to foreign exchange risk on our investments in foreign subsidiaries. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognized as OCI while any gains or losses relating to the ineffective portion are recognized in the Statements of Operations. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the Statements of Operations.

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The levels of inputs used to measure fair value are:

- 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.

We base our fair value estimates on market assumptions and available information. The carrying values of cash and cash equivalents, accounts receivable, financial assets purchased from XPO, accounts payable, accrued expenses and current maturities of long-term debt approximated their fair values as of December 31, 2020 and 2019 due to their short-term nature and/or being receivable or payable on demand. The Level 1 cash equivalents include money market funds valued using quoted prices in active markets.

The fair value of cash equivalents approximates its carrying value and amounted to \$54 million and \$25 million, respectively, for the years ended December 31, 2020 and 2019. The cash equivalents are classified as Level 1 within the fair value hierarchy.

Stock-Based Compensation

XPO's compensation programs include grants of stock-based compensation awards to directors, officers and key employees under XPO's share-based payment programs. These awards include stock options, restricted stock units, performance-based units, cash incentive awards and other equity-related awards. Our Combined Statements of Operations include all of the share-based payment expenses directly attributable to GXO, as well as an allocation of any related XPO Corporate costs. Our stock-based compensation expense is recorded in SG&A on our Combined Statements of Operations and is not material for the years ending December 31, 2020, 2019 and 2018.

We account for stock-based compensation based on the equity instrument's grant date fair value. For grants of restricted stock units ("RSUs") subject to service-based or performance-based vesting conditions only, we establish the fair value based on the market price of XPO's stock on the date of the grant. For grants of RSUs subject to market-based vesting conditions, the fair value is established using the Monte Carlo simulation lattice model.

We recognize the grant date fair value of equity awards as compensation cost over the requisite service period. We recognize expense for our performance-based restricted stock units ("PRSUs") over the awards' requisite service period based on the number of awards expected to vest with consideration to the actual and expected financial results. We do not recognize expense until achievement of the performance targets for a PRSU award is considered probable.

Related-Party Transactions

Transactions between the Company and XPO and other subsidiaries, are deemed related-party transactions. Related-party transactions are comprised of the following: (i) those that have been effectively settled or are expected to be settled for cash, and (ii) those which have historically not been settled and which have or are expected to be forgiven by either party. For those that have been or are expected to be cash settled, we have recorded related-party receivables (assets) or payables (liabilities) in the Combined Balance Sheets as of December 31, 2020 and 2019. For those that have been or are expected to be forgiven, the amounts have been recorded as an adjustment of XPO Investment in the Combined Balance Sheets as of December 31, 2020 and 2019.

Adoption of New Accounting Standards

In June 2016, the Financial Accounting Standards Board ("FASB") issued ASU 2016-13, "Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments." The ASU, as subsequently modified, amends the incurred losses impairment method with a method that reflects expected credit losses on certain types of financial instruments, including trade receivables. We adopted this standard on January 1, 2020. The adoption did not have a material effect on our combined financial statements.

In August 2018, the FASB issued ASU 2018-15, "Intangibles-Goodwill and Other-Internal-Use Software (Subtopic 350-40): Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract." The ASU aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. Under the guidance, any capitalized implementation costs would be included in prepaid expenses, amortized over the term of the hosting arrangement on a straight-line basis and presented in the same line items in the Combined Statements of Operations as the expense for fees of the associated hosting arrangements. We adopted this standard on January 1, 2020 on a prospective basis. The adoption did not have a material effect on our combined financial statements.

In February 2016, the FASB issued ASU 2016-02, "Leases (Topic 842)". The core principle of ASU 2016-02 is that a lessee should recognize on its Combined Balance Sheets the assets and liabilities that arise from leases, including operating leases. Under the new requirements, a lessee recognizes on the balance sheet the right-of-use asset representing the right to use the underlying asset and the lease liability representing the present value of future lease payments. We utilized a comprehensive approach to assess the impact of ASU 2016-02 on our financial statements and related disclosures. In particular, we completed a robust review of our lease portfolio and enhanced our internal controls, including those related to the identification, monitoring of, measurement and disclosure of our

lease portfolio. For additional information on our leases, see Note 7—Leases. We adopted ASU 2016-02 and its related amendments (Topic 842) on January 1, 2019.

Accounting Pronouncements Issued but Not Yet Effective

In December 2019, the FASB issued ASU 2019-12, “Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes.” The ASU is intended to simplify the accounting for income taxes by removing certain exceptions to the general principles in Topic 740. The ASU also clarifies and amends existing guidance to enhance consistency and comparability among reporting entities. We adopted this standard on January 1, 2021 on a prospective basis. The adoption did not have a material effect on our combined financial statements.

In March 2020, the FASB issued ASU 2020-04, “Reference rate reform (Topic 848): Facilitation of the effects of reference rate reform on financial reporting.” The ASU provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform. The amendments apply only to contracts and hedging relationships that reference London Interbank Offered Rate (“LIBOR”) or another reference rate expected to be discontinued due to reference rate reform. The amendments are elective and are effective upon issuance through December 31, 2022. We are currently evaluating the impact of the new guidance.

3. Purchases of Noncontrolling Interest

In the third quarter of 2020 and fourth quarter of 2019, we purchased shareholders’ noncontrolling interests in XPO Logistics Europe for €17 million (approximately \$21 million) and €234 million (approximately \$258 million), respectively. The portion of the purchased noncontrolling interest which is not attributable to GXO has been recorded as a transfer to the XPO investment account.

4. Revenue Recognition

Disaggregation of Revenues

We disaggregate our revenue by geographic area. Our revenue disaggregated by geographical area, based on sales office location, was as follows:

<i>(In millions)</i>	Years Ended December 31,		
	2020	2019	2018
Revenue			
United States	\$ 2,221	\$ 2,338	\$ 2,195
United Kingdom	1,526	1,385	1,437
France	643	652	687
Europe (excluding France and United Kingdom)	1,654	1,582	1,585
Other	151	137	161
Total	\$ 6,195	\$ 6,094	\$ 6,065

Our revenue by industry sector was approximately as follows: e-commerce/retail (39%, 37% and 37% for 2020, 2019 and 2018, respectively); food and beverage (13%, 15% and 15% for 2020, 2019 and 2018, respectively); consumer packaged goods (13%, 12% and 12% for 2020, 2019 and 2018, respectively); consumer technology (11% for 2020, 2019 and 2018, respectively); and other (24%, 25% and 25% for 2020, 2019 and 2018, respectively).

Contract Liabilities

Our contract liabilities activity was as follows:

(In millions)

Balance as of December 31, 2018	\$ 63
Revenue recognized	(56)
Unearned revenue and other	65
Balance as of December 31, 2019	72
Revenue recognized	(86)
Unearned revenue and other	111
Balance as of December 31, 2020	\$ 97

Performance Obligations

Remaining performance obligations relate to firm customer contracts for which services have not been performed and future revenue recognition is expected. As permitted in determining the remaining performance obligation, we omit obligations that (i) have original expected durations of one year or less or (ii) contain variable consideration. On December 31, 2020, the fixed consideration component of our remaining performance obligation was approximately \$1.5 billion, and we expect to recognize approximately 75% of that amount over the next three years and the remainder thereafter. We estimate remaining performance obligations at a point in time and actual amounts may differ from these estimates due to changes in foreign currency exchange rates and contract revisions or terminations.

