

DECEMBER 5, 2025

Team Number: Credit team 3

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XPO $7\frac{1}{8}$ 02/01/2032

Issuer: XPO, Inc.

Maturity: February 1, 2032

Coupon: 7.125%

Yield to Worst: 5.55%

Potential Return: ~7%



Investment Summary

XPO's expanded terminal network, margin improvements, and resilient revenue base support a Buy on the 2031 notes.

Investment Recommendation:

- BUY XPO 7.125% Senior Notes 02/01/2032 (B) trading at \$104. 53, 5.55% yield to worst and 151 bps OAS
- Target Spread: 117 bps and a base-case total return of 6.5%



Thesis 1: XPO is positioned to capture structural LTL growth from reshoring, e-commerce, and micro-fulfillment while expanding yields through improved service

Thesis 2: The Yellow terminal acquisition represents a multiyear catalyst, accelerating LTL 2.0, expanding terminal capacity, and materially strengthening margins, cash flow, and collateral value.

Thesis 3: XPO's structural cost transformation through linehaul insourcing, AI-driven routing, and productivity improvements creates powerful operating leverage, enabling sustained OR improvement and outsized earnings growth in the next freight upcycle.

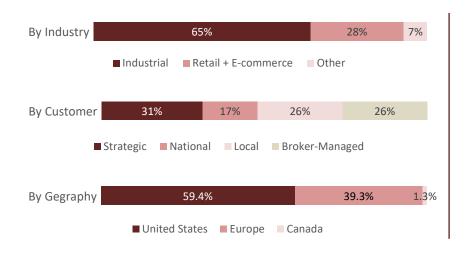


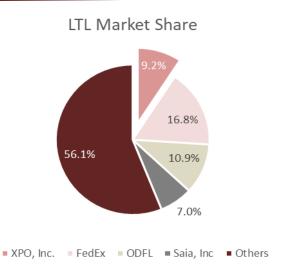
Company Overview

Leading North American LTL transportation provider with a modernized terminal network, strong pricing, and structurally expanding margins.

- One of the largest pure-play Less-Than-Truckload (LTL) carriers in North America, covering 99% of US ZIP codes.
- Operates a national hub-and-spoke network with 314+ terminals and ~2,900 incremental doors added via the Yellow acquisition.
- Moves ~18B lbs of freight annually for 55,000 customers, with no customer >2% of revenue.
- Industry-leading service improvements: 13 consecutive quarters of on-time gains and a 0.2% damage ratio.
- Vertically integrated model with in-house trailer manufacturing and 130 driver schools providing structural cost and capacity advantages.

Revenue	\$ 8,072 M	Net Leverage	2.65x
EBITDA	\$ 1,186 M	Interest Coverage	3.14x
EBITDA Margin	14.7%	Enterprise Value	\$ 18,728 M
EBIT	\$ 696 M	Total Debt	\$4,188 M
FCF	\$ 19 M	Market Cap	\$ 14,875 M
Capex (% of Revenue)	9.77%	P/E	40.67x







Capital Structure and Bond Selection

Leading provider of funeral and cemetery services in North America with stable recurring cash flows, strong pricing power, and consistent margin expansion.

- Durable fixed-rate capital structure and staggered maturities reduce refinancing risk through 2030.
- Strong EBITDA growth and margin expansion support improving leverage and interest coverage.

Credit Facility	Out (\$MM)	Secured?	Coupon Rate	Maturity Date	Price	YTW	OAS	Ratings	Leverage
Term Loan B	650	Υ		5/1/2028	-	-	-		
Term Loan B3	400	Υ		5/1/2031	-	-	-		
2028 Notes	830	Υ	6.250%	6/1/2028	101.84	4.98	152.03	BBB-	
2031 Notes	450	N	7.125%	6/1/2031	104.32	5.28	158.4	B+	
2032 Notes	585	N	7.125%	2/1/2032	104.84	5.45	189.08	B+	
2034 Notes	300	N	6.700%	6/1/2032	104.83	5.96	243.02	B+	
Other	132	N							
Total Debt	3,347								2.81x
- Cash & Cash Equivalent	246								
Net Debt	3,101								2.60x
Market Cap Equity	15,303								
Enterprise Value	18,404								15.45x
								Interest Coverage	3.14x



#1: Strengthening LTL Cycle and Margin Accretive Yield Levers

XPO is positioned to capture structural LTL growth from reshoring, e-commerce, and micro-fulfillment while expanding yields through improved service

Macro Tailwinds Driving LTL Demand

Industrials

- Rebound in PMI driven by improving business confidence and new orders
- Reshoring momentum (2,000+ announcements in 2023-24) is driving a rebound in domestic manufacturing while creating more regional, high-frequency domestic freight flows.

