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

FORM 10-Q

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the Quarterly Period Ended June 30, 2017
Commission File No. 000-22490**

FORWARD AIR CORPORATION

(Exact name of registrant as specified in its charter)

Tennessee	**62-1120025**
(State or other jurisdiction of incorporation)	(I.R.S. Employer Identification No.)
1915 Snapps Ferry Road, Building N Greeneville, Tennessee	**37745**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(423) 636-7000**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☒ No ☐

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

Large accelerated filer ☒	Accelerated filer ☐	Non-accelerated filer ☐	Smaller reporting company ☐	Emerging growth company ☐

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

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

The number of shares outstanding of the registrant's common stock, $0.01 par value, as of July 24, 2017 was 30,297,908.

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Forward Air Corporation

Part I. Financial Information

Item 1. Financial Statements (Unaudited).

Forward Air Corporation
Condensed Consolidated Balance Sheets
(Dollars in thousands, except share and per share amounts)
(Unaudited)

	June 30, 2017	December 31, 2016
Assets		
Current assets:		
Cash	$ 10,090	$ 8,511
Accounts receivable, less allowance of $1,329 in 2017 and $1,714 in 2016	123,535	116,602
Other current assets	14,526	11,157
Total current assets	148,151	136,270
Property and equipment	375,069	379,021
Less accumulated depreciation and amortization	185,510	178,816
Total property and equipment, net	189,559	200,205
Goodwill and other acquired intangibles:		
Goodwill	191,535	184,675
Other acquired intangibles, net of accumulated amortization of $66,303 in 2017 and $61,334 in 2016	116,231	106,650
Total net goodwill and other acquired intangibles	307,766	291,325
Other assets	14,211	13,491
Total assets	$ 659,687	$ 641,291
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	$ 17,642	$ 18,012
Accrued expenses	34,921	31,833
Income taxes payable	1,629	70
Current portion of debt and capital lease obligations	462	28,012
Total current liabilities	54,654	77,927
Long-term debt and capital lease obligations, less current portion	20,983	725
Other long-term liabilities	22,148	21,699
Deferred income taxes	42,665	41,871
Shareholders' equity:		
Preferred stock	—	—
Common stock, $0.01 par value: Authorized shares - 50,000,000, Issued and outstanding shares - 30,093,918 in 2017 and 30,090,335 in 2016	301	301
Additional paid-in capital	188,663	179,512
Retained earnings	330,273	319,256
Total shareholders' equity	519,237	499,069
Total liabilities and shareholders' equity	$ 659,687	$ 641,291

The accompanying notes are an integral part of the financial statements.

Forward Air Corporation
Condensed Consolidated Statements of Comprehensive Income
(In thousands, except per share data)
(Unaudited)

	Three months ended		Six months ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Operating revenue	$ 267,518	$ 238,637	$ 514,499	$ 468,185
Operating expenses:				
Purchased transportation	115,609	99,267	218,692	195,743
Salaries, wages and employee benefits	64,402	57,018	126,399	115,695
Operating leases	14,796	14,601	30,397	28,469
Depreciation and amortization	10,219	9,341	20,252	19,009
Insurance and claims	7,730	6,648	13,536	12,044
Fuel expense	3,671	2,999	7,351	5,960
Other operating expenses	21,282	20,669	44,875	41,766
Impairment of goodwill, intangibles and other assets	—	42,442	—	42,442
Total operating expenses	237,709	252,985	461,502	461,128
Income (loss) from operations	29,809	(14,348)	52,997	7,057
Other income (expense):				
Interest expense	(236)	(461)	(518)	(1,015)
Other, net	18	(117)	(8)	(145)
Total other income (expense)	(218)	(578)	(526)	(1,160)
Income (loss) before income taxes	29,591	(14,926)	52,471	5,897
Income tax expense (benefit)	10,041	(4,860)	18,678	2,864
Net income (loss) and comprehensive income (loss)	$ 19,550	$ (10,066)	$ 33,793	$ 3,033
Net income (loss) per share:				
Basic	$ 0.65	$ (0.33)	$ 1.12	$ 0.10
Diluted	$ 0.64	$ (0.33)	$ 1.11	$ 0.10
Dividends per share:	$ 0.15	$ 0.12	$ 0.30	$ 0.24

The accompanying notes are an integral part of the financial statements.

Forward Air Corporation
Condensed Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Six months ended	
	June 30, 2017	June 30, 2016
Operating activities:		
Net income	$ 33,793	$ 3,033
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	20,252	19,009
Impairment of goodwill, intangible and other assets	—	42,442
Share-based compensation	4,026	4,111
Loss on disposal of property and equipment	507	90
Provision for loss (recovery) on receivables	257	(12)
Provision for revenue adjustments	1,468	1,205
Deferred income tax	794	881
Excess tax benefit for stock options exercised	—	(87)
Changes in operating assets and liabilities		
Accounts receivable	(8,658)	(1,284)
Other current assets	(3,978)	(3,536)
Accounts payable and accrued expenses	3,520	(4,646)
Net cash provided by operating activities	51,981	61,206
Investing activities:		
Proceeds from disposal of property and equipment	1,339	1,100
Purchases of property and equipment	(4,662)	(16,040)
Acquisition of business, net of cash acquired	(22,500)	(1,700)
Other	512	(601)
Net cash used in investing activities	(25,311)	(17,241)
Financing activities:		
Payments of debt and capital lease obligations	(42,433)	(27,883)
Proceeds from senior credit facility	35,000	—
Proceeds from exercise of stock options	4,892	1,094
Payments of cash dividends	(9,082)	(7,334)
Repurchase of common stock (repurchase program)	(11,995)	(19,991)
Common stock issued under employee stock purchase plan	226	215
Excess tax benefit for stock options exercised	—	87
Cash settlement of share-based awards for tax withholdings	(1,699)	(1,786)
Net cash used in financing activities	(25,091)	(55,598)
Net increase (decrease) in cash	1,579	(11,633)
Cash at beginning of period	8,511	33,312
Cash at end of period	$ 10,090	$ 21,679

The accompanying notes are an integral part of the financial statements.

Forward Air Corporation
Notes to Condensed Consolidated Financial Statements
(In thousands, except share and per share data)
(Unaudited)
June 30, 2017

1. Description of Business and Basis of Presentation

Forward Air Corporation is a leading asset-light freight and logistics company. Forward Air Corporation's ("the Company", "We", "Our") services can be classified into four principal reportable segments: Expedited LTL, Truckload Premium Services ("TLS"), Intermodal and Pool Distribution ("Pool") (See note 11).

Through the Expedited LTL segment, we operate a comprehensive national network to provide expedited regional, inter-regional and national less-than-truckload ("LTL") services. Expedited LTL offers customers local pick-up and delivery and other services including shipment consolidation and deconsolidation, warehousing, customs brokerage and other handling.

Through our TLS segment, we provide expedited truckload brokerage, dedicated fleet services, as well as high security and temperature-controlled logistics services in the United States and Canada.

Our Intermodal segment provides first- and last-mile high value intermodal container drayage services both to and from seaports and railheads. Intermodal also offers dedicated contract and CFS warehouse and handling services. Today, Intermodal operates primarily in the Midwest, with a smaller operational presence in the Southwest and Southeast.

In our Pool Distribution segment, we provide high-frequency handling and distribution of time sensitive product to numerous destinations within a specific geographic region. We offer this service throughout the Mid-Atlantic, Southeast, Midwest and Southwest United States.

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with United States generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and notes required by United States generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. The Company’s operating results are subject to seasonal trends when measured on a quarterly basis; therefore operating results for the three and six months ended June 30, 2017 are not necessarily indicative of the results that may be expected for the year ending December 31, 2017. For further information, refer to the consolidated financial statements and notes thereto included in the Forward Air Corporation Annual Report on Form 10-K for the year ended December 31, 2016.

The accompanying unaudited condensed consolidated financial statements of the Company include Forward Air Corporation and its subsidiaries. All intercompany accounts and transactions have been eliminated in consolidation. Certain reclassifications have been made to the prior period financial information to conform to the current year presentation.

2. Recent Accounting Pronouncements

In March 2016, the Financial Accounting Standards Board ("FASB") issued guidance that changes the accounting for certain aspects of share-based payments to employees. The guidance requires the recognition of the income tax effects of awards in the income statement when the awards vest or are settled, thus eliminating additional paid in capital ("APIC") pools. The guidance also allows for the employer to repurchase more of an employee’s shares for tax withholding purposes without triggering liability accounting. In addition, the guidance allows for, and we elected, to account for forfeitures as they occur rather than on an estimated basis. We adopted this guidance in January 2017 and the elimination of APIC pools resulted in approximately $175 of income tax benefit during the six months ended June 30, 2017. This guidance has been applied prospectively and no prior periods have been adjusted.

In February 2016, the FASB, issued ASU 2016-02, Leases, which introduces the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous guidance. The guidance will be effective for annual reporting periods beginning after December 15, 2018 and interim periods within those fiscal years with early adoption permitted. We are evaluating the impact of the future adoption of this standard on our consolidated financial statements.

In May 2014, the FASB issued guidance on revenue from contracts with customers that will supersede most current revenue recognition guidance, including industry-specific guidance. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of time value of money in the transaction price, and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The guidance is effective for the interim and annual periods beginning on or after December 15, 2017. The guidance permits the use of either a full retrospective or modified retrospective adoption approach with a cumulative effect adjustment recorded in either scenario as necessary upon transition. Based on a review of our customer shipping arrangements, we currently believe the implementation of this standard will change our revenue recognition policy from recognizing revenue upon shipment completion to recognizing revenue over time based on the progress toward completion of shipments in transit at each period end. While the timing of revenue recognition will be accelerated, due to the short duration of our transit times the anticipated impact on our consolidated financial position, revenue, results from operations is expected to be minor. However, we have not determined our transition method as we are still evaluating our principal versus agent relationships which could impact our classification of certain costs. Once this presentation is determined, we will finalize our transition method.

3. Acquisitions and Goodwill

Acquisition of Atlantic, Triumph and Ace

As part of the Company's strategy to expand its Intermodal operations, in May 2017, we acquired certain assets of Atlantic Trucking Company, Inc., Heavy Duty Equipment Leasing, LLC, Atlantic Logistics, LLC and Transportation Holdings, Inc. (together referred to as "Atlantic" in this note) for $22,500 and a potential earnout of $1,000. The acquisition was funded by a combination of cash on hand and funds from our revolving credit facility. Atlantic was a privately held provider of intermodal, drayage and related services headquartered in Charleston, South Carolina. It also has terminal operations in Atlanta, Charlotte, Houston, Jacksonville, Memphis, Nashville, Norfolk and Savannah. These locations allow Intermodal to significantly expand its footprint in the southeastern region. During the year ended December 31, 2016, Atlantic generated approximately $62,300 in revenue.

In August 2016, we also acquired certain assets of Triumph Transport, Inc. and Triumph Repair Service, Inc. (together referred to as "Triumph") for $10,100 and a potential earnout of $1,250. The assets, liabilities, and operating results of Triumph have been included in the Company's consolidated financial statements from the date of acquisition and have been assigned to the Intermodal reportable segment. In January 2016, the Company also acquired certain assets of Ace Cargo, LLC ("Ace") for $1,700.

The assets, liabilities, and operating results of Atlantic, Triumph and Ace have been included in the Company's consolidated financial statements from the respective dates of acquisition and have been assigned to the Intermodal reportable segment. During the second quarter of 2017, Atlantic contributed $8,438 in revenue and $339 in operating income.

Allocations of Purchase Prices

The following table presents the allocations of the Atlantic, Triumph and Ace purchase prices to the assets acquired and liabilities assumed based on their estimated fair values and resulting residual goodwill (in thousands):

Forward Air Corporation
Notes to Condensed Consolidated Financial Statements
(In thousands, except share and per share data)
(Unaudited)
June 30, 2017

	Atlantic May 7, 2017	Triumph & Ace 2016
Tangible assets:		
Property and equipment	$ 1,821	$ 1,294
Total tangible assets	1,821	1,294
Intangible assets:		
Non-compete agreements	1,150	139
Customer relationships	13,400	5,335
Goodwill	6,860	6,282
Total intangible assets	21,410	11,756
Total assets acquired	23,231	13,050
Liabilities assumed:		
Other liabilities	590	1,250
Debt and capital lease obligations	141	—
Total liabilities assumed	731	1,250
Net assets acquired	$ 22,500	$ 11,800

The above purchase price allocation for Atlantic is preliminary, as the Company is still in the process of finalizing the valuation of the acquired assets and liabilities assumed. The above estimated fair values of assets acquired and liabilities assumed for Atlantic are based on the information that was available as of the acquisition date through the date of this filing. The acquired definite-lived intangible assets have the following useful lives:

	Useful Lives	
	Atlantic	Triumph & Ace
Customer relationships	15 years	15 years
Non-compete agreements	5 years	5 years

The fair value of the non-compete agreements and customer relationships assets were estimated using an income approach (level 3). Under this method, an intangible asset's fair value is equal to the present value of the incremental after-tax cash flows (excess earnings) attributable solely to the intangible asset over its remaining useful life. To estimate fair value, the Company used cash flows discounted at rates considered appropriate given the inherent risks associated with each type of asset. The Company believes that the level and timing of cash flows appropriately reflect market participant assumptions. Cash flows were assumed to extend through the remaining economic useful life of each class of intangible asset.