5. Restructuring Charges

We engage in restructuring actions as part of our ongoing efforts to best use our resources and infrastructure, including actions in response to COVID-19. These actions generally include severance and facility-related costs, including impairment of operating lease assets, and are intended to improve our efficiency and profitability.

Our severance related activity was as follows:

(In millions)

Balance as of December 31, 2018	\$ 5
Charges incurred	15
Payments	(8)
Foreign exchange and other	(1)
Balance as of December 31, 2019	\$ 11
Charges incurred	29
Payments	(16)
Foreign exchange and other	(4)
Balance as of December 31, 2020	\$ 20

We expect the majority of the cash outlays related to the charges incurred in 2020 will be complete within twelve months. The majority of the cash outlays related to the charges incurred in 2019 were substantially complete by the end of 2020.

6. Property and Equipment

The following table summarizes our property and equipment:

<i>(In millions)</i>	December 31,	
	2020	2019
Property and equipment		
Land	\$ 6	\$ 5
Buildings and leasehold improvements	273	270
Machinery, equipment and other	914	749
Computer software and equipment	499	403
	1,692	1,427
Less: accumulated depreciation and amortization	(922)	(685)
Total property and equipment, net	\$ 770	\$ 742
Net book value of capitalized internally-developed software included in property and equipment, net	\$ 84	\$ 92

Depreciation of property and equipment and amortization of computer software was \$262 million, \$236 million and \$190 million for the years ended December 31, 2020, 2019 and 2018, respectively. As of December 31, 2020 and 2019, we held long-lived tangible assets outside of the U.S. of \$359 million and \$336 million, respectively.

7. Leases

Adoption of Topic 842, "Leases"

On January 1, 2019, we adopted Topic 842 prospectively through a cumulative-effect adjustment with no restatement of prior period financial statements. Beginning in 2019, net operating lease activity, including the reduction of the operating lease asset and the accretion of the operating lease liability, are reflected in Depreciation, amortization and net lease activity on our Combined Statements of Cash Flows. The adoption of Topic 842 did not have a material impact on our Combined Statements of Operations and our Combined Statements of Cash Flows.

Nature of Leases

Most of our leases are real estate leases. In addition, we lease trucks, trailers, containers and material handling equipment. The components of our lease expense were as follows:

<i>(In millions)</i>	Years Ended December 31,	
	2020	2019
Operating leases:		
Operating lease cost	\$ 532	\$ 500
Short-term lease cost	55	57
Variable lease cost	65	65
Total lease cost	\$ 652	\$ 622
Finance leases:		
Amortization of leased assets	\$ 24	\$ 12
Interest on lease liabilities	4	2
Total lease cost	\$ 28	\$ 14
Total operating and finance lease cost	\$ 680	\$ 636

Supplemental balance sheet information related to leases was as follows:

<i>(In millions)</i>	December 31,	
	2020	2019
Operating leases:		
Operating lease assets	\$ 1,434	\$ 1,458
Short-term operating lease liabilities	\$ 332	\$ 336
Operating lease liabilities	1,099	1,124
Total operating lease liabilities	\$ 1,431	\$ 1,460
Finance leases:		
Property and equipment, gross	\$ 199	\$ 128
Accumulated depreciation	(49)	(27)
Property and equipment, net	\$ 150	\$ 101
Short-term borrowings and current maturities of long-term debt	\$ 31	\$ 11
Long-term debt	127	84
Total finance lease liabilities	\$ 158	\$ 95
Weighted-average remaining lease term		
Operating leases	5.7 years	5.7 years
Finance leases	11.4 years	11.0 years
Weighted-average discount rate		
Operating leases	4.4 %	4.7 %
Finance leases	4.6 %	5.3 %

Supplemental cash flow information related to leases was as follows:

<i>(In millions)</i>	Years Ended December 31,	
	2020	2019
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	\$ 556	\$ 505
Operating cash flows for finance leases	4	2
Financing cash flows for finance leases	17	11
Leased assets obtained in exchange for new lease obligations:		
Operating leases	392	478
Finance leases	38	51

Property and equipment acquired through capital leases was \$38 million for the year ended December 31, 2018. Additionally, non-cash investing activities for the year ended December 31, 2019 included \$39 million of property and equipment additions for build-to-suit leases.

Maturities of lease liabilities as of December 31, 2020 were as follows:

<i>(In millions)</i>	Finance Leases	Operating Leases
2021	\$ 34	\$ 381
2022	33	339
2023	28	266
2024	21	190
2025	15	143
Thereafter	75	313
Total lease payments	\$ 206	\$ 1,632
Less: interest	(48)	(201)
Present value of lease liabilities	\$ 158	\$ 1,431

As of December 31, 2020, we had additional operating leases that have not yet commenced with future undiscounted lease payments of \$143 million. These operating leases will commence in 2021 through 2022 with initial lease terms of 2 years to 10 years.

Rent expense was \$566 million for the year ended December 31, 2018.

8. Goodwill

<i>(In millions)</i>	
Goodwill as of December 31, 2018	\$ 1,989
Impact of foreign exchange translation	(5)
Goodwill as of December 31, 2019	1,984
Impact of foreign exchange translation	79
Goodwill as of December 31, 2020	\$ 2,063

There are no cumulative goodwill impairments as of December 31, 2020.

9. Intangible Assets

The following table summarizes our identifiable intangible assets:

<i>(In millions)</i>	December 31, 2020		December 31, 2019	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Definite-lived intangible assets				
Customer relationships	\$ 672	\$ 373	\$ 645	\$ 302

We did not recognize any impairment of our identified intangible assets in 2020, 2019 and 2018.

Estimated future amortization expense for amortizable intangible assets for the next five years and thereafter is as follows:

<i>(In millions)</i>	2021	2022	2023	2024	2025	Thereafter
Estimated amortization expense	\$ 54	\$ 49	\$ 42	\$ 39	\$ 36	\$ 79

Actual amounts of amortization expense may differ from forecasted amounts due to changes in foreign currency exchange rates, additional intangible asset acquisitions, future impairment of intangible assets, accelerated amortization of intangible assets and other events.

Intangible asset amortization expense was \$61 million, \$65 million and \$71 million for the years ended December 31, 2020, 2019 and 2018, respectively.

