

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

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**Form 10-K**

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(Mark One)

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

For the fiscal year ended December 31, 2024

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 001-41514

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**RXO**

**RXO, INC.**

(Exact name of registrant as specified in its charter)

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Delaware

(State or other jurisdiction of  
incorporation or organization)

11215 North Community House Road

Charlotte, NC

(Address of principal executive offices)

88-2183384

(I.R.S. Employer  
Identification No.)

28277

(Zip Code)

(980) 308-6058

Registrant's telephone number, including area code

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

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common stock, par value \$0.01 per share	RXO	New York Stock Exchange

**Securities registered pursuant to Section 12(g) of the Act:**

None

(Title of class)

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Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

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

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

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

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

The aggregate market value of the registrant's common stock held by non-affiliates of the registrant was \$3.0 billion as of June 30, 2024, based upon the closing price of the common stock on that date.

As of February 24, 2025, there were 163,327,709 shares of the registrant's common stock, par value \$0.01 per share, outstanding.

#### **DOCUMENTS INCORPORATED BY REFERENCE**

Specified portions of the registrant's proxy statement, which will be filed with the Securities and Exchange Commission pursuant to Regulation 14A in connection with the registrant's 2025 Annual Meeting of Stockholders (the “Proxy Statement”), are incorporated by reference into Part III of this Annual Report on Form 10-K. Except with respect to information specifically incorporated by reference in this Annual Report, the Proxy Statement is not deemed to be filed as part hereof.

**RXO, INC.**  
**ANNUAL REPORT ON FORM 10-K**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
**TABLE OF CONTENTS**

	<b><u>Page</u></b>
<b>PART I</b>	
Item 1 <a href="#">Business</a>	<a href="#">2</a>
Item 1A <a href="#">Risk Factors</a>	<a href="#">11</a>
Item 1B <a href="#">Unresolved Staff Comments</a>	<a href="#">26</a>
Item 1C <a href="#">Cybersecurity</a>	<a href="#">26</a>
Item 2 <a href="#">Properties</a>	<a href="#">26</a>
Item 3 <a href="#">Legal Proceedings</a>	<a href="#">26</a>
Item 4 <a href="#">Mine Safety Disclosures</a>	<a href="#">27</a>
<b>PART II</b>	
Item 5 <a href="#">Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities</a>	<a href="#">28</a>
Item 6 <a href="#">[Reserved]</a>	<a href="#">29</a>
Item 7 <a href="#">Management’s Discussion and Analysis of Financial Condition and Results of Operations</a>	<a href="#">30</a>
Item 7A <a href="#">Quantitative and Qualitative Disclosures About Market Risk</a>	<a href="#">38</a>
Item 8 <a href="#">Financial Statements and Supplementary Data</a>	<a href="#">39</a>
Item 9 <a href="#">Changes in and Disagreements with Accountants on Accounting and Financial Disclosure</a>	<a href="#">77</a>
Item 9A <a href="#">Controls and Procedures</a>	<a href="#">77</a>
Item 9B <a href="#">Other Information</a>	<a href="#">78</a>
Item 9C <a href="#">Disclosure Regarding Foreign Jurisdictions that Prevent Inspection</a>	<a href="#">78</a>
<b>PART III</b>	
Item 10 <a href="#">Directors, Executive Officers and Corporate Governance</a>	<a href="#">79</a>
Item 11 <a href="#">Executive Compensation</a>	<a href="#">79</a>
Item 12 <a href="#">Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters</a>	<a href="#">79</a>
Item 13 <a href="#">Certain Relationships and Related Transactions and Director Independence</a>	<a href="#">79</a>
Item 14 <a href="#">Principal Accountant Fees and Services</a>	<a href="#">79</a>
<b>PART IV</b>	
Item 15 <a href="#">Exhibit and Financial Statement Schedules</a>	<a href="#">80</a>
Item 16 <a href="#">Form 10-K Summary</a>	<a href="#">82</a>
<a href="#">Signatures</a>	<a href="#">83</a>

## PART I

In this Annual Report on Form 10-K (this “Annual Report”), “we,” “our,” “us,” “RXO,” “RXO, Inc.,” and the “Company” refer to RXO, Inc. and its consolidated subsidiaries, unless the context requires otherwise.

### ***Cautionary Statement Regarding Forward-Looking Statements***

*This Annual Report and other written reports and oral statements we make from time to time contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. In some cases, forward-looking statements can be identified by the use of forward-looking terms such as “anticipate,” “estimate,” “believe,” “continue,” “could,” “intend,” “may,” “plan,” “potential,” “predict,” “should,” “will,” “expect,” “objective,” “projection,” “forecast,” “goal,” “guidance,” “outlook,” “effort,” “target,” “trajectory” or the negative of these terms or other comparable terms. However, the absence of these words does not mean that the statements are not forward-looking. These forward-looking statements are based on certain assumptions and analyses made by the Company in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate in the circumstances. These forward-looking statements are subject to known and unknown risks, uncertainties and assumptions that may cause actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements. Factors that might cause or contribute to a material difference include those discussed below and the risks discussed in the Company’s other filings with the Securities and Exchange Commission (the “SEC”). All forward-looking statements set forth in this Annual Report are qualified by these cautionary statements, and there can be no assurance that the actual results or developments anticipated by the Company will be realized or, even if substantially realized, that they will have the expected consequence to or effects on the Company or its business or operations. The following discussion should be read in conjunction with the Company’s audited consolidated financial statements and related notes thereto included elsewhere in this Annual Report. Forward-looking statements set forth in this Annual Report speak only as of the date hereof, and we do not undertake any obligation to update forward-looking statements to reflect subsequent events or circumstances, changes in expectations or the occurrence of unanticipated events, except to the extent required by law.*

## **ITEM 1. BUSINESS**

### **Company Overview**

RXO, Inc. (“RXO”, the “Company” or “we”) is a brokered transportation platform defined by cutting-edge technology and an asset-light business model. The largest component is our core truck brokerage business. Our operations also include asset-light managed transportation and last mile services, which complement our truck brokerage business.

Our truck brokerage business has a history of generating robust free cash flow conversion and a high return on invested capital. Shippers create demand for our service, and we place their freight with qualified independent carriers using our technology. We price our service on either a contract or a spot basis.

Notable factors that enable volume growth in our business include our ability to access massive truckload capacity for shippers through our carrier relationships; our proprietary, cutting-edge technology; our strong management expertise; and favorable long-term industry tailwinds.

We provide our customers with highly efficient access to capacity through our digital brokerage technology. This proprietary platform is a major differentiator for our truck brokerage business, and together with our pricing technology, we believe it can unlock incremental profitable growth. Our complementary services for managed transportation and last mile also utilize our digital brokerage technology.

Our managed transportation service provides asset-light solutions for shippers who outsource their freight transportation to gain reliability, visibility and cost savings. The service uses proprietary technology to enhance our revenue synergy, with cross-selling to truck brokerage and last mile. Our managed transportation offering includes bespoke load planning and procurement, complex solutions tailored to specific challenges, performance monitoring, engineering and data analytics, among other services. Our control tower solution leverages the expertise of a dedicated team focused on continuous improvement, and digital, door-to-door visibility into order status and freight in transit. In addition, we offer technology-enabled managed expedite services that automate transportation procurement for time-critical freight moved by road and air charter carriers. We also offer freight forwarding services, including facilitation of ocean and air transportation, customs brokerage and additional domestic services.

Our last mile offering is an asset-light service that facilitates consumer deliveries performed by highly qualified third-party contractors. We are the largest provider of outsourced last mile transportation for heavy goods in the United States, positioned within 125 miles of the vast majority of the U.S. population and serving a customer base of omnichannel and e-commerce retailers and direct-to-consumer manufacturers.

### **The Separation**

On November 1, 2022, the Company completed its separation from XPO, Inc. (formerly known as XPO Logistics, Inc.) (“XPO”) (the “Spin-off” or the “Separation”) and the Company's common stock began regular-way trading on the New York Stock Exchange under the ticker symbol “RXO.” RXO is a Delaware corporation, which was originally formed in May 2022. The Separation was completed under a Separation and Distribution Agreement and various other agreements that govern aspects of the Company’s relationship with XPO, including, but not limited to, a Tax Matters Agreement (“TMA”), an Employee Matters Agreement, a Transition Services Agreement and an Intellectual Property License Agreement.

## **The Coyote Acquisition**

On September 16, 2024 (the “acquisition date”), the Company acquired the technology-driven, asset-light based truckload freight brokerage services business, as well as certain assets used to conduct haulage, dedicated transport and warehousing services in the United Kingdom (collectively, “Coyote”), from United Parcel Service of America, Inc. (“UPS”) and certain subsidiaries of UPS. We acquired Coyote for \$1.038 billion in cash, subject to certain additional customary adjustments. The purchase price was subsequently increased by \$10 million for working capital and other post-closing adjustments totaling \$10 million, which was paid in the first quarter of 2025. Refer to [Note 3 — Acquisition](#) to the consolidated financial statements in this Annual Report on Form 10-K for disclosures regarding the Company’s acquisition of Coyote.

## **Relationship-Based Operating Structure**

Our truck brokerage business operates as an intermediary between shippers and carriers (truck and fleet owners), connecting truckload supply and demand. Our value proposition is based on our ability to access truck capacity on a massive scale; give shippers and carriers the benefits of our proprietary digital freight marketplace; and solve transportation challenges for our customers by utilizing the bench strength of our business — namely, the expertise of our brokerage leaders, technologists and employees.

Our asset-light business model relies on our business relationships with independent motor carriers for the transportation of our customers’ freight. We typically sign a non-exclusive, one-year, renewable agreement with carriers; this agreement establishes the carrier’s role as an independent contractor and provides that the carrier is solely responsible for aspects of their service.

We conduct our truck brokerage operations by striving to best utilize our resources of people, technology and data. Our sales representatives communicate with customers about freight that needs to be shipped, and we locate trucks with available capacity using our RXO Connect® technology platform. In addition, our technology interfaces give customers the ability to post their freight loads and tap into truck capacity on our platform. On the supply side, truck drivers and fleet owners use our carrier interfaces to find loads and better utilize their assets. Carriers can bid and book loads online and through our platform’s mobile app. Our brokerage platform synergizes these operating strengths within a single digital freight marketplace.

## **Drivers of Value Creation**

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

- *Critical Scale in an Expanding Industry with Low Penetration:* We are one of the largest brokers of full truckload freight transportation in the United States, with a carrier pool that gives us access to vast truck capacity to serve high shipper demand for transportation. We are also well established as a freight broker of choice across diversified industry sectors, with a notable presence in the e-commerce and retail sectors and believe that shippers look to do business with brokers of greater scale. We expect to benefit from both overall industry growth in demand for truckload transportation, and a long runway for increased broker penetration of for-hire trucking.
- *Proprietary Technology:* We believe our technology strongly differentiates us as a leading innovator of complex brokerage solutions that enhance visibility, reliability, speed, accuracy and cost effectiveness, and by the fully automated transactional capabilities of our digital platform. We have continued to invest in our cutting-edge technology, including artificial intelligence and machine learning, based on decades of high-quality internal data sets that include attributes that we believe are not available elsewhere. As more and more shippers outsource their shipping needs to brokers, we believe they increasingly prefer brokers that have a combination of excellent customer service, people and digital capabilities that we offer.
- *Long-Tenured, Blue-Chip Customer Relationships in Attractive Verticals:* Our customer base includes numerous long-term relationships with market leaders and other world-class companies across a diverse array of customer verticals. Our tiered sales organization tailors its approach to each prospective customer based on size and profitability potential.

- *Asset-Light Model Generates High Returns and Substantial Free Cash Flow:* Our asset-light model generates high returns with strong free cash flow characteristics. Because we have invested significantly in our proprietary platform for more than a decade, we believe that we can leverage our historical invested capital to generate strong returns.
- *Experienced and Cohesive Leadership and Strong Company Values:* Our business operations are led by highly experienced executives who are recognized as leading truck brokerage experts and technologists. These executives have worked together for many years, creating value through operational excellence, data science and a people-centric culture.

### **Our Strategy**

Our strategy is designed to deliver value through our extensive carrier relationships, excellent customer service, automated shipper-carrier interactions, end-to-end digital tracking and data analyses generated by our proprietary algorithms. We believe our services are both highly responsive to customer needs and allow us to be proactive in identifying potential improvements. Furthermore, our culture defines success as mutually beneficial results for our stockholders and other stakeholders.

Management's growth and optimization strategy is to:

- Market our brokerage capabilities and value-added services to new and existing customers of all sizes, using a partnership approach that creates enduring relationships;
- Leverage our positioning to increasingly capitalize on secular trends in demand, such as the increasing broker penetration of the for-hire truckload industry and the growing shipper preference for digital brokerage services;
- Continue to recruit and retain talented customer and carrier sales representatives, and continuously improve their productivity with our state-of-the-art technology;
- Continue to attract and retain high-caliber independent carriers to provide third-party transportation services for our customers; and
- Capitalize on our first-mover technology advantage to continue to gain share of the truck brokerage industry by optimizing brokerage processes and pricing for customers and carriers, and by enhancing the productivity of our operations.

### **Technology and Intellectual Property**

We benefit from two interrelated industry trends — more shippers are relying on brokers for freight transportation, and at the same time, more shippers want brokers with digital capabilities that leverage data for the best outcomes. RXO benefits from first-mover advantage in brokerage technology, and we continue to innovate to stay at the forefront of the technological evolution of our industry.

#### ***Overview of Our Digital Brokerage Platform***

Our self-learning RXO Connect® digital brokerage platform gives us a scalable framework to continually enhance our service, capture share and reduce costs. This fully automated, cloud-based platform encompasses Freight Optimizer, as well as our mobile app, application programming interface (“API”) integrations, self-service dashboards and real-time functionality for transacting and tracking freight shipments.

The technology gives shippers access to our growing transportation network and our valuable market data, and it gives independent truck drivers the ability to secure loads through our mobile app.

Importantly, our digital brokerage platform creates ongoing value for RXO in four key areas:

- Increases market share and revenue generation by providing real-time visibility into available supply and demand for current and future time periods, leading to optimal transportation management;

- Ensures competitive rates by engaging customers and carriers through user-friendly interfaces underpinned by cutting-edge pricing technology;
- Optimizes for value and margin with dynamic pricing algorithms that use machine learning, and generates superior, real-time market intelligence harvested from load-matching data; and
- Improves productivity by facilitating transactions through cost-efficient automated processes and messaging, increasing the productivity of RXO's customer and carrier representatives, and enabling our business to manage more volume without a commensurate increase in expense.

### **Customers and Markets**

RXO provides services to customers ranging in size from small businesses to Fortune 100 companies and sector leaders. The diversification of our customer base minimizes concentration risk: in 2024, our top 20 customers in total and our top five customers in total accounted for approximately 38% and 23% of our revenue, respectively, with our largest customer accounting for approximately 9.9% of revenue.

Our customer end-markets are also highly diversified; we derive our revenue from a robust mix of verticals for retail and e-commerce, food and beverage, industrial and manufacturing, logistics and transportation and automotive.

### **Competition**

RXO operates in a highly fragmented industry with thousands of companies competing to provide brokered transportation services for customer freight. We compete on quality of service, depth of capacity, technological capabilities, reliability, expertise and price.

Our competitors include local, regional, national and international companies operating in North America that offer the same services we provide; some have larger customer bases, significantly more resources and more experience than we have. Our competitors include C.H. Robinson, Echo Global Logistics, Expeditors, Forward Air, Flexport, J.B. Hunt, Landstar System, Total Quality Logistics, and Uber Freight. Due to the competitive nature of our industry, we strive to strengthen existing business relationships and forge new relationships.

The health of the freight transportation industry overall will continue to be a function of economic growth, as well as secular trends that stem from shipper and consumer behaviors independent of economic conditions. We believe that RXO is strongly positioned to benefit from these trends, including consumer demand for e-commerce, shipper demand for strong outsourcing partners and the growing adoption of digital capabilities by industry customers and carriers.

### **Regulation**

Our operations are regulated and licensed by various governmental agencies in the United States and in other countries where we conduct business. These regulations impact us directly in the various subsidiary operating companies' respective capacity as transportation service providers and, to some extent, also indirectly when they regulate third-party providers we arrange and/or contract with to transport freight for our customers.

#### ***Regulations Affecting Motor Carriers***

In the United States, our subsidiaries that operate as motor carriers are licensed by the Federal Motor Carrier Safety Administration ("FMCSA") of the U.S. Department of Transportation ("DOT"). Our motor carrier subsidiaries must comply with the safety and fitness regulations of the DOT, including those related to, without limitation, controlled substances and alcohol, hours-of-service compliance, vehicle maintenance, hazardous materials compliance, driver fitness, unsafe driving, and minimum insurance requirements. These carriers are subject to the FMCSA's Compliance Safety Accountability program, which uses a Safety Measurement System to rank motor carriers on seven categories of safety-related data, known as Behavioral Analysis and Safety Improvement Categories. Other federal agencies, such as the Pipeline and Hazardous Materials Safety Administration, the U.S. Food and Drug Administration, and the U.S. Department of Homeland Security, also regulate aspects of our operations.

In addition, our motor carriers that engage independent contractor owner-operators to provide transportation and delivery services are subject to the Federal Leasing Regulations, which are applicable to written agreements between the carriers and those owner-operators. Also, separate from regulatory requirements, the use of independent contractors within the transportation industry continues to face legal changes from regulatory agencies and private litigants. This risk is addressed in greater detail below.

Our motor carriers are also subject to various state regulations, including state operating authority requirements where intrastate motor carriage is regulated, emission-compliance standards such as those promulgated by the California Air Resources Board, and vehicle registration and licensing requirements in certain states and local jurisdictions where we operate. In addition, motor carriers that move freight to and from ports are subject to various registration requirements. In foreign jurisdictions where we operate, our operations are regulated by the appropriate governmental authorities. We may become subject to new or more restrictive regulations relating to emissions, drivers' hours-of-service, independent contractor eligibility requirements, onboard reporting of operations, air cargo security and other matters affecting safety or operating methods.

***Regulations and Private Causes of Action Affecting Ground Property Brokers and Freight Forwarders***

In the United States, our subsidiaries that operate as ground property brokers and freight forwarders (collectively, "brokers") are licensed by the FMCSA. Our brokers must comply with certain federal bonding requirements. In a limited number of states that regulate intrastate property brokerage and/or freight forwarding, our brokers are subject to licensing requirements.

Separate from regulatory requirements, private litigants are more regularly adding brokers as defendants in lawsuits arising from highway accidents, including on the grounds that brokers were negligent in selecting unsafe carriers to which they tender freight. "Negligent selection," as the cause of action has come to be known, is an allegation, under state law, that the broker failed to act reasonably in deciding whether to hire a carrier. Because the cause of action is based on state law, and because what constitutes "negligence" is a question of fact that is decided by the jury, caselaw has not developed hard and fast rules regarding what constitutes lack of reasonable care in a carrier selection decision.

***Regulations Affecting Warehouse Operators***

Our subsidiaries in the United States that operate warehouses are subject to various state permitting and licensing requirements relating to either general warehousing operations or the freight maintained at the warehouse.

***Regulations Affecting Our Subsidiaries Providing Ocean and Air Transportation***

One of our subsidiaries is licensed as a U.S. Customs broker by the U.S. Customs and Border Protection (the "CBP"). All U.S. Customs brokers are required to maintain prescribed records and are subject to periodic audits by the CBP. In non-U.S. jurisdictions where we perform customs brokerage services, our operations are licensed, where necessary, by the appropriate governmental authorities.

Our subsidiaries that offer air freight and expedited air charter transportation services are subject to regulation by the Transportation Security Administration ("TSA") governing air cargo security for all loads, regardless of origin or destination. One of our subsidiaries is regulated as an "indirect air carrier" by the TSA. The CBP, TSA and relevant non-U.S. governmental agencies provide requirements and guidance and, in some cases, administer licensing requirements and processes applicable to the air freight forwarding industry.

To facilitate our international operations, RXO is a member of the Cargo Network Services Corp., which is a representative of International Air Transportation Association ("IATA"), a voluntary association of airlines and air freight forwarders that outlines operating procedures for forwarders acting as agents or third-party intermediaries for IATA members. A substantial portion of our international air freight business is transacted with other IATA members.

Additionally, some of our subsidiaries are licensed as an Ocean Transportation Intermediary ("OTI"), since they operate as a non-vessel-operating common carrier, and/or as an Ocean Freight Forwarder licensed by the U.S.

Federal Maritime Commission, which establishes the qualifications, regulations, licensing and bonding requirements for arranging international transportation to or from the United States as an OTI.

### ***Other Regulations***

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, and export and sanction laws. We are also subject to state and U.S. federal laws and regulations addressing some types of cargo transported or stored by our subsidiaries, or transported pursuant to a government contract or subcontract.

### ***Classification of Independent Contractors***

U.S. tax and other federal and state regulatory authorities, as well as private litigants, continue to assert that independent contractors in the trucking industry are employees rather than independent contractors, while applying a variety of standards in their determinations of independent contractor status. Federal legislators have introduced legislation in the past to make it easier for tax and other authorities to reclassify independent contractors as employees, including legislation to increase the recordkeeping requirements and heighten the penalties for companies that misclassify workers and are found to have violated overtime or wage requirements. Additionally, federal legislators have sought to abolish the current safe harbor, which allows taxpayers that meet certain criteria to treat individuals as independent contractors if they are following a longstanding, recognized practice. Federal legislators also sought to expand the Fair Labor Standards Act to cover “non-employees” who perform labor or services for businesses, even if non-employees are properly classified as independent contractors; require taxpayers to provide written notice to workers based upon their classification as either an employee or a non-employee; and impose penalties and fines for violations of the notice requirement or for misclassifications.

In addition to these possible legislative changes, the National Labor Relations Board (“NLRB”) and NLRB’s general counsel have signaled the desire to reverse several pro-employer precedents, to make it more difficult for a worker to be classified as an independent contractor by changing the factors used in determining worker classification. The NLRB has also entered into a Memorandum of Understanding with the U.S. Department of Labor regarding the exchange of information and cooperation in enforcement activities regarding the misclassification of employees as independent contractors. If the independent contractor drivers that provide services to RXO are determined to be our employees, we could incur additional exposure under some or all of the following: federal and state employer taxes, workers’ compensation, unemployment benefits, and labor, employment and tort laws, including for prior periods, as well as potential liability for employee benefits and tax withholdings.

### ***Environmental Regulations***

Our operations and the independent contractors with which we contract are subject to various environmental laws and regulations in the jurisdictions where we operate. In the United States, these laws and regulations deal with the hauling, handling and disposal of hazardous materials, emissions from vehicles, engine-idling, fuel tanks and related fuel spillage and seepage, discharge and retention of storm water, and other environmental matters that involve inherent environmental risks. We may be responsible for the cleanup of any spill or other incident involving hazardous materials caused by our business. In the past, we have been responsible for the cost to clean up diesel fuel spills caused by traffic accidents or other events, and none of these incidents materially affected our business or operations. We generally transport only hazardous materials rated as low-to-medium-risk, and only a small percentage of our total loads contain hazardous materials.

We believe that our operations are in 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.

### ***Risk Management and Insurance***

We maintain insurance for commercial automobile liability, commercial general liability, cargo legal liability, workers’ compensation and employers’ liability, umbrella and excess liability, cyber risk, and property coverage

with coverage limits, deductibles and self-insured retention levels that we believe are reasonable given the varying historical frequency, severity and timing of claims.

### **Seasonality**

Our volumes are typically higher in the fourth quarter due to peak season demand for our services from our customers in the consumer and transportation sectors.

### **Human Capital Management**

#### ***Overview***

At RXO, our values are the key to our unique culture and ability to deliver for everyone we serve. Led by our passion for technology and solutions, we have a pioneering spirit and entrepreneurial mindset that draws on an agile approach to move quickly and adapt easily. Our success is grounded from a strong governance structure, code of ethics, good corporate citizenship, and commitment to employee engagement. We equally pride ourselves in our ability to perform with excellence, celebrate our unique strengths, operate safely, and build strong relationships. The demand for best-in-class performance shapes our approach to human capital management and ensures we provide an exceptional work environment for our employees.

At RXO, we encourage our employees to bring their authentic selves to work and to welcome everyone, regardless of gender identity, sexual orientation, race, ethnicity, national origin, religion, life experience, veteran status, and disability.

With a focus on making transportation simpler and more effective for everyone, we continually strive to be an employer of choice. We center our program efforts on professional development, competitive compensation, and dedicated loyalty to empowering a safe and purposeful experience for our team members and their families.

#### ***Our People***

As of December 31, 2024, we operated with 9,873 team members 7,540 full-time and part-time employees and 2,333 temporary workers. Of these employees, 34% were in hourly roles and 66% were in salaried positions. Approximately 36% of our employees are female. Additionally, as of December 31, 2024, fewer than 20 of these employees were covered by a collective bargaining agreement.