Escrow Funds

In 2015, the Company acquired CLP Towne Inc. ("Towne") resulting in Towne becoming an indirect, wholly-owned subsidiary of the Company. At the time of acquisition $16,500 of the total purchase price was placed into an escrow account, to settle any shortfall in Towne's net working capital and to be available for a period of time to settle certain possible claims against Towne's common stockholders for indemnification. During the second quarter of 2017, we received $2,525 from this escrow for reimbursement of various claims. Approximately $1,621 was credited to operating leases and other operating expenses during the three months ended June 30, 2017 to offset related costs incurred in previous periods. The remaining $904 was used to establish reserves for various pending claims.

Goodwill

The Company conducted its annual impairment assessments and tests of goodwill for each reporting unit as of June 30, 2017 and no impairment charges were required. The first step of the goodwill impairment test is the Company's assessment of qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than the reporting unit's carrying amount, including goodwill. When performing the qualitative assessment, the Company considers the impact of factors including, but not limited to, macroeconomic and industry conditions, overall financial performance of each reporting unit, litigation and new legislation. If based on the qualitative assessments, the Company believes it more likely than not that the fair value of a

Forward Air Corporation
Notes to Condensed Consolidated Financial Statements
(In thousands, except share and per share data)
(Unaudited)
June 30, 2017

reporting unit is less than the reporting unit's carrying amount, or periodically as deemed appropriate by management, the Company will prepare an estimation of the respective reporting unit's fair value utilizing a quantitative approach. If a quantitative fair value estimation is required, the Company estimates the fair value of the applicable reporting units, using a combination of discounted projected cash flows and market valuations for comparable companies as of the valuation date. The Company's inputs into the fair value estimates for goodwill are classified within level 3 of the fair value hierarchy as defined in the FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles ("the FASB Codification"). If this estimation of fair value indicates that impairment potentially exists, the Company will then measure the amount of the impairment, if any. Goodwill impairment exists when the estimated implied fair value of goodwill is less than its carrying value. Changes in strategy or market conditions could significantly impact these fair value estimates and require adjustments to recorded asset balances.

We have five reporting units - Expedited LTL, TLX Forward Air, Intermodal, Pool Distribution and Total Quality, Inc. ("TQI"). The TLX Forward Air and the TQI reporting units are assigned to the Truckload Premium Services reporting segment. Currently, there is no goodwill assigned to the TLX Forward Air reporting unit.

In 2016, due to the financial performance of the Total Quality, Inc. ("TQI") reporting unit falling notably short of previous projections, declining revenue from significant customers and strategic initiatives not having the required impact on financial results, the Company reduced TQI's projected cash flows and as a result the estimate of TQI's fair value no longer exceeded the respective carrying value. As a result of these assessments, the Company concluded that an impairment loss was probable and could be reasonably estimated for the TQI reporting unit, which is included in the TLS reportable segment. Consequently, the Company recorded a goodwill impairment charge of $25,686 for the TQI reporting unit during the three months ended June 30, 2016.

The following is a summary of the changes to goodwill for the six months ended June 30, 2017. Approximately $112,391 of goodwill is deductible for tax purposes.

	Expedited LTL		TLS		Pool Distribution		Intermodal		Total
	Goodwill	Accumulated Impairment	Goodwill	Accumulated Impairment	Goodwill	Accumulated Impairment	Goodwill	Accumulated Impairment	Net
Beginning balance, December 31, 2016	$ 97,593	$ —	$ 45,164	$ (25,686)	$ 12,359	$ (6,953)	$ 62,198	$ —	$ 184,675
Atlantic Acquisition	—	—	—	—	—	—	6,860	—	6,860
Ending balance, June 30, 2017	$ 97,593	$ —	$ 45,164	$ (25,686)	$ 12,359	$ (6,953)	$ 69,058	$ —	$ 191,535

Intangibles and Other Long-Lived Assets

Additionally, the Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairment is recognized on assets classified as held and used when the sum of undiscounted estimated cash flows expected to result from the use of the asset is less than the carrying value. If such measurement indicates a possible impairment, the estimated fair value of the asset is compared to its net book value to measure the impairment charge, if any. In conjunction with the June 30, 2016 TQI goodwill impairment assessment, the Company determined there were indicators that TQI's customer relationship and non-compete intangible assets were impaired as the undiscounted cash flows associated with the applicable assets no longer exceeded the related assets' net book values. The Company then estimated the current market values of the customer relationship and non-compete assets using an income approach (level 3). As a result of these estimates the Company recorded an impairment charge of $16,501 related to TQI customer relationships during the three months ended June 30, 2016.

In addition, during the three months ended June 30, 2016, the Company also discontinued use of an owned maintenance facility and began efforts to sell the property. In conjunction with these actions, the Company incurred a $255 impairment charge that was estimated using current offers received to sell the property less estimated cost to sell the facility.

Forward Air Corporation
Notes to Condensed Consolidated Financial Statements
(In thousands, except share and per share data)
(Unaudited)
June 30, 2017

4. Share-Based Payments

The Company's general practice has been to make a single annual grant of share-based compensation to key employees and to make other employee grants only in connection with new employment or promotions. Forms of share-based compensation granted to employees by the Company include stock options, non-vested shares of common stock ("non-vested share"), and performance shares. The Company also typically makes a single annual grant of non-vested shares to non-employee directors in conjunction with the annual election of non-employee directors to the Board of Directors. Share-based compensation is based on the grant date fair value of the instrument and is recognized ratably over the requisite service period, or vesting period. All share-based compensation expense is recognized in salaries, wages and employee benefits.

Employee Activity - Stock Options

Stock option grants to employees generally expire seven years from the grant date and typically vest ratably over a three-year period. The Company used the Black-Scholes option-pricing model to estimate the grant-date fair value of options granted. The weighted-average fair value of options granted and assumptions used to estimate their fair value during the six months ended June 30, 2017 and 2016 were as follows:

	Six months ended	
	June 30, 2017	June 30, 2016
Expected dividend yield	1.3%	1.0%
Expected stock price volatility	28.7%	29.0%
Weighted average risk-free interest rate	2.0%	1.3%
Expected life of options (years)	6.0	6.0
Weighted average grant date fair value	$ 13	$ 12

The following tables summarize the Company's employee stock option activity and related information:

	Three months ended June 30, 2017			
	Options (000)	Weighted-Average Exercise Price	Aggregate Intrinsic Value (000)	Weighted-Average Remaining Contractual Term
Outstanding at March 31, 2017	622	$ 42		
Granted	—	—		
Exercised	(103)	33		
Forfeited	(12)	47		
Outstanding at June 30, 2017	507	$ 44	$ 3,453	4.7
Exercisable at June 30, 2017	282	$ 42	$ 2,466	3.5

Forward Air Corporation
Notes to Condensed Consolidated Financial Statements
(In thousands, except share and per share data)
(Unaudited)
June 30, 2017

	Three months ended	
	June 30, 2017	June 30, 2016
Share-based compensation for options	$ 331	$ 375
Tax benefit for option compensation	$ 121	$ 140
Unrecognized compensation cost for options, net of estimated forfeitures	$ 2,281	$ 2,414
Weighted average period over which unrecognized compensation will be recognized (years)	2.1	

	Six months ended June 30, 2017			
	Options (000)	Weighted-Average Exercise Price	Aggregate Intrinsic Value (000)	Weighted-Average Remaining Contractual Term
Outstanding at December 31, 2016	564	$ 41		
Granted	118	48		
Exercised	(150)	33		
Forfeited	(25)	46		
Outstanding at June 30, 2017	507	$ 44	$ 3,453	4.7
Exercisable at June 30, 2017	282	$ 42	$ 2,466	3.5

	Six months ended	
	June 30, 2017	June 30, 2016
Share-based compensation for options	$ 699	$ 723
Tax benefit for option compensation	$ 254	$ 269
Unrecognized compensation cost for options, net of estimated forfeitures	$ 2,281	$ 2,414
Weighted average period over which unrecognized compensation will be recognized (years)	2.1	

Employee Activity - Non-vested Shares

Non-vested share grants to employees vest ratably over a three-year period. The non-vested shares' fair values were estimated using closing market prices on the day of grant. The following tables summarize the Company's employee non-vested share activity and related information:

Forward Air Corporation
Notes to Condensed Consolidated Financial Statements
(In thousands, except share and per share data)
(Unaudited)
June 30, 2017

	Three months ended June 30, 2017		
	Non-vested Shares (000)	Weighted-Average Grant Date Fair Value	Aggregate Grant Date Fair Value (000)
Outstanding and non-vested at March 31, 2017	242	$ 47	
Granted	—	—	
Vested	(2)	43	
Forfeited	(8)	47	
Outstanding and non-vested at June 30, 2017	232	$ 47	$ 10,831

	Three months ended	
	June 30, 2017	June 30, 2016
Share-based compensation for non-vested shares	$ 1,279	$ 1,176
Tax benefit for non-vested share compensation	$ 465	$ 437
Unrecognized compensation cost for non-vested shares, net of estimated forfeitures	$ 8,826	$ 8,470
Weighted average period over which unrecognized compensation will be recognized (years)	2.1	

	Six months ended June 30, 2017		
	Non-vested Shares (000)	Weighted-Average Grant Date Fair Value	Aggregate Grant Date Fair Value (000)
Outstanding and non-vested at December 31, 2016	222	$ 45	
Granted	126	48	
Vested	(104)	45	
Forfeited	(12)	46	
Outstanding and non-vested at June 30, 2017	232	$ 47	$ 10,831

	Six months ended	
	June 30, 2017	June 30, 2016
Share-based compensation for non-vested shares	$ 2,518	$ 2,258
Tax benefit for non-vested share compensation	$ 917	$ 840
Unrecognized compensation cost for non-vested shares, net of estimated forfeitures	$ 8,826	$ 8,470
Weighted average period over which unrecognized compensation will be recognized (years)	2.1	

Employee Activity - Performance Shares

The Company annually grants performance shares to key employees. Under the terms of the performance share agreements, following the end of a three-year performance period, the Company will issue to the employees a calculated number of common stock shares based on the three year performance of the Company’s total shareholder return as compared to the total shareholder return of a selected peer group. No shares may be issued if the Company's total shareholder return outperforms 30% or less of the peer group, but the number of shares issued may be doubled if the Company's total shareholder return performs better than 90% of the peer group. The fair value of the performance shares was estimated using a Monte Carlo simulation. The weighted average assumptions used in the Monte Carlo estimate were as follows:

	Six months ended	
	June 30, 2017	June 30, 2016
Expected stock price volatility	24.7%	22.3%
Weighted average risk-free interest rate	1.4%	0.8%

The following tables summarize the Company's employee performance share activity, assuming median share awards, and related information:

	Three months ended June 30, 2017		
	Performance Shares (000)	Weighted-Average Grant Date Fair Value	Aggregate Grant Date Fair Value (000)
Outstanding and non-vested at March 31, 2017	76	$ 57	
Granted	—	—	
Forfeited	(4)	$ 56	
Outstanding and non-vested at June 30, 2017	72	$ 57	$ 4,107

	Three months ended	
	June 30, 2017	June 30, 2016
Share-based compensation for performance shares	$ 257	$ 363
Tax benefit for performance share compensation	$ 94	$ 135
Unrecognized compensation cost for performance shares, net of estimated forfeitures	$ 2,135	$ 2,442
Weighted average period over which unrecognized compensation will be recognized (years)	2.0	

	Six months ended June 30, 2017		
	Performance Shares (000)	Weighted-Average Grant Date Fair Value	Aggregate Grant Date Fair Value (000)
Outstanding and non-vested at December 31, 2016	80	$ 55	
Granted	25	56	
Additional shares awarded based on performance	—	—	
Vested	—	—	
Forfeited	(33)	51	
Outstanding and non-vested at June 30, 2017	72	$ 57	$ 4,107

Forward Air Corporation
Notes to Condensed Consolidated Financial Statements
(In thousands, except share and per share data)
(Unaudited)
June 30, 2017

	Six months ended	
	June 30, 2017	June 30, 2016
Share-based compensation for performance shares	$ 441	$ 714
Tax benefit for performance share compensation	$ 160	$ 266
Unrecognized compensation cost for performance shares, net of estimated forfeitures	$ 2,135	$ 2,442
Weighted average period over which unrecognized compensation will be recognized (years)	2.0	

Employee Activity - Employee Stock Purchase Plan

Under the 2005 Employee Stock Purchase Plan (the "ESPP"), which has been approved by shareholders, the Company is authorized to issue up to a remaining 376,625 shares of common stock to employees of the Company. These shares may be issued at a price equal to 90% of the lesser of the market value on the first day or the last day of each six-month purchase period. Common stock purchases are paid for through periodic payroll deductions and/or up to two large lump sum contributions. For the six months ended June 30, 2017, participants under the plan purchased 5,188 shares at an average price of $43.59 per share. For the six months ended June 30, 2016, participants under the plan purchased 5,592 shares at an average price of $38.50 per share. The weighted-average fair value of each purchase right under the ESPP granted for the six months ended June 30, 2017, which is equal to the discount from the market value of the common stock at the end of each six month purchase period, was $9.69 per share. The weighted-average fair value of each purchase right under the ESPP granted for the six months ended June 30, 2016, which is equal to the discount from the market value of the common stock at the end of each six month purchase period, was $6.03 per share. Share-based compensation expense of $51 and $34 was recognized during the three and six months ended June 30, 2017 and 2016, respectively.