Retail + E-commerce

- Growth in quick commerce, supports the shift toward microfulfilment (\$ 4.86B in 2023 to grow to \$ 69.6B by 2032) and forward-positioned inventories
- Rising delivery precision needs, as retailers increasingly require guaranteed delivery dates, store rollout support, white-glove handling, and scheduled appointment
- XPO is targeting Grocery LTL Market (\$1B) where XPO is currently underrepresented



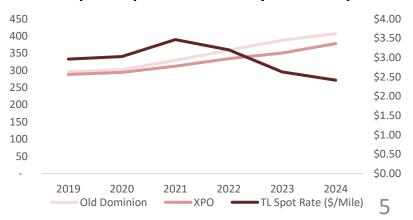
LTL Pricing Dynamics Create a Yield Upside

LTL market yields have improved despite a significant decrease in TL, through stringent pricing discipline and critical capacity reductions in the LTL space.

Future yield growth drivers:

- Greater mix of high-yield local shipments, as carriers deepen penetration in regional and same-day pickup/delivery channels (local customers share to increase to ~30% from ~20%.
- Normalization of TL markets, where rising TL spot rates will pull heavier shipments back into LTL after temporarily shifting modes during the downturn.
- XPO's margin catch-up opportunity, aiming to close its ~8% yield gap to ODFL by capturing ~500 bps from higher accessorial revenue and improved service quality—supported by a material drop in its damage claims ratio (2.1% in 2021 → 0.2% in 2024).

Revenue per Shipment of LTL Players vs TL Spot Rates





#2: Synergies from yellow corporation continue to be realized

Yellow Corporation Integration as Long-Lived Catalyst for Terminal Economics and Synergy Monetization

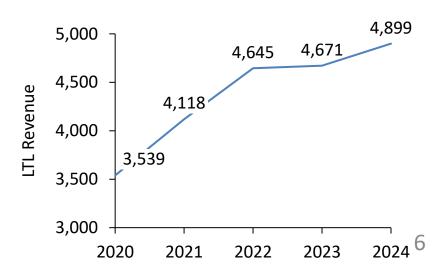
Proven Synergy Capture with Path to Higher Run-Rate

XPO acquired 28 Yellow terminals (\$870M investment) in 2023. In 2024, North American LTL revenue increased from \$4.67bn to \$4.90bn, and adjusted EBITDA rose from \$864m to \$1,115m (margin from 18.5% to 22.8%). That's a \$251m improvement in LTL adjusted EBITDA year-over-year. Only 14 of 28 terminals are fully operational (as of June 2025); the remaining 14 are being phased in through 2026. This staged integration creates multiple quarters of incremental margin surprise and earnings upside, supporting credit rating upgrades and sustained bond spread tightening. Each quarterly synergy beat reduces perceived credit risk, driving organic spread compression independent of macro improvements As synergies ramp, EBITDA margins expand further, supporting higher leverage multiples and greater bondholder security.



Absorption of Yellow Capacity and Reduced Competitive Intensity

Yellow's 2023 shutdown removed roughly 10% of U.S. LTL capacity, tightening the market and supporting firmer pricing. XPO acquired 28 of Yellow's former service centers (about 2,000 doors) for \$870 million, using them to densify its network and upgrade smaller, subscale sites. The more consolidated market and XPO's enhanced terminal footprint improve its relative pricing power and ability to defend yields, modestly reducing competitive downside risk for 2032 bondholders.