10. Debt

The following table summarizes our debt:

<i>(In millions)</i>	December 31, 2020		December 31, 2019	
	Principal Balance	Carrying Value	Principal Balance	Carrying Value
Borrowings related to current trade securitization program	\$ 26	\$ 26	\$ —	\$ —
Finance leases and other	161	161	117	117
Related-party debt	486	486	556	556
Total debt	673	673	673	673
Short-term borrowings and current finance lease liabilities	58	58	31	31
Long-term debt	\$ 615	\$ 615	\$ 642	\$ 642

The fair value of our debt and classification in the fair value hierarchy was as follows:

<i>(In millions)</i>	Fair Value	Level 1	Level 2	Level 3
December 31, 2020	\$ 673	\$ 2	\$ 185	\$ 486
December 31, 2019	673	3	114	556

We valued Level 1 debt using quoted prices in active markets. We valued Level 2 debt using bid evaluation pricing models or quoted prices of securities with similar characteristics. We valued Level 3 debt using non-observable inputs.

Our principal payment obligations on debt (excluding finance leases) for the next five years and thereafter were as follows:

<i>(In millions)</i>	2021	2022	2023	2024	2025	Thereafter
Principal payments on debt	\$ 26	\$ 1	\$ 1	\$ 351	\$ —	\$ 136

Trade Securitization Program

As discussed in Note 2—Basis of Presentation and Significant Accounting Policies, XPO Logistics Europe participates in a trade receivables securitization program. Under the program, a wholly-owned bankruptcy-remote special purpose entity of XPO Logistics Europe sells trade receivables that originate with wholly-owned subsidiaries of XPO Logistics Europe to unaffiliated entities managed by the Purchasers. The special purpose entity is a variable interest entity and is combined by GXO based on our control of the entity's activities. The program will expire in July 2022 and contains financial covenants customary for this type of arrangement, including maintaining a defined average days sales outstanding ratio. In 2019, XPO Logistics Europe terminated a prior trade receivables securitization program and paid off the notes associated with that program, which had been included in our debt balances.

Our current trade receivables securitization program permits us to borrow, on an unsecured basis, cash collected in a servicing capacity on previously sold receivables. These borrowings are owed to the program's Purchasers and are included in short-term debt until they are repaid in the following month's settlement. These borrowings amounted to €21 million (\$26 million) as of December 31, 2020.

The maximum amount of net cash proceeds available at any one time under the current program, inclusive of any unsecured borrowings, is €400 million (approximately \$489 million as of December 31, 2020). As of December 31, 2020, €75 million (approximately \$92 million) was available under the program, subject to having sufficient receivables available to sell to the Purchasers. The weighted average interest rate was 0.62% as of December 31, 2020. Charges for commitment fees, which are based on a percentage of available amounts, and charges for administrative fees were not material to our results of operations for the years ended December 31, 2020, 2019 and 2018.

Long-Term Related-Party Debt

Loan Agreement with North American Subsidiary

In 2015, XPO entered into a loan agreement with a North American subsidiary of GXO, under which XPO granted the subsidiary an unsecured loan bearing interest at a rate of 5.625% with a principal amount not exceeding \$391 million and maturing in June 2024. As of December 31, 2020 and 2019, the Company had an outstanding loan payable to XPO of \$186 million and \$230 million, respectively. The notes are guaranteed by an XPO affiliate.

Loan Agreements with European Subsidiaries

Additionally, XPO entered into several loan agreements with European subsidiaries of GXO, under which XPO granted the subsidiaries unsecured loans with principal amounts of:

- €20 million (approximately \$24 million as of December 31, 2020) entered in 2013 bearing interest at a variable rate of twelve-month Euribor plus 1% and maturing in October 2026;
- £82 million (approximately \$111 million as of December 31, 2020) entered in 2016 bearing interest at a variable rate of twelve-month Libor plus 1% and maturing in October 2026; and
- 22 PLN million entered in 2018 bearing interest at a fixed rate of 5.625% and maturing in April 2023.

As of December 31, 2020 and 2019, the outstanding amounts related to these loans payable to XPO were \$135 million and \$136 million, respectively.

Additionally, in 2015, XPO entered into a loan agreement under which it granted XPO Logistics Europe a loan in the amount of €335 million, bearing interest at a fixed rate of 5.625% and maturing in June 2024. The loan payable was \$165 million and \$189 million at December 31, 2020 and 2019, respectively.

11. Employee Benefit Plans

Defined Benefit Pension Plans

XPO sponsors both funded and unfunded defined benefit pension plans in which GXO's U.S. subsidiaries are one of a number of companies that participate. These pension plans include qualified plans that are eligible for beneficial treatment under the Internal Revenue Code and non-qualified plans that provide additional benefits for employees who are impacted by limitations on compensation eligible for benefits available under the qualified plans. XPO also sponsors a defined benefit pension plan for some of our employees in the United Kingdom. Both the U.S. plans and the U.K. plan do not allow for new plan participants or additional benefit accruals. XPO also maintains defined benefit pension plans for some of our foreign subsidiaries that are immaterial for disclosure purposes.

The U.S. plans and the U.K. plan are accounted for as multi-employer benefits plans in these combined financial statements, and the Combined Balance Sheets do not reflect any assets or liabilities related to these plans. Required funding has been made by XPO. Net periodic benefit income related to these plans is not material for the years ended December 31, 2020, 2019 and 2018.

Certain current and former employees of European subsidiaries of GXO participate in a defined benefit plan sponsored by a related-party. Historical contributions to the plan sponsor to cover administrative expenses have been immaterial. These combined financial statements do not reflect any pension income or expense from this plan as historically there have been no distributions to or contributions by our European subsidiaries.

Defined Contribution Retirement Plans

XPO additionally sponsors qualified defined contribution plans, in which GXO is one of a number of companies that participate. Contributions for employees of GXO for the years ended December 31, 2020, 2019, and 2018 were \$14 million, \$14 million, and \$12 million, respectively. The majority of the expense is recorded in Direct operating expense in the Combined Statements of Operations.

Postretirement Medical Plan

XPO also sponsors a postretirement medical plan that provides health benefits to certain employees who are at least 55 years of age with at least 10 years of service (the “Postretirement Plan”). The Postretirement Plan does not provide employer-subsidized retiree medical benefits for employees hired on or after January 1, 1993. Our costs related to this plan were not material for the years ended December 31, 2020, 2019 and 2018.

12. Income Taxes

The tax provisions have been prepared on a separate return basis as if GXO was a separate group of companies under common ownership. The operations have been combined as if GXO was filing on a combined basis for U.S. federal, U.S. state and non-U.S. income tax purposes, where allowable by law. GXO is subject to regulation under a wide variety of U.S. federal, U.S. state and non-U.S. tax laws, regulations and policies. Additionally, our European subsidiaries are subject to regulation under a wide variety of European tax laws, regulations and policies. Changes to these laws or regulations may affect our tax liability, return on investments and business operations.