Non-employee Director Activity - Non-vested Shares

Grants of non-vested shares to non-employee directors vest ratably over the elected term to the Board of Directors, or approximately one year. The following tables summarize the Company's non-employee non-vested share activity and related information:

	Three months ended June 30, 2017		
	Non-vested Shares (000)	Weighted-Average Grant Date Fair Value	Aggregate Grant Date Fair Value (000)
Outstanding and non-vested at March 31, 2017	16	$ 44	
Granted	10	51	
Vested	(16)	44	
Outstanding and non-vested at June 30, 2017	10	$ 51	$ 516

	Three months ended	
	June 30, 2017	June 30, 2016
Share-based compensation for non-vested shares	$ 146	$ 211
Tax benefit for non-vested share compensation	$ 53	$ 65
Unrecognized compensation cost for non-vested shares, net of estimated forfeitures	$ 442	$ 592
Weighted average period over which unrecognized compensation will be recognized (years)	0.9	

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	Six months ended June 30, 2017		
	Non-vested Shares (000)	Weighted-Average Grant Date Fair Value	Aggregate Grant Date Fair Value (000)
Outstanding and non-vested at December 31, 2016	16	$ 44	
Granted	10	51	
Vested	(16)	44	
Forfeited	—	—	
Outstanding and non-vested at June 30, 2017	10	$ 51	$ 516

	Six months ended	
	June 30, 2017	June 30, 2016
Share-based compensation for non-vested shares	$ 317	$ 382
Tax benefit for non-vested share compensation	$ 115	$ 135
Unrecognized compensation cost for non-vested shares, net of estimated forfeitures	$ 442	$ 592
Weighted average period over which unrecognized compensation will be recognized (years)	0.9	

5. Senior Credit Facility

On February 4, 2015, the Company entered into a five-year senior, unsecured credit facility (the "Facility") with a maximum aggregate principal amount of $275,000, including a revolving credit facility of $150,000 and a term loan facility of $125,000. The revolving credit facility has a sublimit of $25,000 for letters of credit and a sublimit of $15,000 for swing line loans. The revolving credit facility is scheduled to expire in February 2020 and may be used to refinance existing indebtedness of the Company and for working capital, capital expenditures and other general corporate purposes. Unless the Company elects otherwise under the credit agreement, interest on borrowings under the Facility are based on the highest of (a) the federal funds rate plus 0.5%, (b) the administrative agent's prime rate and (c) the LIBOR Rate plus 1.0%, in each case plus a margin that can range from 0.1% to 0.6% with respect to the term loan facility and from 0.3% to 0.8% with respect to the revolving credit facility depending on the Company's ratio of consolidated funded indebtedness to earnings as set forth in the credit agreement. The Facility contains financial covenants and other covenants that, among other things, restrict the ability of the Company, without the approval of the lenders, to engage in certain mergers, consolidations, asset sales, investments, transactions or to incur liens or indebtedness, as set forth in the credit agreement. As of June 30, 2017, we had $20,500 in borrowings outstanding under the revolving credit facility, $7,514 utilized for outstanding letters of credit and $121,986 of available borrowing capacity under the revolving credit facility. The interest rate on the outstanding borrowing under the revolving credit facility was 2.5% at June 30, 2017.

In March 2015, the Company borrowed $125,000 on the available term loan. The term loan was payable in quarterly installments of 11.1% of the original principal amount of the term loan plus accrued and unpaid interest, and matured in March 2017.

6. Net Income Per Share

The following table sets forth the computation of basic and diluted net income per share:

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	Three months ended		Six months ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Numerator:				
Net income and comprehensive income	$ 19,550	$ (10,066)	$ 33,793	$ 3,033
Income allocated to participating securities	(159)	(28)	(278)	(55)
Numerator for basic and diluted income per share - net income	$ 19,391	$ (10,094)	$ 33,515	$ 2,978
Denominator (in thousands):				
Denominator for basic income per share - weighted-average shares	30,026	30,252	30,029	30,356
Effect of dilutive stock options (in thousands)	61	—	68	169
Effect of dilutive performance shares (in thousands)	27	—	30	32
Denominator for diluted income per share - adjusted weighted-average shares	30,114	30,252	30,127	30,557
Basic net income per share	$ 0.65	$ (0.33)	$ 1.12	$ 0.10
Diluted net income per share	$ 0.64	$ (0.33)	$ 1.11	$ 0.10

The number of instruments that could potentially dilute net income per basic share in the future, but that were not included in the computation of net income per diluted share because to do so would have been anti-dilutive for the periods presented, are as follows:

	June 30, 2017	June 30, 2016
Anti-dilutive stock options (in thousands)	284	301
Anti-dilutive performance shares (in thousands)	19	23
Anti-dilutive non-vested shares and deferred stock units (in thousands)	—	—
Total anti-dilutive shares (in thousands)	303	324

7. Income Taxes

The Company or one of its subsidiaries files income tax returns in the U.S. federal jurisdiction, various states and Canada. With a few exceptions, the Company is no longer subject to U.S. federal, state and local, or Canadian examinations by tax authorities for years before 2010.

For the three and six months ended June 30, 2017 and 2016, the effective income tax rates varied from the statutory federal income tax rate of 35.0%, primarily as a result of the effect of state income taxes, net of the federal benefit, and permanent differences between book and tax net income. The combined federal and state effective tax rate for the six months ended June 30, 2017 was 35.6% compared to a rate of 48.6% for the same period in 2016. The higher effective tax rate for the first six months of 2016 was primarily due to the TQI goodwill impairment (Note 3) that was not deductible for tax purposes. The effective tax rate for 2017 was also lower due to the implementation of new FASB guidance that requires we recognize the income tax effects of awards when the awards vest or are settled. Previously any income tax effect was recognized in additional paid in capital. See further discussion in the "Impact of Recent Accounting Pronouncements" section of this document.

8. Financial Instruments

Fair Value of Financial Instruments

The following methods and assumptions were used by the Company in estimating its fair value disclosures for financial instruments:

Accounts receivable and accounts payable: The carrying amounts reported in the balance sheet for accounts receivable and accounts payable approximate their fair value based on their short-term nature.

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The Company's revolving credit facility and term loan bear variable interest rates plus additional basis points based upon covenants related to total indebtedness to earnings. As the term loan bears a variable interest rate, the carrying value approximates fair value. Using interest rate quotes and discounted cash flows, the Company estimated the fair value of its outstanding capital lease obligations as follows:

	June 30, 2017	
	Carrying Value	Fair Value
Capital leases	$ 1,042	$ 1,119

The Company's fair value estimates for the above financial instruments are classified within level 3 of the fair value hierarchy.

9. Shareholders' Equity

During the fourth quarter of 2016 and each quarter of 2017, our Board of Directors declared a cash dividend of $0.15 per share of common stock. During the first, second and third quarters of 2016, the Company's Board of Directors declared a cash dividend of $0.12 per share of common stock. The Company expects to continue to pay regular quarterly cash dividends, though each subsequent quarterly dividend is subject to review and approval by the Board of Directors.

On July 21, 2016, our Board of Directors approved a stock repurchase authorization for up to three million shares of the Company's common stock. During the three months ended June 30, 2017, we repurchased 42,055 for $1,999, or $47.54 per share. During the six months ended June 30, 2017, we repurchased 246,864 for $11,995, or $48.59 per share. During the three months ended June 30, 2016, we repurchased 221,441 for $9,996, or $45.14 per share. During the six months ended June 30, 2016, we repurchased 454,385 shares for $19,991, or an average of $44.00 per share. The repurchases made for the three and six months ended June 30, 2016 were made under a previous share repurchase plan approved by our Board of Directors on February 7, 2014. This plan was canceled and replaced on July 21, 2016. As of June 30, 2017, 2,519,620 shares remain to be purchased under the 2016 Plan.

10. Commitments and Contingencies

From time to time, the Company is party to ordinary, routine litigation incidental to and arising in the normal course of business. The Company does not believe that any of these pending actions, individually or in the aggregate, will have a material adverse effect on its business, financial condition or results of operations.

The primary claims in the Company's business relate to workers' compensation, property damage, vehicle liability and medical benefits. Most of the Company's insurance coverage provides for self-insurance levels with primary and excess coverage which management believes is sufficient to adequately protect the Company from catastrophic claims. In the opinion of management, adequate provision has been made for all incurred claims up to the self-insured limits, including provision for estimated claims incurred but not reported.

The Company estimates its self-insurance loss exposure by evaluating the merits and circumstances surrounding individual known claims and by performing hindsight and actuarial analysis to determine an estimate of probable losses on claims incurred but not reported. Such losses should be realized immediately as the events underlying the claims have already occurred as of the balance sheet dates.

Because of the uncertainty of the ultimate resolution of outstanding claims, as well as uncertainty regarding claims incurred but not reported, it is possible that management's provision for these losses could change materially in the near term. However, no estimate can currently be made of the range of additional loss that is at least reasonably possible.

11. Segment Reporting

The Company operates in four reportable segments based on information available to and used by the chief operating decision maker. Expedited LTL operates a comprehensive national network that provides expedited regional, inter-regional and national LTL services. The TLS segment provides expedited truckload brokerage, dedicated fleet services and high security and temperature-controlled logistics services. The Intermodal segment primarily provides first- and last-mile high value intermodal

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container drayage services both to and from seaports and railheads. Pool Distribution provides high-frequency handling and distribution of time sensitive product to numerous destinations.

Except for certain insurance activity, the accounting policies of the segments are the same as those described in the summary of significant accounting policies disclosed in Note 1 of the Forward Air Corporation Annual Report on Form 10-K for the year ended December 31, 2016. For workers compensation and vehicle claims each segment is charged an insurance premium and is also charged a deductible that corresponds with our corporate deductibles. However, any losses beyond our deductibles and any loss development factors applied to our outstanding claims as a result of actuarial analysis are not passed to the segments, but reported at the corporate level.

Segment data includes intersegment revenues and shared costs. Costs of the corporate headquarters, shared services and shared assets, such as trailers, are allocated to the segments based on usage. The cost basis of shared assets are not allocated. Beginning in the first quarter of 2017, a trailer expense allocation was included in Pool's 2017 results from operations. The Company evaluates the performance of its segments based on income from operations. The Company's business is conducted in the U.S. and Canada.

The following tables summarize segment information about results from operations and assets used by the chief operating decision maker of the Company in making decisions regarding allocation of assets and resources as of and for the three and six months ended June 30, 2017 and 2016.

	Three months ended June 30, 2017					
	Expedited LTL	Truckload Premium	Pool Distribution	Intermodal	Eliminations & other	Consolidated
External revenues	$ 151,640	$ 43,864	$ 36,764	$ 35,250	$ —	$ 267,518
Intersegment revenues	630	1,322	71	20	(2,043)	—
Depreciation and amortization	5,520	1,590	1,613	1,496	—	10,219
Share-based compensation expense	1,731	85	119	129	—	2,064
Interest expense	1	—	—	13	222	236
Income from operations	22,992	1,859	1,625	3,073	260	29,809
Total assets	625,717	57,933	51,214	144,142	(219,319)	659,687
Capital expenditures	1,756	2	203	49	—	2,010

	Three months ended June 30, 2016					
	Expedited LTL	Truckload Premium	Pool Distribution	Intermodal	Eliminations & other	Consolidated
External revenues	$ 143,916	$ 39,232	$ 31,365	$ 24,124	$ —	$ 238,637
Intersegment revenues	778	208	160	65	(1,211)	—
Depreciation and amortization	5,278	1,724	1,464	875	—	9,341
Share-based compensation expense	1,842	111	86	120	—	2,159
Interest expense	444	—	—	17	—	461
Income (loss) from operations	24,921	(40,282)	(371)	2,757	(1,373)	(14,348)
Total assets	634,305	50,289	46,675	122,724	(209,566)	644,427
Capital expenditures	10,493	1,771	1,009	79	—	13,352

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	Six months ended June 30, 2017					
	Expedited LTL	Truckload Premium	Pool Distribution	Intermodal	Eliminations & other	Consolidated
External revenues	$ 291,652	$ 84,801	$ 74,516	$ 63,530	$ —	$ 514,499
Intersegment revenues	1,216	2,170	142	31	(3,559)	—
Depreciation and amortization	11,084	3,147	3,415	2,606	—	20,252
Share-based compensation expense	3,377	180	207	262	—	4,026
Interest expense	2	—	—	24	492	518
Income (loss) from operations	41,392	3,563	2,991	5,652	(601)	52,997
Total assets	625,717	57,933	51,214	144,142	(219,319)	659,687
Capital expenditures	4,267	8	286	101	—	4,662

	Six months ended June 30, 2016					
	Expedited LTL	Truckload Premium	Pool Distribution	Intermodal	Eliminations & other	Consolidated
External revenues	$ 277,439	$ 77,648	$ 64,421	$ 48,677	$ —	$ 468,185
Intersegment revenues	1,633	412	295	136	(2,476)	—
Depreciation and amortization	10,808	3,473	2,962	1,766	—	19,009
Share-based compensation expense	3,567	161	167	216	—	4,111
Interest expense	961	—	—	54	—	1,015
Income (loss) from operations	42,011	(38,717)	(257)	5,130	(1,110)	7,057
Total assets	634,305	50,289	46,675	122,724	(209,566)	644,427
Capital expenditures	12,571	1,784	1,554	131	—	16,040

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

Overview and Executive Summary

Forward Air Corporation is a leading asset-light freight and logistics company. Our services are classified into four reportable segments: Expedited LTL, Truckload Premium Services ("TLS"), Intermodal and Pool Distribution ("Pool").

Through the Expedited LTL segment, we operate a comprehensive national network to provide expedited regional, inter-regional and national LTL services. Expedited LTL offers customers local pick-up and delivery and other services including shipment consolidation and deconsolidation, warehousing, customs brokerage and other handling. Because of our roots in serving the deferred air freight market, our terminal network is located at or near airports in the United States and Canada.

Through our TLS segment, we provide expedited truckload brokerage, dedicated fleet services, as well as high security and temperature-controlled logistics services in the United States and Canada.