#3: High operating leverage provision XPO for capturing industry growth

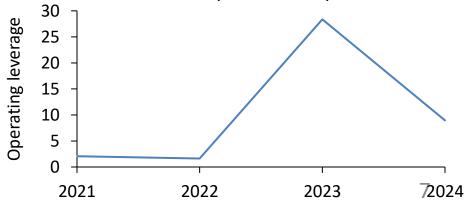
Operating Leverage and Cost Structure Inflection Position XPO for Post-Cycle Outperformance

Insourcing Strategy Creates Asymmetric Upside to Freight Recovery

XPO has dramatically reduced reliance on third-party carrier networks, its purchased transportation expense fell 48% in Q3 2025 despite volume declines, and labor productivity (hours per shipment) improved 2.5% even as shipments fell 6%. This operational restructuring creates embedded operating leverage: when freight volumes recover, XPO's cost base grows much slower than competitors relying on spot market carriers, enabling margin expansion of 200–300 bps during recovery cycles. For 2031 bondholders, this operating leverage translates to earnings stability and faster debt paydown in the next upcycle.

Sequential Operating Ratio Expansion (First Time in >5 Years):

XPO improved its adjusted operating ratio +20 bps sequentially in Q3 2025, the first such improvement in a seasonally challenging quarter since 2020. This defies historical patterns where Q3 typically deteriorates 200–250 bps, and signals that operational improvements are now driving earnings independent of freight cycles. This inflection suggests XPO has achieved a structural cost advantage vs. peers, justifying lower leverage multiples and premium valuations that compress bond spreads





Financial Summary

	•	Acti	ıals			Forecasted	•
Amt in \$M	2021	2022	2023	2024	2025E	2026E	2027E
Revenue	7,202	7,718	7,744	8,072	8,118	8,469	8,901
Sales Growth		7%	0%	4%	1%	4%	5%
EBITDA	703	785	860	1,186	1,262	1,357	1,426
	9.8%	10.2%	11.1%	14.7%	15.5%	16.0%	16.0%
EBIT	318	393	428	696	752	811	860
	4.4%	5.1%	5.5%	8.6%	9.3%	9.6%	9.7%
Net Income	336	666	189	387	408	456	505
Total Debt	3,571	2,532	3,404	3,387	3,347	3,121	2,780
Cash	228	460	412	246	311	286	235
Net Debt	3,343	2,072	2,992	3,141	3,036	2,835	2,545
Total Debt/EBITDA	5.08	3.23	3.96	2.86	2.65	2.30	1.95
Net Debt/ EBITDA	4.76	2.64	3.48	2.65	2.41	2.09	1.79
Cash Flow							
Operating Activities	490	824	694	808	912	954	1,012
Investing Activities	(141)	(404)	(1,502)	(702)	(750)	(678)	(623)
Financing Activities	(1,933)	(861)	761	(226)	(97)	(301)	`



Deleveraging Momentum Positions XPO for Investment-Grade Status

Credit Rating Agencies Upgrade Triggers

	Moody's	S&P
Upgrade Trigger	 Debt/EBITDA) stabilizing below ~3.0x by 2026 A gradual recovery in freight volumes and spot pricing 	 Deleveraging and improved interest coverage Benign outlook on the freight market and stable cost structure
Expectation	We expect that the gross leverage to be below <2.5x and the outlook for the freight market to improve	Interest Coverage is expected to improve to 3.7x in 2026 from 3.1x

Credit rating upgrade metrics expected to be met by 2026.

- Current leverage remains low, with XPO operating at a Debt-to-EV ratio of 0.23x.
- **Disciplined deleveraging:** XPO has steadily repurchased debt, reducing total debt from \$6.5B in 2020 to \$3.4B in 2024.
- Potential divesture of the European business is valued at ~\$1.4B could further reduce debt
- Post-Yellow acquisition leverage normalization:
 - Net leverage increased to 3.96x in 2023.
 - Reduced to 2.86x in 2024.
 - Expected to decline further to ~2.35x by 2026.
- Long-term target: Management aims to reach a 1–2x net leverage range, positioning the company for investment-grade credit status by 2027



Valuation

Assessing XPO's relative value using spread compression potential across highyield transportation and industrial peers.