<b>RXO Workforce<sup>(1)</sup></b>	<b>Total #</b>	<b>Total %</b>
Regular	7,540	76%
Hourly	2,531	34%
Salaried	5,009	66%
Male	4,709	62%
Female	2,748	36%
Others/Undisclosed	83	1%
Temporary	2,333	24%
Total Workforce	9,873	100%

<sup>(1)</sup> Gender representation includes regular employees who have self-identified.

### ***Our Talent Engagement***

We believe acquiring top talent and investing in the development of our people gives us a sustainable competitive advantage. We attract candidates from a variety of talent sources and build our pipeline by offering rewarding and challenging career opportunities. We create exceptional employee training experiences that are innovative and collaborative, and we believe it starts by listening to our people. We garner feedback from our employees through many channels, including surveys, roundtables, town halls, and leadership forums. In turn, we offer numerous career development opportunities including career workshops, forums, online learning, leadership training, high-potential cohorts, and more. Our employees are encouraged to participate in strategic, cross-functional initiatives, allowing them to develop professionally and play a key role in contributing to the Company's results.

### ***Our Rewards***

RXO's total rewards offering is designed to attract, retain, and drive our people. We provide competitive compensation and benefits from day one. Our comprehensive suite of health and well-being benefit programs supports the various needs of our employees and their families. In addition, RXO continues to cover the majority of health care costs to minimize the inflationary impact on employees.

### ***Our Health and Safety***

RXO is committed to providing a safe and healthy workplace, both physically and emotionally, for employees of all backgrounds and abilities, and to safeguarding the public's welfare. We have numerous occupational safety and health standards in place. It is RXO's policy and practice to promote safety and health awareness and training throughout the Company, monitor compliance with all applicable laws and regulations, document and maintain a comprehensive, preventative safety and management program, and routinely conduct risk assessments and safety audits.

RXO has high standards of health and safety for our employees and a desire to continuously assess, refine and implement improvements to policies and procedures. And we encourage those with whom we do business to do the same.

### **Information about our Executive Officers**

Our executive officers are as follows:

<b>Name</b>	<b>Age</b>	<b>Position</b>
Drew Wilkerson	41	Chief Executive Officer
James Harris	62	Chief Financial Officer
Jeff Firestone	54	Chief Legal Officer

**Drew Wilkerson** is a transportation industry veteran with 18 years of experience in brokerage operations. He joined XPO in May 2012 to spearhead the growth of the company's flagship truck brokerage hub in Charlotte, North Carolina. In May 2014, he was promoted to regional vice president, with responsibility for major brokerage operations, and served as the key liaison for strategic accounts. In March 2017, he was named president of XPO's North American brokerage business; and in February 2020, he was named president of XPO's North American transportation division, with P&L responsibility for truck brokerage, expedite, intermodal, drayage, managed transportation, last mile and freight forwarding. He served in this role until the Separation. Prior to XPO, Mr. Wilkerson held leadership positions in sales, operations, and customer and carrier relationship management with C.H. Robinson Worldwide.

**James Harris** is a career CFO with over 36 years of experience in B2B sectors, including two decades with public companies. He served as chief financial officer of XPO's North American transportation division from September 2022, until the Separation. Prior to XPO, he was CFO and treasurer of SPX Technologies from August 2020 to September 2022, and earlier held positions as CFO and then interim CEO of Elevate Textiles, Inc. from April 2019 to August 2020. From 2008 to 2018, he held various executive roles with Coca-Cola Consolidated, the largest independent Coca-Cola franchisee in the United States, including eight years as CFO and two years as executive vice president, business transformation. From 2003 to 2008, he served on the board of directors of Coca-Cola Consolidated. Mr. Harris began his career with Ernst & Young LLP. He serves on the board of trustees of Appalachian State University.

**Jeff Firestone** served as chief legal officer of XPO's North American transportation division from August 2022 until the separation. Prior to XPO, he held senior legal positions with United Parcel Service during a 22-year tenure, including executive legal responsibility for corporate matters, litigation, governance, compliance and risk mitigation. This included UPS positions as deputy general counsel, regulatory compliance and risk from February 2022 to August 2022, senior vice president, business unit finance from August 2020 to January 2022, and senior vice president, domestic finance, business analytics and transformation from August 2018 to July 2020. Earlier, Mr. Firestone practiced law with Gibson, Dunn & Crutcher LLP.

### **Available Information**

The U.S. Securities and Exchange Commission (the "SEC") maintains an Internet site that contains reports, proxy and information statements and other information regarding issuers that file electronically with the SEC at [www.sec.gov](http://www.sec.gov).

Our corporate website is [www.rxo.com](http://www.rxo.com). On this website, you can access, free of charge, our reports on Forms 10-K, 10-Q and 8-K, as well as Proxy Statements on Schedule 14A and amendments to these materials. Materials are available online as soon as reasonably practicable after we electronically submit them to the SEC. You can also access materials on our website regarding our corporate governance policies and practices, including our Corporate Governance Guidelines, Code of Business Ethics and the charters relating to the committees of our Board of Directors. You may request a printed copy of these materials without charge by writing to: Investor Relations, RXO, Inc., 11215 North Community House Road, Charlotte, North Carolina 28277.

## ITEM 1A. RISK FACTORS

The following are important factors that could affect our financial performance and could cause actual results for future periods to differ materially from our anticipated results or other expectations, including those expressed in any forward-looking statements made in this Annual Report or our other filings with the SEC or in oral presentations such as telephone conferences and webcasts open to the public. You should carefully consider the following factors in conjunction with “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Item 7 and our Consolidated Financial Statements and related Notes in Item 8.

### Risks Related to Our Business

#### Risks Related to Industry Dynamics

*We operate in a highly competitive industry and, if we are unable to adequately address factors that may adversely affect our revenue and costs, our business could suffer.*

Competition in the transportation services industry is intense. Increased competition may lead to a reduction in revenues, reduced profit margins, or a loss of market share, any one of which could harm our business. There are many factors that could impair our profitability, including the following: (i) competition from other transportation services companies, some of which offer different services or have a broader coverage network, more fully developed information technology systems and greater capital resources than we do; (ii) a reduction in the rates charged by our competitors to gain business, especially during times of declining economic growth, which may limit our ability to maintain or increase our rates, maintain our operating margins or achieve significant growth in our business; (iii) shippers soliciting bids from multiple carriers for their shipping needs, which may result in the depression of freight rates or loss of business to competitors; (iv) the establishment by our competitors of cooperative relationships to increase their ability to address shipper needs; (v) decisions by our current or prospective customers to develop or expand internal capabilities for some of the services we provide; (vi) the development of new technologies or business models that could result in our disintermediation in certain services we provide; and (vii) competition from other transportation services companies and technology companies that are aggressively pursuing strategies and business models to digitize their services and expand their digital service offerings, including through the development and implementation of new technology that provides a significant competitive advantage.

*Economic recessions and other factors that reduce economic activity could have a material adverse impact on our business.*

The transportation industry in North America historically has experienced cyclical fluctuations in financial results due to economic recessions, downturns in the business cycles of our customers, increases in the prices charged by third-party carriers, interest rate fluctuations, prolonged periods of inflation, political instability, pandemics, geopolitical conflict and war, changes in international trade policies and other U.S. and global economic factors beyond our control. During economic downturns, a reduction in overall demand for transportation services will likely reduce demand for our services and exert downward pressures on our rates and margins. The pricing environment also generally becomes more competitive during economic downturns, which may, as it has in the past, affect our ability to obtain price increases from customers both during and following such periods, especially during periods of increased economic inflation. In addition, in periods of strong economic growth, overall demand may exceed the available supply of transportation resources, resulting in increased network congestion and operating inefficiencies. Changes in international trade policies could significantly reduce the volume of goods transported globally and adversely affect our business and results of operations. These factors subject our business to various risks that may have a material impact on our operating results and future prospects. These risks may include the following:

- A reduction in overall freight volume reduces our opportunities for growth. In addition, if a downturn in our customers' business causes a reduction in the volume of freight shipped by those customers, our operating results could be adversely affected;
- Some of our customers may experience financial distress, file for bankruptcy protection, go out of business, or suffer disruptions in their business and may be unable to pay us. In addition, some customers may not pay us as quickly as they have in the past, causing our working capital needs to increase;
- A significant number of our carriers may go out of business or may be unable to secure sufficient equipment capacity or services to enable us to meet our commitments to our customers;
- We may not be able to adjust appropriately our expenses to rapid changes in market demand. In order to maintain high variability in our business model, it is necessary to adjust staffing levels when market demand changes. In periods of rapid change, it is more difficult to match our staffing levels to our business needs. In addition, we have other expenses that are primarily variable but are fixed for a period of time, as well as certain significant fixed expenses;
- A prolonged, escalated or expanded war in Ukraine or sanctions imposed in response to the war, the Israel-Hamas war and future conflicts may adversely impact global supply chain activities and the economy at large; and
- The U.S. government has made significant changes in U.S. trade policy and has taken certain actions that have negatively impacted U.S. trade, including imposing tariffs on certain goods imported into the United States. To date, several governments, including the European Union ("EU") and China have imposed tariffs on certain goods imported from the United States. These actions may contribute to weakness in the global economy that could adversely affect our results of operations. Any further changes in U.S. or international trade policy could trigger additional retaliatory actions by affected countries, resulting in "trade wars" and further increased costs for goods transported globally, which may reduce customer demand for these products if the parties having to pay those tariffs increase their prices, or in trading partners limiting their trade with countries that impose anti-trade measures.

Any of these factors could have an adverse effect on our business, results of operations or financial condition, as well as on the price of our common stock.

***Volatility in fuel prices impacts our fuel surcharge revenue and may impact our profitability.***

We are subject to risks associated with the availability and price of fuel, all of which are subject to political, economic and market factors that are outside of our control.

Fuel expense constitutes one of the greatest costs to the independent contractor drivers and third-party carriers who transport freight arranged by our operations. Accordingly, we may be adversely affected by the timing and degree of fuel price fluctuations. As is customary in our industry, most of our customer contracts include fuel surcharge programs or other cost-recovery mechanisms to mitigate the effect of any fuel price increases over base amounts established in the contract. However, these mechanisms may not fully capture an increase in fuel price. Furthermore, market pressures may limit our ability to assess fuel surcharges in the future. The extent to which we are able to recover increases in fuel costs may be impacted by the amount of empty or out-of-route truck miles or engine idling time.

Decreases in fuel prices reduce the cost of transportation services and, accordingly, will reduce our revenues and may reduce margins. Significant changes in the price or availability of fuel in future periods, or significant changes in our ability to mitigate fuel price increases through the use of fuel surcharges, could have a material adverse impact on our operations, fleet capacity and ability to generate both revenues and profits.

***Higher carrier prices may result in decreased income from operations and increases in working capital usage.***

Motor carriers can be expected to charge higher prices if market conditions warrant or to cover higher operating expenses. Our income from operations may decrease if we are unable to increase our pricing to our customers. Increased demand for over the road transportation services and changes in regulations may reduce available capacity and increase motor carrier pricing. In some instances where we have entered into contract freight rates with customers, in the event market conditions change and those contracted rates are below market rates, we may be required to provide transportation services at a loss. This may be more acute when we have a high percentage of contracted freight with customers and when there are significant changes in prices charged by motor carriers in a short period, as most of our transportation services are procured transactionally. To date, such losses have not been material, but there can be no assurances that such losses will not be material in the future.

As our volumes increase or we increase freight rates charged to our customers, the resulting increase in revenues may increase our working capital needs due to our business model which generally has a higher length of days sales outstanding than days payables outstanding.

***Extreme or unusual weather conditions can disrupt our operations, impact freight volumes, and increase our costs, all of which could have a material adverse effect on our business results.***

Our business depends, in part, on predictable temperate weather patterns. Certain seasonal weather conditions and isolated weather events can disrupt our operations. At least some of our operations are constantly at risk of extreme adverse weather conditions. Any unusual or prolonged adverse weather patterns in our areas of operations or markets, whether due to climate change or otherwise, can temporarily impact freight volumes and increase our costs.

***Our operations may be 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.

**Risks Related to Third-Party Relationships**

***We depend on third parties in the operation of our business.***

We generally do not own or control the transportation assets that deliver our customers' freight, and we do not employ the people directly involved in delivering this freight. In addition, we engage third-party contractors who own and operate their own equipment and vendors to provide value-added services. Accordingly, we are dependent on third parties to provide truck, rail, ocean, air and other transportation and related services and to report certain events to us, including delivery information and cargo claims. This reliance on third parties could cause delays in reporting certain events, impacting our ability to recognize revenue and claims in a timely manner.

Our inability to maintain positive relationships with independent carriers could significantly limit our ability to serve our customers on competitive terms. In addition, changes in the terms of the relationships with our vendors may make our value-added services less compelling to customers and adversely impact our results. Our ability to secure sufficient equipment or other transportation services to meet our commitments to customers or provide our services on competitive terms is subject to inherent risks, many of which are beyond our control, including equipment and labor shortages in the transportation industry, interruptions or stoppages in transportation services, "Acts of God" or acts of terrorism, changes in regulations impacting transportation, increases in operating expenses for carriers that result in a reduction in available carriers, and changes in transportation rates; and if we are unable to meet our commitments to our customers or provide our services on competitive terms, our operating results could be

materially and adversely affected, and our customers could shift their business to our competitors temporarily or permanently.

***Our business relies on third-party carriers to conduct its operations, and the status of these parties as independent contractors, rather than employees, is being challenged.***

Federal and state legislation as well as tax and other regulatory authorities have sought to assert that independent contractors in the transportation service industry are employees rather than independent contractors. There can be no assurance that interpretations supporting independent contractor status will not change, that other federal or state legislation will not be enacted or that various authorities will not successfully assert a position that re-classifies independent contractors to be employees. If the third-party carriers with which we contract for the performance of delivery services, or their delivery workers, are determined to be our employees, that determination could materially increase our exposure under a variety of federal and state tax, workers' compensation, unemployment benefits, labor, employment and tort laws, as well as our potential liability for employee benefits and tax withholdings. Any of the above increased costs would adversely affect our business and operating results.

In addition, we are involved in several class action and collective action lawsuits claiming that the third-party carriers with which we contract, or their delivery workers, should be treated as our employees, rather than independent contractors. These lawsuits may seek substantial monetary damages (including claims for unpaid wages, overtime, unreimbursed business expenses, deductions from wages and other items), injunctive relief, or both.

While we believe that our third-party carriers are properly classified as independent contractors rather than as employees, and that their delivery workers are not employees of the Company, adverse final outcomes in these matters could result in changes to their independent contractor status and could, among other things, entitle certain claimants to reimbursement of certain expenses and to the benefit of wage-and-hour laws, and result in employment and withholding taxes, back wages and benefit liability for us. These claims involve potentially significant classes that could involve thousands of claimants and, accordingly, significant potential damages and litigation costs, and could lead others to bring similar claims. Adverse final outcomes in these matters or changes to state or federal laws could cause us to change our business model, which could have a material adverse effect on our business strategies, financial condition, results of operations or cash flows.

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.

***Our business may be materially adversely affected by labor disputes or organizing efforts.***

Our business could be adversely affected by strikes and labor negotiations at seaports, labor disputes between railroads and their union employees, or by a work stoppage at one or more railroads or local trucking companies servicing rail or port terminals, including work disruptions involving owner-operators under contract with our local trucking operations. Port shutdowns and similar disruptions to major points in national or international transportation networks could result in terminal embargoes, disrupt equipment and freight flows, depress volumes and revenues, increase costs and have other negative effects on our operations and financial results.

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.

We are subject to one collective bargaining agreement that covers fewer than 20 of our employees. We have not experienced any work stoppages due to strikes by unionized workers, but we cannot make assurances that there will not be any work stoppages due to strikes or other job actions in the future. Labor unions may continue to attempt to organize our employees. Further 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.

## **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 carriers. 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 transportation 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.

***We could be affected by cyberattacks or breaches of our information systems, any of which could have a material adverse effect on our business.***

We may 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. Also, due to recent advances in technology and well-known efforts on the part of computer hackers and cyber-terrorists to breach data security of companies, we face risks associated with potential failure to adequately protect critical corporate, customer and employee data, which, if released, could adversely impact our customer relationships, our reputation, and even violate privacy laws. Recently, regulatory and enforcement focus on data protection has heightened in the United States. Failure to comply with applicable data protection regulations or other data protection standards may expose us to litigation, fines, sanctions or other penalties, which could harm our business, our reputation, results of operations and financial condition.

***A failure of our information technology infrastructure, 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, 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. Further, the delay or failure to implement information system upgrades and new systems effectively could disrupt our business, distract management's focus and attention from our business operations, and increase our implementation and operating costs, any of which could negatively impact our operations and operating results.

***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.

***Third-party security incidents could result in the loss of our or our customers' data, expose us to liability, harm our reputation, damage our competitiveness and adversely impact our financial results.***

We rely on third parties to provide us with a number of operational and technical services. These third parties may have access to our systems, provide hosting services or otherwise process data about us or our customers, employees or partners. Our ability to monitor such third parties' security measures is limited. Any security incident involving such third parties could compromise the integrity or availability of, or result in the theft of, our and our customers' data. Unauthorized access to data and other confidential or proprietary information may be obtained through break-ins, network breaches by unauthorized parties, employee theft or misuse, or other misconduct. If any of the foregoing were to occur or to be perceived to occur, our reputation may suffer, our competitive position may be diminished, we could face lawsuits, regulatory investigation, fines, and potential liability and our financial results could be negatively impacted.

#### **Risks Related to Our Credit and Liquidity**

***Challenges in the commercial and credit environment may adversely affect 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 financial health of our customers or suppliers or if there are other significantly unfavorable changes in economic conditions.

***We incurred debt obligations that could adversely affect our business and profitability and our ability to meet other obligations.***

As of December 31, 2024, we had \$374 million of outstanding debt and finance leases, consisting primarily of \$355 million of our unsecured notes, in addition to \$600 million of undrawn commitments under the unsecured, multi-currency revolving credit facility that matures in 2029 (the “Revolver”). We may also incur additional indebtedness in the future.

Our inability to generate sufficient cash flows to satisfy our debt obligations, or to refinance our indebtedness on commercially reasonable terms or at all, could materially and adversely affect our financial position and results of operations. Further, failure to comply with the covenants under our indebtedness may have a material adverse impact on our operations. If we fail to comply with any of the covenants under our debt and are unable to obtain a waiver or amendment, such failure may result in an event of default under our indebtedness. We may not have sufficient liquidity to repay or refinance our indebtedness if such indebtedness were accelerated upon an event of default.

**Risks Related to Litigation and Regulation**

***We are subject to claims arising from our transportation operations.***

We use the services of thousands of transportation companies in connection with our transportation operations. From time to time, the drivers employed and engaged by the motor carriers we contract with are involved in accidents, which may result in serious personal injuries. The resulting types and/or amounts of damages may be excluded by or exceed the amount of insurance coverage maintained by the third-party carrier. Although these drivers are not our employees and all of these drivers are employees, owner-operators, or independent contractors working for the third-party carriers, from time to time, claims may be asserted against us for their actions or for our actions in retaining them. Claims against us may exceed the amount of our insurance coverage or may not be covered by insurance at all. A material increase in the frequency or severity of accidents, liability claims or workers’ compensation claims, or unfavorable resolutions of claims 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. Our involvement in the transportation of certain goods, including but not limited to, hazardous materials, could also increase our exposure in the event one of our third-party carriers is involved in an accident resulting in injuries or contamination.

In North America, as a property freight broker, we are not legally liable for loss or damage to our customers’ cargo. In our customer contracts, we may agree to assume cargo liability up to a stated maximum. We typically do not assume cargo liability to our customers above minimum industry standards in our international freight forwarding, ocean transportation, or air freight businesses on international or domestic air shipments. Although we are not legally liable for loss or damage to our customers’ cargo while operating as a property freight broker, from time to time, claims may be asserted against us for cargo losses.

***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 independent contractor classification, labor and employment, personal injury, vehicular accidents, cargo and other property damage, commercial disputes, 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.

***Our third-party carriers are subject to increasingly stringent laws protecting the environment, including transitional risks relating to climate change, which could directly or indirectly have a material adverse effect on our business.***

Future and existing environmental regulatory requirements, including evolving transportation technology, in the United States and abroad could adversely affect operations and increase operating expenses, which in turn could increase our purchased transportation costs or further exacerbate shortages of trucking equipment. If we are unable to retain compliant third-party carriers or pass such operating expenses along to our customers, our business could be materially and adversely affected. Even without any new legislation or regulation, increased public concern regarding greenhouse gases emitted by transportation carriers could harm the reputations of companies operating in the transportation industry and shift consumer demand toward more locally sourced products and away from our services.

***We are subject to governmental regulations and political conditions, 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 United States 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, which could adversely affect our results of operations to the extent we are unable to obtain a corresponding increase in price from our customers.

Furthermore, political conditions may increase the level of intensity of regulations that impact our business, may require changes to our operating practices, may influence demand for our services, or may require us to incur significant additional costs, any of which could negatively impact our business.

### **Risks Related to Our Strategy and 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; sales representatives; brokerage agents; 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.

***Failure to successfully implement our cost and revenue initiatives could cause our future financial results to suffer.***

We are implementing various cost and revenue initiatives to further increase our profitability, including advanced pricing analytics and revenue management tools, our digital brokerage platform, our shared distribution network, cross-selling to strategic accounts, workforce productivity and further back-office optimization. If we are not able to successfully implement these cost and revenue initiatives, our future financial results may suffer.

***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 potentially 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 inability to successfully manage the costs and operational difficulties of adding new customers or more volume from existing customers 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.

***We derive a significant portion of our total revenue from our largest customers.***

Our top five customers comprised approximately 23% of our consolidated total revenue for the year ended December 31, 2024. Our largest customer comprised approximately 9.9% of our consolidated total revenue for the year ended December 31, 2024. The sudden loss of one or more major customers could materially and adversely affect our operating results.

***Damage to our reputation through unfavorable publicity or the actions of our employees or independent contractors could adversely affect our financial condition.***

Our success depends on our ability to consistently deliver operational excellence and strong customer service. Our inability to deliver our services and solutions as promised on a consistent basis, or our customers having a negative experience or otherwise becoming dissatisfied, can negatively impact our relationships with new or existing customers and adversely affect our brand and reputation, which could, in turn, adversely affect revenue and earnings growth. Adverse publicity (whether or not justified) relating to activities by our employees, contractors, agents or others with whom we do business, such as customer service mishaps or noncompliance with laws, could tarnish our reputation and reduce the value of our brand. With the increase in the use of social media outlets, adverse publicity can be disseminated quickly and broadly, making it increasingly difficult for us to effectively respond. This unfavorable publicity could also require us to allocate significant resources to rebuild our reputation.

***If we determine that our goodwill has become impaired, we may incur impairment charges, which would negatively impact our operating results.***

As of December 31, 2024, we had \$1.1 billion of goodwill on our Consolidated Balance Sheet. Goodwill represents the excess of cost over the fair value of net assets acquired in business combinations. We assess potential impairment of our goodwill annually, or more frequently if an event or circumstance indicates an impairment loss may have been incurred. Impairment may result from significant changes in the manner or use of the acquired assets, in connection with the sale, spin off or other divestiture of a business unit, negative industry or economic trends and/or significant underperformance relative to historic or projected operating results. For a discussion of our goodwill impairment testing, see “Critical Accounting Policies and Estimates—Evaluation of Goodwill” in “Management’s Discussion and Analysis of Financial Condition and Results of Operations.”

***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 acquisitions to improve our competitiveness and profitability, we cannot be certain that any 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. Any of these events could adversely affect our financial condition and results of operations.

***We may not realize all of the anticipated benefits of any divestitures we may make in the future, or the benefits of any such divestitures may take longer to realize than expected.***

We may in the future sell certain businesses or exit particular markets. Any such divestitures may not yield the targeted improvements in our business. Divestitures involve risks, including difficulties in the separation of operations, services, and personnel, disruption in our operations or businesses, finding a suitable purchaser, and the diversion of management's attention from our other businesses. Any impairments and losses on divestiture resulting from this process may cause us to record significant charges, including those related to goodwill and other intangible assets. Any charges that we are required to record or the failure to achieve the intended financial results associated with divestitures of businesses or assets could have a material adverse effect on our business, financial condition or results of operations.

#### **Risks Related to the Acquisition of Coyote**

***We may be unable to integrate Coyote successfully and realize the anticipated benefits of the Coyote acquisition.***

On September 16, 2024, we completed the acquisition of Coyote for \$1.038 billion in cash, subject to certain additional customary adjustments. The successful integration of Coyote and operations into those of our own and our ability to realize the expected synergies and benefits of the transaction are subject to a number of risks and uncertainties, many of which are outside of our control. We will also be required to devote significant management attention and resources to integrating business practices, cultures and operations of each business. The risks and uncertainties relating to integrating the two businesses include, among other things:

- the challenge of integrating complex organizations, systems, operating procedures, compliance programs, technology, networks and other assets of Coyote;
- the difficulties harmonizing differences in the business cultures of our company and Coyote;
- the difficulties of integrating Coyote's European business and operating it in a complex commercial and regulatory environment;
- the inability to successfully integrate our respective businesses in a manner that permits us to achieve the cost savings, synergies and other anticipated benefits from the Coyote acquisition;
- the inability to minimize the diversion of management attention from ongoing business concerns during the process of integrating Coyote into our businesses;
- the inability to resolve potential conflicts that may arise relating to customer, supplier and other important relationships of our business and Coyote;
- difficulties in retaining key management and other key employees; and
- the challenge of managing the expanded operations of a significantly larger and more complex company and coordinating geographically separate organizations.