Our Intermodal segment provides first- and last-mile high value intermodal container drayage services both to and from seaports and railheads. Intermodal also offers dedicated contract and CFS warehouse and handling services. Intermodal operates primarily in the Midwest and Southeast, with a smaller operational presence in the Southwest. We plan to grow Intermodal’s geographic footprint through acquisitions as well as greenfield start-ups where we do not have an acceptable acquisition target.

In our Pool Distribution segment, we provide high-frequency handling and distribution of time sensitive product to numerous destinations within a specific geographic region. We offer this service throughout the Mid-Atlantic, Southeast, Midwest and Southwest United States.

Our operations, particularly our network of hubs and terminals, represent substantial fixed costs. Consequently, our ability to increase our earnings depends in significant part on our ability to increase the amount of freight and the revenue per pound for the freight shipped through our networks and to grow other lines of businesses, such as TLS, Intermodal and Pool Distribution, which will allow us to maintain revenue growth in challenging shipping environments.

Trends and Developments

Acquisitions

In August 2016, our Intermodal segment acquired certain assets of Triumph for $10.1 million and a potential earnout of $1.3 million. In May 2017, our Intermodal segment acquired certain assets of Atlantic for $22.5 million and a potential earnout of $1.0 million. These acquisitions provide an opportunity for our Intermodal segment to expand into additional geographic markets or add volumes to our existing locations.

Results from Operations

The following table sets forth our consolidated historical financial data for the three months ended June 30, 2017 and 2016 (in millions):

	Three months ended June 30			
	2017	**2016**	**Change**	**Percent Change**
Operating revenue:				
Expedited LTL	$ 152.3	$ 144.7	$ 7.6	5.3 %
Truckload Premium Services	45.2	39.4	5.8	14.7
Pool Distribution	36.8	31.5	5.3	16.8
Intermodal	35.3	24.2	11.1	45.9
Eliminations and other operations	(2.1)	(1.2)	(0.9)	75.0
Operating revenue	267.5	238.6	28.9	12.1
Operating expenses:				
Purchased transportation	115.6	99.3	16.3	16.4
Salaries, wages, and employee benefits	64.4	57.0	7.4	13.0
Operating leases	14.8	14.6	0.2	1.4
Depreciation and amortization	10.2	9.3	0.9	9.7
Insurance and claims	7.7	6.7	1.0	14.9
Fuel expense	3.7	3.0	0.7	23.3
Other operating expenses	21.3	20.7	0.6	2.9
Impairment of goodwill, intangibles and other assets	—	42.4	(42.4)	100.0
Total operating expenses	237.7	253.0	(15.3)	(6.0)
Income from operations:				
Expedited LTL	23.0	24.9	(1.9)	(7.6)
Truckload Premium Services	1.8	(40.3)	42.1	(104.5)
Pool Distribution	1.6	(0.4)	2.0	(500.0)
Intermodal	3.1	2.8	0.3	10.7
Other operations	0.3	(1.4)	1.7	(121.4)
Income from operations	29.8	(14.4)	44.2	(306.9)
Other expense:				
Interest expense	(0.2)	(0.4)	0.2	(50.0)
Other, net	—	(0.1)	0.1	—
Total other expense	(0.2)	(0.5)	0.3	(60.0)
Income before income taxes	29.6	(14.9)	44.5	(298.7)
Income taxes	10.0	(4.8)	14.8	(308.3)
Net income	$ 19.6	$ (10.1)	$ 29.7	(294.1)%

During the three months ended June 30, 2017, we experienced a 12.1% increase in our consolidated revenues compared to the three months ended June 30, 2016. Operating income increased $44.2 million from 2016 to $29.8 million for the three months ended June 30, 2017.

Segment Operations

Expedited LTL's revenue increased $7.6 million, or 5.3%, while operating income decreased $1.9 million, or 7.6% for the three months ended June 30, 2017, compared to the same period in 2016. The increase of Expedited LTL's revenue was the result of higher LTL volumes, increased pick up and delivery shipments and increased net fuel surcharge revenue as a result of the increase in fuel prices since the second quarter of 2016. Deterioration in income from operations was caused by an increased utilization of third party providers, increased employee incentive and increased insurance liability reserves. These cost increases were partly offset by dock efficiencies, increased net fuel surcharge revenue and increased Complete activity.

TLS revenue increased $5.8 million, or 14.7% and operating income increased $42.1 million for the three months ended June 30, 2017, compared to the same period in 2016. The increase in revenue was due to an increase in overall miles and new business wins. The increase of TLS operating income was due to the three months ending June 30, 2016 including impairment charges related to the TQI reporting unit within TLS. Excluding impairment charges, operating income decreased $0.3 million due to increased utilization of brokered transportation.

Pool Distribution revenue increased $5.3 million, or 16.8%, while operating results increased $2.0 million for the three months ended June 30, 2017, compared to the same period in 2016. The revenue increase was due to new business, rate increases and increased volumes from existing customers and lanes. The increase in operating income was the result of improved leverage on fixed costs as a result of the rate increases and the additional revenue.

Intermodal revenue increased $11.1 million, or 45.9%, and operating income increased $0.3 million, or 10.7%, for the three months ended June 30, 2017, compared to the same period in 2016. The increases in operating revenue and income were primarily attributable to the Atlantic and Triumph acquisitions and the positive impact of increased fuel surcharges.

Fuel Surcharge

Our net fuel surcharge revenue is the result of our fuel surcharge rates, which are set weekly using the national average for diesel price per gallon, and volume transiting our network. During the three months ended June 30, 2017, total net fuel surcharge revenue increased 45.1% as compared to the same period in 2016, mostly due to increased fuel prices and increased volumes in the Expedited LTL and Pool Distribution segment.

Interest Expense

Interest expense was $0.2 million for the three months ended June 30, 2017 compared to $0.4 million for the same period of 2016. The decrease in interest expense was attributable to principal payments made since June 2016 on our previously outstanding term loan.

Income Taxes

The combined federal and state effective tax rate for the second quarter of 2017 was 33.9% compared to a rate of 32.6% for the same period in 2016. The effective tax rate for the second quarter of 2017 includes a tax benefit from stock options exercised and the effective tax rate for the second quarter of 2016 includes the result of the impairment of goodwill in the second quarter of 2016 that is non-deductible for tax purposes.

Net Income (Loss)

As a result of the foregoing factors, net income increased by $29.7 million to $19.6 million for the second quarter of 2017 from a net loss of $10.1 million for the same period in 2016.

Expedited LTL - Three Months Ended June 30, 2017 compared to Three Months Ended June 30, 2016

The following table sets forth our historical financial data of the Expedited LTL segment for the three months ended June 30, 2017 and 2016 (in millions):

Expedited LTL Segment Information
(In millions)
(Unaudited)

	Three months ended					
	June 30, 2017	Percent of Revenue	June 30, 2016	Percent of Revenue	Change	Percent Change
Operating revenue	$ 152.3	100.0%	$ 144.7	100.0%	$ 7.6	5.3 %
Operating expenses:						
Purchased transportation	61.1	40.1	55.8	38.6	5.3	9.5
Salaries, wages and employee benefits	36.9	24.2	33.9	23.4	3.0	8.8
Operating leases	9.0	5.9	8.5	5.9	0.5	5.9
Depreciation and amortization	5.5	3.6	5.3	3.7	0.2	3.8
Insurance and claims	4.2	2.8	3.4	2.3	0.8	23.5
Fuel expense	0.9	0.6	0.8	0.5	0.1	12.5
Other operating expenses	11.7	7.7	12.1	8.4	(0.4)	(3.3)
Total operating expenses	129.3	84.9	119.8	82.8	9.5	7.9
Income from operations	$ 23.0	15.1%	$ 24.9	17.2%	$ (1.9)	(7.6)%

Expedited LTL Operating Statistics

	Three months ended		
	June 30, 2017	June 30, 2016	Percent Change
Operating ratio	84.9%	82.8%	2.5 %
Business days	64.0	64.0	—
Business weeks	12.8	12.8	—
Expedited LTL:			
Tonnage			
Total pounds [1]	625,765	606,033	3.3
Average weekly pounds [1]	48,888	47,346	3.3
Linehaul shipments			
Total linehaul	1,010,114	964,756	4.7
Average weekly	78,915	75,372	4.7
Forward Air Complete shipments	243,969	206,406	18.2
As a percentage of linehaul shipments	24.2%	21.4%	13.1
Average linehaul shipment size	620	628	(1.3)
Revenue per pound [2]			
Linehaul yield	$ 17.05	$ 17.58	(2.4)
Fuel surcharge	1.17	0.94	1.0
Forward Air Complete	3.77	3.31	2.1
Total Expedited LTL yield	$ 21.99	$ 21.83	0.7 %

[1] - In thousands

[2] - In dollars per hundred pound; percentage change is expressed as a percent of total yield.

Revenues

Expedited LTL had operating revenue increase $7.6 million, or 5.3%, to $152.3 million from $144.7 million, accounting for 56.9% of consolidated operating revenue for the three months ended June 30, 2017 compared to 60.6% for the same period in 2016. The increase in revenue is mostly the result of increases to our pick-up and delivery services, Forward Air Complete ("Complete") and fuel surcharge revenues. Linehaul revenue, which is the largest portion of Expedited LTL revenue, increased $0.2 million, or 0.2%, on higher tonnage mostly offset by the decrease in linehaul yield noted in the preceding table. The increase in tonnage is due to a growing percentage of total volume from shipments with higher density attributes and a slightly lower length of haul than our traditional shipments, driving the decrease in average base revenue per pound.

The $7.6 million revenue increase is primarily the result of a $3.5 million, or 17.3%, increase in Complete revenue. The increase in Complete revenue was attributable to an increase in shipping volumes in our Expedited LTL network and a 13.1% increase in the attachment rate of Complete to linehaul shipments. Additionally, compared to the same period in 2016, net fuel surcharge revenue increased $1.6 million largely due to the increase in fuel prices and tonnage volumes. Other terminal based revenues, which includes dedicated local pickup and delivery services, warehousing and terminal handling, increased $2.3 million, or 18.6%, to $14.7 million in the second quarter of 2017 from $12.4 million in the same period of 2016. The increase in other terminal revenue was mainly attributable to increases in certain dedicated local pickup and delivery revenues.

Purchased Transportation

Expedited LTL’s purchased transportation increased by $5.3 million, or 9.5%, to $61.1 million for the three months ended June 30, 2017 from $55.8 million for the three months ended June 30, 2016. As a percentage of segment operating revenue, Expedited LTL purchased transportation was 40.1% during the three months ended June 30, 2017 compared to 38.6% for the same period in 2016. The increase is mostly due to a 5.2% increase in Expedited LTL cost per mile. The increase in cost per mile is due to increased utilization of third party carriers, which are more costly than our network of owner operators. The increase is also due to increased Complete attachment on higher linehaul volumes. Complete purchased transportation is a much higher percentage of Complete revenue than our linehaul services.

Salaries, Wages, and Benefits

Salaries, wages and employee benefits of Expedited LTL increased $3.0 million, or 8.8%, to $36.9 million in the second quarter of 2017 from $33.9 million for the same period in 2016. Salaries, wages and employee benefits were 24.2% of Expedited LTL’s operating revenue in the second quarter of 2017 compared to 23.4% for the same period of 2016. The increase in salaries, wages and employee benefits as a percentage of revenue was primarily attributable to a 0.9% increase in employee incentives and a 0.5% increase in health insurance costs. These increases were partly offset by decreases in workers' compensation costs, share based payments and dock pay as a percentage of revenue.

Operating Leases

Operating leases increased $0.5 million, or 5.9%, to $9.0 million for the three months ended June 30, 2017 from $8.5 million for the same period in 2016. Operating leases were 5.9% of Expedited LTL operating revenue for the three months ended June 30, 2017 and 2016. The increase in cost is due to $0.2 million of additional facility lease expenses and a $0.3 million increase in truck, trailer and equipment rentals and leases. Facility leases increased due to the expansion of certain facilities. Vehicle leases increased due to the replacement of older, owned power equipment with leased power equipment.

Depreciation and Amortization

Depreciation and amortization increased $0.2 million, or 3.8%, to $5.5 million in the second quarter of 2017 from $5.3 million in the same period of 2016. Depreciation and amortization expense as a percentage of Expedited LTL operating revenue was 3.6% in the second quarter of 2017 compared to 3.7% in the same period of 2016. The decrease as a percentage of revenue was due to the increase in leased equipment mentioned above instead of purchased equipment.

Insurance and Claims

Expedited LTL insurance and claims expense increased $0.8 million, or 23.5%, to $4.2 million for the three months ended June 30, 2017 from $3.4 million for the same period of 2016. Insurance and claims was 2.8% of operating revenue for the three months ended June 30, 2017 compared to 2.3% in the same period of 2016. The increase was attributable to a $0.8 million increase in vehicle claim reserves primarily due to current period development of a prior period accident.

Fuel Expense

Expedited LTL fuel expense increased $0.1 million, or 12.5%, to $0.9 million for the second quarter of 2017 from $0.8 million in the same period of 2016. Fuel expenses were 0.6% of Expedited LTL operating revenue in the second quarter of 2017 compared to 0.5% for the same period in 2016. Expedited LTL fuel expenses increased due to an increase in year-over-year fuel prices.

Other Operating Expenses

Other operating expenses decreased $0.4 million, or 3.3%, to $11.7 million during the three months ended June 30, 2017 from $12.1 million in the same period of 2016. Other operating expenses were 7.7% of Expedited LTL operating revenue in the second quarter of 2017 compared to 8.4% in the same period of 2016. The decrease in total dollars and as percentage of revenue was primarily the result of a reduction in legal fees associated with indemnification funds received related to the Towne acquisition.