		XPO Inc Compa	arables			
Issuer	Coupon Rate	Maturity Date	Ratings Y	ield to Worst S	Spread N	Net Leverage
XPO, Inc.	7.125	% 02/01/203	2 B+	5.56	151.09	2.4x
Comparables						
Ryder System Inc - MTN	6.600	% 12/1/203	3 BBB	4.97	107.19	2.39x
ATI Inc.	7.250	% 8/15/203	O BB	5.03	99.83	2.27x
United Rentals	3.750	% 1/15/203	2 BB	4.98	117.18	1.68x
FedEx Corp	2.400	% 31-Ma	y BBB	4.44	106.62	2.03x
	Bear		Base		Bu	แ
Scenario Description	Freight cycle weakens, pricing softens, lower absorption of door capacity This leads to slow down in the deleveraging	excess Gradual fr consisten	eight market r t pricing streng ing operating	ebound, pay dow gth, and improve leverage subsequ	European bu on the debt le ment in leve uent credit u ent grade	rage and
Spread Compression	-15bps		-34bps		-50b	pps
Potential Holding Period Return	6.1%		6.5%		6.8%	
Probability	10%		75%		15%	



Risks and Mitigants

XPO's scale, service quality, and self-help initiatives provide strong defenses against industry and integration risks.

Risks	Mitigants	
Freight Market Cyclicality Pressures Volume	XPO's price-over-volume strategy preserves yield and margins in downturns. The company has delivered 13 consecutive quarters of on-time improvement and a 0.2% claims ratio, enabled superior pricing and protecting profitability even when volumes soften.	
Labor Tightness and Driver Availability Increase Costs	XPO operates 130 in-house driver schools producing a self- funded pipeline of qualified drivers. This reduces wage inflation exposure, supports service quality, and de-risks long-term network capacity.	
Integration Complexity from Yellow Terminals	XPO has already realized meaningful synergies and guided to a \$130M run rate by 2026. The new terminals reduce stem miles expand network density, and unlock long-term OR improvement offsetting short-term integration costs.	