Income (loss) before taxes related to our U.S. and foreign operations was as follows:

<i>(In millions)</i>	Years Ended December 31,		
	2020	2019	2018
U.S.	\$ (82)	\$ 16	\$ 33
Foreign	76	102	93
Income (loss) before income tax provision	\$ (6)	\$ 118	\$ 126

The income tax provision (benefit) is comprised of the following:

<i>(In millions)</i>	Years Ended December 31,		
	2020	2019	2018
Current:			
U.S. federal	\$ (2)	\$ 2	\$ (4)
State	(1)	1	(1)
Foreign	45	36	37
Total current income tax provision	\$ 42	\$ 39	\$ 32
Deferred:			
U.S. federal	\$ (16)	\$ 2	\$ 7
State	(5)	(4)	5
Foreign	(5)	—	(8)
Total deferred income tax provision (benefit)	\$ (26)	\$ (2)	\$ 4
Total income tax provision	\$ 16	\$ 37	\$ 36

The tax expense reconciliations were as follows:

	Years Ended December 31,		
	2020	2019	2018
Tax expense at U.S. federal statutory tax rate	\$ (1)	\$ 25	\$ 27
State taxes, net of U.S. federal benefit	(5)	(2)	3
Foreign rate differential	(3)	(1)	—
Foreign operations ⁽¹⁾	20	10	11
Contribution- and margin-based taxes	6	6	6
Valuation allowances	—	—	(4)
Changes in uncertain tax positions	1	—	(3)
Stock-based compensation	1	—	1
Other	(3)	(1)	(5)
Total income tax provision	\$ 16	\$ 37	\$ 36

(1) Foreign operations include the net impact of changes to valuation allowances, the cost of inclusion of foreign income in the U.S. net of foreign taxes, and permanent items related to foreign operations.

Components of the Net Deferred Tax Asset or Liability

The tax effects of temporary differences that give rise to significant portions of the deferred tax asset and deferred tax liability were as follows:

<i>(In millions)</i>	Years Ended December 31,	
	2020	2019
Deferred tax asset		
Net operating loss and other tax attribute carryforwards	\$ 126	\$ 106
Accrued expenses	20	5
Pension and other retirement obligations	7	10
Other	2	11
Total deferred tax asset	155	132
Valuation allowances	(73)	(56)
Total deferred tax asset, net	82	76
Deferred tax liability		
Intangible assets	(89)	(97)
Property and equipment	(42)	(54)
Other	(5)	(6)
Total deferred tax liability	(136)	(157)
Net deferred tax liability	\$ (54)	\$ (81)

The deferred tax asset and deferred tax liability above are reflected on our Combined Balance Sheets as follows:

<i>(In millions)</i>	December 31,	
	2020	2019
Other long-term assets	\$ —	\$ 4
Deferred tax liability	(54)	(85)
Net deferred tax liability	\$ (54)	\$ (81)

Investments in Foreign Subsidiaries

As a result of the Tax Cuts and Jobs Act, the Company has decided to apply a partial indefinite reversal assertion to pre-2018 earnings and profits that have been invested back into the foreign businesses. The Company has also decided not to apply an indefinite reversal assertion on all 2018 and future years' earnings and profits.

Operating Loss and Tax Credit Carryforwards

Our operating loss and tax credit carryforwards were as follows:

<i>(In millions)</i>	Expiration Date	December 31,	
		2020	2019
Federal net operating losses for all U.S. operations (including those of minority owned subsidiaries)	2033 - 2037 ⁽¹⁾	\$ 154	\$ 120
Tax effect (before federal benefit) of state net operating losses	Various times starting in 2021 ⁽¹⁾	2	—
Federal tax credit carryforwards	Various times starting in 2037 ⁽¹⁾	1	1
State tax credit carryforward	Various times starting in 2021 ⁽¹⁾	7	6
Foreign net operating losses available to offset future taxable income	Various times starting in 2021 ⁽¹⁾	346	327

(1) Some credits and losses have unlimited carryforward periods.

Valuation Allowances

We established valuation allowances for some of our deferred tax assets, as it is more likely than not that these assets will not be realized in the foreseeable future. We concluded that the remaining deferred tax assets will more likely than not be realized, though this is not assured, and as such no valuation allowances have been provided on these assets.

The balances and activity related to our valuation allowances were as follows:

<i>(In millions)</i>	Beginning Balance	Additions	Reductions	Ending Balance
2020	\$ 56	\$ 17	\$ —	\$ 73
2019	45	11	—	56
2018	40	5	—	45

Unrecognized Tax Benefits

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

<i>(In millions)</i>	Years Ended December 31,		
	2020	2019	2018
Beginning balance	\$ 3	\$ 3	\$ 6
Additions for tax positions of prior years	1	—	—
Reductions for tax positions of prior years	—	—	(3)
Reductions due to the statute of limitations	(1)	—	—
Ending balance	3	3	3
Interest and penalties	1	1	1
Gross unrecognized tax benefits	\$ 4	\$ 4	\$ 4
Total unrecognized tax benefits that, if recognized, would impact the effective income tax rate as of the end of the year	\$ 3	\$ 3	\$ 3

We could reflect a reduction to unrecognized tax benefits of \$3 million over the next 12 months due to the statute of limitations lapsing on positions or because tax positions are sustained on audit.

We are subject to taxation in the United States and various states and foreign jurisdictions. As of December 31, 2020, we have no tax years under examination by the IRS. We have various U.S. state and local examinations and non-U.S. examinations in process. The U.S. federal tax returns after 2008, state and local returns after 2012, and non-U.S. returns after 2009 are open under relevant statutes of limitations and are subject to audit.

13. Commitments and Contingencies

We are involved, and will continue to be involved, in numerous proceedings arising out of the conduct of our business. These proceedings may include personal injury claims arising from the transportation and handling of goods, contractual disputes and employment-related claims, including alleged violations of wage and hour laws.

We establish 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. We review and adjust accruals for loss contingencies quarterly and as additional information becomes available. If a loss is not both probable and reasonably estimable, or if an exposure to loss exists in excess of the amount accrued, we assess 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, we disclose the estimate of the possible loss or range of loss if it is material and an estimate can be made, or disclose that such an estimate cannot be made. The determination as to whether a loss can reasonably be considered to be possible or probable is based on our assessment, together with legal counsel, regarding the ultimate outcome of the matter.

We believe that we have adequately accrued for the potential impact of loss contingencies that are probable and reasonably estimable. We do not believe that the ultimate resolution of any matters to which we are presently a party will have a material adverse effect on our 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 our financial condition, results of operations or cash flows. Legal costs incurred related to these matters are expensed as incurred.

XPO carries liability and excess umbrella insurance policies that are deemed sufficient to cover potential legal claims arising in the normal course of conducting our operations as a logistics company. In the event we are required to satisfy a legal claim outside the scope of the coverage provided by insurance, our financial condition, results of operations or cash flows could be negatively impacted.

14. Related-Party Transactions

Transactions between the Company and XPO, and other non-GXO subsidiaries, are deemed related-party transactions.

Allocation of General Corporate Expenses

The Combined Statements of Operations include expenses for certain centralized functions and other programs provided and/or administered by XPO that are charged directly to the Company. In addition, for purposes of preparing these Combined Financial Statements, a portion of XPO's total corporate expenses have been allocated to the Company. See Note 2 for a discussion of the methodology used to allocate corporate-related costs for purposes of preparing these combined financial statements.