Income from Operations

Income from operations decreased by $1.9 million, or 7.6%, to $23.0 million for the second quarter of 2017 compared with $24.9 million for the same period in 2016. Income from operations as a percentage of Expedited LTL operating revenue was 15.1% for the three months ended June 30, 2017 compared with 17.2% in the same period of 2016. Deterioration in income from operations was caused by an increased utilization of third party transportation providers, increased employee incentive and higher vehicle liability reserves. These were partly offset by higher Complete revenues, dock efficiencies and increased net fuel surcharge revenue.

Truckload Premium Services - Three Months Ended June 30, 2017 compared to Three Months Ended June 30, 2016

The following table sets forth our historical financial data of the Truckload Premium Services segment for the three months ended June 30, 2017 and 2016 (in millions):

Truckload Premium Services Segment Information
(In millions)
(Unaudited)

	Three months ended					
	June 30, 2017	Percent of Revenue	June 30, 2016	Percent of Revenue	Change	Percent Change
Operating revenue	$ 45.2	100.0%	$ 39.4	100.0 %	$ 5.8	14.7 %
Operating expenses:						
Purchased transportation	32.7	72.3	27.4	69.6	5.3	19.3
Salaries, wages and employee benefits	5.0	11.1	4.5	11.4	0.5	11.1
Operating leases	0.1	0.2	0.1	0.3	—	—
Depreciation and amortization	1.6	3.5	1.7	4.3	(0.1)	(5.9)
Insurance and claims	1.3	2.9	1.0	2.5	0.3	30.0
Fuel expense	0.7	1.6	0.6	1.5	0.1	16.7
Other operating expenses	2.0	4.4	2.0	5.1	—	—
Impairment of goodwill, intangibles and other assets	—	—	42.4	107.6	(42.4)	100.0
Total operating expenses	43.4	96.0	79.7	202.3	(36.3)	(45.5)
Income (loss) from operations	$ 1.8	4.0%	$ (40.3)	(102.3)%	$ 42.1	NM

Truckload Premium Services Operating Statistics

	Three months ended		
	June 30, 2017	June 30, 2016	Percent Change
Company driver [1]	1,809	1,544	17.2 %
Owner operator [1]	12,521	12,563	(0.3)
Third party [1]	10,115	7,491	35.0
Total Miles	24,445	21,598	13.2
Revenue per mile	$ 1.79	$ 1.77	1.1
Cost per mile	$ 1.40	$ 1.34	4.5 %

[1] - In thousands

Revenues

TLS revenue increased $5.8 million, or 14.7%, to $45.2 million in the second quarter of 2017 from $39.4 million in the second quarter of 2016. TLS revenue increased due to a 13.2% increase in overall miles on new business wins. TLS also experienced a

1.1% increase in average revenue per mile on an increase in pharmaceutical revenue which historically has a higher revenue per mile than traditional truckload business.

Purchased Transportation

Purchased transportation costs for our TLS revenue increased $5.3 million, or 19.3%, to $32.7 million for the three months ended June 30, 2017 from $27.4 million for the same period in 2016. For the three months ended June 30, 2017, TLS purchased transportation costs represented 72.3% of TLS revenue compared to 69.6% for the same period in 2016. The increase in TLS purchased transportation was attributable to a 12.9% increase in non-Company miles driven and a 4.8% increase in cost per mile during the three months ended June 30, 2017 compared to the same period in 2016. The increase in TLS non-Company miles driven was attributable to the business wins discussed above. The increase in cost per mile was due to TLS utilizing third party carriers, which are more costly than owner operators, to cover the additional miles. This increased utilization of third party carriers also led to the increase in purchased transportation as a percentage of revenue.

Salaries, Wages, and Benefits

Salaries, wages and employee benefits of TLS increased by $0.5 million, or 11.1%, to $5.0 million in the second quarter of 2017 from $4.5 million in the same period of 2016. Salaries, wages and employee benefits were 11.1% of TLS's operating revenue in the second quarter of 2017 compared to 11.4% for the same period of 2016. The decrease in salaries, wages and employee benefits as a percentage of revenue was mostly attributable to the increase in revenue outpacing the increase in pay to Company drivers and office staff.

Depreciation and Amortization

Depreciation and amortization decreased $0.1 million, or 5.9%, to $1.6 million in the second quarter of 2017 from $1.7 million in the same period of 2016. Depreciation and amortization expense as a percentage of TLS operating revenue was 3.5% in the second quarter of 2017 compared to 4.3% in the same period of 2016. The decrease was due to the impairment of TQI intangible assets in the second quarter of 2016 leading to lower on-going amortization expense. This decrease was partially offset by increased trailer depreciation on trailers purchased since the second quarter of 2016.

Insurance and Claims

TLS insurance and claims expense increased $0.3 million, or 30.0%, to $1.3 million for the three months ended June 30, 2017 from $1.0 million for the same period of 2016. Insurance and claims were 2.9% of operating revenue for the three months ended June 30, 2017 compared to 2.5% in the same period of 2016. The increase was due to higher vehicle insurance premiums associated with our insurance plan renewals and increased reserves for vehicle liability claims.

Fuel Expense

TLS fuel expense increased $0.1 million, or 16.7%, to $0.7 million for the second quarter of 2017 from $0.6 million for the same period of 2016. Fuel expense as a percentage of TLS operating revenue was 1.6% in the second quarter of 2017 compared to 1.5% in the same period of 2016. The increase as a percentage of revenue was mostly attributable to an increase in year-over-year fuel prices and the increase in Company driver miles.

Other Operating Expenses

Other operating expenses were $2.0 million for the three months ended June 30, 2017 and 2016. Other operating expenses were 4.4% of TLS operating revenue in the second quarter of 2017 compared to 5.1% in the same period of 2016. The decline in other operating expenses as a percentage of revenue was due to reduced recruiting expenses and legal fees.

Impairment of goodwill, intangibles and other assets

In the second quarter of 2016, we determined there were indicators of potential impairment of goodwill and other long lived assets assigned to the TQI acquisition. As a result, we performed fair value calculations as of June 30, 2016. Based on these calculations we recorded $42.4 million in total impairment charges related to TQI's goodwill and other long lived assets. During the three months ended June 30, 2017, there were no additional indicators of impairment.

Results from Operations

Income from operations increased by $42.1 million to $1.8 million during the second quarter of 2017 compared with $40.3 million of loss from operations for the same period in 2016. Excluding the impairment charges, the deterioration in income from operations was due to increased utilization of third party carriers which led to the increase in cost per mile outpacing the increase in revenue per mile.

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Pool Distribution - Three Months Ended June 30, 2017 compared to Three Months Ended June 30, 2016

The following table sets forth our historical financial data of the Pool Distribution segment for the three months ended June 30, 2017 and 2016 (in millions):

Pool Distribution Segment Information
(In millions)
(Unaudited)

	Three months ended					
	June 30, 2017	**Percent of Revenue**	**June 30, 2016**	**Percent of Revenue**	**Change**	**Percent Change**
Operating revenue	$ 36.8	100.0%	$ 31.5	100.0 %	$ 5.3	16.8 %
Operating expenses:						
Purchased transportation	9.6	26.1	8.6	27.3	1.0	11.6
Salaries, wages and employee benefits	14.0	38.0	11.9	37.8	2.1	17.6
Operating leases	3.1	8.4	3.0	9.5	0.1	3.3
Depreciation and amortization	1.6	4.4	1.5	4.8	0.1	6.7
Insurance and claims	1.1	3.0	1.0	3.2	0.1	10.0
Fuel expense	1.2	3.3	1.1	3.5	0.1	9.1
Other operating expenses	4.6	12.5	4.8	15.2	(0.2)	(4.2)
Total operating expenses	35.2	95.7	31.9	101.3	3.3	10.3
Income from operations	$ 1.6	4.3%	$ (0.4)	(1.3)%	$ 2.0	NM

Revenues

Pool Distribution (Pool) operating revenue increased $5.3 million, or 16.8%, to $36.8 million for the three months ended June 30, 2017 from $31.5 million for the same period in 2016. The increase was attributable to higher shipping volumes from previously existing customers and current year rate increases.

Purchased Transportation

Pool purchased transportation increased $1.0 million, or 11.6%, to $9.6 million for the three months ended June 30, 2017 compared to $8.6 million for the same period of 2016. Pool purchased transportation as a percentage of revenue was 26.1% for the three months ended June 30, 2017 compared to 27.3% for the same period of 2016. The improvement in Pool purchased transportation as a percentage of revenue was attributable to an increased utilization of owner operators over more costly third party carriers and revenue increases associated with rate increases.

Salaries, Wages, and Benefits

Pool salaries, wages and employee benefits increased $2.1 million, or 17.6%, to $14.0 million for the three months ended June 30, 2017 compared to $11.9 million for the same period of 2016. As a percentage of Pool operating revenue, salaries, wages and benefits increased to 38.0% for the three months ended June 30, 2017 compared to 37.8% for the same period in 2016. The slight increase in salaries, wages and benefits as a percentage of revenue was the result of increases in dock pay and employee incentive mostly offset by decreases in Company driver pay, administrative salaries and workers' compensation costs. These decreases benefited from the revenue volumes discussed above. Dock pay deteriorated as a percentage of revenue as increasing revenue volumes required the use of more costly contract labor.

Operating Leases

Operating leases increased $0.1 million, or 3.3%, to $3.1 million for the three months ended June 30, 2017 from $3.0 million for the same period in 2016. Operating leases were 8.4% of Pool operating revenue for the three months ended June 30, 2017 compared with 9.5% in the same period of 2016. Operating leases decreased as a percentage of revenue due to decreases in facility rent, as prior year included transition and relocation costs for certain terminals that did not occur in the second quarter of 2017.

Depreciation and Amortization

Pool depreciation and amortization increased $0.1 million, or 6.7%, to $1.6 million for the three months ended June 30, 2017 from $1.5 million for the same period in 2016. Depreciation and amortization expense as a percentage of Pool operating revenue was 4.4% in the second quarter of 2017 compared to 4.8% in the same period of 2016. The increase in Pool depreciation and amortization in total dollars was due to the allocation of trailer depreciation, which reflect Pool's increased utilization of our trailer fleet.

Insurance and Claims

Pool insurance and claims expense increased $0.1 million, or 10.0%, to $1.1 million for the three months ended June 30, 2017 from $1.0 million for the same period of 2016. Insurance and claims were 3.0% of operating revenue for the three months ended June 30, 2017 compared to 3.2% in the same period of 2016. The decrease as a percentage of revenue was due to decreases in cargo claims and claims related professional fees.

Fuel Expense

Pool fuel expense increased $0.1 million, or 9.1%, to $1.2 million for the second quarter of 2017 from $1.1 million in the same period of 2016. Fuel expenses were 3.3% of Pool operating revenue in the second quarter of 2017 compared to 3.5% in the second quarter of 2016. Pool fuel expenses increased in total dollars due to an increase in year-over-year fuel prices and higher revenue volumes. These increases were partially offset by increased utilization of owner operators.

Other Operating Expenses

Pool other operating expenses decreased $0.2 million, or 4.2%, to $4.6 million for the three months ended June 30, 2017 from $4.8 million in the same period of 2016. Pool other operating expenses for the second quarter of 2017 were 12.5% compared to 15.2% for the same period of 2016. The decrease in percentage of revenue is due to improved margins at agent stations and decreased legal and professional fees.

Results from Operations

Income from operations increased to $1.6 million for the second quarter of 2017 compared with a $0.4 million loss from operations for the same period in 2016. Income from operations as a percentage of Pool operating revenue was 4.3% for the three months ended June 30, 2017 compared to a loss from operations as a percentage of revenue of 1.3% for the same period of 2016. The improvement in Pool operating results was primarily the result of increased revenue volumes, current year rate increases, the reduction of cargo claims, agent station margin improvements and purchased transportation efficiencies.

Intermodal - Three Months Ended June 30, 2017 compared to Three Months Ended June 30, 2016

The following table sets forth our historical financial data of the Intermodal segment for the three months ended June 30, 2017 and 2016 (in millions):

Intermodal Segment Information
(In millions)
(Unaudited)

	Three months ended					
	June 30, 2017	Percent of Revenue	June 30, 2016	Percent of Revenue	Change	Percent Change
Operating revenue	$ 35.3	100.0%	$ 24.2	100.0%	$ 11.1	45.9%
Operating expenses:						
Purchased transportation	14.0	39.7	8.4	34.7	5.6	66.7
Salaries, wages and employee benefits	8.0	22.7	6.0	24.8	2.0	33.3
Operating leases	3.1	8.8	2.9	12.0	0.2	6.9
Depreciation and amortization	1.5	4.2	0.9	3.7	0.6	66.7
Insurance and claims	1.3	3.7	0.5	2.0	0.8	160.0
Fuel expense	0.9	2.5	0.6	2.5	0.3	50.0
Other operating expenses	3.4	9.6	2.1	8.7	1.3	61.9
Total operating expenses	32.2	91.2	21.4	88.4	10.8	50.5
Income from operations	$ 3.1	8.8%	$ 2.8	11.6%	$ 0.3	10.7%

Revenues

Intermodal operating revenue increased $11.1 million, or 45.9%, to $35.3 million for the three months ended June 30, 2017 from $24.2 million for the same period in 2016. The increases in operating revenue were primarily attributable to the acquisitions of Atlantic and Triumph, the impact of increased fuel surcharges and increased storage revenues.