Appendix



Financial Statement Model – Income Statement

Revenue	orecasted	d	orecasted	F		ls	Actı		
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Employee Benefits (2,866) (2,945) (3,159) (3,377) (3,439) (3 % of Sales 40% 38% 41% 42% 42% Fuel, Operating Expenses (1,492) (1,687) (1,623) (1,589) (1,577) (1 21% 22% 21% 20% 20% 20% 20% 20% 20% 20% 20% 20% 20% 20% 20% 20% 20% 20% 20% 20% 20% 20% 20% 20% 20% 20% 20% 20% 20% 20% 20% 20% 20% 20% 20% 20% 20% 20% 20% 20% 20% 20% 2.2% 1.7% 1.5% 0.6% 0.6% 0.6% 0.6% 0.6% 0.6% 0.6% 0.6% 0.6% 0.6% 0.6% 0.6% 0.6% 0.6% 0.6% 0.6% 0.6% 0.6% 0.6% 0.6% 0.6% 0.6% 0.6% 0.6%	(1,551	(1,582)	(1,551)	(1,633)	(1,701)	(1,760)	(1,964)	(1,934)	Purchased Transportation
% of Sales 40% 38% 41% 42% 42% Fuel, Operating Expenses (1,492) (1,687) (1,623) (1,589) (1,577) (1 21% 22% 21% 20% 20% Insurance & Claims (174) (183) (167) (134) (122) % of Sales 2.4% 2.4% 2.2% 1.7% 1.5% Other Expenses (33) (154) (175) (85) (85) EBITDA 703 785 860 1,186 1,262 Depreciation (385) (392) (432) (490) (510) % of PPE 20% 23% 24% 16% 15% EBIT 318 393 428 696 752 Interest Expense (211) (135) (168) (223) (224) % of Borrowing 6.6% 6.6% 6.60% 6.60% EBT 107 258 260 473 528 <td>-5%</td> <td>% 2%</td> <td>-5%</td> <td>-4%</td> <td></td> <td></td> <td></td> <td></td> <td>% Growth</td>	-5%	% 2%	-5%	-4%					% Growth
Fuel, Operating Expenses (1,492) (1,687) (1,623) (1,589) (1,577) (1 21% 22% 21% 20% 20% Insurance & Claims (174) (183) (167) (134) (122) % of Sales 2.4% 2.4% 2.2% 1.7% 1.5% Other Expenses (33) (154) (175) (85) (85) EBITDA 703 785 860 1,186 1,262 1.262 9.8% 10.2% 11.1% 14.7% 15.5% 1 Depreciation (385) (392) (432) (490) (510) % of PPE 20% 23% 24% 16% 15% EBIT 318 393 428 696 752 Interest Expense (211) (135) (168) (223) (224) % of Borrowing 6.6% 6.6% 6.6% 6.60% 6 EBT 107 258 260 473 </td <td>(3,642</td> <td>(3,783)</td> <td>(3,642)</td> <td>(3,439)</td> <td>(3,377)</td> <td>(3,159)</td> <td>(2,945)</td> <td>(2,866)</td> <td>Employee Benefits</td>	(3,642	(3,783)	(3,642)	(3,439)	(3,377)	(3,159)	(2,945)	(2,866)	Employee Benefits
21% 22% 21% 20% 20%	43%	6 43%	43%	42%	42%	41%	38%	40%	% of Sales
Insurance & Claims	(1,667	7) (1,869)	(1,667)	(1,577)	(1,589)	(1,623)	(1,687)	(1,492)	Fuel, Operating Expenses
% of Sales 2.4% 2.2% 1.7% 1.5% Other Expenses (33) (154) (175) (85) (85) EBITDA 703 785 860 1,186 1,262 9.8% 10.2% 11.1% 14.7% 15.5% 1 Depreciation (385) (392) (432) (490) (510) % of PPE 20% 23% 24% 16% 15% EBIT 318 393 428 696 752 Interest Expense (211) (135) (168) (223) (224) % of Borrowing 6.6% 6.6% 6.60% 6 EBT 107 258 260 473 528	20%	6 21%	20%	20%	20%	21%	22%	21%	
Other Expenses (33) (154) (175) (85) (85) EBITDA 703 785 860 1,186 1,262 9.8% 10.2% 11.1% 14.7% 15.5% 1 Depreciation (385) (392) (432) (490) (510) % of PPE 20% 23% 24% 16% 15% EBIT 318 393 428 696 752 Interest Expense (211) (135) (168) (223) (224) % of Borrowing 6.6% 6.6% 6.60% 6 EBT 107 258 260 473 528	(127	7) (116)	(127)	(122)	(134)	(167)	(183)	(174)	Insurance & Claims
EBITDA 703 785 860 1,186 1,262 9.8% 10.2% 11.1% 14.7% 15.5% 1 Depreciation (385) (392) (432) (490) (510) % of PPE 20% 23% 24% 16% 15% EBIT 318 393 428 696 752 Interest Expense (211) (135) (168) (223) (224) % of Borrowing 6.6% 6.6% 6.60% 6 EBT 107 258 260 473 528	1.5%	6 1.3%	1.5%	1.5%	1.7%	2.2%	2.4%	2.4%	% of Sales
9.8% 10.2% 11.1% 14.7% 15.5% 1 Depreciation (385) (392) (432) (490) (510) % of PPE 20% 23% 24% 16% 15% EBIT 318 393 428 696 752 Interest Expense (211) (135) (168) (223) (224) % of Borrowing 6.6% 6.6% 6.60% 6 EBT 107 258 260 473 528	(125	5) (125)	(125)	(85)	(85)	(175)	(154)	(33)	Other Expenses
9.8% 10.2% 11.1% 14.7% 15.5% 1 Depreciation (385) (392) (432) (490) (510) % of PPE 20% 23% 24% 16% 15% EBIT 318 393 428 696 752 Interest Expense (211) (135) (168) (223) (224) % of Borrowing 6.6% 6.6% 6.60% 6 EBT 107 258 260 473 528									
Depreciation (385) (392) (432) (490) (510) % of PPE 20% 23% 24% 16% 15% EBIT 318 393 428 696 752 Interest Expense (211) (135) (168) (223) (224) % of Borrowing 6.6% 6.6% 6.60% 6 EBT 107 258 260 473 528	1,35	7 1,426	1,357	1,262	1,186	860	785	703	EBITDA
% of PPE 20% 23% 24% 16% 15% EBIT 318 393 428 696 752 Interest Expense (211) (135) (168) (223) (224) % of Borrowing 6.6% 6.6% 6.6% 6.60% 6 EBT 107 258 260 473 528	16.0%	6 16.0%	16.0%	15.5%	14.7%	11.1%	10.2%	9.8%	
EBIT 318 393 428 696 752 Interest Expense (211) (135) (168) (223) (224) % of Borrowing 6.6% 6.6% 6.60% 6 EBT 107 258 260 473 528	(546	(566)	(546)	(510)	(490)	(432)	(392)	(385)	Depreciation
Interest Expense (211) (135) (168) (223) (224) (224) (225) (224) (227) (224) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (227) (15%	6 15%	15%	15%	16%	24%	23%	20%	% of PPE
% of Borrowing 6.6% 6.6% 6.60% 6 EBT 107 258 260 473 528	81 ⁻	1 860	811	752	696	428	393	318	EBIT
% of Borrowing 6.6% 6.6% 6.60% 6 EBT 107 258 260 473 528									
EBT 107 258 260 473 528	(221	(206)	(221)	(224)	(223)	(168)	(135)	(211)	Interest Expense
	6.60%	6.60%	6.60%	6.60%	6.6%	6.6%			% of Borrowing
	590	654	590	528	473	260	258	107	EBT
Famings of Disc. One						(3.0)	482.0	240.0	Earnings of Disc. Ops
Net Income 336.0 666.0 189.0 387.0 408		5 505	456	408	387.0	· · · · ·			