We incurred substantial expenses to consummate the Coyote acquisition but may not realize the anticipated cost synergies and other benefits. In addition, even if we are able to integrate Coyote successfully, the anticipated benefits of the Coyote acquisition may not be realized fully, or at all, or may take longer to realize than expected. Given the size and significance of the Coyote acquisition, we may encounter difficulties in the integration of the operations of Coyote and may fail to realize the full benefits and synergies of the Coyote acquisition, which could adversely impact our business, results of operation and financial condition.

***Coyote may have liabilities that are not known to us.***

Coyote may have liabilities that we failed, or were unable, to discover in the course of performing our due diligence investigations. We cannot assure you that the indemnification available to us under the purchase agreement in respect of the Coyote acquisition in connection with such agreement will be sufficient in amount, scope or duration to fully offset the possible liabilities associated with the business of Coyote or property that we assumed upon consummation of the Coyote acquisition. We may learn additional information about Coyote that materially adversely affects us, such as unknown or contingent liabilities and liabilities related to compliance with applicable laws. Any such liabilities, individually or in the aggregate, could have a material adverse effect on our business, financial condition and results of operations.

***Acquisition accounting adjustments could adversely affect our financial results.***

We account for the Coyote acquisition using the acquisition method of accounting. We allocate the total estimated purchase price to net tangible assets and amortizable intangible assets, and based on their fair values as of the acquisition date record the excess, if any, of the purchase price over those fair values as goodwill. Differences between preliminary estimates and the final acquisition accounting may occur, and these differences could have a material impact on the consolidated financial statements and the combined company's future results of operations and financial position.

**Risks Related to the Separation**

***We have a limited operating history as a standalone, publicly traded company, and our historical financial information, prior to the Separation, is not necessarily representative of the results we would have achieved as a standalone, publicly traded company and may not be a reliable indicator of our future results.***

The financial information in this Annual Report refers to RXO as a public company that began regular-way trading on November 1, 2022. Prior to the Separation, we derived our combined financial statements from XPO's accounting records and presented these on a standalone basis as if RXO had been operated independently from XPO. Our historical financial information, prior to the Separation, does not necessarily reflect the financial condition, results of operations or cash flows that we will achieve as a standalone publicly traded company.

Prior to the Separation, we were able to benefit from XPO's shared economies of scope and scale in costs, employees, vendor relationships and customer relationships. Additionally, XPO performed various corporate functions for us, such as legal, treasury, accounting, human resources, investor relations, and finance. Our historical financial results, prior to the Separation, reflect allocations of corporate expenses from XPO for such functions, which may be less than the expenses we will incur as a separate, publicly traded company. In addition, our working capital requirements and capital for our general corporate purposes, including capital expenditures and acquisitions, historically were part of the corporate-wide cash management policies of XPO. Following the completion of the Separation, 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, and service debt, may be diminished 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. For these reasons, as well as the additional risks related to the Separation noted below, we may not achieve the expected benefits of the Separation.

***If the Separation, together with certain related transactions, does not qualify as a transaction that is generally tax-free for U.S. federal income tax purposes, we 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 TMA. 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.***

In connection with the Separation, XPO received an opinion of outside counsel regarding the qualification of the Separation, together with certain related transactions, as a “reorganization” within the meaning of Sections 355 and 368(a)(1)(D) of the Internal Revenue Code (the “Code”). The opinion of counsel was based upon and relies on, among other things, various facts and assumptions, as well as certain representations, statements and undertakings of XPO and RXO, including those relating to the past and future conduct of XPO and RXO. If any of these facts, assumptions, representations, statements or undertakings is, or becomes, inaccurate or incomplete, or if XPO or RXO 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 Separation 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 represents 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 Separation 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 a challenge, we, as well as XPO and XPO’s stockholders, could be subject to significant U.S. federal income tax liability.

If the Separation, together with certain related transactions, were to fail to qualify as a transaction that is 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 RXO common stock in a taxable sale for its fair market value, and XPO stockholders who receive such RXO 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.

In addition, as part of and prior to the Separation, XPO and its subsidiaries completed an internal reorganization, and XPO, RXO and their respective subsidiaries incurred 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 obtained opinions of external tax advisors regarding the tax treatment of such transactions. Such opinions are based and relied on, among other things, various facts and assumptions, as well as certain representations, statements and undertakings of XPO, RXO or their respective subsidiaries. If any of these representations or statements is, or becomes, inaccurate or incomplete, or if XPO, RXO 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 the relevant taxing authorities prevail with any challenge in respect of any relevant transaction, XPO, RXO and their subsidiaries could be subject to significant tax liabilities.

Under the TMA, we generally are 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 certain portions of the equity securities or assets of RXO, 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 RXO, or (iii) any breach of RXO's covenants or undertakings contained in the Separation and Distribution Agreement and certain other agreements and documents. Further, under the TMA, 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 Separation 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 RXO. Any such indemnity obligations could be material.

***Certain of our directors and employees may have actual or potential conflicts of interest because of their positions with or financial interests in XPO.***

Because of their current or former positions with XPO, certain of our executive officers and directors continue to own equity interests in XPO following the Separation. In addition, Mr. Jacobs serves as executive chairman of XPO while also serving as chairman of our board of directors. These factors could create, or appear to create, potential conflicts of interest to the extent that we and XPO face decisions that could have different implications for the two companies. For example, potential conflicts of interest could arise in connection with the resolution of any dispute that may arise between XPO and our company regarding the terms of the agreements governing the Separation and the relationship between the companies.

#### **Risks Related to Our Common Stock**

***Sales of shares of our common stock in connection with registration rights granted to certain stockholders, or the prospect of any such sales, could affect the market price of our common stock and could impair our ability to raise capital through future sales of equity securities.***

We have entered into a registration rights agreement (the "Registration Rights Agreement") with Jacobs Private Equity, LLC ("JPE"), an affiliate of Brad Jacobs, our chairman, as well as purchase agreements with certain significant stockholders that have granted such stockholders certain registration rights. As of December 31, 2024, JPE and the significant stockholders beneficially owned 21.6 million shares of our common stock with registration rights, which represents approximately 13.3% of our outstanding shares of common stock. Any sales in connection with the Registration Rights Agreement and such purchase agreements, or the prospect of any such sales, could adversely impact the market price of our common stock.

***Any stockholder's percentage of ownership in RXO may be diluted in the future at any given time.***

In the future, existing holders of our common stock 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 have stock-based awards that correspond to shares of our common stock after the Separation 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 under the employee benefits plan. Such awards will have a dilutive effect on the number of RXO shares outstanding, and therefore on our earnings per share, which could adversely affect the market price of our common stock.

***Certain provisions in RXO's amended and restated certificate of incorporation and bylaws, and of Delaware law, may prevent or delay an acquisition of RXO, which could decrease the trading price of our common stock.***

Our amended and restated certificate of incorporation and amended and restated bylaws 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 include:

- the ability of our remaining directors to fill vacancies on our board of directors;

## Table of Contents

- 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;
- the right of our board of directors to issue preferred stock without stockholder approval; and
- a classified board of directors, with each class serving a staggered three-year term, which could have the effect of making the replacement of incumbent directors more time consuming and difficult.

In addition, we are 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 RXO 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 RXO and our stockholders. These provisions may also prevent or discourage attempts to remove and replace incumbent directors.

***RXO's amended and restated certificate of incorporation contains an exclusive forum provision that may discourage lawsuits against RXO and our directors and officers.***

Our amended and restated certificate of incorporation provides 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 RXO, any action asserting a claim for or based on a breach of a fiduciary duty owed by any current or former director or officer or other employee or stockholder of RXO in such capacity to RXO or to RXO stockholders, including a claim alleging the aiding and abetting of such a breach of fiduciary duty, any action asserting a claim against RXO or any current or former director or officer or other employee or stockholder of RXO in such capacity 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 RXO 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 provides 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. Section 27 of the Exchange Act creates exclusive federal jurisdiction over all suits brought to enforce any duty of liability created by the Exchange Act or the rules and regulations thereunder, and as a result, the exclusive forum provision does not apply to actions arising under the Exchange Act or the rules and regulations thereunder. 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 described above. 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 RXO or our directors or officers, which may discourage such lawsuits against RXO 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.

## ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

## ITEM 1C. CYBERSECURITY

Our information security program is managed by our Chief Information Officer (“CIO”) and Chief Information Security Officer (“CISO”), who are responsible for assessing, monitoring and managing our cybersecurity risks. Our CIO has over 30 years of experience in the technology field, and our CISO has over 20 years of experience in the technology and cybersecurity fields, including over 10 years of experience as a CISO or Head of Information Security for various organizations.

Our cybersecurity risk management and identification has been integrated into our broader enterprise risk management framework which is regularly reported on to the Audit Committee of our Board of Directors. Additionally, our CIO and CISO provide periodic reports to our Board of Directors, as well as to our Chief Executive Officer and other members of our senior management as appropriate. These reports include updates on our cybersecurity risks and threats, the status of activities to strengthen our information security systems, assessments of the information security program, and the emerging threat landscape.

We also engage with various external experts, including cybersecurity assessors and consultants, to conduct cybersecurity program and threat assessments and to advise management on ways to enhance our cybersecurity program as part of our continuing efforts to evaluate the effectiveness of our information security program. We utilize certain third-party service providers to perform a variety of functions to operate our business and we seek to engage reliable, reputable service providers that maintain cybersecurity programs. Depending on the nature of the services provided, the sensitivity of the information, and the identity of the service provider, our vendor management process may include reviewing the cybersecurity practices of such provider, contractually imposing obligations on the provider, and conducting security assessments.

While we have not experienced a cybersecurity incident that has materially affected our business, results of operations or financial condition, see the risk factor entitled “We could be affected by cyberattacks or breaches of our information systems, any of which could have a material adverse effect on our business” in [Item 1A — Risk Factors](#) for information about the cybersecurity risks we face.

## ITEM 2. PROPERTIES

As of December 31, 2024, we operated 198 principal locations, primarily located in North America, including 21 locations owned or leased by our customers.

Location	Leased Facilities	Owned Facilities	Customer Facilities <sup>(1)</sup>	Total
North America	154	2	21	177
Asia	8	—	—	8
Europe	7	—	—	7
Corporate	6	—	—	6
<b>Total</b>	<b>175</b>	<b>2</b>	<b>21</b>	<b>198</b>

<sup>(1)</sup> Locations owned or leased by customers.

We lease our current executive office located in Charlotte, North Carolina. We believe that our facilities are sufficient for our current needs.

## ITEM 3. LEGAL PROCEEDINGS

Information with respect to certain legal proceedings is included in [Note 17 — Commitments and Contingencies](#) to our consolidated financial statements (included in Part II, Item 8 of this Annual Report) and is incorporated herein by reference. For an additional discussion of certain risks associated with legal proceedings, see “Risk Factors” above.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

**PART II**

**ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

**Market Information**

On November 1, 2022, our common stock began regular-way trading on the New York Stock Exchange (“NYSE”) under the ticker symbol “RXO.” As of February 24, 2025, there were approximately 98 registered holders of our common stock.

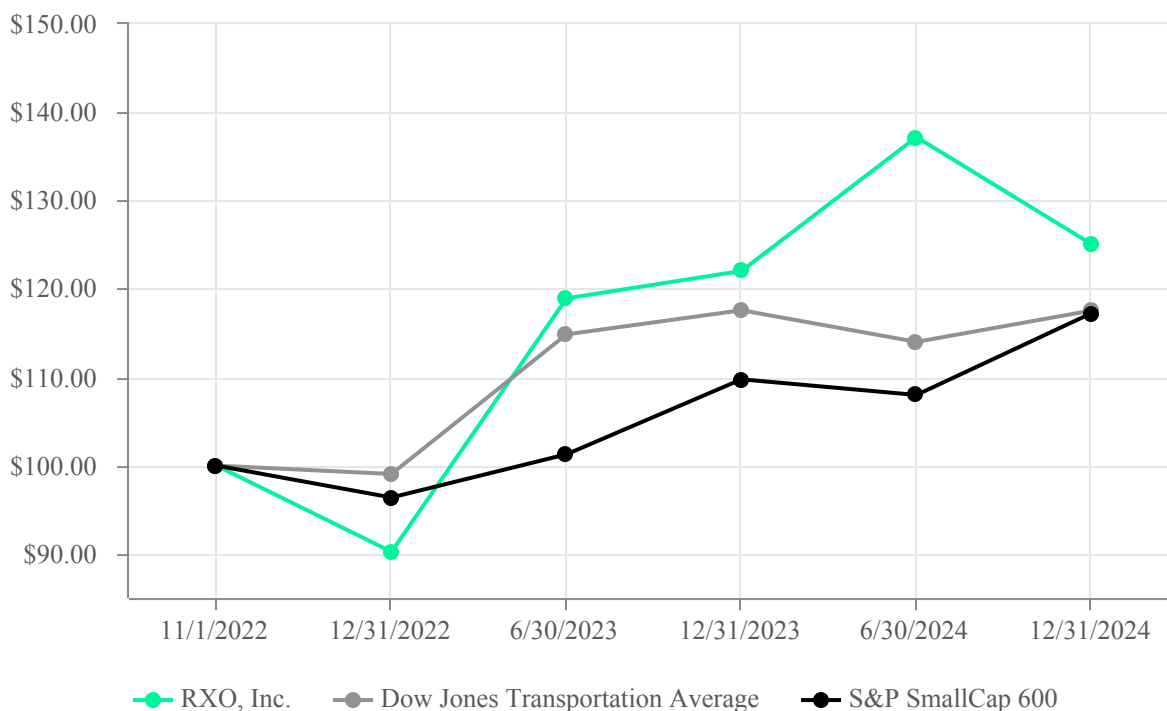
**Dividends**

We have never declared or paid cash dividends on our common stock. Any determination to pay dividends on our common stock will be at the discretion of our board of directors, subject to applicable laws, and will depend on our financial condition, results of operations, capital requirements, general business conditions and other factors that our board of directors considers relevant.

**Stock Performance Graph**

The following graph sets forth the cumulative total stockholder return to RXO’s stockholders for the period beginning November 1, 2022, the date of the Separation, through December 31, 2024, as well as the corresponding returns on the Dow Jones Transportation Average and S&P SmallCap 600 index.

The stock performance assumes \$100 was invested on November 1, 2022, in our common stock and each index, including reinvestment of dividends through December 31, 2024.



## Table of Contents

	<u>11/1/2022</u>	<u>12/31/2022</u>	<u>6/30/2023</u>	<u>12/31/2023</u>	<u>6/30/2024</u>	<u>12/31/2024</u>
RXO, Inc.	\$ 100.00	\$ 90.24	\$ 118.94	\$ 122.04	\$ 137.20	\$ 125.08
Dow Jones Transportation Average	\$ 100.00	\$ 99.05	\$ 114.86	\$ 117.59	\$ 114.01	\$ 117.56
S&P SmallCap 600	\$ 100.00	\$ 96.39	\$ 101.28	\$ 109.77	\$ 108.00	\$ 117.26

### **Unregistered Sales of Equity Securities and Use of Proceeds**

None.

### **ITEM 6. [RESERVED]**

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

*The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes included elsewhere in this Annual Report. This Annual Report contains certain forward-looking statements that are intended to be covered by the safe harbors created by the Private Securities Litigation Reform Act of 1995. Please see "Cautionary Statement Regarding Forward-Looking Statements" and "Risk Factors" for a discussion of the uncertainties, risks and assumptions associated with these statements.*

*This section of this Annual Report generally discusses 2024 and 2023 items and year-to-year comparisons between 2024 and 2023. Discussions of 2022 items and year-to-year comparisons between 2023 and 2022 are not included in this Annual Report and can be found in Part II, Item 7, "[Management's Discussion and Analysis of Financial Condition and Results of Operations](#)" in our Annual Report on Form 10-K for the year ended December 31, 2023.*

### Overview

RXO, Inc. is a brokered transportation platform defined by cutting-edge technology and an asset-light business model. The largest component is our core truck brokerage business. Our operations also include asset-light managed transportation and last mile services, which complement our truck brokerage business.

Our truck brokerage business has a history of generating robust free cash flow conversion and a high return on invested capital. Shippers create demand for our service, and we place their freight with qualified independent carriers using our technology. We price our service on either a contract or a spot basis.

Notable factors that enable volume growth in our business include our ability to access massive truckload capacity for shippers through our carrier relationships; our proprietary, cutting-edge technology; our strong management expertise; and favorable long-term industry tailwinds.

We provide our customers with highly efficient access to capacity through our digital brokerage technology. This proprietary platform is a major differentiator for our truck brokerage business, and together with our pricing technology, we believe it can unlock incremental profitable growth. Our complementary services for managed transportation and last mile also utilize our digital brokerage technology.

Our managed transportation service provides asset-light solutions for shippers who outsource their freight transportation to gain reliability, visibility and cost savings. The service uses proprietary technology to enhance our revenue synergy, with cross-selling to truck brokerage and last mile. Our managed transportation offering includes bespoke load planning and procurement, complex solutions tailored to specific challenges, performance monitoring, engineering and data analytics, among other services. Our control tower solution leverages the expertise of a dedicated team focused on continuous improvement, and digital, door-to-door visibility into order status and freight in transit. In addition, we offer technology-enabled managed expedite services that automate transportation procurement for time-critical freight moved by road and air charter carriers. We also offer freight forwarding services, including facilitation of ocean and air transportation, customs brokerage and additional domestic services.

Our last mile offering is an asset-light service that facilitates consumer deliveries performed by highly qualified third-party contractors. We are the largest provider of outsourced last mile transportation for heavy goods in the United States, positioned within 125 miles of the vast majority of the U.S. population and serving a customer base of omnichannel and e-commerce retailers and direct-to-consumer manufacturers.

### The Separation

On November 1, 2022, we completed the separation from XPO, which we refer to as the Separation. The Separation was accomplished by the distribution of 100 percent of the outstanding common stock of RXO to XPO stockholders as of the close of business on October 20, 2022, the record date for the distribution. XPO stockholders received one share of RXO common stock for every share of XPO common stock held at the close of business on the record date. On November 1, 2022, RXO became a standalone publicly-traded company.

## **The Coyote Acquisition**

On the acquisition date, the Company acquired Coyote from UPS and certain subsidiaries of UPS. We acquired Coyote for \$1.038 billion in cash, subject to certain additional customary adjustments. The purchase price was subsequently increased by \$10 million for working capital and other post-closing adjustments totaling \$10 million, which was paid in the first quarter of 2025. Refer to [Note 3 — Acquisition](#) to the consolidated financial statements in this Annual Report on Form 10-K for disclosures regarding the Company’s acquisition of Coyote.

## **Notable External Conditions**

As a leading provider of freight transportation services, our business can be impacted to varying degrees by factors beyond our control. The impact of macroeconomic conditions, including but not limited to, prolonged inflation, higher interest rates and capital costs, exchange rate volatility, increased shipping costs, labor disputes, reduced discretionary consuming spending, increased tariffs and international conflicts, could negatively impact our financial results. We continue to monitor the evolving macroeconomic environment and the impact to our business. For further discussion of potential impacts of these macroeconomic effects on our business, refer to [Item 1A — Risk Factors](#).

## **Impact of Inflation**

Economic inflation can have a negative impact on our operating costs, and any economic recession could depress activity levels and adversely affect our results of operations. A prolonged period of inflation could cause interest rates, fuel, wages and other costs to continue to increase, which would adversely affect our results of operations unless our pricing to our customers correspondingly increases. Generally, inflationary increases in labor and operating costs related to our operations have historically been offset through price increases. However, the pricing environment generally becomes more competitive during economic downturns, which may, as it has in the past, affect our ability to obtain price increases from customers both during and following such periods.

## **Basis of Presentation**

Prior to the Separation, the Company’s financial statements were prepared on a standalone combined basis and were derived from the consolidated financial statements and accounting records of XPO (the “historical financial statements”). On November 1, 2022, the Company became a standalone publicly traded company, and its financial statements post-Separation are prepared on a consolidated basis. The combined financial statements for all periods presented prior to the Separation are now also referred to as “consolidated financial statements,” and have been prepared under the U.S. generally accepted accounting principles (“GAAP”).

Cost of transportation and services (exclusive of depreciation and amortization) primarily includes the cost of providing or procuring freight transportation for RXO customers.

Direct operating expenses (exclusive of depreciation and amortization) includes both fixed and variable expenses and consists mainly of personnel costs; facility and equipment expenses, such as rent, utilities, equipment maintenance and repair; costs of materials and supplies; information technology expenses; and gains and losses on sales of property and equipment.

Sales, general and administrative expense (“SG&A”), including the allocated costs of XPO prior to the Separation, primarily consists of salaries and commissions for the sales function; salary and benefit costs for executive and certain administration functions; third-party professional fees; facility costs; bad debt expense; and legal costs.

## Table of Contents

Prior to the Separation, the historical results of operations included allocations of XPO costs and expenses including XPO's corporate function which incurred 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. An allocation of these expenses is included to burden all business units comprising XPO's historical results of operations, including RXO. The charges reflected have either been specifically identified or allocated using drivers including proportionally adjusted earnings before interest, taxes, depreciation and amortization, which includes adjustments for transaction and integration costs, as well as restructuring costs and other adjustments, or headcount. The Company believes the assumptions regarding allocations of XPO corporate expenses are reasonable. Nevertheless, the consolidated financial statements may not reflect the results of operations, cash flows and financial position had the Company been a standalone entity during the periods presented. The majority of these allocated costs are recorded within SG&A; Depreciation and amortization expense; Transaction and integration costs; and Restructuring costs in the Consolidated Statements of Operations. All charges and allocations for facilities, functions and services performed by XPO organizations have been deemed settled in cash by RXO to XPO in the year in which the cost was recorded in the Consolidated Statements of Operations.

For the periods ended before the Separation, XPO investment represents XPO's historical investment in RXO and includes the net effects of transactions with and allocations from XPO as well as RXO's accumulated earnings. Certain transactions between RXO and XPO, including XPO's non-RXO subsidiaries, have been included in these consolidated 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 Consolidated Statements of Cash Flows as a financing activity and in the Consolidated Statements of Changes in Equity as XPO investment. The components of the net transfers to and from XPO include certain costs allocated from XPO's corporate functions, income tax expense, certain cash receipts and payments made on behalf of RXO and general financing activities.

For the periods ended before the Separation, the Company was a member of the XPO consolidated group, and its U.S. taxable income was included in XPO's consolidated U.S. federal income tax return as well as in the tax returns filed by XPO with certain state and local taxing jurisdictions. For the periods ended after the Separation, the Company will file a consolidated U.S. federal income tax return as well as certain state and local income tax returns.

The Company's consolidated financial statements include the accounts of RXO, Inc. and its majority-owned subsidiaries. The Company has eliminated intercompany accounts and transactions.

RXO has one reportable segment.

**Results of Operations**

<i>(Dollars in millions)</i>	Years Ended December 31,			Percent of Revenue		
	2024	2023	2022	2024	2023	2022
<b>Revenue</b>	\$ 4,550	\$ 3,927	\$ 4,796	100.0 %	100.0 %	100.0 %
Cost of transportation and services (exclusive of depreciation and amortization)	3,565	2,967	3,624	78.4 %	75.6 %	75.6 %
Direct operating expense (exclusive of depreciation and amortization)	202	235	226	4.4 %	6.0 %	4.7 %
Sales, general and administrative expense	666	591	640	14.6 %	15.0 %	13.3 %
Depreciation and amortization expense	87	67	86	1.9 %	1.7 %	1.8 %
Transaction and integration costs	53	12	84	1.2 %	0.3 %	1.8 %
Restructuring costs	33	16	13	0.7 %	0.4 %	0.3 %
<b>Operating income (loss)</b>	(56)	39	123	(1.2)%	1.0 %	2.6 %
Other expense	218	3	—	4.8 %	0.1 %	— %
Interest expense, net	30	32	4	0.7 %	0.8 %	0.1 %
<b>Income (loss) before income taxes</b>	(304)	4	119	(6.7)%	0.1 %	2.5 %
Income tax provision (benefit)	(14)	—	27	(0.3)%	— %	0.6 %
<b>Net income (loss)</b>	\$ (290)	\$ 4	\$ 92	(6.4)%	0.1 %	1.9 %

***Year Ended December 31, 2024 Compared with Year Ended December 31, 2023***

Revenue increased by 15.9% to \$4.6 billion in 2024, compared with \$3.9 billion in 2023. The year-over-year increase in revenue was driven primarily by a \$796 million increase in revenue as a result of the Coyote acquisition in our truck brokerage business. This was partially offset by (i) a \$125 million decrease in legacy RXO truck brokerage revenue, driven primarily by a 7% decrease in revenue per load, which was impacted by a combination of fuel prices, freight mix and transportation market rates, partially offset by a 1% increase in legacy RXO load volume and (ii) a \$90 million decrease in revenue in our managed transportation business, driven primarily by a decrease in ocean and expedite air rates and volume.