Costs of \$223 million, \$166 million and \$129 million for the years ended December 31, 2020, 2019 and 2018, respectively, have been reflected in SG&A and Other income in our Combined Statements of Operations for our allocated share of XPO's corporate overhead.

Transactions with XPO and its non-GXO Subsidiaries

Revenue and costs generated from related parties for each of the three years ended December 31 were as follows:

<i>(In millions)</i>	Years Ended December 31,		
	2020	2019	2018
Revenue	\$ 7	\$ 10	\$ 10
Costs	115	148	123

Current assets includes trade receivables purchased from XPO in connection with our trade receivables securitization program of \$105 million and \$65 million as of December 31, 2020 and 2019, respectively. These receivables were originated by XPO and are classified as financial assets within other current assets on the combined balance sheets.

Balances with XPO and its non-GXO Subsidiaries

Assets and liabilities on the Combined Balance Sheets include the following related-party amounts that are expected to be cash settled as of December 31, 2020 and 2019:

<i>(In millions)</i>	Years Ended December 31,	
	2020	2019
Amounts due from XPO and its affiliates		
Trade receivables ⁽¹⁾	\$ 9	\$ 11
Other current assets ⁽²⁾	2	2
Other long-term assets ⁽³⁾	53	53
Amounts due to XPO and its affiliates		
Trade payables ⁽⁴⁾	20	27
Other current liabilities ⁽⁵⁾	11	11
Accrued expenses ⁽⁶⁾	2	2
Loans payable ⁽⁷⁾	486	556

- (1) Represents trade receivables generated from revenue with XPO.
- (2) Primarily relates to interest receivable from loans receivable from XPO.
- (3) Represents loans receivable from XPO.
- (4) Represents trade payables due to XPO.
- (5) Primarily relates to facility expense and taxes payable due to XPO.
- (6) Represents accrued interest on loans due to XPO.
- (7) Represents loans due to XPO. See Note 10 for further information.

15. Subsequent Events

Acquisition

In January 2021, XPO Logistics Europe acquired the majority of Kuehne + Nagel's contract logistics operations in the United Kingdom and Ireland, which generated annual revenues in 2020 of approximately £450 million (\$585 million). The operations provide a range of logistics services, including inbound and outbound distribution, reverse logistics management and inventory management.

GXO Logistics, Inc.
Condensed Combined Balance Sheets
(Unaudited)

<i>(In millions)</i>	March 31,	December 31,
	2021	2020
ASSETS		
Current assets		
Cash and cash equivalents	\$ 414	\$ 328
Accounts receivable, net of allowances of \$12 and \$18, respectively	1,293	1,224
Other current assets	327	284
Total current assets	2,034	1,836
Long-term assets		
Property and equipment, net of \$962 and \$922 in accumulated depreciation, respectively	815	770
Operating lease assets	1,733	1,434
Goodwill	2,048	2,063
Identifiable intangible assets, net of \$382 and \$373 in accumulated amortization, respectively	307	299
Other long-term assets	183	146
Total long-term assets	5,086	4,712
Total assets	\$ 7,120	\$ 6,548
LIABILITIES AND EQUITY		
Current liabilities		
Accounts payable	\$ 480	\$ 415
Accrued expenses	877	784
Short-term borrowings and current finance lease liabilities	32	58
Short-term operating lease liabilities	379	332
Other current liabilities	126	149
Total current liabilities	1,894	1,738
Long-term liabilities		
Long-term debt and finance lease liabilities	586	615
Deferred tax liability	65	54
Long-term operating lease liabilities	1,367	1,099
Other long-term liabilities	165	94
Total long-term liabilities	2,183	1,862
Equity		
XPO investment	2,903	2,765
Accumulated other comprehensive income	16	58
Total equity before noncontrolling interests	2,919	2,823
Noncontrolling interests	124	125
Total equity	3,043	2,948
Total liabilities and equity	\$ 7,120	\$ 6,548

See accompanying notes to condensed combined financial statements.

GXO Logistics, Inc.
Condensed Combined Statements of Operations
(Unaudited)

<i>(In millions)</i>	Three Months Ended March 31,	
	2021	2020
Revenue	\$ 1,822	\$ 1,440
Direct operating expense	1,520	1,203
Sales, general and administrative expense	171	142
Depreciation and amortization expense	79	76
Transaction and integration costs	18	17
Restructuring costs	4	—
Operating income	30	2
Other income	(1)	(1)
Interest expense	5	7
Income (loss) before income taxes	26	(4)
Income tax provision	9	6
Net income (loss)	17	(10)
Net income attributable to noncontrolling interests	(3)	(2)
Net income (loss) attributable to GXO	\$ 14	\$ (12)

See accompanying notes to condensed combined financial statements.

GXO Logistics, Inc.
Condensed Combined Statements of Comprehensive Loss
(Unaudited)

<i>(In millions)</i>	Three Months Ended March 31,	
	2021	2020
Net income (loss)	\$ 17	\$ (10)
Other comprehensive loss, net of tax		
Foreign currency translation loss, net of tax effect of \$3 and \$(2)	\$ (45)	\$ (79)
Unrealized loss on financial assets/liabilities designated as hedging instruments, net of tax effect of \$(1) and \$—	(1)	—
Other comprehensive loss	(46)	(79)
Comprehensive loss	\$ (29)	\$ (89)
Less: Comprehensive loss attributable to noncontrolling interests	(1)	(2)
Comprehensive loss attributable to GXO	\$ (28)	\$ (87)

See accompanying notes to condensed combined financial statements.

GXO Logistics, Inc.
Condensed Combined Statements of Cash Flow
(Unaudited)

<i>(In millions)</i>	Three Months Ended March 31,	
	2021	2020
Operating activities		
Net income (loss)	\$ 17	\$ (10)
Adjustments to reconcile net income (loss) to net cash from operating activities		
Depreciation, amortization and net lease activity	79	76
Other	4	(10)
Changes in assets and liabilities		
Accounts receivable	3	77
Other assets	(65)	(47)
Accounts payable	(17)	(31)
Accrued expenses and other liabilities	26	(14)
Net cash provided by operating activities	47	41
Investing activities		
Payment for purchases of property and equipment	(67)	(48)
Proceeds from sale of property and equipment	—	3
Purchase and sale of affiliate trade receivables, net	20	8
Other	9	—
Net cash used in investing activities	(38)	(37)
Financing activities		
Net proceeds (borrowings) related to trade securitization program	(25)	84
Repayment of debt and finance leases	(26)	(62)
Net transfers from XPO	138	55
Other	(7)	4
Net cash provided by financing activities	80	81
Effect of exchange rates on cash, cash equivalents and restricted cash	(3)	(13)
Net increase in cash, cash equivalents and restricted cash	86	72
Cash, cash equivalents, and restricted cash, beginning of period	328	200
Cash, cash equivalents, and restricted cash, end of period	\$ 414	\$ 272
Supplemental disclosure of cash flow information:		
Cash paid for interest	\$ 5	\$ 6
Cash paid for income taxes	\$ 6	\$ 4

See accompanying notes to condensed combined financial statements.