Purchased Transportation

Intermodal purchased transportation increased $5.6 million, or 66.7%, to $14.0 million for the three months ended June 30, 2017 from $8.4 million for the same period in 2016. Intermodal purchased transportation as a percentage of revenue was 39.7% for the three months ended June 30, 2017 compared to 34.7% for the three months ended June 30, 2016. The increase in Intermodal purchased transportation as a percentage of revenue was attributable to higher utilization of owner operators as opposed to Company-employed drivers, as Atlantic utilized more owner operators than Company drivers.

Salaries, Wages, and Benefits

Intermodal salaries, wages and employee benefits increased $2.0 million, or 33.3%, to $8.0 million for the three months ended June 30, 2017 compared to $6.0 million for the three months ended June 30, 2016. As a percentage of Intermodal operating revenue, salaries, wages and benefits decreased to 22.7% for the three months ended June 30, 2017 compared to 24.8% for the same period in 2016. The improvement in salaries, wages and employee benefits as a percentage of revenue was attributable to less reliance on Company-employed drivers as mentioned above.

Operating Leases

Operating leases increased $0.2 million, or 6.9%, to $3.1 million for the three months ended June 30, 2017 compared to $2.9 million for the same period of 2016. Operating leases were 8.8% of Intermodal operating revenue for the three months ended June 30, 2017 compared with 12.0% in the same period of 2016. Operating leases decreased as a percentage of revenue due to trailer rental revenue and charges stayed flat while intermodal linehaul revenue increased.

Depreciation and Amortization

Depreciation and amortization increased $0.6 million, or 66.7%, to $1.5 million for the three months ended June 30, 2017 compared to $0.9 million for the same period in 2016. Depreciation and amortization expense as a percentage of Intermodal operating revenue was 4.2% in the second quarter of 2017 compared to 3.7% in the same period of 2016. The higher depreciation and amortization was due to the acquisitions of equipment and intangible assets from Atlantic and Triumph.

Insurance and Claims

Intermodal insurance and claims increased $0.8 million, or 160.0%, to $1.3 million for the three months ended June 30, 2017 from $0.5 million for the same period in 2016. Intermodal insurance and claims were 3.7% of operating revenue for the three months ended June 30, 2017 compared with 2.0% for the same period in 2016. The increase in Intermodal insurance and claims was attributable to increased vehicle liability reserves and higher insurance premiums.

Fuel Expense

Intermodal fuel expense increased $0.3 million, or 50.0%, to $0.9 million for the second quarter of 2017 from $0.6 million in the same period of 2016. Fuel expenses were 2.5% of Intermodal operating revenue in the second quarter of 2017 and 2016. Intermodal fuel expenses increased in total dollars on higher year-over-year fuel prices and revenue volumes. These increases were partially offset by higher utilization of owner operators as opposed to Company-employed drivers.

Other Operating Expenses

Intermodal other operating expenses increased $1.3 million, or 61.9%, to $3.4 million for the three months ended June 30, 2017 compared to $2.1 million for the same period of 2016. Intermodal other operating expenses for the second quarter of 2017 were 9.6% compared to 8.7% for the same period of 2016. The increase in Intermodal other operating expenses was due mostly to a $0.4 million increase in container related rental and storage charges associated with revenue increases discussed previously. The increase was also due to higher terminal expenses and other variable costs, such as maintenance and tolls, corresponding with the increases in revenue, and legal and professional fees related to the acquisition of Atlantic.

Income from Operations

Intermodal’s income from operations increased by $0.3 million, or 10.7%, to $3.1 million for the second quarter of 2017 compared with $2.8 million for the same period in 2016. Income from operations as a percentage of Intermodal operating revenue was 8.8% for the three months ended June 30, 2017 compared to 11.6% in the same period of 2016. The increase in operating income was primarily attributable to the Atlantic and Triumph acquisitions. The decrease in income from operations as a percentage of revenue was attributable to increased depreciation and amortization associated with Intermodal's acquisitions, insurance premiums and vehicle liability reserves, and acquisition related legal and professional fees.

Other Operations

Other operating activity improved from a $1.4 million operating loss during the three months ended June 30, 2016 to a $0.3 million operating income during the three months ended June 30, 2017. Other expenses for the three months ended June 30, 2017 benefited from $0.6 million of indemnification funds received related to the Towne acquisition. This indemnification benefit was partly offset by $0.3 million of executive severance costs.

The $1.4 million in operating loss included in other operations and corporate activities for the three months ended June 30, 2016 was primarily for increases to loss development factors resulting from our bi-annual actuary analysis of our vehicle and workers' compensation claims. Our second quarter 2017 actuary analysis did not result in notable adjustments to our vehicle or workers' compensation reserves. These loss development adjustments were kept at the corporate level and not passed through to our segments.

Results from Operations

The following table sets forth our consolidated historical financial data for the six months ended June 30, 2017 and 2016 (in millions):

	Six months ended June 30			
	2017	**2016**	**Change**	**Percent Change**
Operating revenue:				
Expedited LTL	$ 292.9	$ 279.1	$ 13.8	4.9 %
Expedited Truckload	87.0	78.1	8.9	11.4
Pool Distribution	74.6	64.7	9.9	15.3
Intermodal	63.6	48.8	14.8	30.3
Eliminations and other operations	(3.6)	(2.5)	(1.1)	44.0
Operating revenue	514.5	468.2	46.3	9.9
Operating expenses:				
Purchased transportation	218.7	195.7	23.0	11.8
Salaries, wages, and employee benefits	126.4	115.7	10.7	9.2
Operating leases	30.4	28.5	1.9	6.7
Depreciation and amortization	20.3	19.0	1.3	6.8
Insurance and claims	13.5	12.0	1.5	12.5
Fuel expense	7.3	6.0	1.3	21.7
Other operating expenses	44.9	41.8	3.1	7.4
Impairment of goodwill, intangibles and other assets	—	42.4	(42.4)	100.0
Total operating expenses	461.5	461.1	0.4	0.1
Income (loss) from operations:				
Expedited LTL	41.4	42.0	(0.6)	(1.4)
Expedited Truckload	3.6	(38.7)	42.3	NM
Pool Distribution	3.0	(0.3)	3.3	(1,100.0)
Intermodal	5.6	5.1	0.5	9.8
Other operations	(0.6)	(1.0)	0.4	(40.0)
Income from operations	53.0	7.1	45.9	646.5
Other expense:				
Interest expense	(0.5)	(1.0)	0.5	(50.0)
Other, net	—	(0.2)	0.2	(100.0)
Total other expense	(0.5)	(1.2)	0.7	(58.3)
Income before income taxes	52.5	5.9	46.6	789.8
Income taxes	18.7	2.9	15.8	544.8
Net income	$ 33.8	$ 3.0	$ 30.8	1,026.7 %

Expedited LTL - Six Months Ended June 30, 2017 compared to Six Months Ended June 30, 2016

The following table sets forth our historical financial data of the Expedited LTL segment for the six months ended June 30, 2017 and 2016 (in millions):

Expedited LTL Segment Information
(In millions)
(Unaudited)

	Six months ended					
	June 30, 2017	Percent of Revenue	June 30, 2016	Percent of Revenue	Change	Percent Change
Operating revenue	$ 292.9	100.0%	$ 279.1	100.0%	$ 13.8	4.9 %
Operating expenses:						
Purchased transportation	116.4	39.8	109.2	39.1	7.2	6.6
Salaries, wages and employee benefits	71.8	24.5	68.8	24.7	3.0	4.4
Operating leases	18.3	6.3	16.5	5.9	1.8	10.9
Depreciation and amortization	11.1	3.8	10.8	3.9	0.3	2.8
Insurance and claims	7.0	2.4	6.2	2.2	0.8	12.9
Fuel expense	1.9	0.6	1.5	0.6	0.4	26.7
Other operating expenses	25.0	8.5	24.1	8.6	0.9	3.7
Total operating expenses	251.5	85.9	237.1	85.0	14.4	6.1
Income from operations	$ 41.4	14.1%	$ 42.0	15.0%	$ (0.6)	(1.4)%

Expedited LTL Operating Statistics

	Six months ended		
	June 30, 2017	June 30, 2016	Percent Change
Operating ratio	85.9%	85.0%	1.1 %
Business days	128.0	128.0	—
Business weeks	25.6	25.6	—
Expedited LTL:			
Tonnage			
Total pounds [1]	1,192,219	1,169,760	1.9
Average weekly pounds [1]	46,571	45,694	1.9
Linehaul shipments			
Total linehaul	1,906,425	1,841,232	3.5
Average weekly	74,470	71,923	3.5
Forward Air Complete shipments	453,971	384,379	18.1
As a percentage of linehaul shipments	23.8%	20.9%	13.9
Average linehaul shipment size	625	635	(1.6)
Revenue per pound [2]			
Linehaul yield	$ 17.26	$ 17.72	(2.1)
Fuel surcharge	1.20	0.87	1.5
Forward Air Complete	3.79	3.19	2.8
Total Expedited LTL yield	$ 22.25	$ 21.78	2.2 %

[1] - In thousands

[2] - In dollars per hundred pound; percentage change is expressed as a percent of total yield.

Revenues

Expedited LTL operating revenue increased $13.8 million, or 4.9%, to $292.9 million from $279.1 million, accounting for 56.9% of consolidated operating revenue for the six months ended June 30, 2017 compared to 59.6% for the same period in 2016. The increase in revenue is mostly the result of increases to Complete activity and fuel surcharge revenues. Linehaul revenue, which is the largest portion of Expedited LTL, decreased $1.4 million, or 0.7%, due to the decrease in linehaul yield noted in the preceding table, partly offset by the increase in tonnage. The increase in tonnage is due to a growing percentage of total volume from shipments with higher density attributes and a slightly lower length of haul than our traditional shipments, driving the decrease in average base revenue per pound. The increase in tonnage is also due to a full six months impact of our February 2016 change to our dim-factor standard.

The $13.8 million revenue increase is primarily the result of a $7.8 million, or 20.9%, increase in Complete revenue. The increase in Complete revenue was attributable to an increase in shipping volumes in our Expedited LTL network and a 13.9% increase in the attachment rate of Complete to linehaul shipments. Additionally, compared to the same period in 2016, net fuel surcharge revenue increased $4.0 million largely due to the increase in fuel prices and volume increases. Other terminal based revenues, which includes dedicated local pickup and delivery services, warehousing and terminal handling, increased $3.4 million, or 13.9%, to $27.6 million in the first six months of 2017 from $24.3 million in the same period of 2016. The increase in other terminal revenue was mainly attributable to increases in dedicated local pickup and delivery.

Purchased Transportation

LTL purchased transportation increased by $7.2 million, or 6.6%, to $116.4 million for the six months ended June 30, 2017 from $109.2 million for the six months ended June 30, 2016. As a percentage of segment operating revenue, LTL purchased transportation was 39.8% during the six months ended June 30, 2017 compared to 39.1% for the same period in 2016. The increase is mostly due to a 3.3% increase in Expedited LTL cost per mile. The higher cost per mile is due to increased utilization of third party transportation providers, which are more costly than owner operators. The increase is also due to increased Complete attachment on higher linehaul volumes. Complete purchased transportation has a higher percentage of revenue than linehaul.

Salaries, Wages, and Benefits

Salaries, wages and employee benefits of LTL increased by $3.0 million, or 4.4%, to $71.8 million for the six months ended June 30, 2017 from $68.8 million in the same period of 2016. Salaries, wages and employee benefits were 24.5% of LTL's operating revenue for the six months ended June 30, 2017 compared to 24.7% for the same period of 2016. The improvement in salaries, wages and employee benefits as a percentage of revenue was primarily attributable to a 0.4% decrease in dock pay as a percentage of revenue as well as 0.2% and 0.1% decrease in workers' compensation costs and share based compensation, respectively. These decreases were partly offset by a 0.5% increase in employee incentives as a percentage of revenue.

Operating Leases

Operating leases increased $1.8 million, or 10.9%, to $18.3 million for the six months ended June 30, 2017 from $16.5 million for the same period in 2016. Operating leases were 6.3% of LTL operating revenue for the six months ended June 30, 2017 compared to 5.9% for the same period in 2016. The increase in cost is due to $1.0 million of additional facility lease expenses and a $0.8 million increase in truck, trailer and equipment rentals and leases. Facility leases increased due to the expansion of certain facilities. Vehicle leases increased due to the replacement of older owned power equipment with leased power equipment.

Depreciation and Amortization

Depreciation and amortization increased $0.3 million, or 2.8%, to $11.1 million for the six months ended June 30, 2017 from $10.8 million in the same period of 2016. Depreciation and amortization expense as a percentage of LTL operating revenue was 3.8% in the six months ended June 30, 2017 compared to 3.9% in the same period of 2016. The decrease as a percentage of revenue was due to the increase in equipment leasing mentioned above instead of purchased equipment.

Insurance and Claims

LTL insurance and claims expense increased $0.8 million, or 12.9%, to $7.0 million for the six months ended June 30, 2017 from $6.2 million for the six months ended June 30, 2016. Insurance and claims was 2.4% of operating revenue for the six months ended June 30, 2017 compared to 2.2% for the same period of 2016. The increase in dollars was partly attributable to a $1.0 million increase in insurance premiums associated with our insurance plan renewals and a $0.6 million increase in vehicle claim reserves primarily due to current period development of a reserve for a prior period accident. These increases were partly offset by decreases in vehicle damage and cargo claims and claim related legal and professional fees.

Fuel Expense

LTL fuel expense increased $ 0.4 million, or 26.7%, to $1.9 million for the six months ended June 30, 2017 from $1.5 million in the same period of 2016. Fuel expenses were 0.6% of LTL operating revenue for the six months ended June 30, 2017 and 2016. LTL fuel expenses increased due to higher year-over-year fuel prices.