Cost of transportation and services (exclusive of depreciation and amortization) in 2024 was \$3.6 billion, or 78.4% of revenue, compared with \$3.0 billion, or 75.6% of revenue in 2023. The year-over-year increase as a percentage of revenue in 2024 was driven primarily by (i) a 1.6 percentage point increase in truck brokerage cost of transportation and services as a percentage of revenue, as lower freight rates were not fully offset by corresponding reductions in cost of purchased transportation, and (ii) a 0.5 percentage point increase in last mile cost of transportation and services as a percentage of revenue as a result of freight mix changes.

Direct operating expense (exclusive of depreciation and amortization) of \$202 million in 2024 decreased \$33 million, or 14.0%, compared with \$235 million in 2023. As a percentage of revenue, direct operating expense (exclusive of depreciation and amortization) decreased to 4.4% in 2024 compared to 6.0% in 2023 due to cost reduction initiatives.

SG&A of \$666 million in 2024 increased \$75 million, or 12.7%, from \$591 million in 2023, primarily due to the Coyote acquisition. As a percentage of revenue, SG&A decreased to 14.6% in 2024 compared with 15.0% in 2023 driven primarily by cost savings from restructuring actions executed in 2024.

Depreciation and amortization expense in 2024 was \$87 million, compared with \$67 million in 2023. Depreciation and amortization expense for 2024 included \$19 million as a result of the Coyote acquisition.

Transaction and integration costs in 2024 and 2023 were \$53 million and \$12 million, respectively. Transaction and integration costs for 2024 included \$49 million as a result of the Coyote acquisition. Transaction and integration costs for 2023 primarily comprised spin-off related costs.

Restructuring costs in 2024 and 2023 were \$33 million and \$16 million, respectively, and primarily comprised severance and operating lease impairment costs.

Other expense in 2024 includes a one-time charge of \$216 million representing a deemed non-pro rata distribution in connection with the private placement common stock issuance completed in August 2024, based on the difference between the issuance price and the closing market price of common stock on August 12, 2024, the effective date of the private placement.

Our effective income tax rates were 4.6% and (13.0)% for 2024 and 2023, respectively. Our effective tax rate for 2024 differs from the U.S. corporate income tax rate of 21% primarily due to the effect of large non-deductible tax items associated with the Coyote acquisition and related common stock issuances. Our effective tax rate for 2023 differs from the U.S. corporate income tax rate of 21% primarily due to a discrete tax benefit of \$2 million from changes in reserves for uncertain tax positions.

## **Liquidity and Capital Resources**

### ***Overview***

Our ability to fund our operations and anticipated capital needs are reliant upon the generation of cash from operations, supplemented as necessary by utilization of our revolving credit facilities. Our principal uses of cash in the future will be primarily to fund our operations, working capital needs, capital expenditures, repayment of borrowings, share repurchases and strategic business development transactions. The timing and magnitude of our growth and working capital needs can vary and may positively or negatively impact our cash flows.

We continually evaluate our liquidity requirements and capital structure 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 and thereafter, for the foreseeable future.

### ***Capital Expenditures***

Our 2024 capital expenditures include capital associated with strategic investments in technology, equipment and real estate. The level and the timing of the Company's capital expenditures within these categories can vary as a result of a variety of factors outside of our control, such as the timing of new contracts and availability of labor and equipment. We believe that we have significant discretion over the amount and timing of our capital expenditures as we are not subject to any agreement that would require significant capital expenditures on a designated schedule or upon the occurrence of designated events.

## **Debt and Financing Arrangements**

### ***Revolving Credit Facilities***

On October 18, 2022, we entered into a five-year, \$500 million, unsecured, multi-currency revolving credit facility (the "Revolver") with \$50 million available for the issuance of letters of credit. Loans under the Revolver bear interest at a fluctuating rate plus an applicable margin based on the Company's credit ratings. There were no amounts outstanding under the Revolver as of December 31, 2024.

On November 2, 2023, the Company exercised a feature to increase the total commitments under its Revolver from \$500 million to \$600 million.

## [Table of Contents](#)

The Revolver requires the Company to maintain a minimum interest coverage ratio of not less than 3.00:1.00. On August 8, 2024, the Company and lenders entered into an amendment, which, following the completion of the Coyote acquisition on September 16, 2024, increased the Company's maximum consolidated leverage ratio to not greater than 4.50:1.00. This amendment also extended the Revolver maturity date to September 16, 2029, subject to a springing earlier maturity date based on outstanding borrowings under the Company's existing notes. Refer to [Note 10 — Debt](#) to the consolidated financial statements for additional information.

We also have a non-U.S. revolving credit facility with a maximum commitment of approximately \$14 million. This facility has a one-year term and we had \$14 million outstanding as of December 31, 2024 classified as short-term debt.

### *Notes*

On October 25, 2022, we completed an offering of \$355 million in aggregate principal amount of unsecured notes (the "Notes" or the "7.50% Notes due 2027"). The Notes bear interest at a rate of 7.50% per annum payable semiannually in cash in arrears on May 15 and November 15 of each year, beginning May 15, 2023, and mature on November 15, 2027, unless earlier repurchased or redeemed. RXO is permitted to redeem some or all of the Notes prior to their maturity at redemption prices described in the indenture governing the Notes. The Notes were issued at a price of 98.962% of par. Refer to [Note 10 — Debt](#) to the consolidated financial statements for additional information.

### *Loan Covenants and Compliance*

As of December 31, 2024, we were in compliance with the covenants and other provisions of our debt agreements. Any failure to comply with any material provision or covenant of these agreements could have a material adverse effect on our liquidity and operations.

### *Equity Offering*

During 2024, the Company completed both a private placement and public offering of its common stock. Total proceeds from these offerings, net of related issuance costs, of approximately \$1.1 billion were used to fund the acquisition of Coyote on September 16, 2024. Refer to [Note 13 — Stockholders' Equity](#) to the consolidated financial statements for additional information.

### **Financial Condition**

The following table summarizes our asset and liability balances as of December 31, 2024 and 2023:

<i>(In millions)</i>	December 31,		\$ Change	% Change
	2024	2023		
Total current assets	\$ 1,339	\$ 796	\$ 543	68.2 %
Total long-term assets	2,075	1,029	1,046	101.7 %
Total current liabilities	1,065	682	383	56.2 %
Total long-term liabilities	737	549	188	34.2 %

Total assets and liabilities increased from December 31, 2023 to December 31, 2024, primarily due to the acquisition of Coyote. Refer to [Note 3 — Acquisition](#) for additional information related to assets acquired and liabilities assumed.

## Cash Flow Activity

Our cash flows from operating, investing and financing activities are summarized as follows:

<i>(In millions)</i>	Years Ended December 31,		
	2024	2023	\$ Change
Net cash provided by (used in) operating activities	\$ (12)	\$ 89	\$ (101)
Net cash used in investing activities	(1,064)	(66)	(998)
Net cash provided by (used in) financing activities	1,108	(117)	1,225
Effect of exchange rates on cash, cash equivalents and restricted cash	(2)	1	(3)
Net increase (decrease) in cash, cash equivalents and restricted cash	<u>\$ 30</u>	<u>\$ (93)</u>	<u>\$ 123</u>

Net cash used in operating activities for 2024 decreased by \$101 million compared with 2023. The decrease in cash provided by operating activities was due primarily to the decrease in net income between periods and changes in working capital. The \$294 million decrease in net income was driven primarily by higher non-cash adjustments including a \$216 million deemed non-pro rata distribution and increased depreciation and amortization expense related to the Coyote acquisition.

Investing activities used \$1,064 million of cash in 2024 compared with \$66 million of cash used in 2023. The primary uses of cash in 2024 were (i) \$1,019 million for the acquisition of Coyote, net of cash acquired, and (ii) \$45 million to purchase property and equipment. The primary use of cash in 2023 was to purchase property and equipment.

Financing activities provided \$1,108 million of cash in 2024 compared with using \$117 million of cash in 2023. The primary source of cash from financing activities in 2024 was \$1,095 million in net proceeds from the issuance of common stock. The primary uses of cash from financing activities in 2023 were (i) \$104 million for debt and finance lease repayments, driven primarily by the payoff of the \$100 million term loan facility and (ii) \$14 million for payments of tax withholdings related to vesting of stock compensation awards.

## Contractual Obligations

We lease certain facilities and equipment under non-cancellable operating and finance lease arrangements. As of December 31, 2024, our outstanding discounted obligations under operating and finance leases were \$296 million and \$4 million, respectively. See [Note 8 — Leases](#) to the consolidated financial statements for additional information.

As of December 31, 2024, we had \$355 million of the Notes outstanding with interest payable semiannually in cash in arrears on May 15 and November 15 of each year, beginning May 15, 2023. The Notes mature on November 15, 2027, unless earlier repurchased or redeemed, if applicable.

As of December 31, 2024, we had no amounts outstanding under the Revolver. Interest on any outstanding borrowings is payable monthly or quarterly, depending on RXO's upfront election. Borrowings under the Revolver are payable, at our option, at any time prior to or at maturity on September 16, 2029. We also have a non-U.S. revolving credit facility with a maximum commitment of approximately \$14 million. This facility has a one-year term and we had \$14 million outstanding as of December 31, 2024 classified as short-term debt. See [Note 10 — Debt](#) to the consolidated financial statements for additional information.

In addition, we have obligations for agreements to purchase goods or services entered into in the ordinary course of business that are enforceable and legally binding.

## **Critical Accounting Policies and Estimates**

We prepare our consolidated financial statements in accordance with GAAP. A summary of our significant accounting policies is contained in [Note 2 — Basis of Presentation and Significant Accounting Policies](#) to our consolidated financial statements. 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.

### ***Business Combinations***

We apply the acquisition method of accounting with respect to the identifiable assets and liabilities of a business combination and record the assets acquired and liabilities assumed at their estimated fair values as of the acquisition date. The excess of the cost of the acquired business and the fair value of the assets acquired and liabilities assumed is recognized as goodwill. During the measurement period, which is up to one year from the acquisition date, we may adjust provisional amounts that were recognized at the acquisition date to reflect new information obtained about facts and circumstances that existed as of the acquisition date.

Determining the fair value of assets acquired and liabilities assumed requires our management to make significant estimates and assumptions for intangible assets, contract obligations assumed, and pre-acquisition contingencies, where applicable. Although we believe the assumptions and estimates we have made in the past are reasonable and appropriate, they are based, in part, on historical experience and information obtained from the management of the acquired companies and are inherently uncertain. The assistance of an independent third-party valuation firm was used to determine the estimated fair values and useful lives of finite-lived intangible assets including customer relationships and trademarks. Valuation methods used were based on income-based approaches including the excess earnings method and relief-from-royalty method for customer relationships and trademarks, respectively. Critical estimates and assumptions used in valuing certain acquired intangible assets include projected revenues, projected expenses, customer retention rate, contributory asset charges, and discount rate for the customer relationships; and projected revenues, trademark phase-out projection, trademark royalty rate, and discount rate for the trademarks. Unanticipated events and circumstances may occur which could affect the accuracy or validity of such assumptions, estimates or actual results.

### ***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. Our reporting units are our operating segments or one level below our operating segments for which discrete financial information is prepared and regularly reviewed by segment management. We have six reporting units. Application of the goodwill impairment test requires judgment, including the identification of the reporting units, the assignment of assets and liabilities to the reporting units, the assignment of goodwill to the reporting units, and a determination of the fair value of the reporting units.

For our 2024 goodwill assessment, we performed a quantitative analysis for our reporting units using a combination of the income and market approaches. As of November 30, 2024, we completed our annual impairment tests for goodwill with all of our reporting units having fair values in excess of their carrying values, resulting in no impairment of goodwill.

A quantitative goodwill impairment test, when performed, includes estimating the fair value of a reporting unit using an income approach and/or a market-based approach. The income approach of determining fair value is based on the present value of estimated future cash flows, which requires us to make various judgmental assumptions, including assumptions about the timing and amount of future cash flows, growth rates and discount rates. 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 our 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 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.

### ***Insurance***

We participate in a combination of self-insurance programs and purchased insurance that are managed to provide for the costs of medical, casualty, liability, vehicular, cargo, workers' compensation, cyber risk and property claims. Insurance coverage levels are adjusted annually 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 retention levels, historical cost experience, demographic and severity factors, and judgments about current and expected levels of cost per claim. Additionally, claims may emerge in future years for events that occurred in a prior year at a rate that differs from previous actuarial projections. Changes in these assumptions can impact actual costs paid to settle the claims and those amounts may be different than estimates.

### ***New Accounting Standards***

Information related to new accounting standards is included in [Note 2 — Basis of Presentation and Significant Accounting Policies](#).

## **ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

We are exposed to market risk related to changes in foreign currency exchange rates, commodity prices, interest rates and the price of diesel fuel purchased for use by third-party carriers who perform the physical freight movements we arrange. We include fuel price adjustment clauses or cost-recovery mechanisms in many of our customer contracts, enabling us to pass on to these customers substantially all of the fluctuations in the price of diesel fuel, except for short-term economic fluctuations, in the price for our services. Therefore, a hypothetical 10% change in the price of diesel fuel would not be expected to materially affect our financial performance.

Our long-term debt consists of both fixed-rate and variable-rate instruments, which exposes us to interest rate risk. A 1% increase or decrease in the interest rate on borrowings under variable-rate debt would not have a material impact on our annual interest expense.

Additionally, a portion of our net assets and income are in non-U.S. dollar currencies and, as such, we are exposed to currency risk from potential changes in the functional currency values of our foreign currency denominated assets, liabilities and cash flows. We believe that this foreign currency exchange rate risk will not have a material impact on our financial results.

**ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

**Index to Consolidated Financial Statements**

	<b>Page</b>
<a href="#">Report of Independent Registered Public Accounting Firm (PCAOB ID 34)</a>	<a href="#">40</a>
<a href="#">Report of Independent Registered Public Accounting Firm (PCAOB ID 185)</a>	<a href="#">45</a>
<a href="#">Consolidated Balance Sheets as of December 31, 2024 and 2023</a>	<a href="#">46</a>
<a href="#">Consolidated Statements of Operations for the Years Ended December 31, 2024, 2023 and 2022</a>	<a href="#">47</a>
<a href="#">Consolidated Statements of Comprehensive Income (Loss) for the Years Ended December 31, 2024, 2023 and 2022</a>	<a href="#">48</a>
<a href="#">Consolidated Statements of Cash Flows for the Years Ended December 31, 2024, 2023 and 2022</a>	<a href="#">49</a>
<a href="#">Consolidated Statements of Changes in Equity for the Years Ended December 31, 2024, 2023 and 2022</a>	<a href="#">50</a>
<a href="#">Notes to Consolidated Financial Statements</a>	<a href="#">51</a>

## **Report of Independent Registered Public Accounting Firm**

To the shareholders and the Board of Directors of RXO, Inc.

### **Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheet of RXO, Inc. and subsidiaries (the "Company") as of December 31, 2024, the related consolidated statements of operations, comprehensive income (loss), cash flows, and changes in equity, for the year ended December 31, 2024, and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024, and the results of its operations and its cash flows the year ended December 31, 2024, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2024, based on criteria established in Internal Control — Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 26, 2025, expressed an unqualified opinion on the Company's internal control over financial reporting.

### **Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the 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 audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the 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 financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

### **Critical Audit Matters**

The critical audit matters communicated below are matters arising from the current-period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing separate opinions on the critical audit matters or on the accounts or disclosures to which they relate.

#### **Acquisition — Coyote Logistics — Customer Relationships — Refer to Note 3 to the financial statements**

##### *Critical Audit Matter Description*

On September 16, 2024, the Company acquired Coyote for an aggregate purchase price of \$1.048 billion. The Company accounts for acquired businesses using the acquisition method of accounting by recording assets and liabilities acquired at their respective fair values. Related to the acquisition, the Company recorded intangible assets related to customer relationships. The determination of the acquisition date fair value of the customer relationship intangible assets required the Company to make significant estimates and assumptions regarding estimated future

revenues, estimated future earnings before interest, taxes, depreciation and amortization (“estimated future EBITDA”), and discount rate.

We identified the fair value of an acquired customer relationship intangible asset as a critical audit matter because of the significant estimates and assumptions management makes to fair value these assets. This required a high degree of auditor judgment and an increased extent of effort, including the need to involve our fair value specialists, when performing audit procedures to evaluate the reasonableness of management's forecast of future revenue and EBITDA and the selection of the discount rate for the customer relationships.

*How the Critical Audit Matter Was Addressed in the Audit*

Our audit procedures related to the Company’s forecasted revenue and EBITDA and the selection of the discount rate included the following, among others:

- We tested the design and operating effectiveness of controls over management’s purchase price allocation procedures, including controls over forecasts of revenue growth rates, EBITDA margins and the determination of the discount rate.
- We evaluated the reasonableness of management’s forecasts by comparing the forecasts to:
  - Historical results
  - Third-party economic research, industry performance, and peer company performance
- With the assistance of our fair value specialists, we evaluated the reasonableness of the valuation methodology and the discount rate by performing certain procedures, that included:
  - Evaluating whether the fair value models being used are appropriate considering the acquired entity’s circumstances and valuation methodology employed
  - Testing the underlying source information and mathematical accuracy of the calculations
  - Evaluating the discount rate, including testing the underlying market-based source information and the mathematical accuracy of the calculations, and developing a range of independent valuation assumptions and comparing those to the discount rate selected by management

**Self-insurance Liabilities – Refer to Note 2 to the financial statements**

*Critical Audit Matter Description*

The Company participates in a combination of self-insurance programs and purchased insurance that are managed to provide for the costs of liability, vehicular, and workers compensation (self-insured claims). The Company records estimates of the undiscounted liabilities associated with claims incurred as of the balance sheet date, including estimates of claims incurred, but not yet reported, by considering historical experience, demographic, and severity factors, and judgments about current and expected levels of cost per claim and retention levels.

We identified the assessment of the estimated liabilities for self-insured claims as a critical audit matter. The subjectivity of estimating the claims accruals for pending claims and incurred but not reported claims requires a high degree of auditor judgment and an increased extent of effort, including the need to involve our actuarial specialists, when performing audit procedures to evaluate whether claims accruals are appropriately stated as of December 31, 2024.

*How the Critical Audit Matter Was Addressed in the Audit*

Our audit procedures related to the self-insured claims accrual included the following, among others:

- Evaluated the design and tested the operating effectiveness of certain internal controls related to the self-insured claims accruals, including controls over the projected development of known claims and incurred but not reported claims.
- Tested the underlying data and inputs for completeness and accuracy that served as the basis for the actuarial analysis, including reconciling the claims data to the Company's actuarial analysis and testing current year claims and payment data.
- Evaluated assumptions used in determining the liability, including expected level of cost per claim, in relation to recent historical loss payment trends and severity factors.
- With the assistance of our actuarial specialists, we developed an independent range of estimates of the claims accruals, utilizing loss development factors from the Company's historical data and industry claim development factors, and compared our estimated range to management's recorded reserve.
- Evaluating the reasonableness of the methodologies used in management's estimate based on actuarial methods followed in the insurance industry associated with such liabilities.

/s/ Deloitte & Touche LLP

Charlotte, North Carolina  
February 26, 2025

We have served as the Company's auditor since 2024.

## Report of Independent Registered Public Accounting Firm

To the shareholders and the Board of Directors of RXO, Inc.

### Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of RXO, Inc. and subsidiaries (the "Company") as of December 31, 2024, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2024, of the Company and our report dated February 26, 2025, expressed an unqualified opinion on those financial statements

As described in Management's Annual Report on Internal Control over Financial Reporting, management has excluded Coyote from its assessment of internal control over financial reporting as of December 31, 2024, because it was acquired by the Company in a business combination purchase during the year ended December 31, 2024. We have also excluded Coyote from our audit of internal control over financial reporting. Coyote is a wholly owned subsidiary whose total assets (excluding goodwill and intangibles, which were included in management's assessment of internal control over financial reporting as of December 31, 2024) and total revenues excluded from management's assessment and our audit of internal control over financial reporting represent approximately 36% and 17%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2024.

### Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the 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 audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

### Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable

## Table of Contents

assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Deloitte & Touche LLP

Charlotte, North Carolina  
February 26, 2025

We have served as the Company's auditor since 2024.

**Report of Independent Registered Public Accounting Firm**

To the Stockholders and Board of Directors  
RXO, Inc.:

*Opinion on the Consolidated Financial Statements*

We have audited the accompanying consolidated balance sheet of RXO, Inc. and subsidiaries (the Company) as of December 31, 2023, the related consolidated statements of operations, comprehensive income (loss), cash flows, and changes in equity for each of the years in the two-year period ended December 31, 2023, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023, and the results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2023, in conformity with U.S. generally accepted accounting principles.

*Basis for Opinion*

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ KPMG LLP

We served as the Company's auditor from 2022 to 2023.

Charlotte, North Carolina  
February 12, 2024, except for Note 4, as to which the date is February 26, 2025

**RXO, Inc.**  
**Consolidated Balance Sheets**

<i>(Dollars in millions, shares in thousands, except per share amounts)</i>	December 31,	
	2024	2023
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 35	\$ 5
Accounts receivable, net of \$13 and \$12 in allowances, respectively	1,227	743
Other current assets	77	48
<b>Total current assets</b>	<b>1,339</b>	<b>796</b>
<b>Long-term assets</b>		
Property and equipment, net of \$317 and \$293 in accumulated depreciation, respectively	135	124
Operating lease assets	276	195
Goodwill	1,123	630
Identifiable intangible assets, net of \$146 and \$118 in accumulated amortization, respectively	499	68
Other long-term assets	42	12
<b>Total long-term assets</b>	<b>2,075</b>	<b>1,029</b>
<b>Total assets</b>	<b>\$ 3,414</b>	<b>\$ 1,825</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 568	\$ 414
Accrued expenses	373	199
Short-term debt and current maturities of long-term debt	17	3
Short-term operating lease liabilities	81	53
Other current liabilities	26	13
<b>Total current liabilities</b>	<b>1,065</b>	<b>682</b>
<b>Long-term liabilities</b>		
Long-term debt and obligations under finance leases	351	356
Deferred tax liabilities	88	7
Long-term operating lease liabilities	215	146
Other long-term liabilities	83	40
<b>Total long-term liabilities</b>	<b>737</b>	<b>549</b>
<b>Commitments and Contingencies (Note 17)</b>		
<b>Equity</b>		
Preferred stock, \$0.01 par value; 10,000 shares authorized; 0 shares issued and outstanding as of December 31, 2024 and 2023	—	—
Common stock, \$0.01 par value; 300,000 shares authorized; 162,517 and 117,026 shares issued and outstanding as of December 31, 2024 and 2023, respectively	2	1
Additional paid-in capital	1,904	590
Retained earnings (Accumulated deficit)	(284)	6
Accumulated other comprehensive loss	(10)	(3)
<b>Total equity</b>	<b>1,612</b>	<b>594</b>
<b>Total liabilities and equity</b>	<b>\$ 3,414</b>	<b>\$ 1,825</b>

See accompanying notes to consolidated financial statements.

**RXO, Inc.**  
**Consolidated Statements of Operations**

<i>(Dollars in millions, shares in thousands, except per share amounts)</i>	Years Ended December 31,		
	2024	2023	2022
<b>Revenue</b>	\$ 4,550	\$ 3,927	\$ 4,796
Cost of transportation and services (exclusive of depreciation and amortization)	3,565	2,967	3,624
Direct operating expense (exclusive of depreciation and amortization)	202	235	226
Sales, general and administrative expense	666	591	640
Depreciation and amortization expense	87	67	86
Transaction and integration costs	53	12	84
Restructuring costs	33	16	13
<b>Operating income (loss)</b>	(56)	39	123
Other expense	218	3	—
Interest expense, net	30	32	4
<b>Income (loss) before income taxes</b>	(304)	4	119
Income tax provision (benefit)	(14)	—	27
<b>Net income (loss)</b>	\$ (290)	\$ 4	\$ 92
<b>Earnings (loss) per share data</b>			
Basic	\$ (2.17)	\$ 0.03	\$ 0.80
Diluted	\$ (2.17)	\$ 0.03	\$ 0.79
<b>Weighted-average common shares outstanding</b>			
Basic	133,412	116,871	115,335
Diluted	133,412	119,456	115,791

See accompanying notes to consolidated financial statements.

**RXO, Inc.**  
**Consolidated Statements of Comprehensive Income (Loss)**

<i>(In millions)</i>	Years Ended December 31,		
	2024	2023	2022
<b>Net income (loss)</b>	\$ (290)	\$ 4	\$ 92
<b>Other comprehensive income (loss), net of tax</b>			
Foreign currency translation gain (loss), net of tax effect of \$0, \$0 and \$0	\$ (7)	\$ 1	\$ (2)
<b>Other comprehensive income (loss)</b>	<u>(7)</u>	<u>1</u>	<u>(2)</u>
<b>Comprehensive income (loss)</b>	<u>\$ (297)</u>	<u>\$ 5</u>	<u>\$ 90</u>

See accompanying notes to consolidated financial statements.