Financial Statement Model – Balance Sheet and Cash Flow



	Actuals				Forecasted		
Amt in \$M	2021	2022	2023	2024	2025E	2026E	2027E
Balance Sheet							
Accounts Receivables	908	954	973	977	983	1,025	1,077
Operating Lease Assets	697	719	708	727	731	763	802
Property and Equipment	1,675	1,832	3,075	3,402	3,642	3,773	3,830
Goodwill	1,594	1,472	1,498	1,461	1,461	1,461	1,461
Identified Intangible Asset	470	407	422	361	361	361	361
Other Assets	3,145	425	404	538	539	539	539
Total Assets	8,489	5,809	7,080	7,466	7,717	7,922	8,070
Accounts Payable	519	521	532	477	480	500	526
Accrued Expenses	822	774	775	708	708	708	708
Total Debt	3,571	2,532	3,404	3,387	3,347	3,121	2,780
Cash	228	460	412	246	311	286	235
Net Debt	3,343	2,072	2,992	3,141	3,036	2,835	2,545
Total Debt/ EBITDA	5.08	3.23	3.96	2.86	2.65	2.30	1.95
Net Debt/ EBITDA	4.76	2.64	3.48	2.65	2.41	2.09	1.79
Operating Lease	596	606	588	603	603	603	603
Other Liabilities	2,071	824	927	936	937	942	949
Net Worth	1,138	1,012	1,266	1,601	1,952	2,333	2,738
Total Liabilities	8,489	5,809	7,080	7,466	7,716	7,921	8,069
Cash Flow Statement							
Operating Activities	490	824	694	808	912	954	1,012
Investing Activities	(141)	(404)	(1,502)	(702)	(750)	(678)	(623)
Financing Activities	(1,933)	(861)	761	(226)	(97)	(301)	(441)

Acquisition History





- In 2023, XPO acquired 28 service centers from Yellow for \$870mm for ~5-7x forward EBITDA multiple.
- In recent years XPO has been focused on divesting all business segments to become solely a North American LTL company