Other Operating Expenses

Other operating expenses increased $0.9 million, or 3.7%, to $25.0 million for the six months ended June 30, 2017 from $24.1 million in the same period of 2016. Other operating expenses were 8.5% of LTL operating revenue in the six months ended June 30, 2017 compared to 8.6% in the same period of 2016. The decrease as percentage of revenue was primarily the result a decrease in legal fees mostly related to indemnification funds received related to the Towne acquisition.

The increase in dollars was due to a $0.3 million increase in equipment maintenance, a $0.3 million increase in facility maintenance costs and a $0.3 million increase in losses on disposed assets.

Income from Operations

Income from operations decreased by $0.6 million, or 1.4%, to $41.4 million for the six months ended June 30, 2017 compared with $42.0 million for the same period in 2016. Income from operations as a percentage of LTL operating revenue was 14.1% for the six months ended June 30, 2017 compared with 15.0% in the same period of 2016. Deterioration in income from operations was caused by an increased utilization of third party transportation providers, higher employee incentives and an increased vehicle liability reserves. These were partly offset by dock efficiencies, increased net fuel surcharge revenue and increased Complete revenue.

Truckload Premium Services - Six Months Ended June 30, 2017 compared to Six Months Ended June 30, 2016

The following table sets forth our historical financial data of the Truckload Premium Services segment for the six months ended June 30, 2017 and 2016 (in millions):

Truckload Premium Services Segment Information
(In millions)
(Unaudited)

	Six months ended					
	June 30, 2017	Percent of Revenue	June 30, 2016	Percent of Revenue	Change	Percent Change
Operating revenue	$ 87.0	100.0%	$ 78.1	100.0 %	$ 8.9	11.4 %
Operating expenses:						
Purchased transportation	62.0	71.3	53.9	69.0	8.1	15.0
Salaries, wages and employee benefits	10.2	11.7	9.5	12.2	0.7	7.4
Operating leases	0.2	0.2	0.2	0.3	—	—
Depreciation and amortization	3.1	3.6	3.5	4.5	(0.4)	(11.4)
Insurance and claims	2.3	2.7	1.9	2.4	0.4	21.1
Fuel expense	1.5	1.7	1.2	1.5	0.3	25.0
Other operating expenses	4.1	4.7	4.2	5.4	(0.1)	(2.4)
Impairment of goodwill, intangibles and other assets	—	—	42.4	54.3	(42.4)	100.0
Total operating expenses	83.4	95.9	116.8	149.6	(33.4)	(28.6)
Income (loss) from operations	$ 3.6	4.1%	$ (38.7)	(49.6)%	$ 42.3	(109.3)%

Truckload Premium Services Operating Statistics

	Six months ended		
	June 30, 2017	June 30, 2016	Percent Change
Company driver [1]	3,717	3,313	12.2 %
Owner operator [1]	24,264	24,615	(1.4)
Third party [1]	19,197	14,565	31.8
Total Miles	47,178	42,493	11.0
Revenue per mile	$ 1.79	$ 1.79	—
Cost per mile	$ 1.39	$ 1.36	2.2 %

[1] - In thousands

Revenues

TLS revenue increased $8.9 million, or 11.4%, to $87.0 million for the six months ended June 30, 2017 from $78.1 million in the same period of 2016. The increase in TLS revenue was attributable to new business wins which resulted in an 11.0% increase in miles driven to support revenue.

Purchased Transportation

Purchased transportation costs for our TLS revenue increased $8.1 million, or 15.0%, to $62.0 million for the six months ended June 30, 2017 from $53.9 million for the six months ended June 30, 2016. For the six months ended June 30, 2017, TLS purchased transportation costs represented 71.3% of TLS revenue compared to 69.0% for the same period in 2016. The increase in TLS purchased transportation was attributable to a 10.9% increase in non-Company miles driven and a 3.0% increase in non-Company cost per mile during the six months ended June 30, 2017 compared to the same period in 2016. The increase in TLS miles driven was attributable to new business wins discussed above. The increase in cost per mile was due to TLS utilizing third party carriers to cover the additional miles, which are more costly than our network of owner operators. This increased utilization of third party transportation providers also led to the increase in purchased transportation as a percentage of revenue.

Salaries, Wages, and Benefits

Salaries, wages and employee benefits of TLS increased by $0.7 million, or 7.4%, to $10.2 million for the six months ended June 30, 2017 from $9.5 million in the same period of 2016. Salaries, wages and employee benefits were 11.7% of TLS's operating revenue in the six months ended June 30, 2017 compared to 12.2% for the same period of 2016. The decrease in salaries, wages and employee benefits as a percentage of revenue was mostly attributable to the increase in revenue outpacing the increase in pay to Company drivers and office staff.

Depreciation and Amortization

Depreciation and amortization decreased $0.4 million, or 11.4%, to $3.1 million for the six months ended June 30, 2017 from $3.5 million in the same period of 2016. Depreciation and amortization expense as a percentage of TLS operating revenue was 3.6% in the six months ended June 30, 2017 compared to 4.5% in the same period of 2016. The decrease was due to the impairment of TQI intangible assets in the second quarter of 2016 leading to lower on-going amortization expense. This decrease was partially offset by increased trailer depreciation on trailers purchased since the second quarter of 2016.

Insurance and Claims

TLS insurance and claims expense increased $0.4 million, or 21.1%, to $2.3 million for the six months ended June 30, 2017 from $1.9 million for the six months ended June 30, 2016. Insurance and claims were 2.7% of operating revenue for the six months ended June 30, 2017 compared to 2.4% in the same period of 2016. The increase was due to higher insurance premiums associated with our insurance plan renewals and increased reserves for vehicle liability claims.

Fuel Expense

TLS fuel expense increased $0.3 million, or 25.0%, to $1.5 million for the six months ended June 30, 2017 from $1.2 million for the same period of 2016. Fuel expense as a percentage of TLS operating revenue was 1.7% for the six months ended June 30, 2017 compared to 1.5% in the same period of 2016. The increase as a percentage of revenue was mostly attributable to higher year-over-year fuel prices and the increase in Company driver miles.

Other Operating Expenses

Other operating expenses decreased $0.1 million, or 2.4%, to $4.1 million for the six months ended June 30, 2017 from $4.2 million in the same period of 2016. Other operating expenses were 4.7% of TLS operating revenue in the six months ended June 30, 2017 compared to 5.4% in the same period of 2016. The decline in other operating expenses was due to reduced legal fees.

Impairment of goodwill, intangibles and other assets

In the second quarter of 2016, we determined there were indicators of potential impairment of goodwill and other long lived assets assigned to the TQI acquisition. As a result, we performed fair value calculations as of June 30, 2016. Based on these calculations we recorded $42.4 million in total impairment charges related to TQI's goodwill and other long lived assets. During the three months ended June 30, 2017, there were no additional indicators of impairment.

Results from Operations

Results from operations increased by $42.3 million to $3.6 million in income from operations for the six months ended June 30, 2017 compared with a $38.7 million loss from operations for the same period in 2016. Excluding the impairment charges, the deterioration in results from operations was due to increased utilization of third party transportation providers which led to the increase in cost per mile outpacing the increase in revenue per mile.

Pool Distribution - Six Months Ended June 30, 2017 compared to Six Months Ended June 30, 2016

The following table sets forth our historical financial data of the Pool Distribution segment for the six months ended June 30, 2017 and 2016 (in millions):

Pool Distribution Segment Information
(In millions)
(Unaudited)

	Six months ended					
	June 30, 2017	**Percent of Revenue**	**June 30, 2016**	**Percent of Revenue**	**Change**	**Percent Change**
Operating revenue	$ 74.6	100.0%	$ 64.7	100.0 %	$ 9.9	15.3 %
Operating expenses:						
Purchased transportation	19.5	26.1	17.5	27.0	2.0	11.4
Salaries, wages and employee benefits	28.5	38.2	24.7	38.2	3.8	15.4
Operating leases	6.3	8.5	5.9	9.1	0.4	6.8
Depreciation and amortization	3.4	4.6	3.0	4.7	0.4	13.3
Insurance and claims	2.1	2.8	2.1	3.2	—	—
Fuel expense	2.4	3.2	2.1	3.3	0.3	14.3
Other operating expenses	9.4	12.6	9.7	15.0	(0.3)	(3.1)
Total operating expenses	71.6	96.0	65.0	100.5	6.6	10.2
Income (loss) from operations	$ 3.0	4.0%	$ (0.3)	(0.5)%	$ 3.3	(1,100.0)%

Revenues

Pool operating revenue increased $9.9 million, or 15.3%, to $74.6 million for the six months ended June 30, 2017 from $64.7 million for the same period in 2016. The increase was attributable to increased volume from previously existing customers and current year rate increases.

Purchased Transportation

Pool purchased transportation increased $2.0 million, or 11.4%, to $19.5 million for the six months ended June 30, 2017 compared to $17.5 million for the same period of 2016. Pool purchased transportation as a percentage of revenue was 26.1% for the six months ended June 30, 2017 compared to 27.0% for the same period of 2016. The improvement in Pool purchased transportation as a percentage of revenue was attributable to an increased utilization of owner operators over more costly third party carriers and revenue increases associated with rate increases.

Salaries, Wages, and Benefits

Pool salaries, wages and employee benefits increased $3.8 million, or 15.4%, to $28.5 million for the six months ended June 30, 2017 compared to $24.7 million for the same period of 2016. As a percentage of Pool operating revenue, salaries, wages and benefits was 38.2% for the six months ended June 30, 2017 and 2016. As a percentage of revenue, increases in dock pay and employee incentive were offset by decreases in Company driver pay, administrative salaries, wages and benefits and workers' compensation costs. Dock pay deteriorated as a percentage of revenue as increasing revenue volumes required the use of more costly contract labor.

Operating Leases

Operating leases increased $0.4 million, or 6.8%, to $6.3 million for the six months ended June 30, 2017 from $5.9 million for the same period in 2016. Operating leases were 8.5% of Pool operating revenue for the six months ended June 30, 2017 compared with 9.1% in the same period of 2016. Operating leases increased in total dollars due to additional truck leases and rentals used to provide capacity for additional business wins throughout the network. The decrease as a percentage of revenue is attributable to decreases in facility rent, as 2016 included transition and relocation costs of certain terminals that did not occur in 2017.

Depreciation and Amortization

Pool depreciation and amortization increased $0.4 million, or 13.3%, to $3.4 million for the six months ended June 30, 2017 from $3.0 million for the same period in 2016. Depreciation and amortization expense as a percentage of Pool operating revenue was 4.6% for the six months ended June 30, 2017 compared to 4.7% for the same period of 2016. The increase in Pool depreciation and amortization in total dollars was due to the allocation of trailer depreciation, which reflect Pool's increased utilization of our trailer fleet.

Insurance and Claims

Pool insurance and claims expense was $2.1 million for the six months ended June 30, 2017 and 2016. Insurance and claims were 2.8% of operating revenue for the six months ended June 30, 2017 compared to 3.2% in the same period of 2016. The decrease as a percentage of revenue was due to a decrease in cargo claims and claims related professional fees.

Fuel Expense

Pool fuel expense increased $0.3 million, or 14.3%, to $2.4 million for the six months ended June 30, 2017 from $2.1 million in the same period of 2016. Fuel expenses were 3.2% of Pool operating revenue during the six months ended June 30, 2017 compared to 3.3% for the same period of 2016. Pool fuel expenses increased in total dollars due to higher year-over-year fuel prices and higher revenue volumes. These increases were partially offset by increased utilization of owner operators.

Other Operating Expenses

Pool other operating expenses decreased $0.3 million, or 3.1%, to $9.4 million for the six months ended June 30, 2017 compared to $9.7 million for the same period of 2016. Pool other operating expenses for the six months ended June 30, 2017 were 12.6% of operating revenue compared to 15.0% for the same period of 2016. The decrease in total dollars and as a percentage of revenue is due to improved margins at agent stations on a reduction in agent station activity and decreased legal and professional fees.

Results from Operations

Results from operations increased by $3.3 million to $3.0 million in income from operations for the six months ended June 30, 2017 compared with a $0.3 million loss from operations for the same period in 2016. Income from operations as a percentage of Pool operating revenue was 4.0% for the six months ended June 30, 2017 compared to a 0.5% loss from operations in the same period of 2016. The improvement in Pool operating results was primarily the result of higher revenue volumes, current year rate increases, the reduction of cargo claims, agent station margin improvements and purchased transportation efficiencies.

Intermodal - Six Months Ended June 30, 2017 compared to Six Months Ended June 30, 2016

The following table sets forth our historical financial data of the Intermodal segment for the six months ended June 30, 2017 and 2016 (in millions):

Intermodal Segment Information
(In millions)
(Unaudited)

	Six months ended					
	June 30, 2017	Percent of Revenue	June 30, 2016	Percent of Revenue	Change	Percent Change
Operating revenue	$ 63.6	100.0%	$ 48.8	100.0%	$ 14.8	30.3%
Operating expenses:						
Purchased transportation	23.8	37.4	16.8	34.4	7.0	41.7
Salaries, wages and employee benefits	14.8	23.3	12.0	24.6	2.8	23.3
Operating leases	6.2	9.7	6.0	12.3	0.2	3.3
Depreciation and amortization	2.6	4.1	1.8	3.7	0.8	44.4
Insurance and claims	2.1	3.3	1.4	2.9	0.7	50.0
Fuel expense	1.6	2.5	1.1	2.2	0.5	45.5
Other operating expenses	6.9	10.9	4.6	9.4	2.3	50.0
Total operating expenses	58.0	91.2	43.7	89.5	14.3	32.7
Income from operations	$ 5.6	8.8%	$ 5.1	10.5%	$ 0.5	9.8%

Revenues

Intermodal operating revenue increased $14.8 million, or 30.3%, to $63.6 million for the six months ended June 30, 2017 from $48.8 million for the same period in 2016. The increases in operating revenue were primarily attributable to the acquisition of Atlantic, Ace and Triumph, the impact of increased fuel surcharges and increased storage revenues.