**RXO, Inc.**  
**Consolidated Statements of Cash Flows**

<i>(In millions)</i>	Years Ended December 31,		
	2024	2023	2022
<b>Operating activities</b>			
Net income (loss)	\$ (290)	\$ 4	\$ 92
<b>Adjustments to reconcile net income (loss) to net cash from operating activities</b>			
Depreciation and amortization expense	87	67	86
Stock compensation expense	23	19	32
Deferred tax benefit	(19)	(8)	(20)
Deemed non-pro rata distribution	216	—	—
Impairment of operating lease assets	13	—	—
Other	7	9	6
<b>Changes in assets and liabilities</b>			
Accounts receivable	(109)	158	92
Other current assets and other long-term assets	8	(14)	14
Accounts payable	(65)	(86)	(14)
Accrued expenses, other current liabilities and other long-term liabilities	117	(60)	22
<b>Net cash provided by (used in) operating activities</b>	<b>(12)</b>	<b>89</b>	<b>310</b>
<b>Investing activities</b>			
Payment for purchases of property and equipment	(45)	(64)	(57)
Business acquisition, net of cash acquired	(1,019)	—	—
Proceeds from sale of property and equipment	—	—	1
Other	—	(2)	—
<b>Net cash used in investing activities</b>	<b>(1,064)</b>	<b>(66)</b>	<b>(56)</b>
<b>Financing activities</b>			
Proceeds from borrowings on revolving credit facilities	238	76	—
Repayment of borrowings on revolving credit facilities	(226)	(71)	—
Proceeds from issuance of common stock and pre-funded warrants	1,125	—	—
Payment for equity issuance costs	(30)	—	—
Proceeds from issuance of debt	—	—	451
Repayment of debt and finance leases	(3)	(104)	—
Payment for debt issuance costs	(3)	—	(9)
Payment for tax withholdings related to vesting of stock compensation awards	(4)	(14)	(3)
Repurchase of common stock	—	(2)	—
Net transfers to XPO	—	—	(621)
Other	11	(2)	(1)
<b>Net cash provided by (used in) financing activities</b>	<b>1,108</b>	<b>(117)</b>	<b>(183)</b>
Effect of exchange rates on cash, cash equivalents and restricted cash	(2)	1	(2)
<b>Net increase (decrease) in cash, cash equivalents and restricted cash</b>	<b>30</b>	<b>(93)</b>	<b>69</b>
<b>Cash, cash equivalents and restricted cash, beginning of period</b>	<b>5</b>	<b>98</b>	<b>29</b>
<b>Cash, cash equivalents and restricted cash, end of period</b>	<b>\$ 35</b>	<b>\$ 5</b>	<b>\$ 98</b>
<b>Supplemental disclosure of cash flow information:</b>			
Cash paid for income taxes, net	4	27	3
Cash paid for interest, net	27	32	—
Purchases of property and equipment in accounts payable	3	2	4
Accrued tax withholdings related to vesting of stock compensation awards	15	—	—

See accompanying notes to consolidated financial statements.

**RXO, Inc.**  
**Consolidated Statements of Changes in Equity**

	Common Stock		Additional Paid-In Capital	Retained Earnings (Accumulated Deficit)	Accumulated Other Comprehensive Loss	XPO Investment	Total Equity
	Shares	Amount					
<i>(Dollars in millions, shares in thousands)</i>							
<b>Balance as of December 31, 2021</b>	—	\$ —	\$ —	\$ —	\$ (2)	\$ 1,072	\$ 1,070
Net income	—	—	—	2	—	90	92
Other comprehensive loss	—	—	—	—	(2)	—	(2)
Stock compensation expense	—	—	3	—	—	29	32
Vesting of stock compensation awards	1,237	—	—	—	—	—	—
Tax withholdings related to vesting of stock compensation awards	—	—	(3)	—	—	—	(3)
Net transfers to XPO	—	—	—	—	—	(602)	(602)
Issuance of common stock and reclassification of XPO investment	115,163	1	588	—	—	(589)	—
<b>Balance as of December 31, 2022</b>	<u>116,400</u>	<u>\$ 1</u>	<u>\$ 588</u>	<u>\$ 2</u>	<u>\$ (4)</u>	<u>\$ —</u>	<u>\$ 587</u>
Net income	—	—	—	4	—	—	4
Other comprehensive income	—	—	—	—	1	—	1
Stock compensation expense	—	—	19	—	—	—	19
Vesting of stock compensation awards	726	—	—	—	—	—	—
Tax withholdings related to vesting of stock compensation awards	—	—	(15)	—	—	—	(15)
Repurchase of common stock	(100)	—	(2)	—	—	—	(2)
<b>Balance as of December 31, 2023</b>	<u>117,026</u>	<u>\$ 1</u>	<u>\$ 590</u>	<u>\$ 6</u>	<u>\$ (3)</u>	<u>\$ —</u>	<u>\$ 594</u>
Net loss	—	—	—	(290)	—	—	(290)
Other comprehensive loss	—	—	—	—	(7)	—	(7)
Stock compensation expense	—	—	23	—	—	—	23
Vesting of stock compensation awards	739	—	—	—	—	—	—
Tax withholdings related to vesting of stock compensation awards	—	—	(19)	—	—	—	(19)
Deemed non pro-rata distribution	—	—	216	—	—	—	216
Issuance of common stock and pre-funded warrants, net of issuance costs	44,752	1	1,094	—	—	—	1,095
<b>Balance as of December 31, 2024</b>	<u>162,517</u>	<u>\$ 2</u>	<u>\$ 1,904</u>	<u>\$ (284)</u>	<u>\$ (10)</u>	<u>\$ —</u>	<u>\$ 1,612</u>

See accompanying notes to consolidated financial statements.

**RXO, Inc.**  
**Notes to Consolidated Financial Statements**  
**Years Ended December 31, 2024, 2023 and 2022**

**1. Organization**

RXO, Inc. (“RXO”, the “Company” or “we”) is a brokered transportation platform defined by cutting-edge technology and an asset-light business model. The largest component is our core truck brokerage business. Our operations also include asset-light managed transportation and last mile services, which complement our truck brokerage business. We present our operations in the consolidated financial statements as one reportable segment.

On November 1, 2022, the Company completed the separation (the “Separation”) from XPO, Inc. (formerly known as XPO Logistics, Inc.) (“XPO”) in a transaction intended to be tax-free for U.S. federal income tax purposes. The Separation was accomplished by the distribution of 100 percent of the outstanding common stock of RXO to XPO stockholders as of the close of business on October 20, 2022, the record date for the distribution. XPO stockholders received one share of RXO common stock for every share of XPO common stock held at the close of business on the record date. On November 1, 2022, RXO became a standalone publicly-traded company.

**2. Basis of Presentation and Significant Accounting Policies**

**Basis of Presentation**

Prior to the Separation, the Company’s financial statements were prepared on a standalone combined basis and were derived from the consolidated financial statements and accounting records of XPO (the “historical financial statements”). On November 1, 2022, the Company became a standalone publicly traded company, and its financial statements post-Separation are prepared on a consolidated basis. The combined financial statements for all periods presented prior to the Separation are now also referred to as “consolidated financial statements,” and have been prepared under the U.S. generally accepted accounting principles (“GAAP”).

Prior to the Separation, the Company’s historical assets and liabilities presented were wholly owned by XPO and were reflected on a historical cost basis. In connection with the Separation, the Company’s assets and liabilities were transferred to the Company on a carry-over basis.

Prior to the Separation, the historical results of operations included allocations of XPO costs and expenses including XPO’s corporate function which incurred 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. An allocation of these expenses is included to burden all business units comprising XPO’s historical results of operations, including RXO. The charges reflected have either been specifically identified or allocated using drivers including proportionally adjusted earnings before interest, taxes, depreciation and amortization, which includes adjustments for transaction and integration costs, as well as restructuring costs and other adjustments, or headcount. The Company believes the assumptions regarding allocations of XPO corporate expenses are reasonable. Nevertheless, the consolidated financial statements may not reflect the results of operations, cash flows and financial position had the Company been a standalone entity during the periods presented. The majority of these allocated costs are recorded within Sales, general and administrative expense; Depreciation and amortization expense; Transaction and integration costs; and Restructuring costs in the Consolidated Statements of Operations. All charges and allocations for facilities, functions and services performed by XPO organizations have been deemed settled in cash by RXO to XPO in the year in which the cost was recorded in the Consolidated Statements of Operations.

For the periods ended before the Separation, XPO investment represents XPO's historical investment in RXO and includes the net effects of transactions with and allocations from XPO as well as RXO's accumulated earnings. Certain transactions between RXO and XPO, including XPO's non-RXO subsidiaries, have been included in these consolidated 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 Consolidated Statements of Cash Flows as a financing activity and in the Consolidated Statements of Changes in Equity as XPO investment. The components of the net transfers to and from XPO include certain costs allocated from XPO's corporate functions, income tax expense, certain cash receipts and payments made on behalf of RXO and general financing activities.

For the periods ended before the Separation, the Company was a member of the XPO consolidated group, and its U.S. taxable income was included in XPO's consolidated U.S. federal income tax return as well as in the tax returns filed by XPO with certain state and local taxing jurisdictions. For the periods ended after the Separation, the Company will file a consolidated U.S. federal income tax return as well as certain state and local income tax returns.

The Company's consolidated financial statements include the accounts of RXO, Inc. and its majority-owned subsidiaries. The Company has eliminated intercompany accounts and transactions.

### ***Use of Estimates***

The preparation of consolidated financial statements in conformity with GAAP requires the use of estimates, judgments and assumptions that affect the reported amounts in the consolidated financial statements and accompanying notes. The Company bases its estimates and judgments on historical information and on various other assumptions that it believes are reasonable under the circumstances. GAAP requires the Company to make estimates and judgments in several areas, including, but not limited to, those related to revenue recognition, income taxes, loss contingencies, insurance reserves, valuation of long-lived assets including goodwill and intangible assets and their associated estimated useful lives, collectability of accounts receivable and the fair value of financial instruments. Actual results may vary from those estimates.

### **Significant Accounting Policies**

#### ***Business Combinations***

We apply the acquisition method of accounting with respect to the identifiable assets and liabilities of a business combination and record the assets acquired and liabilities assumed at their estimated fair values as of the acquisition date. The excess of the cost of the acquired business and the fair value of the assets acquired and liabilities assumed is recognized as goodwill. Estimates of fair value represent management's best estimate of assumptions and about future events and uncertainties, including significant judgments related to future cash flows, discount rates, competitive trends, margin and revenue growth assumptions, including customer attrition rates, market comparables and others. Inputs used are generally obtained from historical data supplemented by current and anticipated market conditions and growth rates. While we use our best estimates and assumptions to accurately value assets acquired and liabilities assumed at the acquisition date, as well as contingent consideration, where applicable, our estimates are inherently uncertain and subject to refinement. As a result, during the measurement period, which may be up to one year from the acquisition date, we record adjustments to the assets acquired and liabilities assumed with the corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recognized in our consolidated statements of operations.

Significant judgment is required in estimating the fair value of identifiable intangible assets and in assigning their respective useful lives. The fair value estimates are based on historical information and on future expectations and assumptions deemed reasonable by management, but which are inherently uncertain. See [Note 3 — Acquisition](#) for further information regarding the fair value determination of each of the classes of identifiable intangible assets. Determining the useful life of an intangible asset also requires judgment. The useful lives of identifiable intangibles with determinable useful lives are based on a variety of factors, including but not limited to, the competitive environment, historical customer attrition rates, market share, operating plans and the macroeconomic environment. The costs of determinable-lived intangible assets are amortized to expense over the estimated useful life.

### ***Revenue Recognition***

We recognize revenue when we transfer control of promised 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 truck brokerage and other transportation services for our customers. Additional services may be provided to our customers under their transportation contracts, including unloading and other incidental services. The transaction price is based on the consideration specified in the customer's contract.

A performance obligation is created when a customer under a transportation contract submits a bill of lading for the transport of goods from origin to destination. These performance obligations are satisfied as the shipments move from origin to destination. We recognize transportation revenue proportionally as a shipment moves from origin to destination and the related costs are recognized as incurred. Some of our customer contracts contain our promise to stand ready to provide transportation services. For these contracts, we recognize revenue on a straight-line basis over the term of the contract because the pattern of benefit to the customer, and our efforts to fulfill the contract, are generally distributed evenly throughout the period. Performance obligations are generally short-term, with transit times usually less than one week. Generally, customers are billed upon shipment of the freight or on a weekly or monthly basis and make payment according to approved payment terms. When we do not control the specific services, we recognize revenue as the difference between the amount the customer pays us for the service less the amount we are charged by third parties who provide the service.

Generally, we can adjust our pricing based on contractual provisions related to achieving agreed-upon performance metrics, changes in volumes, services and market conditions. 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.

#### ***Cash and Cash Equivalents***

We consider all highly liquid investments with an original maturity of three months or less on the date of purchase to be cash equivalents. Bank overdraft positions occur when the sum of payments honored by the Company's bank exceed the amount of cash available in the Company's account.

#### ***Accounts Receivable and Allowance for Credit Losses***

We record accounts receivable at the contractual amount, and we record an allowance for credit losses for the amount we estimate we may not collect. In determining the allowance for credit losses, 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. We also consider reasonable and supportable forecasts of future economic conditions and their expected impact on customer collections in determining our allowance for credit losses. We write off accounts receivable balances once the receivables are no longer deemed collectible.

The rollforward of the allowance for credit losses is as follows:

<i>(In millions)</i>	Years Ended December 31,		
	2024	2023	2022
Beginning balance	\$ 12	\$ 13	\$ 9
Provision charged to expense	5	5	11
Write-offs, less recoveries, and other adjustments	(4)	(6)	(7)
Ending balance	\$ 13	\$ 12	\$ 13

The Company may sell certain accounts receivable from time to time on a non-recourse basis pursuant to factoring arrangements to better match and neutralize the cash flow impact of transportation cost outflows. During the quarter ended December 31, 2023, we received cash for accounts receivable balances sold of \$36 million under these arrangements.

### ***Property and Equipment***

Property and equipment, which includes assets recorded under finance leases, is stated at cost less accumulated depreciation 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.

Certain costs incurred for implementation, setup, and other upfront activities in a hosting arrangement that is a service contract are capitalized during the application development stage. Upgrades and enhancements are capitalized if they will result in additional functionality. Amortization of capitalized costs is recorded on a straight-line basis over the term of the associated hosting arrangement, inclusive of reasonably certain renewal periods.

We compute depreciation expense on a straight-line basis over the estimated useful lives of the assets as follows:

<b>Classification</b>	<b>Estimated Useful Life</b>
Buildings and leasehold improvements	Term of lease to 39 years
Vehicles, tractors and trailers	3 to 14 years
Machinery and equipment	3 to 10 years
Computer software and equipment	1.5 to 7 years

### ***Leases***

We have operating leases primarily for real estate, tractors and trailers and finance leases for equipment. We determine if an arrangement is a lease at inception and evaluate whether the lease is an operating lease or finance lease at the commencement date. We recognize operating lease right-of-use assets and lease liabilities at the lease commencement date based on the estimated present value of the lease payments over the lease term. As most of our leases do not provide an implicit rate, we use the incremental borrowing rates of RXO based on the information available at the commencement date to determine the present value of future lease payments. This rate is determined from a hypothetical yield curve available at the lease commencement date that takes into consideration market yield levels of RXO's relevant debt outstanding as well as the index that matches RXO's credit rating, and then adjusts as if the borrowings were collateralized.

Lease liabilities assumed through acquisitions are measured at the present value of the future minimum lease payments over the remaining lease term and the incremental borrowing rate of RXO as if the acquired leases were new leases as of the acquisition date. Right-of-use assets are equal to the amount of the lease liability at the acquisition date adjusted for any off-market terms of the lease. The remaining lease term is based on the remaining term at the acquisition date, and may include options to extend or terminate the lease when it is reasonably certain the Company will exercise that option.

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 Consolidated Balance Sheets. We account for lease and non-lease components within a contract as a single lease component for our real estate leases. Lease expense for operating leases is recognized on a straight-line basis over the lease term, while variable lease payments are expensed as incurred. Finance lease expense is recognized based on the effective interest method over the lease term.

### ***Other Current Assets***

The components of other current assets are as follows:

<i>(In millions)</i>	December 31,	
	2024	2023
Prepaid expenses	\$ 37	\$ 22
Contract assets	17	11
Other current assets	23	15
Total other current assets	<u>\$ 77</u>	<u>\$ 48</u>

### ***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 whenever events or changes in circumstances indicate that the carrying amount of an asset may not be fully recoverable. 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. Our reporting units are our operating segments or one level below our operating segments for which discrete financial information is prepared and regularly reviewed by segment management. We have six reporting units.

The review of goodwill impairment consists of either using a qualitative approach to determine whether it is more likely than not that the fair value of the assets is less than their respective carrying values or a one-step quantitative impairment test. In performing the qualitative assessment, the entity considers many factors in evaluating whether the carrying value of goodwill may not be recoverable, including declines in the entity's stock price and market capitalization of the entity and macroeconomic conditions. If, based on the results of the qualitative assessment, it is concluded that it is not more likely than not that the fair value of a reporting unit exceeds its carrying value, additional quantitative impairment testing is performed. The quantitative test requires that the carrying value of each reporting unit be compared with its estimated fair value. If the carrying value of a reporting unit is greater than its fair value, a goodwill impairment charge will be recorded for the difference (up to the carrying value of goodwill). The Company uses a combination of the income approach and a market-based approach to determine the reporting units' fair values. Under the income approach, the determination of discounted cash flows of the reporting units and assets and liabilities within the reporting units requires significant estimates and assumptions. These estimates and assumptions primarily include, but are not limited to, the discount rate, terminal growth rates, earnings before depreciation and amortization, and capital expenditures forecasts. Due to the inherent uncertainty involved in making these estimates, actual results could differ from those estimates. The Company evaluates the merits of each significant assumption, both individually and in the aggregate, used to determine the fair value of the reporting units, as well as the fair values of the corresponding assets and liabilities within the reporting units. 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.

For our 2024 goodwill assessment, we performed a quantitative analysis for our reporting units using a combination of the income and market approaches. As of November 30, 2024, we completed our annual impairment tests for goodwill with all of our reporting units having fair values in excess of their carrying values, resulting in no impairment of goodwill.

### ***Intangible Assets and Long-lived Assets***

We review intangible assets and 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 comparable with the risks associated with the recovery of the asset. Our intangible assets subject to amortization consist of customer relationships and trade names. 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 is 4 to 16 years for customer relationships and 0.5 to 15 years for trade names.

### ***Accrued Expenses***

The components of accrued expenses are as follows:

<i>(In millions)</i>	December 31,	
	2024	2023
Accrued transportation and facility charges	\$ 211	\$ 86
Accrued salaries and wages	73	41
Accrued insurance	48	23
Other accrued expenses	41	49
Total accrued expenses	<u>\$ 373</u>	<u>\$ 199</u>

### ***Insurance***

We participate in a combination of self-insurance programs and purchased insurance that are managed to provide for the costs of medical, casualty, liability, vehicular, cargo, workers' compensation, cyber risk and property claims. Insurance coverage levels are adjusted annually 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 retention levels, historical cost experience, demographic and severity factors, and judgments about current and expected levels of cost per claim. Changes in these assumptions can impact actual costs paid to settle the claims and those amounts may be different than estimates. Additionally, claims may emerge in future years for events that occurred in a prior year at a rate that differs from previous actuarial projections. At December 31, 2024 and 2023, our insurance liabilities amounted to \$111 million and \$62 million, respectively, and are included in Accrued expenses and Other long-term liabilities on our Consolidated Balance Sheets.

### ***Income Taxes***

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 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.

Up until the date of the Separation, the operations of the Company were included in the consolidated U.S. federal, certain state, local and foreign income tax returns filed by XPO, where applicable. Income tax expense and other income tax related information contained in the consolidated financial statements up until the date of the Separation were 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 our consolidated financial statements. Similarly, the tax treatment of certain items reflected in our consolidated financial statements may not be reflected in the consolidated financial statements and tax returns of XPO. Up until the date of the Separation, the income taxes of the Company as presented in the consolidated financial statements may not have been indicative of the income taxes that the Company will incur post-Separation.

### ***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 accumulated other comprehensive loss on our Consolidated 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 Consolidated 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 expense in our Consolidated Statements of Operations and were not material for any of the periods presented.

### ***Stock-Based Compensation***

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, the Company establishes the fair value based on the market price on the date of the grant. For grants of RSUs subject to market-based vesting conditions, we establish the fair value using the Monte Carlo simulation lattice model. The Company recognizes the grant date fair value of equity awards as compensation cost over the requisite service period. The Company accounts for forfeitures as they occur.

### ***Adoption of New Accounting Standard***

In November 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2023-07, “Segment Reporting (Topic 280) - Improvements to Reportable Segment Disclosures.” The amendments in this update improve reportable segment disclosure requirements through enhanced disclosures about significant segment expenses. The ASU expands public entities’ segment disclosures by requiring disclosure of significant segment expenses that are regularly provided to the chief operating decision maker and included within each reported measure of segment profit or loss, an amount and description of its composition for other segment items and interim disclosures of a reportable segment’s profit or loss and assets. All disclosure requirements of the ASU are required for entities with a single reportable segment. The amendments are effective for fiscal years beginning after December 15, 2023, and interim periods for our fiscal years beginning after December 15, 2024. We adopted this standard on January 1, 2024, on a retrospective basis. Refer to [Note 4 — Segment Reporting](#) for required disclosures.

### ***Accounting Pronouncements Issued but Not Yet Effective***

In December 2023, the FASB issued ASU 2023-09, “Income Taxes (Topic 740) - Improvements to Income Tax Disclosure.” The ASU seeks to enhance income tax information primarily through changes in the rate reconciliation and income taxes paid information. The amendments are effective for annual periods beginning after December 15, 2024 on a prospective basis. Early adoption is permitted. We are currently evaluating the impact of the new guidance.

In March 2024, the SEC issued the final rules under SEC Release No. 33-11275, The Enhancement and Standardization of Climate-Related Disclosures for Investors. In April 2024, the SEC voluntarily stayed implementation of the final rules as a result of pending judicial review. These rules, if adopted, will require registrants to disclose certain climate-related information, including Scope 1 and Scope 2 greenhouse gas emissions and other climate-related topics, in registration statements and annual reports, when material. Disclosure requirements, absent the results of pending judicial review, will begin phasing in with the Company's annual reporting for the year ending December 31, 2025. We are currently evaluating the impact the rules will have on our disclosures.

In November 2024, the FASB issued ASU 2024-03, "Income Statement - Reporting Comprehensive Income - Expense Disaggregation Disclosures: Disaggregation of Income Statement Expenses". The ASU seeks to improve the disclosures about a public business entity's expenses by requiring more detailed information about the types of expenses in commonly presented expense captions. The amendments are effective for annual periods beginning after December 15, 2026 and interim reporting periods after December 15, 2027 on either a prospective or retrospective basis. Early adoption is permitted. We are currently evaluating the impact of the new guidance.

### **3. Acquisition**

On September 16, 2024 (the "acquisition date"), the Company acquired the technology-driven, asset-light based truckload freight brokerage services business, as well as certain assets used to conduct haulage, dedicated transport and warehousing services in the United Kingdom (collectively, "Coyote"), from United Parcel Service of America, Inc. ("UPS") and certain subsidiaries of UPS (the "Transaction"). We acquired Coyote for \$1.038 billion in cash, subject to certain additional customary adjustments. The purchase price was subsequently increased by \$10 million for working capital and other post-closing adjustments totaling \$10 million, which was paid in the first quarter of 2025. We believe the acquisition of Coyote enhances our competitive position with greater scale, a broader array of service offerings and strengths in a more diverse set of end markets.

The Transaction was accounted for under the acquisition method of accounting. The purchase price was preliminarily allocated to the underlying assets acquired and liabilities assumed based upon their estimated fair values at the acquisition date. The consolidated financial statements as of and for the year ended December 31, 2024 include the financial results of Coyote from the acquisition date.

## [Table of Contents](#)

The following table summarizes the preliminary allocation of consideration to Coyote's identifiable tangible and intangible assets acquired and liabilities assumed by the Company at the acquisition date.

*(In millions)*

Cash and cash equivalents	\$	19
Accounts receivable		394
Other current assets		35
Property and equipment		25
Intangible assets		459
Operating lease assets		86
Other long-term assets		25
Total assets	\$	1,043
Accounts payable	\$	(208)
Accrued expenses		(58)
Short-term operating lease liabilities		(19)
Deferred tax liabilities		(98)
Long-term operating lease liabilities		(65)
Other long-term liabilities		(40)
Total liabilities	\$	(488)
Net assets acquired	\$	555
Purchase price	\$	1,048
Goodwill recorded	\$	493

The purchase price exceeded the estimated fair value of the net assets acquired, and, as such, the excess was allocated to goodwill. Goodwill will not be amortized but instead will be reviewed for impairment at least annually, absent any indicators of impairment. Goodwill is attributable to synergies expected to be achieved from the combined operations of the Company and Coyote and the assembled workforce. Goodwill recognized in the Transaction is not expected to be deductible for tax purposes.