GXO Logistics, Inc.

Condensed Combined Statements of Changes in Equity

(Unaudited)

<i>(In millions)</i>	XPO Investment	Accumulated Other Comprehensive Income (Loss)	Equity Before Noncontrolling Interests	Non-controlling Interests	Total Equity
Balance as of December 31, 2020	\$ 2,765	\$ 58	\$ 2,823	\$ 125	\$ 2,948
Net income	\$ 14	\$ —	\$ 14	\$ 3	\$ 17
Other comprehensive loss	\$ —	\$ (42)	\$ (42)	\$ (4)	\$ (46)
Net transfers from XPO	\$ 124	\$ —	\$ 124	\$ —	\$ 124
Balance as of March 31, 2021	\$ 2,903	\$ 16	\$ 2,919	\$ 124	\$ 3,043

<i>(In millions)</i>	XPO Investment	Accumulated Other Comprehensive Income (Loss)	Equity Before Noncontrolling Interests	Non-controlling Interests	Total Equity
Balance as of December 31, 2019	\$ 2,633	\$ (66)	\$ 2,567	\$ 130	\$ 2,697
Net income (loss)	(12)	—	(12)	2	(10)
Other comprehensive loss	—	(75)	(75)	(4)	(79)
Net transfers from XPO	67	—	67	—	67
Balance as of March 31, 2020	\$ 2,688	\$ (141)	\$ 2,547	\$ 128	\$ 2,675

See accompanying notes to condensed combined financial statements.

GXO Logistics, Inc.

Notes to Condensed Combined Financial Statements

(Unaudited)

1. Organization

Nature of Operations

We are a leading global provider of logistics services, with operations primarily in North America and Europe. We provide high-value-add warehousing and distribution, order fulfillment and other supply chain services differentiated by our ability to deliver technology-enabled, customized solutions. In addition, we are a major provider of reverse logistics, which is also called returns management. We serve a broad range of customers in the e-commerce and retail, food and beverage, consumer packaged goods, aerospace, consumer technology, manufacturing and other industries. We present our operations in the Condensed Combined Financial Statements as one reportable segment.

The Proposed Distribution

In December 2020, the board of directors of our parent company, XPO Logistics, Inc. (together with its subsidiaries, "XPO"), unanimously approved a plan to pursue a spin-off of 100% of its Logistics segment as a separate publicly traded company named GXO Logistics, Inc. ("GXO", the "Company" or "we"). The spin-off is expected to be completed through a tax-free pro rata distribution of all the outstanding shares of common stock of GXO (the "Distribution") to XPO shareholders. GXO's stock is expected to trade on the New York Stock Exchange. Completion of the transaction, is subject to a number of conditions including the approval of XPO's board of directors, in its sole and absolute discretion. References to GXO or the Company include the subsidiaries of XPO that will be subsidiaries of GXO at the time of the Distribution.

2. Basis of Presentation

The Condensed Combined Financial Statements of GXO were prepared on a standalone basis and have been derived from the consolidated financial statements and accounting records of XPO. These financial statements reflect the combined historical results of operations, financial position and cash flows of GXO in accordance with U.S. generally accepted accounting principles ("GAAP").

Historically, separate financial statements have not been prepared for the Company and it has not operated as a standalone business separate from XPO. The combined financial statements include certain assets and liabilities that have historically been held by XPO or by other XPO subsidiaries but are specifically identifiable or otherwise attributable to the Company. All significant intercompany transactions between XPO and the Company have been included as components of XPO investment in the combined financial statements, as they are to be considered effectively settled upon effectiveness of the Distribution. The Condensed Combined Financial Statements are presented as if the GXO businesses had been combined for all periods presented. The assets and liabilities in the Condensed Combined Financial Statements have been reflected on a historical cost basis, as immediately prior to the Distribution all of the assets and liabilities presented are wholly owned by XPO and are being transferred to GXO at a carry-over basis.

The Condensed Combined Balance Sheets include certain assets and liabilities directly attributable to GXO, and the Condensed Combined Statements of Operations include allocations of XPO costs and expenses, as described below.

XPO's corporate function ("Corporate") incurs a variety of expenses including, but not limited to, information technology, human resources, accounting, sales and sales operations, procurement, executive services, legal, corporate finance and communications. For purposes of the Condensed Combined Statements of Operations, an allocation of these expenses is included to burden all business units comprising XPO's historical operations. The charges reflected have either been specifically identified or allocated using drivers including proportional adjusted earnings before interest, taxes, depreciation and amortization ("adjusted EBITDA"), which includes adjustments for

transaction and integration costs, as well as restructuring costs and other adjustments, or headcount. The majority of these allocated costs are recorded in SG&A and Depreciation and amortization expense in the Condensed Combined Statements of Operations. We believe the assumptions regarding allocations of XPO corporate expenses are reasonable. Nevertheless, the Condensed Combined Financial Statements may not reflect the combined results of operations, financial position and cash flows had the Company been a standalone entity during the periods presented.

XPO investment represents XPO's historical investment in GXO, and includes the net effects of transactions with and allocations from XPO as well as GXO's accumulated earnings. Certain transactions between GXO and XPO, including XPO's non-GXO subsidiaries, have been included in these Condensed Combined Financial Statements, and are considered to be effectively settled at the time the transaction is recorded. The total net effect of the cash settlement of these transactions is reflected in the Condensed Combined Statements of Cash Flows as a financing activity and in the Condensed Combined Balance Sheets as XPO investment. The components of the net transfers to and from XPO include certain costs allocated from Corporate functions, income tax expense, certain cash receipts and payments made on behalf of GXO and general financing activities.

Principles of Combination

The Condensed Combined Financial Statements include the accounts and business activities distributed across the legal entities of GXO. Significant intercompany balances and transactions among the operations of the GXO legal entities have been eliminated in the Condensed Combined Financial Statements. All significant related party transactions between GXO and XPO have been included in these Condensed Combined Financial Statements as components of XPO investment. The Condensed Combined Financial Statements reflect all adjustments that are of a normal recurring nature and are necessary for a fair presentation of financial condition, operating results and cash flows for the interim periods presented. Operating results for the three months ended March 31, 2021 and 2020 are not necessarily indicative of the results that may be expected for the year ending December 31, 2021 and 2020, respectively, particularly in light of the outbreak of a strain of coronavirus, COVID-19, in the first quarter of 2020.

Significant Accounting Policies

Trade Receivables Securitization and Factoring Programs

We sell certain of our trade accounts receivable on a non-recourse basis to third-party financial institutions under factoring agreements. We account for these transactions as sales of receivables and present cash proceeds as cash provided by operating activities in the Condensed Combined Statements of Cash Flows. We also sell certain European trade accounts receivable under a securitization program described below. We use trade receivables securitization and factoring programs to help manage our cash flows and offset the impact of extended payment terms for some of our customers.