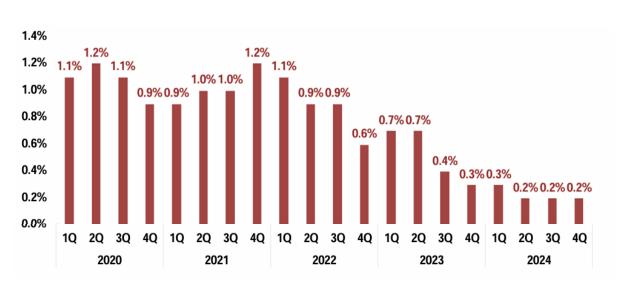
Management Team

Name	Position	Relevant Experience & Background
Brad Jacobs	Executive Chairman	Founder/CEO of United Rentals & United Waste Systems; former CEO & Chairman of XPO (2011–2022); Chairman/CEO of QXO; Non-Executive Chair of GXO & RXO; decades of large-scale value creation and industrial consolidation.
Mario Harik	Chief Executive Officer	Former President of XPO's North American LTL, CIO, and CCO; prior technology & R&D leadership roles at Oakleaf and Tallan; co-founder of G3 Analyst; MIT master's in engineering & IT; engineering degree from AUB.
Kyle Wismans	Chief Financial Officer	20+ years in senior finance at GE and Baker Hughes (global FP&A, divisional CFO); joined XPO in 2019 and led FP&A, revenue management, and finance; BBA, University of Michigan – Ross School of Business.
Dave Bates	Chief Operating Officer (North American LTL)	27-year career at Old Dominion Freight Line, including 12 years as SVP of Operations; extensive network operations, productivity, and service quality expertise; early career at Carolina Freight and Roadway Express.
Wendy Cassity	Chief Legal Officer & Corporate Secretary	Former CLO at Nuance Communications; prior GC roles at Zaya Group and Thompson Creek Metals; early career at Cravath and McDermott Will & Emery; J.D., Columbia Law School; B.A., University of Arizona.



Improvement in operational metrics

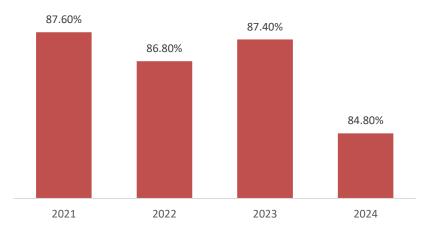
Damage claims ratio improvement



This improvement reflects an improvement in damage frequency of more than 80% since 2021 through:

- Piece-level tracking
- Workflow management technology
- Freight airbag systems (introduced in H2FY23)
- Updated trailer loading procedures

Adjusted Operating Ratio (Adjusted OR)

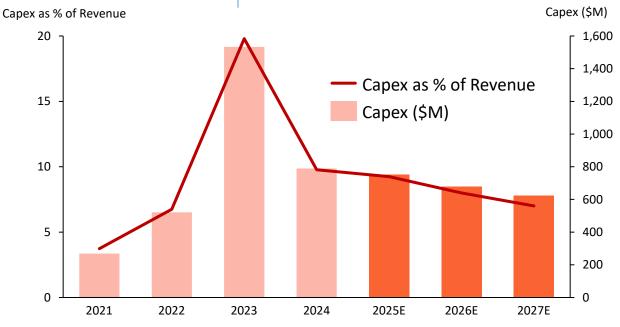


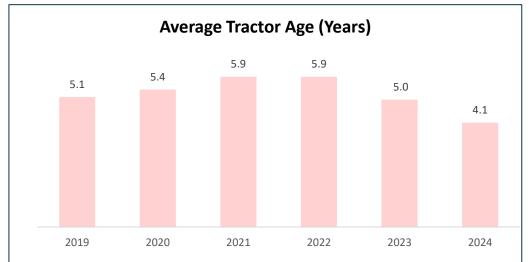
Primary levers used to drive down the Operating Ratio:

- Linehaul Insourcing (vs Purchased Transportation)
- leveraged proprietary technology and predictive AI for demand forecasting and labor planning
- Fleet Modernization
- acquisition and integration of new service centers (such as the 28 acquired in late 2023) has improved pickup and delivery efficiency
- Yield improvement through increase in share (~20%) of high margin local customers, improvement in customer service



Capital Expenditure requirement decreasing to 7-8% of revenue from 10% with decrease in average life of the fleet