The fair values of the assets acquired and liabilities assumed are considered preliminary and subject to adjustment as additional information is obtained and reviewed. The final allocation of the purchase price may differ from the preliminary allocation based on completion of the valuation. The Company expects to finalize the purchase price allocation within the measurement period, which will not exceed one year from the acquisition date.

The following table summarizes the preliminary purchase price allocated to the identifiable intangible assets acquired:

*(In millions)*

	Fair Value	Weighted Average Useful Life (Years)
Customer relationships	\$ 444	15
Trademarks	15	4
Total	\$ 459	15

The Company's results of operations included \$796 million of revenue and a \$21 million pre-tax loss attributable to Coyote for the year ended December 31, 2024. The Company incurred acquisition-related costs of \$43 million for the year ended December 31, 2024, which are included in Transaction and integration costs in the consolidated statements of operations.

## [Table of Contents](#)

The following unaudited pro forma financial information presents the Company's results of operations as if the Coyote acquisition occurred on January 1, 2023. The unaudited pro forma information includes adjustments for intangible assets acquired and elimination of historical intercompany transactions between RXO and Coyote. The pro forma results for the year ended December 31, 2023 include a non-recurring charge of \$216 million related to the deemed non-pro rata distribution, as further discussed in [Note 13 — Stockholders' Equity](#). The unaudited pro forma financial information is for informational purposes only and is not necessarily indicative of our consolidated results of operations of the combined business had the acquisition been completed as of January 1, 2023 or of the results of our future operations of the combined business.

<i>(In millions)</i>	Years Ended December 31,	
	2024	2023
Revenue	\$ 6,390	\$ 7,079
Loss before income taxes	(92)	(298)

#### 4. Segment Reporting

The Company is a brokered transportation platform defined by cutting-edge technology and an asset-light business model. The largest component is our core truck brokerage business. Our operations also include asset-light managed transportation and last mile services, which complement our truck brokerage business.

Our chief operating decision maker ("CODM"), identified as our chief executive officer, regularly reviews financial information at the operating segment level to allocate resources and assess performance. The CODM assesses operating segment performance by using segment adjusted earnings before interest, taxes, depreciation and amortization ("segment adjusted EBITDA"). The CODM uses segment adjusted EBITDA predominantly in the annual budget and forecasting process. The CODM considers budget-to-actual variances for this profit measure when making decisions about the allocation of operating and capital resources. The CODM also uses adjusted EBITDA to evaluate pricing strategy and to assess the overall performance of the Company.

We have determined that all our operating segments share the following similar economic and qualitative characteristics and therefore meet the criteria for operating segments to be aggregated into one reportable segment:

- The operating segments have similar economic characteristics (e.g., comparable segment adjusted EBITDA margins, our measure of segment profitability), and similar long-term financial models;
- The nature of the services offered by each operating segment is similar: all the services leverage technology and an asset-light infrastructure to arrange for the transportation of customer goods by qualified independent carriers;
- The operating segments all operate within the transportation industry and in primarily the same geography (North America);
- All operating segments provide business-to-business services, with no segment transacting directly with the end-user customer;
- Each operating segment's customer base spans diversified industry verticals that overlap with other operating segments and have a common salesforce engaged in significant cross-selling activities; and
- All operating segments conduct business in a similar regulatory environment applicable to the transportation industry, including regulation and licensing by various governmental agencies; most notably, the Federal Motor Carrier Safety Administration of the U.S. Department of Transportation.

## Table of Contents

All of our operating segments can be expected to have similar future prospects as they have similar economic attributes. The causes for fluctuations in operating and financial performance are generally the same among the operating segments and include such factors as: (i) changes in overall demand for outsourced freight transportation services, (ii) changes in prices charged by third-party carriers, (iii) decisions by customers to develop or expand internal transportation capabilities, and (iv) macroeconomic impacts on supply chains for materials, parts and finished goods.

The tables below provide information about the Company's reportable segment:

<i>(In millions)</i>	Years Ended December 31,		
	2024	2023	2022
Revenue	\$ 4,550	\$ 3,927	\$ 4,796
<b>Less:</b>			
Cost of transportation and services (exclusive of depreciation and amortization)	3,565	2,967	3,624
Direct operating expense (exclusive of depreciation and amortization)	202	235	226
Segment sales, general and administrative expense <sup>(1)</sup>	648	555	618
Other segment items <sup>(2)</sup>	(1)	1	(1)
Segment adjusted EBITDA	\$ 136	\$ 169	\$ 329
Unallocated corporate expenses	15	35	22
Depreciation and amortization expense	87	67	86
Transaction and integration costs	53	12	84
Restructuring and other costs	36	17	13
Other expense	219	2	1
Interest expense, net	30	32	4
Consolidated income (loss) before income taxes	\$ (304)	\$ 4	\$ 119

<sup>(1)</sup> Excludes unallocated corporate expenses and other costs.

<sup>(2)</sup> Other segment items category includes other expense.

<i>(In millions)</i>	December 31,	
	2024	2023
Segment assets	\$ 3,345	\$ 1,776
Corporate assets	69	49
Total assets	\$ 3,414	\$ 1,825

## 5. Revenue Recognition

### *Disaggregation of Revenues*

We disaggregate our revenue by geographic area, service offering and industry sector. The majority of our revenue, based on sales office location, is generated in the U.S. Approximately 7%, 7% and 9% of our revenues were generated outside the U.S. (primarily in Canada, Mexico, Asia and Europe) for the years ended December 31, 2024, 2023 and 2022, respectively.

## [Table of Contents](#)

Our revenue disaggregated by service offering is as follows:

<i>(In millions)</i>	Years Ended December 31,		
	2024	2023	2022
Truck brokerage	\$ 3,029	\$ 2,358	\$ 2,929
Last mile	1,055	1,014	1,061
Managed transportation	600	690	945
Eliminations	(134)	(135)	(139)
Total	<u>\$ 4,550</u>	<u>\$ 3,927</u>	<u>\$ 4,796</u>

Our revenue disaggregated by industry sector is as follows:

<i>(In millions)</i>	Years Ended December 31,		
	2024	2023	2022
Retail/e-commerce	\$ 1,677	\$ 1,533	\$ 1,799
Industrial/manufacturing	854	743	817
Food and beverage	578	438	530
Automotive	412	411	390
Logistics and transportation	419	197	338
Other	610	605	922
Total	<u>\$ 4,550</u>	<u>\$ 3,927</u>	<u>\$ 4,796</u>

### ***Performance Obligations***

Remaining performance obligations represent firm 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. As of December 31, 2024, the fixed consideration component of our remaining performance obligation was approximately \$41 million, and we expect approximately 95% of that amount to be recognized 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 contract revisions or terminations.

### **6. 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 impairment of real estate operating lease assets, and are intended to improve our efficiency and profitability going forward.

The following is a rollforward of the Company's restructuring activity:

<i>(In millions)</i>	Reserve Balance as of December 31, 2023	Year Ended December 31, 2024			Reserve Balance as of December 31, 2024
		Acquisition	Charges Incurred	Payments	
Severance	\$ 4	\$ 1	\$ 13	\$ (13)	\$ 5
Facilities	2	—	19	(6)	15
Contract termination	—	—	1	(1)	—
Total	<u>\$ 6</u>	<u>\$ 1</u>	<u>\$ 33</u>	<u>\$ (20)</u>	<u>\$ 20</u>

## Table of Contents

<i>(In millions)</i>	Reserve Balance as of December 31, 2022	Year Ended December 31, 2023		Reserve Balance as of December 31, 2023
		Charges Incurred	Payments	
Severance	\$ 2	\$ 12	\$ (10)	\$ 4
Facilities	1	4	(3)	2
<b>Total</b>	<b>\$ 3</b>	<b>\$ 16</b>	<b>\$ (13)</b>	<b>\$ 6</b>

We expect the majority of the cash outlays related to the remaining restructuring liability at December 31, 2024 to be complete within twelve months.

### 7. Property and Equipment

The following table summarizes our property and equipment:

<i>(In millions)</i>	December 31,	
	2024	2023
Property and equipment		
Buildings and leasehold improvements	\$ 45	\$ 33
Vehicles, tractors and trailers	25	24
Machinery and equipment	44	41
Computer software and equipment	338	319
Total property and equipment, gross	452	417
Less: accumulated depreciation	(317)	(293)
Total property and equipment, net	\$ 135	\$ 124
Net book value of capitalized internally-developed software included in property and equipment, net	\$ 67	\$ 63

Depreciation of property and equipment and amortization of computer software was \$60 million, \$55 million and \$65 million for the years ended December 31, 2024, 2023 and 2022, respectively. As of December 31, 2024 and 2023, our long-lived tangible assets outside of the U.S. were not significant.

## 8. Leases

Most of our leases are operating leases and consist of real estate leases. In addition, we lease trucks, tractors and trailers.

The following amounts are recorded in the Consolidated Balance Sheets related to leases:

<i>(In millions)</i>	December 31,	
	2024	2023
<b>Operating leases:</b>		
Operating lease assets	\$ 276	\$ 195
Short-term operating lease liabilities	\$ 81	\$ 53
Long-term operating lease liabilities	215	146
Total operating lease liabilities	\$ 296	\$ 199
<b>Finance leases:</b>		
Property and equipment, gross	\$ 9	\$ 9
Accumulated depreciation	(5)	(4)
Property and equipment, net	\$ 4	\$ 5
Current portion of obligations under finance leases	\$ 2	\$ 2
Long-term portion of obligations under finance leases	2	4
Total finance lease liabilities	\$ 4	\$ 6

Supplemental weighted-average information for leases is as follows:

	December 31,	
	2024	2023
<b>Weighted-average remaining lease term (years)</b>		
Operating leases	4.7	4.2
Finance leases	2.3	3.2
<b>Weighted-average discount rate</b>		
Operating leases	5.5 %	5.2 %
Finance leases	5.6 %	5.7 %

The components of our lease expense are as follows:

<i>(In millions)</i>	Years Ended December 31,		
	2024	2023	2022
Operating lease cost	\$ 85	\$ 59	\$ 51
Short-term lease cost	11	15	10
Variable lease cost	11	15	14
Total operating lease cost	\$ 107	\$ 89	\$ 75
Finance lease cost:			
Amortization of leased assets	\$ 3	\$ 2	\$ 1
Interest on lease liabilities	—	1	—
Total finance lease cost	\$ 3	\$ 3	\$ 1
Total lease cost	\$ 110	\$ 92	\$ 76

## Table of Contents

Supplemental cash flow information related to leases is as follows:

<i>(In millions)</i>	Years Ended December 31,		
	2024	2023	2022
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows for operating leases	\$ 70	\$ 57	\$ 49
Financing cash flows for finance leases	2	2	1
Leased assets obtained in exchange for new lease obligations:			
Operating leases	75	100	57
Finance leases	—	2	7

Future minimum lease payments as of December 31, 2024 are as follows:

<i>(In millions)</i>	Finance Leases	Operating Leases
2025	\$ 2	\$ 91
2026	2	74
2027	1	59
2028	—	47
2029	—	27
Thereafter	—	40
Total lease payments	5	338
Less: interest	(1)	(42)
Present value of lease liabilities	<u>\$ 4</u>	<u>\$ 296</u>

As of December 31, 2024, we had additional operating leases that have not yet commenced with future undiscounted lease payments of \$50 million. These operating leases will commence in 2025 and 2026, with initial lease terms ranging from 3 years to 11 years.

### **9. Goodwill and Intangible Assets**

The following table presents the changes in Goodwill for the year ended December 31, 2024:

<i>(In millions)</i>	
Balance as of December 31, 2023	\$ 630
Acquired goodwill	493
Balance as of December 31, 2024	<u>\$ 1,123</u>

Acquired goodwill represents the excess of consideration transferred over the estimated fair value of the underlying net assets acquired resulting from RXO's acquisition of Coyote. There were no cumulative goodwill impairments as of December 31, 2024.

Our identifiable intangible assets consist of customer relationships and trade names, all of which are definite-lived. We did not recognize any impairment of our identified intangible assets in 2024 or 2023.

## Table of Contents

Identifiable intangible assets as of December 31, 2023 consisted entirely of customer relationships, with a gross carrying amount of \$186 million and accumulated amortization of \$118 million. The following table summarizes the balance of our identifiable intangible assets as of December 31, 2024.

<i>(In millions)</i>	Gross Carrying Amount	Accumulated Amortization	Net Book Value
Customer relationships	\$ 630	\$ (139)	\$ 491
Trade name	15	(7)	8
Total	<u>\$ 645</u>	<u>\$ (146)</u>	<u>\$ 499</u>

Estimated future amortization expense for amortizable intangible assets for the next five years and thereafter is as follows:

<i>(In millions)</i>	2025	2026	2027	2028	2029	Thereafter
Estimated amortization expense	\$ 46	\$ 42	\$ 41	\$ 38	\$ 37	\$ 295

Actual amounts of amortization expense may differ from estimated amounts due to changes in estimated fair value of intangibles acquired in the acquisition of Coyote during the measurement period, 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 \$28 million, \$13 million and \$21 million for the years ended December 31, 2024, 2023 and 2022, respectively.

## 10. Debt

The following table summarizes the principal balance and carrying value of our debt:

<i>(In millions)</i>	December 31, 2024		December 31, 2023	
	Principal Balance	Carrying Value	Principal Balance	Carrying Value
Revolver	\$ —	\$ —	\$ 5	\$ 5
7.50% Notes due 2027 <sup>(1)</sup>	355	349	355	347
Finance leases, asset financing and other	19	19	7	7
Total debt and obligations under finance leases	<u>374</u>	<u>368</u>	<u>367</u>	<u>359</u>
Less: Current maturities of long-term debt	17	17	3	3
Total long-term debt and obligations under finance leases	<u>\$ 357</u>	<u>\$ 351</u>	<u>\$ 364</u>	<u>\$ 356</u>

<sup>(1)</sup> The carrying value of the 7.50% Notes due 2027 is presented net of unamortized debt issuance cost and discount of \$6 million and \$8 million as of December 31, 2024 and December 31, 2023, respectively.

Our principal payment obligations on debt (excluding finance leases) for the next five years and thereafter is as follows:

<i>(In millions)</i>	2025	2026	2027	2028	2029	Thereafter
Principal payments on debt	\$ 15	\$ —	\$ 355	\$ —	\$ —	\$ —

### Revolving Credit Facilities

On October 18, 2022, we entered into a five-year, \$500 million, unsecured multi-currency revolving credit facility (the “Revolver”), with \$50 million available for the issuance of letters of credit. Loans under the Revolver bear interest at a fluctuating rate plus an applicable margin based on the Company’s credit ratings, with interest payable quarterly. The Company is required to pay a commitment fee on any unused commitment, based on pricing levels set forth in the agreement.

On November 2, 2023, the Company exercised a feature to increase the total commitments under its Revolver from \$500 million to \$600 million.

The covenants in the Revolver are customary for financings of this type. The Revolver requires the Company to maintain a minimum interest coverage ratio of not less than 3.00:1.00. On August 8, 2024, the Company and lenders entered into an amendment, which, following the completion of the Coyote acquisition on September 16, 2024, increased the Company's maximum consolidated leverage ratio to not greater than 4.50:1.00. At December 31, 2024, the Company was in compliance with the covenants of the Revolver. There were no letters of credit outstanding on the Revolver at December 31, 2024.

In addition, the amendment extended, upon the completion date of the Coyote acquisition, the Revolver maturity date five years from the amendment date to September 16, 2029. To the extent there is more than \$50 million of the Company's Notes (as defined below) outstanding on the date that is 91 days prior to the earlier of the extended maturity date and the maturity date of the Notes, then the extended maturity date will be subject to a springing earlier maturity date that is 91 days prior to the earlier of the extended maturity date and the Notes maturity date, unless the Notes are refinanced or replaced with debt that matures at least 91 days after the extended maturity date.

We also have a non-U.S. revolving credit facility with a maximum commitment of approximately \$14 million. This facility has a one-year term and we had \$14 million outstanding as of December 31, 2024 classified as short-term debt.

### **Notes**

On October 25, 2022, we completed an offering of \$355 million in aggregate principal amount of unsecured notes (the "Notes" or the "7.50% Notes due 2027"). The Notes bear interest at a rate of 7.50% per annum payable semiannually in cash in arrears on May 15 and November 15 of each year, beginning May 15, 2023, and mature on November 15, 2027, unless earlier repurchased or redeemed, if applicable. The Notes were issued at an issue price of 98.962% of par. The effective interest rate on the Notes was 8.13% as of December 31, 2024.

We may redeem the Notes, in whole or in part, at any time at a redemption price equal to (i) 103.750% of the principal amount to be redeemed if the redemption occurs during the 12-month period beginning on November 15, 2024, (ii) 101.875% of the principal amount to be redeemed if the redemption occurs during the 12-month period beginning on November 15, 2025 and (iii) 100% of the principal amount to be redeemed if the redemption occurs on or after November 15, 2026, in each case plus accrued and unpaid interest, if any, to, but excluding, the redemption date.

The Notes are guaranteed by each of our direct and indirect wholly-owned domestic subsidiaries (other than certain excluded subsidiaries). The Notes and its guarantees are unsecured, senior indebtedness for us and our guarantors. The Notes contain covenants customary for debt securities of this nature. At December 31, 2024, the Company was in compliance with the covenants of the Notes.

### **11. 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.

### ***Assets and Liabilities***

The Company bases its fair value estimates on market assumptions and available information. The carrying values of cash and cash equivalents, accounts receivable, accounts payable, accrued expenses and short-term debt and current maturities of long-term debt approximated their fair values as of December 31, 2024 and December 31, 2023, due to their short-term nature and/or being receivable or payable on demand.

### ***Debt***

The fair value of our debt and classification in the fair value hierarchy is as follows:

<i>(In millions)</i>	Level	December 31, 2024	December 31, 2023
Revolver	3	\$ —	\$ 5
7.50% Notes due 2027	1	365	366

We valued Level 1 debt using quoted prices in active markets. We valued Level 3 debt using unobservable inputs which reflect the Company's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

### **12. Employee Benefit Plan**

The Company sponsors a defined contribution plan that is available to employees whose primary place of employment is the U.S. The Company matches up to 5% of employees' pre-tax contributions, after completing one year of service. The Company's costs for the defined contribution plan were \$12 million, \$9 million and \$8 million for the years ended December 31, 2024, 2023 and 2022, respectively, and were primarily included in Sales, general and administrative expense in the Consolidated Statements of Operations.

### **13. Stockholders' Equity**

On August 12, 2024, the Company entered into purchase agreements with investors to which the Company agreed to issue and sell to the investors in a private placement an aggregate of 20,954,780 shares of the Company's common stock, par value \$0.01 per share ("common stock"), at a purchase price of \$20.21 per share and pre-funded warrants to purchase 6,259,471 shares of common stock at a purchase price of \$20.20 per warrant. The aggregate gross proceeds from the private placement were \$550 million before deducting offering expenses. The Company incurred \$6 million in equity issuance costs related to the private placement, which were recorded as a reduction to Additional paid-in capital in the consolidated balance sheets. Net proceeds from the private placement were used to finance a portion of the acquisition of Coyote on September 16, 2024.

In connection with the private placement, a deemed non-pro rata distribution of \$216 million was recorded within Other expense in the consolidated statements of operations for the year ended December 31, 2024, based on the difference between the issuance price and the closing market price of common stock on August 12, 2024, the effective date of the private placement.

On September 9, 2024, the Company agreed to sell 19,230,770 shares of the Company's common stock at a public offering price of \$26.00 per share. In connection with the offering, the Company granted the underwriters an option to purchase up to an additional 2,884,615 shares of common stock, which was exercised in full. The aggregate gross proceeds from the public offering, including the shares issued pursuant to the option granted to and exercised by the underwriters, were \$575 million before deducting offering expenses. The Company incurred \$25 million in equity issuance costs related to the public offering, which were recorded as a reduction to Additional paid-in capital in the consolidated balance sheets. Net proceeds from the public offering were used to finance a portion of the acquisition of Coyote on September 16, 2024.

On May 2, 2023, the Company’s Board of Directors authorized the repurchase of up to \$125 million of the Company’s common stock (the “2023 Share Repurchase Program”). During 2023, the Company repurchased 100,000 shares of its common stock for \$2 million at an average price of \$20.53 per share, funded by available cash. There were no share repurchases under the 2023 Share Repurchase Program during 2024. As of December 31, 2024, \$123 million remained approved to be used for share repurchases under the 2023 Share Repurchase Program. The 2023 Share Repurchase Program does not have an expiration date and may be suspended or discontinued at any time at the discretion of the Company’s Board of Directors. We are not obligated to repurchase any specific number of shares or use a specific dollar amount of the approved and remaining \$123 million.

#### 14. Stock-Based Compensation

Prior to the Separation, RXO employees participated in XPO’s equity incentive plan, pursuant to which they were granted restricted stock units (“RSUs”), performance-based restricted stock units (“PRSUs”) and non-qualified or incentive stock options. All awards granted under these plans were related to XPO common shares. In connection with the Separation, and in accordance with the Employee Matters Agreement (“EMA”) and the RXO, Inc. 2022 Omnibus Incentive Plan (the “2022 Incentive Plan” or the “Plan”) adopted in 2022, the Company’s employees with outstanding former XPO stock-based awards received replacement stock-based awards under the Plan at Separation. The value of the replaced stock-based awards was designed to preserve the aggregate intrinsic value of the award immediately after the Separation when compared to the aggregate intrinsic value of the award immediately prior to the Separation.

In connection with the Separation, certain holders of outstanding XPO share-based compensation awards received an adjusted award consisting of both shares of XPO common stock and shares of RXO common stock. Non-vested shares outstanding, as shown in the table below, exclude 0.2 and 1.7 million shares held by non-RXO employees at December 31, 2024 and December 31, 2023, respectively, consisting of certain XPO employees, former employees of XPO as of the distribution date, and XPO non-employee directors who remained on the XPO Board of Directors on the distribution date, that will be settled in RXO common stock once vested under the EMA. Additionally, one employee of RXO was granted RSUs and PRSUs in XPO stock in connection with the Separation. Non-vested shares outstanding, as shown in the table below, exclude these 6 thousand and 12 thousand shares at December 31, 2024 and December 31, 2023, respectively, as they will be settled in XPO common stock in accordance with the EMA. The Company recognizes stock-based compensation expense related only to those awards held by RXO employees.

In October 2022, the Company established the 2022 Incentive Plan, which authorizes the issuance of up to 13.9 million shares of common stock as awards. Under the 2022 Incentive Plan, directors, officers and employees may be granted various types of stock-based compensation awards, including stock options, restricted stock, RSUs, PRSUs, stock appreciation rights and cash incentive awards (collectively, “Awards”). As of December 31, 2024, 5.7 million shares of common stock were available for the grant of Awards under the 2022 Incentive Plan.

Prior to the Separation, the stock-based compensation expense recorded by the Company includes the expense associated with the employees historically attributable to the Company’s operations, as well as the expense associated with the allocation of equity-based compensation expense for XPO corporate employees. The amounts presented are not necessarily indicative of future awards and do not necessarily reflect the costs that the Company would have incurred as an independent company for the periods presented.

Our stock-based compensation expense is recorded in Sales, general and administrative expense on our Consolidated Statements of Operations:

<i>(In millions)</i>	Years Ended December 31,		
	2024	2023	2022
Restricted stock and restricted stock units	\$ 17	\$ 14	\$ 9
Performance-based restricted stock units	6	5	23
Total stock-based compensation expense	\$ 23	\$ 19	\$ 32
Tax benefit on stock-based compensation	\$ 6	\$ 4	\$ 8

**RSUs and PRSUs**

We grant RSUs and PRSUs to our key employees, officers and directors with various vesting requirements. RSUs generally vest based on the passage of time (service conditions) and PRSUs generally vest based on the achievement of our financial targets (performance conditions). PRSUs may also be subject to stock price (market conditions), employment conditions and other non-financial conditions. The holders of the RSUs and PRSUs do not have the rights of a stockholder and do not have voting rights until the shares are issued and delivered in settlement of the awards. The number of RSUs and PRSUs vested includes shares of our common stock that we withheld or sold on behalf of our employees to satisfy the minimum tax withholdings.

A summary of RSU and PRSU award activity for the year ended December 31, 2024 is presented below:

	RSUs		PRSUs	
	Number of RSUs	Weighted-Average Grant Date Fair Value	Number of PRSUs	Weighted-Average Grant Date Fair Value
Outstanding as of December 31, 2023	1,674,588	\$ 21.06	700,288	\$ 18.74
Granted	795,077	21.50	547,615	20.61
Vested	(678,971)	20.93	(92,949)	18.54
Forfeited and canceled	(78,315)	21.57	(54,186)	20.71
Outstanding as of December 31, 2024	1,712,379	\$ 21.29	1,100,768	\$ 19.59

The total aggregate fair value of RSUs and PRSUs that vested during 2024, 2023 and 2022 was \$18 million, \$13 million and \$18 million, respectively. Total aggregate fair value of awards vested prior to the Separation was derived from XPO's stock price at grant. As of December 31, 2024, all outstanding RSUs vest subject to service conditions. Of the outstanding PRSUs as of December 31, 2024, 607 thousand vest subject to service and performance conditions and 494 thousand vest subject to service and market conditions.