XPO Logistics Europe, one of our majority-owned subsidiaries, participates in a trade receivables securitization program co-arranged by three European banks (the "Purchasers"). Under the program, a wholly-owned bankruptcy-remote special purpose entity of XPO Logistics Europe sells trade receivables that originate with wholly-owned subsidiaries of XPO Logistics Europe to unaffiliated entities managed by the Purchasers. The special purpose entity is a variable interest entity and has been presented within these combined financial statements based on our control of the entity's activities.

We account for transfers under our securitization and factoring arrangements as sales because we sell full title and ownership in the underlying receivables and control of the receivables is considered transferred. For these transfers, the receivables are removed from our Condensed Combined Balance Sheets at the date of transfer. In the securitization and factoring arrangements, our continuing involvement is limited to servicing the receivables. The fair value of any servicing assets and liabilities is immaterial. In addition to selling trade receivables which originate with GXO, the special purpose entity also purchases trade receivables from XPO and sells assets to the Purchasers. The trade receivables which have been purchased from XPO have been reflected within Other current assets in the Condensed Combined Balance Sheets, and the related cash flows have been reflected within Purchase and sale of affiliate trade receivables, net, within investing activities in the Condensed Combined Statements of Cash Flows.

Information related to the trade receivables sold was as follows:

<i>(In millions)</i>	Three Months Ended March 31,	
	2021	2020
Securitization programs		
Receivables sold in period	\$ 347	\$ 319
Cash consideration	347	319
Factoring programs		
Receivables sold in period	100	246
Cash consideration	100	245

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The levels of inputs used to measure fair value are:

- 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.

We base our fair value estimates on market assumptions and available information. The carrying values of cash and cash equivalents, accounts receivable, financial assets purchased from XPO, accounts payable, accrued expenses and current maturities of long-term debt approximated their fair values as of March 31, 2021 and December 31, 2020 due to their short-term nature and/or being receivable or payable on demand. The Level 1 cash equivalents include money market funds valued using quoted prices in active markets.

The fair value of cash equivalents approximates its carrying value and amounted to \$45 million and \$54 million as of March 31, 2021 and December 31, 2020, respectively. The cash equivalents are classified as Level 1 within the fair value hierarchy.

Adoption of New Accounting Standards

In December 2019, the FASB issued ASU 2019-12, “Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes.” The ASU is intended to simplify the accounting for income taxes by removing certain exceptions to the general principles in Topic 740. The ASU also clarifies and amends existing guidance to enhance consistency and comparability among reporting entities. We adopted this standard on January 1, 2021 on a prospective basis. The adoption did not have a material effect on our Condensed Combined Financial Statements.

Accounting Pronouncements Issued but Not Yet Effective

In March 2020, the FASB issued ASU 2020-04, “Reference rate reform (Topic 848): Facilitation of the effects of reference rate reform on financial reporting.” The ASU provides optional expedients and exceptions for applying GAAP to contracts, hedging relationships, and other transactions affected by reference rate reform. The amendments apply only to contracts and hedging relationships that reference London Interbank Offered Rate (“LIBOR”) or another reference rate expected to be discontinued due to reference rate reform. The amendments are elective and are effective upon issuance through December 31, 2022. We are currently evaluating the impact of the new guidance.

3. Acquisition

In January 2021, we acquired the majority of Kuehne + Nagel's contract logistics operations in the United Kingdom and Ireland, which generated annual revenues in 2020 of approximately £450 million (\$585 million). The operations provide a range of logistics services, including inbound and outbound distribution, reverse logistics management and inventory management. We have recorded preliminary estimates for the fair value of acquired assets and liabilities assumed, including approximately \$300 million of operating lease assets and operating lease liabilities. Pro forma results of operations for this acquisition have not been presented as it is not material to the condensed combined results of operations.

4. Revenue Recognition

Disaggregation of Revenues

We disaggregate our revenue by geographic area. Our revenue disaggregated by geographical area, based on sales office location, was as follows:

<i>(In millions)</i>	Three Months Ended March 31,	
	2021	2020
Revenue		
United States	\$ 584	\$ 536
United Kingdom	552	329
France	180	150
Europe (excluding France and United Kingdom)	465	386
Other	41	39
Total	\$ 1,822	\$ 1,440

Our revenue by industry sector was approximately as follows: e-commerce/retail (37% and 36% for the three months ended March 31, 2021 and 2020, respectively); food and beverage (18% and 15% for the three months ended March 31, 2021 and 2020, respectively); consumer packaged goods (12% for both the three months ended March 31, 2021 and 2020); consumer technology (10% and 11% for the three months ended March 31, 2021 and 2020, respectively); and other (23%, and 26% for the three months ended March 31, 2021 and 2020, respectively).

Contract Liabilities

Our contract liabilities activity was as follows:

<i>(In millions)</i>	
Balance as of December 31, 2020	\$ 97
Revenue recognized	(63)
Unearned revenue ⁽¹⁾	128
Foreign exchange and other	(3)
Balance as of March 31, 2021	\$ 159

(1) Includes \$82 million related to the Kuehne + Nagel acquisition.

Performance Obligations

Remaining performance obligations relate to firm customer contracts for which services have not been performed and future revenue recognition is expected. As permitted in determining the remaining performance obligation, we omit obligations that (i) have original expected durations of one year or less or (ii) contain variable consideration. On March 31, 2021, the fixed consideration component of our remaining performance obligation was approximately \$2.0 billion, and we expect to recognize approximately 65% of that amount over the next three years and the remainder thereafter. The remaining performance obligation at March 31, 2021 includes contracts related to

the Kuehne + Nagel acquisition. We estimate remaining performance obligations at a point in time and actual amounts may differ from these estimates due to changes in foreign currency exchange rates and contract revisions or terminations.

5. Restructuring Charges

We engage in restructuring actions as part of our ongoing efforts to best use our resources and infrastructure. These actions generally include severance and facility-related costs, including impairment of operating lease assets, and are intended to improve our efficiency and profitability.

Our severance related activity was as follows:

(In millions)

Balance as of December 31, 2020	\$ 20
Charges incurred	4
Payments	(5)
Foreign exchange and other	(2)
Balance as of March 31, 2021	\$ 17

We expect the majority of the cash outlays related to the charges incurred in the three months ended March 31, 2021 will be complete within twelve months.

6. Debt

The following table summarizes our debt:

(In millions)

	March 31, 2021		December 31, 2020	
	Principal Balance	Carrying Value	Principal Balance	Carrying Value
Borrowings related to trade securitization program	\$ —	\$ —	\$ 26	\$ 26
Finance leases and other	161	161	161	161
Related-party debt	457	457	486	486
Total debt	618	618	673	673
Short-term borrowings and current finance lease liabilities	32	32	58	58
Long-term debt	\$ 586	\$ 586	\$ 615	\$ 615

The fair value of our debt and classification in the fair value hierarchy was as follows:

(In millions)

	Fair Value	Level 1	Level 2	Level 3
March 31, 2021	\$ 618	\$ 2	\$ 159	\$ 457
December 31, 2020	\$ 673	\$ 2	\$ 185	\$ 486

We valued Level 1 debt using quoted prices in active markets. We valued Level 2 debt using bid evaluation pricing models or quoted prices of securities with similar characteristics. We valued Level 3 debt using non-observable inputs.