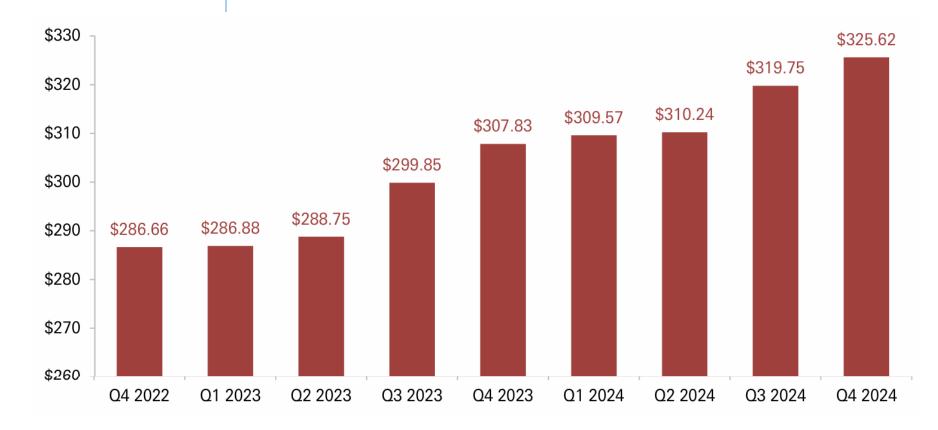




- XPO has added 4700+ tractors and 15000+ trailers and 1000+ doors since 2021 – reducing the average age of trucks to 4.1 years
- Further XPO has 30% of excess door capacity further reducing the future requirement of capex



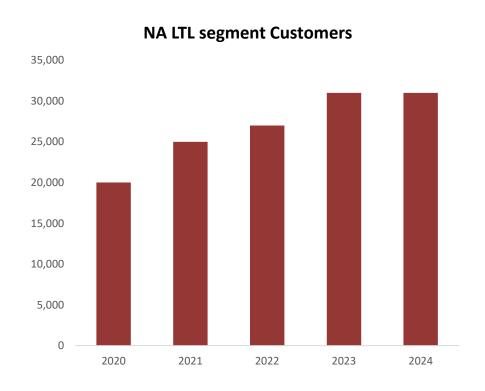
XPO's consistent sequential improvement in revenue per shipment (ex-fuel) since 4Q2022



- XPO is successfully expanding its high-margin local customer base. It has onboarded over 10,000 new local customers in 2024
- The company aims to increase accessorial revenue as a percentage of total revenue from the lowdouble-digit/low-teens range towards a target of 15%



XPO a first-mover advantage in brokerage technology



- XPO Connect is the proprietary, cloudbased platform is marketed for its ability to match shippers and carriers efficiently across transportation modes, providing real-time visibility and automation
- Impact: +1–2% load factor improvement;
 +2–3% on-time performance; ~0.5–1%
 reduction in manual handling costs
- Fully integrated digital marketplace for internal operations; rare among LTL carriers; reduces errors, improves speed, and enables scalable process deployment



Fully Recovery Scenario

XPO's asset base, liquidity, and structural margin improvements provide full coverage of unsecured claims under a stressed scenario.

Liquida	ation Analysis			
\$M				
Balance Sheet as of:	2024 Recovery % Recovery (\$)			
Cash & Equivalents	246	100%	246	
Total Cash & Equivalents	246			
Accounts Receivables	977	85%	830	
Total Receivables	977			
Inventory	-	60%	-	
Other Current Assets	282	15%	42	
Total Current Assets	1,505		1,119	
Property, Plant & Equipment	4,129	50%	2,065	
Long-Term Investments	60	60%	36	
Intangibles Assets	1,822	10%	182	
Other Assets	196	60%	118	
Total Long-Term Assets	6,207		2,400	
Total Liquidation Value	7,712	46%	3,519	

Waterfa	ll Analysis
\$M	Estimated Recovery
Total Liquidation Value	7,712
Liquidation Cost	386
Secured Claims	-
Distributable Value to Senior Clai	ms 7,326
Term Loans	1,050
Senior Notes	2,165
Other	132
Total Unsecured Senior Claims	3,215
Senior Unsecured Recovery (%)	100%

Owned terminals and strong cash generation provide meaningful downside protection and support full recovery.

Key Covenants & Financial Strategy Details

- > XPO maintains disciplined leverage near 2.5x with a long-term goal toward investment grade supported by recurring LTL cash flows.
- ➤ Liquidity remains strong with over 1.6 billion of availability and no secured debt outstanding following the 2025 refinancing.
- Capital allocation prioritizes network expansion, technology investment, and share repurchases as free cash flow scales.