As of December 31, 2024, unrecognized compensation cost related to unvested RSUs and PRSUs of \$35 million is anticipated to be recognized over a weighted-average period of approximately 1.54 years.

**15. Income Taxes**

For the periods ended before the Separation, the Company was a member of the XPO consolidated group, and its U.S. taxable income was included in XPO's consolidated U.S. federal income tax return as well as in the tax returns filed by XPO with certain state and local taxing jurisdictions. For the periods ended after the Separation, the Company will file a consolidated U.S. federal income tax return as well as certain state and local income tax returns.

Income before taxes related to our U.S. and foreign operations is as follows:

<i>(In millions)</i>	Years Ended December 31,		
	2024	2023	2022
U.S.	\$ (307)	\$ (2)	\$ 88
Foreign	3	6	31
Income (loss) before income taxes	\$ (304)	\$ 4	\$ 119

## Table of Contents

The components of the income tax provision (benefit) consist of the following:

<i>(In millions)</i>	Years Ended December 31,		
	2024	2023	2022
Current:			
U.S. Federal	\$ (2)	\$ 4	\$ 33
State	2	3	5
Foreign	5	1	9
Total current income tax provision	5	8	47
Deferred:			
U.S. Federal	(14)	(8)	(17)
State	(3)	(1)	(3)
Foreign	(2)	1	—
Total deferred income tax benefit	(19)	(8)	(20)
Total income tax provision (benefit)	\$ (14)	\$ —	\$ 27

The reconciliation of the statutory federal income tax rate to the effective income tax rate consists of the following:

	Years Ended December 31,		
	2024	2023	2022
U.S. federal statutory tax rate	21.0 %	21.0 %	21.0 %
State taxes, net of U.S. federal benefit	0.5	42.4	3.0
Non-deductible expenses	(1.2)	81.6	1.5
Foreign rate differential	(0.1)	17.1	1.5
Foreign operations <sup>(1)</sup>	(0.8)	32.2	(0.8)
Provision to return and deferred tax adjustments	(0.4)	4.5	(2.4)
Changes in uncertain tax positions	—	(55.5)	(0.4)
Non-deductible deemed non-pro rata distribution	(14.9)	—	—
Other	0.5	(156.3)	(0.8)
Effective tax rate	4.6 %	(13.0)%	22.6 %

<sup>(1)</sup> 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 are as follows:

<i>(In millions)</i>	December 31,	
	2024	2023
Deferred tax asset		
Net operating loss and other tax attribute carryforwards	\$ 8	\$ 7
Accrued expenses	33	13
Property and equipment	6	—
Other	26	11
Total deferred tax asset	73	31
Valuation allowance	(4)	(1)
Total deferred tax asset, net	69	30
Deferred tax liability		
Intangible assets	(138)	(28)
Property and equipment	—	(6)
Other	(15)	(1)
Total deferred tax liability	(153)	(35)
Net deferred tax liability	\$ (84)	\$ (5)

The deferred tax asset and deferred tax liability above are reflected on our Consolidated Balance Sheets as follows:

<i>(In millions)</i>	December 31,	
	2024	2023
Other long-term assets	\$ 4	\$ 2
Deferred tax liabilities	(88)	(7)
Net deferred tax liability	\$ (84)	\$ (5)

**Operating Loss and Tax Credit Carryforwards**

Our operating loss and tax credit carryforwards are as follows:

<i>(In millions)</i>	Expiration Date	December 31,	
		2024	2023
Federal net operating losses for all U.S. operations	Indefinite	\$ 3	\$ —
Tax effect (before federal benefit) of state net operating losses	Various times starting in 2027 <sup>(1)</sup>	3	1
Foreign net operating losses available to offset future taxable income	Various times starting in 2028 <sup>(1)</sup>	7	20
Federal tax credit carryforwards	Various times starting in 2044	2	—
State tax credit carryforwards	Various times starting in 2026	—	1

<sup>(1)</sup> Some losses have unlimited carryforward periods.

**Valuation Allowance**

We established a valuation allowance 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 allowance has been provided on these assets.

The balances and activity related to our valuation allowance are as follows:

<i>(In millions)</i>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
Year Ended December 31, 2024	\$ 1	\$ 3	\$ —	\$ 4
Year Ended December 31, 2023	1	—	—	1
Year Ended December 31, 2022	1	—	—	1

**Unrecognized Tax Benefits**

A reconciliation of the beginning and ending amount of unrecognized tax benefits is as follows:

<i>(In millions)</i>	<b>Years Ended December 31,</b>		
	<b>2024</b>	<b>2023</b>	<b>2022</b>
Beginning balance	\$ —	\$ —	\$ 1
Gross amount of increase recorded against goodwill for uncertainties arising from acquisition	8	—	—
Reductions due to the statute of limitations	—	—	(1)
Ending balance	\$ 8	\$ —	\$ —
Interest and penalties	—	—	2
Gross unrecognized tax benefits	\$ 8	\$ —	\$ 2
Total unrecognized tax benefits that, if recognized, would impact the effective income tax rate as of the end of the year	\$ 8	\$ —	\$ —

We are subject to taxation in the U.S. and various states and foreign jurisdictions. As of December 31, 2024, we have no tax years under examination by the IRS or in any foreign jurisdictions. We are under examination in various states. The U.S. federal tax return after the Separation date of November 1, 2022, certain state and local returns after 2016 and non-U.S. returns after 2010 are open under relevant statutes of limitations and are subject to audit.

We consider prior year earnings and current year earnings to be permanently reinvested to the extent of working capital needs in each of the Company’s foreign subsidiaries. To the extent current earnings are in excess of working capital needs, we do not assert permanent reinvestment. Additionally, circumstances may arise in which current earnings are in excess of working capital needs, but due to regulatory restrictions, the excess earnings remain in the local jurisdictions. Where necessary, taxes resulting from foreign distributions of current and accumulated earnings have been considered in our provision for income taxes. For the years ended December 31, 2024 and December 31, 2023, \$1 million and \$1 million of deferred tax liability was recorded. We have not recorded incremental income taxes for outside basis differences in its investments in foreign subsidiaries as these amounts are indefinitely reinvested. Determining the amount of unrecognized deferred tax liability related to the outside basis differences in these entities is not practicable.

**16. Earnings Per Share**

Prior to the Separation, RXO employees participated in XPO’s equity incentive plan, pursuant to which they were granted RSUs, PRSUs and non-qualified or incentive stock options. All awards granted under these plans were related to XPO common shares. In connection with the Separation, outstanding awards held by RXO employees were converted in accordance with the EMA, with RXO employees either receiving converted awards solely in RXO based shares or a combination of RXO and XPO shares. The conversion methodology used was calculated in accordance with the EMA and with the purpose of maintaining the aggregate intrinsic value of the award immediately after the Separation when compared to the aggregate intrinsic value immediately prior to the Separation.

## [Table of Contents](#)

In connection with the Separation, outstanding XPO share-based compensation awards held by non-RXO employees, consisting of certain XPO employees, former employees of XPO as of the distribution date, and XPO non-employee directors who remained on the XPO Board of Directors on the distribution date, received an adjusted award consisting of both shares of XPO common stock and shares of RXO common stock. As of the Separation date, 3.3 million total shares, including 2.4 million RSUs and 0.9 million PRSUs, were converted in this manner. Approximately 1.5 million, 1.1 million and 0.5 million of these awards vested or were forfeited in 2024, 2023 and 2022, respectively, resulting in 0.2 million, 1.7 million and 2.8 million shares remaining outstanding at December 31, 2024, 2023 and 2022, respectively. The adjusted RSU awards are subject to the same terms and vesting conditions that applied to the original XPO award immediately before the distribution. The adjusted PRSU awards are subject to the same terms and vesting conditions that applied to the original XPO award immediately before the distribution, provided that the XPO Compensation Committee may modify the applicable performance-based vesting conditions prior to the effective time (including by deeming the applicable performance-based vesting conditions to be achieved at a designated performance level). As these awards will ultimately be settled in RXO shares upon vesting, they have been included in our calculation of diluted weighted-average common shares outstanding as of December 31, 2024, 2023 and 2022.

Diluted earnings per share is computed by giving effect to all potentially dilutive stock awards that are outstanding. The computation of diluted earnings per share excludes the effect of the potential exercise of stock-based awards when the effect of the potential exercise would be anti-dilutive.

The computations of basic and diluted earnings per share are as follows:

<i>(Dollars in millions, shares in thousands, except per share amounts)</i>	Years Ended December 31,		
	2024	2023	2022
Net income (loss)	\$ (290)	\$ 4	\$ 92
Basic weighted-average common shares <sup>(1)</sup>	133,412	116,871	115,335
Dilutive effect of stock-based awards	—	2,585	456
Diluted weighted-average common shares <sup>(1)(2)</sup>	133,412	119,456	115,791
Basic earnings (loss) per share	\$ (2.17)	\$ 0.03	\$ 0.80
Diluted earnings (loss) per share	\$ (2.17)	\$ 0.03	\$ 0.79
Antidilutive shares excluded from diluted weighted-average common shares	2,783	396	1,095

<sup>(1)</sup> Of the 6,259,471 pre-funded warrants issued in the private placement, warrants to purchase 2,558,753 shares of common stock did not require stockholder approval; therefore, basic and diluted weighted-average common shares include 2,558,753 pre-funded warrants from their August 13, 2024 issuance date. Stockholder approval for the remaining warrants was obtained on December 5, 2024; therefore, basic and diluted weighted-average common shares include 3,700,718 pre-funded warrants from the December 5, 2024 approval date. For all pre-funded warrants, the exercise price of \$0.01 per share is not substantive.

<sup>(2)</sup> Amounts may not be additive due to rounding.

## 17. 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 claims for property damage or personal injury incurred in connection with the transportation of freight, environmental liability, commercial disputes, and employment-related claims, including claims involving asserted breaches of employee restrictive covenants. These matters also include several class action and collective action cases involving claims that the contract carriers with which we contract for performance of delivery services, or their delivery workers, should be treated as employees, rather than independent contractors (“misclassification claims”). Plaintiffs in such cases may seek substantial monetary damages (including claims for unpaid wages, overtime, unreimbursed business expenses, deductions from wages, penalties and other items), injunctive relief, or both.

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. 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, cash flows or financial condition. 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 results of operations, cash flows or financial condition. Legal costs incurred related to these matters are expensed as incurred.

We carry 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 transportation company. The liability and excess umbrella insurance policies generally do not cover the misclassification claims described in this note. In the event we are required to satisfy a legal claim outside the scope of the coverage provided by insurance, our results of operations, cash flows or financial condition could be negatively impacted.

Our last mile subsidiary is involved in several class action and collective action cases involving misclassification claims. The misclassification claims related solely to our last mile business, which operated as a wholly owned subsidiary of XPO until the spin-off of RXO was completed.

Pursuant to the Separation and Distribution Agreement between XPO and RXO, the liabilities of XPO’s last mile subsidiary, including legal liabilities, if any, related to the misclassification claims, were spun-off as part of RXO as of November 1, 2022. Pursuant to the Separation and Distribution Agreement, RXO has agreed to indemnify XPO for certain matters relating to RXO, including indemnifying XPO from and against any liabilities, damages, costs, or expenses incurred by XPO arising out of or resulting from the misclassification claims.

In one of the misclassification claims, *Muniz v. RXO Last Mile, Inc.*, we settled the matter in July 2024 for an immaterial amount without admitting any liability.

We continue to believe the other misclassification claims are without merit and we intend to defend the Company vigorously in these matters. We do not believe that the incurrence of a loss is probable at this time and, accordingly, we have not accrued for any losses in these matters. Further, the plaintiffs have not quantified damages sought in the other misclassification claims and we are unable at this time to determine the amount of the possible loss or range of loss, if any, that we may incur as a result of the other misclassification claims.

## 18. Related Party

Prior to the Separation, the Company did not operate as a standalone business and the consolidated financial statements were derived from the consolidated financial statements and accounting records of XPO. Transactions between the Company and XPO, and other non-RXO subsidiaries of XPO, that occurred prior to the Separation have been classified as related-party transactions. Transactions that originated with XPO prior to the Separation were cash settled or forgiven as of November 1, 2022. For amounts that were forgiven, the amounts have been recorded as an adjustment to XPO Investment.

### Allocation of General Corporate Expenses

Post-Separation, costs were no longer allocated from XPO to the Company; therefore, no related amounts were reflected on the Company's financial statements for the years ended December 31, 2024 and December 31, 2023.

Prior to the Separation, certain shared costs were allocated to the Company from XPO's corporate overhead. The Consolidated Statements of Operations include expenses for certain centralized functions and other programs provided and/or administered by XPO that were charged directly to the Company. In addition, for purposes of preparing these consolidated financial statements, a portion of XPO's total corporate expenses have been allocated to the Company. See [Note 2 — Basis of Presentation and Significant Accounting Policies](#) for a discussion of the methodology used to allocate such costs for purposes of preparing these consolidated financial statements.

Costs included in our Consolidated Statements of Operations for our allocated share of XPO's corporate overhead are as follows:

<i>(In millions)</i>	<b>Year Ended December 31,</b>
	<b>2022</b>
Sales, general and administrative expense	\$ 50
Depreciation and amortization expense	9
Transaction and integration costs	46
Restructuring costs	7
Total	<u>\$ 112</u>

### Transactions with XPO and its non-RXO Subsidiaries

Revenue and costs generated from related parties are as follows:

<i>(In millions)</i>	<b>Year Ended December 31,</b>
	<b>2022</b>
Revenue	\$ 109
Costs	\$ 52

## **ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

None.

### **ITEM 9A. CONTROLS AND PROCEDURES**

#### **Conclusion Regarding the Effectiveness of Disclosure Controls and Procedures**

Under the supervision and with the participation of our management, including our chief executive officer (“CEO”) and chief financial officer (“CFO”), we conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15(e) and Rule 15d-15(e) under the Exchange Act as of December 31, 2024. Consistent with guidance issued by the SEC that an assessment of a recently acquired business may be omitted from management’s report on internal control over financial reporting in the year of acquisition, management excluded an assessment of the effectiveness of the Company’s internal control over financial reporting related to Coyote. The Company acquired Coyote on September 16, 2024. Coyote represented 36% of the Company’s consolidated total assets (excluding goodwill and intangibles, which were included in management’s assessment of internal control over financial reporting as of December 31, 2024) and 17% of the consolidated total revenue as of and for the year ended December 31, 2024. Based on that evaluation, our CEO and CFO concluded that our disclosure controls and procedures were effective as of December 31, 2024, such that the information required to be included in our SEC reports is: (i) recorded, processed, summarized and reported within the time periods specified in SEC rules and forms relating to RXO, including our consolidated subsidiaries; and (ii) accumulated and communicated to our management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

#### **Management’s Annual Report on Internal Control over Financial Reporting**

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. Under the supervision and with the participation of our management, including our CEO and CFO, we conducted an evaluation of the effectiveness of our internal control over financial reporting as of December 31, 2024, based on the framework in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission. Consistent with guidance issued by the SEC that an assessment of a recently acquired business may be omitted from management’s report on internal control over financial reporting in the year of acquisition, management excluded an assessment of the effectiveness of the Company’s internal control over financial reporting related to Coyote. The Company acquired Coyote on September 16, 2024. Coyote represented 36% of the Company’s consolidated total assets (excluding goodwill and intangibles, which were included in management’s assessment of internal control over financial reporting as of December 31, 2024) and 17% of the consolidated total revenue as of and for the year ended December 31, 2024. Based on our evaluation, we concluded that our internal control over financial reporting was effective as of December 31, 2024.

Deloitte & Touche LLP, the independent registered public accounting firm that audited the financial statements included in this Annual Report, has issued an audit report, which is included elsewhere within this Annual Report, on the effectiveness of our internal control over financial reporting.

#### **Changes in Internal Control Over Financial Reporting**

There have not been any changes in our internal control over financial reporting during the quarter ended December 31, 2024 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

As mentioned above, on September 16, 2024, we completed the acquisition of Coyote. As part of our ongoing integration of Coyote, we continue to incorporate our controls and procedures into the Coyote entities and to expand our company-wide controls to reflect the risks inherent in an acquisition of this size and complexity.

**ITEM 9B. OTHER INFORMATION**

During the year ended December 31, 2024, none of our directors or officers adopted or terminated a “Rule 10b5-1 trading arrangement” or “non-Rule 10b5-1 trading arrangement” (as defined in Item 408 of Regulation S-K).

**ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTION**

Not applicable.

## **PART III**

### **ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

The information required by this Item (other than certain information required by Item 401 of Regulation S-K with respect to our executive officers, which is provided under Item 1, “Business” of Part I of this Annual Report) will be set forth in our definitive Proxy Statement for the 2025 Annual Meeting of Stockholders to be filed with the SEC within 120 days after December 31, 2024 (the “2025 Proxy Statement”), and is incorporated herein by reference.

We have adopted a Code of Business Ethics (the “Code”), which is applicable to our principal executive officer, principal financial officer, principal accounting officer and other senior officers. The Code is available on our website at [www.rxo.com](http://www.rxo.com), under the heading “Governance” within the “Investors” tab. In the event that we amend or waive any of the provisions of the Code that relate to any element of the code of ethics definition enumerated in Item 406(b) of Regulation S-K, we intend to disclose the same on our website at the web address specified above.

We have adopted a Securities Trading Policy governing the purchase, sale and/or other dispositions of our our securities by our directors, officers and employees that we believe is reasonably designed to promote compliance with insider trading laws, rules and regulations, and the exchange listing standards applicable to us. A copy of our Securities Trading Policy is filed as Exhibit 19 to this Annual Report on Form 10-K.

### **ITEM 11. EXECUTIVE COMPENSATION**

The information required by this Item will be set forth in our 2025 Proxy Statement, and is incorporated herein by reference.

### **ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

The information required by this Item will be set forth in our 2025 Proxy Statement, and is incorporated herein by reference.

### **ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND DIRECTOR INDEPENDENCE**

The information required by this Item will be set forth in our 2025 Proxy Statement, and is incorporated herein by reference.

### **ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES**

The information required by this Item will be set forth in our 2025 Proxy Statement, and is incorporated herein by reference.

**PART IV****Item 15. EXHIBIT AND FINANCIAL STATEMENT SCHEDULES****Financial Statements and Financial Statement Schedules**

The list of consolidated financial statements provided in the Index to consolidated financial statements is incorporated herein by reference. Such consolidated financial statements are filed as part of this Annual Report. All financial statement schedules are omitted because the required information is not applicable, or because the information required is included in the consolidated financial statements and notes thereto.

<b><u>Exhibit Number</u></b>	<b><u>Description</u></b>
2.1	<a href="#"><u>Separation and Distribution Agreement, dated as of October 31, 2022, by and between XPO Logistics, Inc. and RXO, Inc. (incorporated herein by reference to Exhibit 2.1 to the registrant's Current Report on Form 8-K filed with the SEC on November 1, 2022).</u></a>
2.2	<a href="#"><u>Purchase Agreement, dated as of June 21, 2024, by and among RXO, Inc., United Parcel Services of America, Inc., UPS Corporate Finance S.A R.L. and UPS SCS (UK) LTD. (incorporated herein by reference to Exhibit 2.1 to the registrant's Current Report on Form 8-K filed on June 24, 2024).***</u></a>
2.3	<a href="#"><u>First Amendment to Purchase Agreement, dated as of September 15, 2024, by and among RXO, Inc., United Parcel Service of America, Inc., UPS Corporate Finance S.A R.L., UPS SCS (UK) LTD and UPS Europe SRL (incorporated herein by reference to Exhibit 2.2 to the registrant's Current Report on Form 8-K filed on September 16, 2024).***</u></a>
3.1	<a href="#"><u>Amended and Restated Certificate of Incorporation of RXO, Inc. (incorporated herein by reference to Exhibit 3.1 to the registrant's Current Report on Form 8-K filed with the SEC on November 1, 2022).</u></a>
3.2	<a href="#"><u>Second Amended and Restated Bylaws of RXO, Inc. (incorporated herein by reference to Exhibit 3.1 to the registrant's Current Report on Form 8-K filed with the SEC on September 25, 2024).</u></a>
4.1	<a href="#"><u>Indenture, dated as of October 25, 2022, between XPO Escrow Sub, LLC and U.S. Bank Trust Company, National Association, as Trustee (incorporated herein by reference to Exhibit 4.1 to the registrant's Current Report on Form 8-K filed with the SEC on October 25, 2022).</u></a>
4.2	<a href="#"><u>First Supplemental Indenture, dated as of October 25, 2022, between XPO Escrow Sub, LLC and U.S. Bank Trust, National Association, as Trustee (incorporated herein by reference to Exhibit 4.2 to the registrant's Current Report on Form 8-K filed with the SEC on October 25, 2022).</u></a>
4.3	<a href="#"><u>Second Supplemental Indenture, dated as of October 31, 2022, by and among RXO, Inc., XPO Escrow Sub, LLC, certain subsidiaries as guarantors, and U.S. Bank Trust Company, National Association (incorporated herein by reference to Exhibit 4.1 to the registrant's Current Report on Form 8-K filed with the SEC on November 1, 2022).</u></a>
4.4	<a href="#"><u>Description of the registrant's securities registered under Section 12 of the Exchange Act (incorporated herein by reference to Exhibit 4.4 to the registrant's Annual Report on Form 10-K filed with the SEC on February 24, 2023).</u></a>
4.5	<a href="#"><u>Form of Pre-Funded Warrant to Purchase Common Stock (incorporated herein by reference to Exhibit 4.1 to the registrant's Current Report on Form 8-K filed with the SEC on August 12, 2024).</u></a>
10.1 +	<a href="#"><u>Offer Letter between XPO Logistics, Inc. and Drew Wilkerson, dated May 6, 2022 (incorporated herein by reference to Exhibit 10.1 to the registrant's Registration Statement on Form 10 filed with the SEC on September 28, 2022).</u></a>
10.2 +	<a href="#"><u>Offer Letter between XPO Logistics, Inc. and Jeff Firestone, dated July 19, 2022 (incorporated herein by reference to Exhibit 10.3 to the registrant's Registration Statement on Form 10 filed with the SEC on September 28, 2022).</u></a>
10.3 +	<a href="#"><u>Offer Letter between XPO Logistics, Inc. and Jamie Harris, dated August 24, 2022 (incorporated herein by reference to Exhibit 10.2 to the registrant's Registration Statement on Form 10 filed with the SEC on September 28, 2022).</u></a>