Borrowings related to Securitization

Our trade receivables securitization program permits us to borrow, on an unsecured basis, cash collected in a servicing capacity on previously sold receivables. These borrowings are owed to the program's Purchasers and are included in short-term debt until they are repaid in the following month's settlement. The securitization program expires in July 2022 and contains financial covenants customary for this type of arrangement, including maintaining

a defined average days sales outstanding ratio. For additional information on the securitization program, see Note 2—Basis of Presentation.

Long-Term Related-Party Debt

Loan Agreement with North American Subsidiary

In 2015, XPO entered into a loan agreement with a North American subsidiary of GXO, under which XPO granted the subsidiary an unsecured loan bearing interest at a rate of 5.625% with a principal amount not exceeding \$391 million and maturing in June 2024. As of March 31, 2021 and December 31, 2020, the Company had an outstanding loan payable to XPO of \$174 million and \$186 million, respectively. The notes are guaranteed by an XPO affiliate.

Loan Agreements with European Subsidiaries

Additionally, XPO entered into several loan agreements with European subsidiaries of GXO, under which XPO granted the subsidiaries unsecured loans with principal amounts of:

- €20 million (approximately \$23 million as of March 31, 2021) entered into in 2013, bearing interest at a variable rate of twelve-month Euribor plus 1% and maturing in October 2026 and
- £82 million (approximately \$112 million as of March 31, 2021) entered into in 2016, bearing interest at a variable rate of twelve-month Libor plus 1% and maturing in October 2026.

The outstanding amounts related to these loans payable to XPO was \$135 million as of both March 31, 2021 and December 31, 2020.

Additionally, in 2015, XPO entered into a loan agreement under which it granted XPO Logistics Europe a loan in the amount of €335 million, bearing interest at a fixed rate of 5.625% and maturing in June 2024. The loan payable was \$148 million and \$165 million at March 31, 2021 and December 31, 2020, respectively.

7. Commitments and Contingencies

We are involved, and will continue to be involved, in numerous proceedings arising out of the conduct of our business. These proceedings may include personal injury claims arising from the transportation and handling of goods, contractual disputes and employment-related claims, including alleged violations of wage and hour laws.

We establish 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. We review and adjust accruals for loss contingencies quarterly and as additional information becomes available. If a loss is not both probable and reasonably estimable, or if an exposure to loss exists in excess of the amount accrued, we assess 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, we disclose the estimate of the possible loss or range of loss if it is material and an estimate can be made, or disclose that such an estimate cannot be made. The determination as to whether a loss can reasonably be considered to be possible or probable is based on our assessment, together with legal counsel, regarding the ultimate outcome of the matter.

We believe that we have adequately accrued for the potential impact of loss contingencies that are probable and reasonably estimable. We do not believe that the ultimate resolution of any matters to which we are presently a party will have a material adverse effect on our 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 our financial condition, results of operations or cash flows. Legal costs incurred related to these matters are expensed as incurred.

XPO carries liability and excess umbrella insurance policies that are deemed sufficient to cover potential legal claims arising in the normal course of conducting our operations as a logistics company. In the event we are required

to satisfy a legal claim outside the scope of the coverage provided by insurance, our financial condition, results of operations or cash flows could be negatively impacted.

8. Related-Party Transactions

Transactions between the Company and XPO, and other non-GXO subsidiaries of XPO, are deemed related-party transactions. Related-party transactions are comprised of the following: (i) those that have been effectively settled or are expected to be settled for cash, and (ii) those which have historically not been settled and which have or are expected to be forgiven by either party. For those that have been or are expected to be cash settled, we have recorded related-party receivables (assets) or payables (liabilities) in the Condensed Combined Balance Sheets as of March 31, 2021 and December 31, 2020. For those that have been or are expected to be forgiven, the amounts have been recorded as an adjustment of XPO Investment in the Condensed Combined Balance Sheets as of March 31, 2021 and December 31, 2020.

Allocation of General Corporate Expenses

The Combined Statements of Operations include expenses for certain centralized functions and other programs provided and/or administered by XPO that are charged directly to the Company. In addition, for purposes of preparing these Combined Financial Statements, a portion of XPO's total corporate expenses have been allocated to the Company. See Note 2 for a discussion of the methodology used to allocate such costs for purposes of preparing these combined financial statements.

Costs of \$69 million and \$59 million for the three months ended March 31, 2021 and 2020, respectively, have been reflected in SG&A in our Condensed Combined Statements of Operations for our allocated share of XPO's corporate overhead.

Transactions with XPO and its non-GXO Subsidiaries

Revenue and costs generated from related parties for each of the three months ended March 31 were as follows:

<i>(In millions)</i>	Three Months Ended March 31,	
	2021	2020
Revenue	\$ 4	\$ 4
Costs	32	28

Current assets includes trade receivables purchased from XPO in connection with our trade receivables securitization program of \$85 million and \$105 million as of March 31, 2021 and December 31, 2020, respectively. These receivables were originated by XPO and are classified as financial assets within other current assets on the Condensed Combined Balance Sheets.

Balances with XPO and its non-GXO Subsidiaries

Assets and liabilities on the Condensed Combined Balance Sheets include the following related-party amounts that are expected to be cash settled as of March 31, 2021 and December 31, 2020:

(In millions)	March 31, 2021	December 31, 2020
Amounts due from XPO and its affiliates		
Trade receivables ⁽¹⁾	\$ 8	\$ 9
Other current assets ⁽²⁾	2	2
Other long-term assets ⁽³⁾	52	53
Amounts due to XPO and its affiliates		
Trade payables ⁽⁴⁾	19	20
Other current liabilities ⁽⁵⁾	11	11
Accrued expenses ⁽⁶⁾	2	2
Loans payable ⁽⁷⁾	457	486

(1) Represents trade receivables generated from revenue with XPO.

(2) Primarily relates to interest receivable from loans receivable from XPO.

(3) Represents loans receivable from XPO.

(4) Represents trade payables due to XPO.

(5) Primarily relates to facility expense and taxes payable due to XPO.

(6) Represents accrued interest on loans due to XPO.

(7) Represents loans due to XPO. See Note 6 for further information.

9. Subsequent Events

In April 2021, the Company announced a buy-out offer to be followed by a squeeze-out for the remaining 3% of XPO Logistics Europe that it does not already own, at a price of €315 per share for 341,887 shares. It is expected that the total cash consideration to be paid in connection with this offer will be approximately €108 million (approximately \$128 million). The offer will be subject to review by the Supervisory Board of XPO Logistics Europe, as well as other regulatory bodies. In anticipation of the buy-out, XPO contributed \$122 million of cash to GXO during the first quarter of 2021. This contribution is reflected as an increase to Net transfers from XPO on the Condensed Combined Statements of Cash Flows.