## Table of Contents

<u>Exhibit Number</u>	<u>Description</u>
10.4	<a href="#"><u>Revolving Credit Agreement, dated as of October 18, 2022, by and among RXO, the guarantors from time to time party thereto, the lenders and other parties from time to time party thereto, and Citibank, N.A., as Administrative Agent and an Issuing Lender (incorporated herein by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K filed with the SEC on October 18, 2022).</u></a>
10.5	<a href="#"><u>Incremental Amendment and Lender Joinder Agreement (incorporated herein by reference to Exhibit 10.1 to the registrant's Quarterly Report on Form 10-Q filed with the SEC on November 7, 2023).</u></a>
10.6	<a href="#"><u>Amendment No. 2 to the Revolving Credit Agreement, dated as of April 11, 2024, entered into by and among RXO, Inc., each lender party thereto and Citibank, N.A., as administrative agent (incorporated herein by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K filed with the SEC on April 11, 2024).</u></a>
10.7	<a href="#"><u>Amendment No. 3 to the Revolving Credit Agreement, dated as of July 31, 2024, among RXO, Inc., the guarantors party thereto, the lenders party thereto and Goldman Sachs Bank USA, as administrative agent (incorporated herein by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K filed with the SEC on August 8, 2024).</u></a>
10.8	<a href="#"><u>Amendment No. 4 to the Revolving Credit Agreement, dated as of August 8, 2024, among RXO, Inc., the guarantors party thereto, the lenders party thereto and Goldman Sachs Bank USA, as administrative agent (incorporated herein by reference to Exhibit 10.2 to the registrant's Current Report on Form 8-K filed with the SEC on August 8, 2024).</u></a>
10.9	<a href="#"><u>Intellectual Property License Agreement dated as of October 24, 2022, between XPO NAT Solutions, LLC and XPO Logistics, Inc. (incorporated herein by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K filed with the SEC on October 25, 2022).</u></a>
10.10	<a href="#"><u>Transition Services Agreement, dated as of October 31, 2022, by and between XPO Logistics, Inc. and RXO, Inc. (incorporated herein by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K filed with the SEC on November 1, 2022).</u></a>
10.11	<a href="#"><u>Tax Matters Agreement, dated as of October 31, 2022, by and between XPO Logistics, Inc. and RXO, Inc. (incorporated herein by reference to Exhibit 10.2 to the registrant's Current Report on Form 8-K filed with the SEC on November 1, 2022).</u></a>
10.12	<a href="#"><u>Employee Matters Agreement, dated as of October 31, 2022, by and between XPO Logistics, Inc. and RXO, Inc. (incorporated herein by reference to Exhibit 10.3 to the registrant's Current Report on Form 8-K filed with the SEC on November 1, 2022).</u></a>
10.13	<a href="#"><u>Registration Rights Agreement, dated as of October 31, 2022, by and between RXO, Inc. and Jacobs Private Equity, LLC (incorporated herein by reference to Exhibit 10.4 to the registrant's Current Report on Form 8-K filed with the SEC on November 1, 2022).</u></a>
10.14 +	<a href="#"><u>Summary of Non-Employee Director Compensation Program of RXO, Inc. (incorporated herein by reference to Exhibit 10.5 to the registrant's Current Report on Form 8-K filed with the SEC on November 1, 2022).</u></a>
10.15 +	<a href="#"><u>Form of Performance-Based Restricted Stock Unit Award Agreement under the XPO Logistics, Inc. 2016 Omnibus Incentive Compensation Plan (incorporated herein by reference to Exhibit 10.3 to the registrant's Quarterly Report on Form 10-Q filed with the SEC on November 30, 2022).</u></a>
10.16 +	<a href="#"><u>RXO, Inc. 2022 Omnibus Incentive Compensation Plan (incorporated herein by reference to Exhibit 4.3 to the registrant's Form S-8 filed with the Securities and Exchange Commission on October 25, 2022 (File No. 333-268006)).</u></a>
10.17 +	<a href="#"><u>RXO, Inc. Severance Plan (incorporated herein by reference to Exhibit 10.7 to the registrant's Current Report on Form 8-K filed with the SEC on November 1, 2022).</u></a>
10.18 +	<a href="#"><u>RXO, Inc. Cash Long-Term Incentive Plan (incorporated herein by reference to Exhibit 10.8 to the registrant's Current Report on Form 8-K filed with the SEC on November 1, 2022).</u></a>
10.19 +	<a href="#"><u>North America Transport Consolidated Annual Incentive Plan (incorporated herein by reference to Exhibit 10.9 to the registrant's Current Report on Form 8-K filed with the SEC on November 1, 2022).</u></a>

## Table of Contents

<u>Exhibit Number</u>	<u>Description</u>
10.20 +	<a href="#"><u>Form of Restricted Stock Unit Award Agreement under the RXO, Inc. 2022 Omnibus Incentive Compensation Plan (incorporated herein by reference to Exhibit 10.17 to the registrant's Quarterly Report on Form 10-Q filed with the SEC on May 3, 2023).</u></a>
10.21 +	<a href="#"><u>Form of Performance-Based Restricted Stock Unit Award Agreement under the RXO, Inc. 2022 Omnibus Incentive Compensation Plan (incorporated herein by reference to Exhibit 10.19 to the registrant's Quarterly Report on Form 10-Q filed with the SEC on May 7, 2024).</u></a>
10.22	<a href="#"><u>Form of Purchase Agreement, dated as of August 12, 2024, by and among the Company and the Investors signatory thereto (incorporated herein by reference to Exhibit 10.1 to the registrant's Current Report on Form 8-K filed with the SEC on August 12, 2024).</u></a>
19 *	<a href="#"><u>RXO, Inc. Securities Trading Policy.</u></a>
21 *	<a href="#"><u>Subsidiaries of the registrant.</u></a>
23.1 *	<a href="#"><u>Consent of Deloitte &amp; Touche LLP, Independent Registered Public Accounting Firm.</u></a>
23.2 *	<a href="#"><u>Consent of KPMG LLP, Independent Registered Public Accounting Firm.</u></a>
31.1 *	<a href="#"><u>Certification of the Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, with respect to the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2024.</u></a>
31.2 *	<a href="#"><u>Certification of the Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, with respect to the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2024.</u></a>
32.1 **	<a href="#"><u>Certification of the Principal Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, with respect to the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2024.</u></a>
32.2 **	<a href="#"><u>Certification of the Principal Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, with respect to the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2024.</u></a>
97	<a href="#"><u>RXO, Inc. Clawback Policy (incorporated herein by reference to Exhibit 97 to the registrant's Annual Report on Form 10-K filed with the SEC on February 13, 2024).</u></a>
101.INS *	Inline XBRL Instance Document.
101.SCH *	Inline XBRL Taxonomy Extension Schema.
101.CAL *	Inline XBRL Taxonomy Extension Calculation Linkbase.
101.DEF *	Inline XBRL Taxonomy Extension Definition Linkbase.
101.LAB *	Inline XBRL Taxonomy Extension Label Linkbase.
101.PRE *	Inline XBRL Taxonomy Extension Presentation Linkbase.
104 *	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).
*	Filed herewith.
**	Furnished herewith.
***	Annexes, schedules and/or exhibits have been omitted pursuant to Item 601(a)(5) of Regulation S-K. RXO hereby agrees to furnish supplementally a copy of any omitted attachment to the SEC on a confidential basis upon request.
+	This exhibit is a management contract or compensatory plan or arrangement.

## **Item 16. FORM 10-K SUMMARY**

None.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on this 26th day of February 2025.

RXO, Inc.

By: /s/ Drew M. Wilkerson  
Drew M. Wilkerson  
Chief Executive Officer  
(Principal Executive Officer)

By: /s/ James E. Harris  
James E. Harris  
Chief Financial Officer  
(Principal Financial Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on this 26th day of February 2025.

<b><u>Signature</u></b>	<b><u>Title</u></b>
<u>/s/ Drew M. Wilkerson</u> <b>Drew M. Wilkerson</b>	Chief Executive Officer & Director (Principal Executive Officer)
<u>/s/ James E. Harris</u> <b>James E. Harris</b>	Chief Financial Officer (Principal Financial Officer)
<u>/s/ Jason Kerr</u> <b>Jason Kerr</b>	Chief Accounting Officer (Principal Accounting Officer)
<u>/s/ Brad Jacobs</u> <b>Brad Jacobs</b>	Non-Executive Chairman of the Board of Directors
<u>/s/ Troy Cooper</u> <b>Troy Cooper</b>	Director
<u>/s/ Adrian Kingshott</u> <b>Adrian Kingshott</b>	Director
<u>/s/ Mary Kissel</u> <b>Mary Kissel</b>	Director
<u>/s/ Christine Breves</u> <b>Christine Breves</b>	Director
<u>/s/ Michelle Nettles</u> <b>Michelle Nettles</b>	Director
<u>/s/ Stephen Renna</u> <b>Stephen Renna</b>	Director
<u>/s/ Thomas A. Szlosek</u> <b>Thomas A. Szlosek</b>	Director

## RXO, INC.

## SECURITIES TRADING POLICY

**I. Purpose**

To describe the standards concerning the handling of non-public information relating to RXO, Inc. and its subsidiaries (collectively, the “Company”) and the buying and selling of securities of the Company.

**II. Persons Affected and Prohibited Transactions**

The general prohibitions of this Policy apply to all directors, officers and employees of the Company, while the restrictions set forth in Part V (blackout periods) and Part VI (pre-clearance) apply only to directors, executive officers<sup>1</sup> and certain designated officers and employees. If you are unsure whether you are subject to the restrictions set forth in Parts V or VI, please contact the Company’s Chief Legal Officer or his or her designee.

The same restrictions described in this Policy also apply to your spouse, minor children and anyone else living in your household, partnerships in which you are a general partner, trusts of which you are a trustee, estates of which you are an executor and investment funds or other similar vehicles with which you are affiliated (collectively, “Related Parties”). **You will be responsible for compliance with this Policy by your Related Parties.**

For purposes of this Policy, references to “trading” or to “transactions in securities of the Company” include purchases or sales of Company stock, bonds, options, puts and calls, derivative securities based on securities of the Company, gifts of Company securities, loans of Company securities, hedging transactions involving or referencing Company securities, contributions of Company securities to a trust, sales of Company stock acquired upon the exercise of stock options, broker-assisted cashless exercises of stock options, market sales to raise cash to fund the exercise of stock options and trades in Company stock made under an employee benefit plan, such as a 401(k) plan.

**III. Policy Statement**

**If you possess material nonpublic information (as further discussed below) relating to the Company, neither you nor any Related Party:**

- **may effect transactions in securities of the Company (other than pursuant to a pre-arranged trading plan that complies with Rule 10b5-1 (“Rule 10b5-1”) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) as described in Part VII below) or engage in any other action that take advantage of that information;**

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<sup>1</sup> Executive officers for purposes of this Policy are all executive officers of the Company identified in its public filings and any other officer of the Company or any subsidiary that is subject to Section 16(b) of the Securities Exchange Act of 1934.

- **may pass that information on to any person outside the Company, except as permitted under applicable Company policies and procedures;**
- **suggest or otherwise recommend that any person effect a transaction in securities of the Company or engage in any other action that takes advantage of that information; or**
- **assist anyone engaged in any of the foregoing activities.**

This Policy will continue to apply after termination of employment to the extent that you are in possession of material nonpublic information at the time of termination. In such case, no transaction in securities of the Company may take place until the information becomes public or ceases to be material.

This Policy also applies to information, obtained in the course of employment with, or by serving as a director of, the Company, relating to any other company, including:

- our customers, clients or suppliers,
- any entity with which we may be negotiating a major transaction or business combination, or
- any entity as to which we have an indirect or direct control relationship or a designee on the board of directors.

Neither you nor any Related Party may effect transactions in the securities of any such other company while in possession of material nonpublic information concerning such company that was obtained in the course of employment with the Company.

Transactions that may be necessary or justifiable for independent reasons (such as the need to raise money for an emergency expenditure) are no exception. Even the appearance of an improper transaction must be avoided to preserve our reputation for adhering to the highest standards of conduct.

*Material Information.* “Material information” is any information that a reasonable investor would consider important in a decision to effect a transaction in securities of the Company. In short, any information that could reasonably affect the price of such securities. Either positive or negative information may be material. Common examples of information that will frequently be regarded as material are:

- projections of future earnings or losses, or other guidance concerning earnings;
- the fact that earnings are inconsistent with consensus expectations;
- a pending or proposed merger, joint venture, acquisition or tender offer;
- a significant sale of assets or the disposition of a subsidiary or business unit;

- changes in dividend policies or the declaration of a stock split or the offering of additional securities;
- changes in senior management or other key employees;
- significant new products or services;
- significant legal or regulatory exposure due to a pending or threatened lawsuit or investigation;
- impending bankruptcy or other financial liquidity problems;
- a material cyber incident that has not been disclosed;
- changes in legislation affecting our business; and
- the gain or loss of a substantial customer, client or supplier.

*20-20 Hindsight.* Remember, if your transaction in securities of the Company becomes the subject of scrutiny, it will be viewed after-the-fact with the benefit of hindsight. As a result, before engaging in any transaction you should carefully consider how regulators and others might view your transaction in hindsight.

*Tippling Information to Others.* Whether the information is proprietary information about the Company or other information that could have an impact on the price of the Company's securities, you must not pass the information on to others. Penalties will apply whether or not you derive, or even intend to derive, any profit or other benefit from another's actions.

*When Information is Public.* You may not trade on the basis of material information that has not been broadly disclosed to the marketplace, such as through a press release or a filing with the Securities and Exchange Commission (the "SEC"), and the marketplace has had time to absorb the information. As a general rule, information should not be considered fully absorbed by the marketplace until the end of the second full business day after the information is released. Thus, if information is released prior to market open on a Monday, trading should not take place until Wednesday. However, if the information in question is contained in a regular quarterly earnings release and the release is issued prior to the opening of the market on a given day, trading may take place on the second business day following the day of release.

*Transactions under Company Plans.* Although this Policy does not generally apply to the exercise of employee stock options (other than cashless exercises as described below), it does apply to the sale of common stock received upon exercise. This Policy applies however to the sale as part of a broker-assisted cashless exercise of a stock option and the market sale for the purpose of raising cash to fund the exercise of an option or to pay taxes. This Policy also applies to the following elections under a 401(k) plan (if and when the Company makes Company securities an investment alternative under our 401(k) plan):

- increasing or decreasing periodic contributions allocated to the purchase of Company securities;

- intra-plan transfers of an existing balance in or out of Company securities;
- borrowing money against the account if the loan results in the liquidation of any portion of Company securities; and
- pre-paying a loan if the pre-payment results in allocation of the proceeds to Company securities.

*Confidentiality Obligations.* The restrictions set forth in this Policy are designed to avoid misuse of material nonpublic information in violation of the securities laws. These restrictions are in addition to, and in no way alter, the general obligations that each director, officer and employee of the Company has to maintain the confidentiality of all confidential or proprietary information concerning the Company and its business, as well as any other confidential information, that may be learned in the course of service or employment with the Company. No such information is to be disclosed to any other person in the Company, unless that person has a clear need to know that information, and no such information may be disclosed to any third parties, except as required or otherwise contemplated by your function or position.

You should take precautions to prevent the unauthorized disclosure or other misuse of such information by maintaining files securely, avoiding discussions of such information in public and taking extra care when distributing such information electronically.

#### **IV. Additional Prohibited Transactions**

Because we believe it is improper and inappropriate for any person to engage in short-term or speculative transactions involving the Company's securities, directors, officers and employees of the Company, and their Related Parties, are prohibited from engaging in any of the following activities with respect to securities of the Company:

1. ***Purchases and pledging of securities of the Company on margin.*** You may not purchase securities of the Company on margin or pledge, or otherwise grant a security interest in, securities of the Company in margin accounts.
2. ***Short sales of the securities of the Company*** (*i.e.*, the sale of securities you do not own and borrowing the securities to make delivery). The SEC effectively prohibits directors and officers from engaging in short sales of Company securities. This Policy is simply expanding this prohibition to cover all employees of the Company.
3. ***Buying or selling puts, calls, options or other derivatives in respect of securities of the Company.*** This prohibition extends to any instrument whose value is derived from the value of any securities (*e.g.*, common stock) of the Company.
4. ***Hedging or certain other transactions in respect of the securities of the Company.*** Directors, executive officers and other employees, and their designees, are prohibited from purchasing any financial instruments (including prepaid variable forward contracts, equity swaps, collars and exchange funds) or otherwise engaging in transactions that are designed to or have the effect of hedging or offsetting any decrease in the market value of the Company's equity securities whether they are (1) granted to you by the Company as part of your compensation; or (2) otherwise held, directly or indirectly, by you.

Although the Company is not prohibiting standing or limit orders, you should use extreme caution if you engage in standing or limit orders (other than as established in connection with a Rule 10b5-1 plan as described in Part VII below) since you might become aware of material non-public information after establishing an order. This could lead to inadvertent trading while in possession of material non-public information.

**V. Blackout Periods – For Directors, Executive Officers and Certain Other Personnel with Access to Material Nonpublic Information**

The Company's announcement of quarterly financial results has the potential to have a material impact on the market for the Company's securities. Therefore, in order to avoid any appearance that its directors, officers, employees and other insiders are trading while aware of material nonpublic information, all directors, executive officers and certain other persons who are or may be expected to be aware of quarterly financial results of the Company will be subject to quarterly blackouts on trading.

The Company has established the following "blackout periods" in relation to the publication of its annual and quarterly results: **(a) the period commencing two weeks prior to the end of its fiscal year and ending on and including the second trading day after public announcement of the Company's annual financial results; (b) the period commencing two weeks prior to the end of each of its fiscal quarters and ending on and including the second trading day after public announcement of the Company's financial results for such quarter; and (c) for directors and executive officers, to the extent and during the periods as the Chief Legal Officer or his or her designee may direct, including as required by Section 306 of the Sarbanes-Oxley Act of 2002 or its implementing regulations.**

During these blackout periods, the following persons and their Related Parties are **prohibited** from effecting transactions in securities of the Company:

- directors and their secretaries and other assistants;
- executive officers and their secretaries and other assistants;
- employees in the accounting, finance and legal departments; and
- any other person designated by the Chief Legal Officer or his or her designee.

You should be aware that the blackout periods described above may be modified by the Company at any time. In addition, the Company may from time to time determine that effecting transactions in securities of the Company is inappropriate at a time that is outside the blackout periods and, accordingly, may notify you of additional closed periods at any time. For example, a short blackout period may be imposed shortly before issuance of interim earnings guidance. Those subject to blackout period requirements will receive notice of any modification by the Company of the closed period policy or of any additional prohibition on trading during a non-blackout period. Persons subject to the blackout period restrictions who terminate their employment with the Company during a blackout period will remain subject to the restrictions until the end of such period.

See Part VII below for the principles applicable to transactions under Rule 10b5-1 plans.

## **VI. Pre-Clearance of Securities Transactions**

To provide assistance in preventing inadvertent violations of the law (which could result for example, from failure by directors and officers subject to reporting obligations under Section 16 of the Exchange Act) and avoiding even the appearance of an improper transaction (which could result, for example, where an officer engages in a trade while unaware of a pending major development), we are implementing the following procedure:

**All transactions in securities of the Company by the following persons and their Related Parties must be pre-cleared with the Company's Chief Legal Officer or his or her designee:**

- **directors and their secretaries and other assistants;**
- **executive officers, any other officer who has an obligation to file reports under Section 16 of the Exchange Act, and their secretaries and other assistants;**
- **employees in the accounting, finance and legal departments; and**
- **any other person designated by the Chief Legal Officer or his or her designee.**

**Persons subject to these restrictions should contact the Chief Legal Officer or his or her designee at least two business days (or such shorter period as the Chief Legal Officer or his or her designee may determine) in advance and may not effect any transaction subject to the pre-clearance request unless given clearance to do so, which clearance, if granted, will be valid only for five business days following the approval date. If a transaction for which clearance has been granted is not effected (i.e., the trade is not placed) within such five business day period, the transaction must again be pre-cleared.**

To the extent that a material event or development affecting the Company remains nonpublic, persons subject to pre-clearance will not be given permission to effect transactions in securities of the Company. Such persons may not be informed of the reason why they may not trade. Even if such person has previously received pre-clearance, such individual cannot trade in securities of the Company if such person possesses material, non-public information affecting the Company. Any person that is made aware of the reason for an event-specific prohibition on trading should in no event disclose the reason for the prohibition to third parties and should avoid disclosing the existence of the prohibition, if possible. Caution should be exercised when telling a broker or other person who suggested a trade that the trade cannot be effected at the time.

Note that the pre-clearance procedures may delay the disposition of any security after it is purchased.

See Part VII below for the principles applicable to transactions under Rule 10b5-1 plans.

## **VII. 10b5-1 Plans.**

The SEC has adopted a safe harbor rule, Rule 10b5-1, which provides a defense against insider trading liability for trades that are effected pursuant to a pre-arranged trading plan that meets specified conditions. The trading plan must be properly documented and all of the procedural conditions of the Rule must be satisfied to avoid liability.

Rule 10b5-1 plans allow transactions for the account of an insider to occur during blackout periods or while the insider has material nonpublic information provided the insider has previously given instructions or other control to effect pre-planned transactions in securities of the Company to a third party. The insider must establish the plan at a time when he or she is not in possession of material nonpublic information and the insider may not exercise any subsequent influence over how, when or whether to effect transactions. In addition to other specified conditions, a Rule 10b5-1 plan would specify in writing in advance the amount and price of the securities to be sold and the date for the sale (or a formula for determining the amount, price and date) or would otherwise not permit the insider to exercise any subsequent influence over how, when or whether to effect the sales. After adopting a valid Rule 10b5-1 plan, the insider will have an affirmative defense that a sale under the plan was not made “on the basis of” material nonpublic information.

The Company will treat the creation, modification or termination of a pre-planned trading program or arrangement established to meet the requirements of Rule 10b5-1 as a transaction subject to the blackout period rules set forth in Part V of this Policy. Transactions effected pursuant to a properly established Rule 10b5-1 plan however will not be subject to the blackout periods under Part V of this Policy.

The Company will treat the creation, modification or termination of a pre-planned trading program or arrangement established to meet the requirements of Rule 10b5-1 as a transaction subject to pre-clearance under Part VI of this Policy at the time the plan is established, modified or terminated. Persons subject to the pre-clearance policy should coordinate any such plans or arrangements with the Company’s Chief Legal Officer or his or her designee. Even though each transaction effected under a Rule 10b5-1 plan does not need to be pre-cleared, it nonetheless must be made in accordance with Rule 144 and must be reported on a Form 4 under Section 16 of the Exchange Act.

## **VIII. Assistance**

Any person who has any questions about this Policy or about specific transactions may contact the Company’s Chief Legal Officer or his or her designee. Remember, however, that the ultimate responsibility for adhering to this Policy and avoiding improper transactions rests with you. In this regard, it is imperative that you use your best judgment and to ask before acting if you are unsure.

## SUBSIDIARIES OF THE REGISTRANT

RXO, Inc. maintains 38 subsidiaries. Set forth below are the names of wholly owned subsidiaries of RXO, Inc., as of December 31, 2024, that provide freight transportation services.

Name	Jurisdiction of Incorporation
RXO, Inc.	Delaware
RXO Corporate Solutions, LLC	Delaware
RXO Managed Transport, LLC	Delaware
RXO Corporate Services Canada Inc.	Ontario
Jacobson Transportation Company, Inc.	Iowa
Jacobson Logistics Company, L.C.	Iowa
RXO Managed Transport Mexico S. de R.L. de C.V.	Mexico
RXO Last Mile Holding, Inc.	Delaware
RXO Last Mile, Inc.	Georgia
RXO Courier, LLC	Delaware
RXO Last Mile Canada Inc.	Canada
RXO Capacity Solutions, LLC	Delaware
RXO NLM, LLC	Delaware
Bounce Logistics, LLC	Delaware
RXO Express, LLC	Delaware
RXO Air Transport, LLC	Delaware
RXO Dedicated, LLC	Delaware
RXO Capacity Solutions, Inc.	Ontario
RXO Freight Forwarding, Inc.	Delaware
RXO Customs Clearance Solutions, LLC	Delaware
RXO Freight Forwarding Mexico S. de R.L. de C.V.	Mexico
Pacer Holdings Coöperateif U.A.	Netherlands
RXO Freight Forwarding (HK) Limited	Hong Kong
RXO Freight Forwarding Sin Pte. Ltd.	Singapore
XPO Ocean World Lines Europe GmbH	Germany
RXO Hong Kong Freight Forwarding Limited	Hong Kong
RXO China Freight Forwarding Limited	China
RXO Capacity Solutions Mexico S. de R.L. de C.V.	Mexico
Logistics Financing UK Limited	United Kingdom
Logistics Financing UK II Limited	United Kingdom
XPO Global Forwarding Chile SA	Chile
NDO India Private Limited	India
RXO Global Services India Private Limited	India
Coyote Logistics Midco, Inc.	Delaware
Coyote Logistics, LLC	Delaware
Access America Transport, LLC	Tennessee
Coyote Logistics de Mexico, S.A. de C.V. (MX)	Mexico
Coyote Logistics UK Limited	United Kingdom
Coyote Logistics Nederland B.V.	Netherlands

**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in Registration Statement No. 333-268006 on Form S-8 and Registration Statement No. 333-282002 Form S-3 of our reports dated February 26, 2025, relating to the consolidated financial statements of RXO, Inc. and the effectiveness of RXO Inc.'s internal control over financial reporting appearing in this Annual Report on Form 10-K for the year ended December 31, 2024.

/s/ Deloitte & Touche LLP

Charlotte, North Carolina  
February 26, 2025

**Consent of Independent Registered Public Accounting Firm**

We consent to the incorporation by reference in the registration statements (No. 333-282002) on Form S-3 and (No. 333-268006) on Form S-8 of our report dated February 12, 2024, except for Note 4, as to which the date is February 26, 2025, with respect to the consolidated financial statements of RXO, Inc.

/s/ KPMG LLP

Charlotte, North Carolina  
February 26, 2025

CERTIFICATION

I, Drew M. Wilkerson, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2024 of RXO, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Drew M. Wilkerson

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Drew M. Wilkerson

Chief Executive Officer

(Principal Executive Officer)

Date: February 26, 2025

CERTIFICATION

I, James E. Harris, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2024 of RXO, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ James E. Harris

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James E. Harris

Chief Financial Officer

(Principal Financial Officer)

Date: February 26, 2025

**CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER**

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

Solely for the purposes of complying with 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, the undersigned Chief Executive Officer of RXO, Inc. (the “Company”), hereby certify, based on my knowledge, that the Annual Report on Form 10-K of the Company for the year ended December 31, 2024 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Drew M. Wilkerson

Drew M. Wilkerson

Chief Executive Officer

(Principal Executive Officer)

Date: February 26, 2025

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER**

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

Solely for the purposes of complying with 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, I, the undersigned Chief Financial Officer of RXO, Inc. (the “Company”), hereby certify, based on my knowledge, that the Annual Report on Form 10-K of the Company for the year ended December 31, 2024 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934 and that the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ James E. Harris

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James E. Harris

Chief Financial Officer

(Principal Financial Officer)

Date: February 26, 2025