Purchased Transportation

Intermodal purchased transportation increased $7.0 million, or 41.7%, to $23.8 million for the six months ended June 30, 2017 from $16.8 million for the same period in 2016. Intermodal purchased transportation as a percentage of revenue was 37.4% for the six months ended June 30, 2017 compared to 34.4% for the six months ended June 30, 2016. The increase in Intermodal purchased transportation as a percentage of revenue was attributable to higher utilization of owner operators as opposed to Company-employed drivers, as Atlantic utilized more owner operators than Company drivers.

Salaries, Wages, and Benefits

Intermodal salaries, wages and employee benefits increased $2.8 million, or 23.3%, to $14.8 million for the six months ended June 30, 2017 compared to $12.0 million for the six months ended June 30, 2016. As a percentage of Intermodal operating revenue, salaries, wages and benefits increased to 23.3% for the six months ended June 30, 2017 compared to 24.6% for the same period in 2016. The improvement in salaries, wages and employee benefits as a percentage of revenue is attributable to less reliance on Company-employed drivers as mentioned above.

Operating Leases

Operating leases increased $0.2 million, or 3.3%, to $6.2 million for the six months ended June 30, 2017 from $6.0 million for the same period in 2016. Operating leases were 9.7% of Intermodal operating revenue for the six months ended June 30, 2017 compared with 12.3% in the same period of 2016. Operating leases decreased as a percentage of revenue due to consistent trailer rental charges while other revenue that does not require trailer rentals increased.

Depreciation and Amortization

Depreciation and amortization increased $0.8 million, or 44.4%, to $2.6 million for the six months ended June 30, 2017 from $1.8 million for the same period in 2016. Depreciation and amortization expense as a percentage of Intermodal operating revenue was 4.1% for the six months ended June 30, 2017 from 3.7% for the same period in 2016. The higher depreciation and amortization was due to equipment and intangible assets acquired with Atlantic, Triumph and Ace.

Insurance and Claims

Intermodal insurance and claims expense increased $0.7 million, or 50.0%, to $2.1 million for the six months ended June 30, 2017 from $1.4 million for the six months ended June 30, 2016. Intermodal insurance and claims were 3.3% of operating revenue for the six months ended June 30, 2017 compared with 2.9% for the same period in 2016. The increase in Intermodal insurance and claims was attributable to increased vehicle liability reserves and higher insurance premiums.

Fuel Expense

Intermodal fuel expense increased $0.5 million, or 45.5%, to $1.6 million for the six months ended June 30, 2017 from $1.1 million in the same period of 2016. Fuel expenses were 2.5% of Intermodal operating revenue for the six months ended June 30, 2017 compared to 2.2% in the same period of 2016. Intermodal fuel expenses increased due to higher year-over-year fuel prices and revenue volumes. These increases were partially offset by increased utilization of owner operators.

Other Operating Expenses

Intermodal other operating expenses increased $2.3 million, or 50.0%, to $6.9 million for the six months ended June 30, 2017 compared to $4.6 million for the same period of 2016. Intermodal other operating expenses for the six months ended June 30, 2017 were 10.9% compared to 9.4% for the same period of 2016. The increase in Intermodal other operating expenses was due mostly due to a $1.0 million increase in container related rental and storage charges associated with revenue increases discussed previously. The remaining increase was due to increased terminal expenses and other variable costs, such as maintenance and tolls, corresponding with the increases in revenue, and legal and professional fees related to the acquisition of Atlantic.

Income from Operations

Intermodal’s income from operations increased by $0.5 million, or 9.8%, to $5.6 million for the six months ended June 30, 2017 compared with $5.1 million for the same period in 2016. Income from operations as a percentage of Intermodal operating revenue was 8.8% for the six months ended June 30, 2017 compared to 10.5% in the same period of 2016. The increase in operating income in total dollars was primarily attributable to the Atlantic, Ace and Triumph acquisitions. The decrease in income from operations as a percentage of revenue was attributable to increased depreciation and amortization associated with Intermodal's acquisitions, higher insurance premiums and vehicle liability reserves and acquisition related legal and professional fees.

Other Operations

Other operating activity improved from a $1.0 million operating loss during the six months ended June 30, 2016 to a $0.6 million operating loss during the six months ended June 30, 2017. The six months ended June 30, 2017, includes $0.9 million of executive severance costs and $0.3 million in reserves for vehicle and workers' compensation claims. These costs were partly offset by $0.6 million of indemnification funds received related to the Towne acquisition. These costs and benefits were kept at the corporate level and not passed through to our operating segments.

The $1.0 million in operating loss included in other operations and corporate activities for the six months ended June 30, 2016 was primarily for increases to loss development factors resulting from our bi-annual actuary analysis of our vehicle and workers' compensation claims.

Critical Accounting Policies

Our unaudited condensed consolidated financial statements have been prepared in accordance with United States generally accepted accounting principles (“GAAP”). The preparation of financial statements in accordance with GAAP requires our management to make estimates and assumptions that affect the amounts reported in the unaudited condensed consolidated financial statements and accompanying notes. Our estimates and assumptions are based on historical experience and changes in the business environment. However, actual results may differ from estimates under different conditions, sometimes materially. Critical accounting policies and estimates are defined as those that are both most important to the portrayal of our financial condition and results and require management’s most subjective judgments. A summary of significant accounting policies is disclosed in Note 1 to the Consolidated Financial Statements included in our 2016 Annual Report on Form 10-K. Our critical accounting policies are further described under the caption “Discussion of Critical Accounting Policies” in Management’s Discussion and Analysis of Financial Condition and Results of Operations in our 2016 Annual Report on Form 10-K.

Valuation of Goodwill and Other Long Term Assets

We test our goodwill for impairment annually or more frequently if events or circumstances indicate impairment may exist. Examples of such events or circumstances could include a significant change in business climate or a loss of significant customers. We complete our annual analysis of our reporting units as of the last day of our second quarter, June 30th. We first consider our reporting unit and related components in accordance with U.S. GAAP. Goodwill is allocated to reporting units that are expected to benefit from the business combinations generating the goodwill. We have five reporting units - Expedited LTL, TLX Forward Air, Intermodal, Pool Distribution and Total Quality, Inc. ("TQI"). The TLX Forward Air and the TQI reporting units are assigned to the Truckload Premium Services reportable segment. Currently, there is no goodwill assigned to the TLX Forward Air reporting unit. In evaluating reporting units, we first assess qualitative factors to determine whether it is more likely than not that the fair value of any of its reporting units is less than its carrying amount, including goodwill. When performing the qualitative assessment, we consider the impact of factors including, but not limited to, macroeconomic and industry conditions, overall financial performance of each reporting unit, litigation and new legislation. If based on the qualitative assessments, we believe it is more likely than not that the fair value of any reporting unit is less than the reporting unit's carrying amount, or periodically as deemed appropriate by management, we will prepare an estimation of the respective reporting unit's fair value utilizing a quantitative approach. If this estimation of fair value indicates that impairment potentially exists, we will then measure the amount of the impairment, if any. Goodwill impairment exists when the calculated implied fair value of goodwill is less than its carrying value.

We determine the fair value of our reporting units based on a combination of a market approach, which considers comparable companies, and the income approach, using a discounted cash flow model. Under the market approach, valuation multiples are derived based on a selection of comparable companies and applied to projected operating data for each reporting unit to arrive at an indication of fair value. Under the income approach, the discounted cash flow model determines fair value based on the present value of management prepared projected cash flows over a specific projection period and a residual value related to future cash flows beyond the projection period. Both values are discounted using a rate which reflects our best estimate of the weighted average cost of capital of a market participant, and is adjusted for appropriate risk factors. We believe the most sensitive estimate used in our income approach is the management prepared projected cash flows. Consequently, we perform sensitivity tests to ensure reductions of the present value of the projected cash flows by at least 10% would not adversely impact the results of the goodwill impairment tests. Historically, we have equally weighted the income and market approaches as we believed the quality and quantity of the collected information were approximately equal. The inputs used in the fair value calculations for goodwill are classified within level 3 of the fair value hierarchy as defined in the FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles.

In 2017, based on our qualitative analysis of the LTL, Intermodal and Pool reporting units we determined it is more likely than not that the fair value of these reporting units exceeded their respective carrying amounts, including goodwill. However, we performed a fair value estimation for the TQI reporting unit due to the reporting unit's 2016 goodwill impairment and continuing operating losses. Our 2017 calculations for TQI indicated that, as of June 30, 2017, the fair value of the reporting unit exceeded its carrying value by approximately 15.0%.

For our 2017 TQI analysis the significant assumptions used in the income approach were 10 years of projected net cash flows, a discount rate of 15.5% and a long-term growth rate of 4.0%. As shown with the 2016 TQI goodwill impairment, the estimates used to calculate the fair value of each reporting unit change from year to year based on operating results, market conditions, and other factors. Changes in these estimates and assumptions could materially affect the determination of the reporting unit's fair value and goodwill impairment for the reporting unit.

Impact of Recent Accounting Pronouncements

In March 2016, the Financial Accounting Standards Board ("FASB") issued guidance that changes the accounting for certain aspects of share-based payments to employees. The guidance requires the recognition of the income tax effects of awards in the income statement when the awards vest or are settled, thus eliminating additional paid in capital ("APIC") pools. The guidance also allows for the employer to repurchase more of an employee’s shares for tax withholding purposes without triggering liability accounting. In addition, the guidance allows for a policy election to account for forfeitures as they occur rather than on an estimated basis. We adopted this guidance in January 2017 and the elimination of APIC pools resulted in approximately $0.2 million of income tax benefit during the six months ended June 30, 2017. This guidance has been applied prospectively and no prior periods have been adjusted.

In February 2016, the FASB, issued ASU 2016-02, Leases, which introduces the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous guidance. The guidance will be effective for annual reporting periods beginning after December 15, 2018 and interim periods within those fiscal years with early adoption permitted. We are evaluating the impact of the future adoption of this standard on our consolidated financial statements.

In May 2014, the FASB issued guidance on revenue from contracts with customers that will supersede most current revenue recognition guidance, including industry-specific guidance. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of time value of money in the transaction price, and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The guidance also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. The guidance is effective for the interim and annual periods beginning on or after December 15, 2017 (early adoption is permitted for interim and annual periods beginning on or after December 15, 2016). The guidance permits the use of either a full retrospective or modified retrospective adoption approach with a cumulative effect adjustment recorded in either scenario as necessary upon transition. Based on a review of our customer shipping arrangements, we currently believe the implementation of this standard will change our revenue recognition policy from recognizing revenue upon shipment completion to recognizing revenue over time based on the progress toward completion of shipments in transit as of each period end. While the timing of revenue recognition will be accelerated, due to the short duration of our transit times the anticipated impact on our consolidated financial position, revenue, results from operations and related disclosures is expected to be minor. At this time we have not determined our transition method.

Liquidity and Capital Resources

We have historically financed our working capital needs, including capital expenditures, with cash flows from operations and borrowings under our bank lines of credit. Net cash provided by operating activities totaled approximately $52.0 million for the six months ended June 30, 2017 compared to approximately $61.2 million for the six months ended June 30, 2016. The $9.2 million decrease in cash provided by operating activities is mainly attributable to the increase in accounts receivable. Accounts receivables increased on higher revenue associated with the Atlantic acquisition that has yet to be collected.

Net cash used in investing activities was approximately $25.3 million for the six months ended June 30, 2017 compared with approximately $17.2 million during the six months ended June 30, 2016. Investing activities during the six months ended June 30, 2017 consisted primarily of $22.5 million used to acquire Atlantic and net capital expenditures of $3.3 million primarily for information technology. Investing activities during the six months ended June 30, 2016 consisted primarily of $1.7 million used to acquire Ace and net capital expenditures of $14.9 million primarily for new trailers, forklifts and information technology . The proceeds from disposal of property and equipment during the six months ended June 30, 2017 and 2016 were primarily from sales of older trailers and vehicles.

Net cash used in financing activities totaled approximately $25.1 million for the six months ended June 30, 2017 compared with net cash used in financing activities of $55.6 million for the six months ended June 30, 2016. The $30.5 million change in cash from financing activities was attributable to $35.0 million in borrowings from our revolving credit facility partly offset by a $14.6 million increase in payments on our outstanding debt. Additionally, there was a $3.8 million increase in cash from employee stock transactions and a $8.0 million decrease in share repurchases, partly offset by a $1.7 million increase in our quarterly cash dividend.

On February 4, 2015, we entered into a five-year senior, unsecured credit facility (the "Facility") with a maximum aggregate principal amount of $275.0 million, including a revolving credit facility of $150.0 million and a term loan facility of $125.0 million. The revolving credit facility has a sublimit of $25.0 million for letters of credit and a sublimit of $15.0 million for swing line loans. The revolving credit facility is scheduled to expire in February 2020 and may be used to refinance our existing indebtedness and for working capital, capital expenditures and other general corporate purposes. Unless we elect otherwise under the credit agreement, interest on borrowings under the Facility are based on the highest of (a) the federal funds rate plus 0.5%, (b) the administrative agent's prime rate and (c) the LIBOR Rate plus 1.0%, in each case plus a margin that can range from 0.1% to 0.6% with respect to the term loan facility and from 0.3% to 0.8% with respect to the revolving credit facility depending on our ratio of consolidated funded indebtedness to earnings as set forth in the credit agreement. The Facility contains financial covenants and other covenants that, among other things, restrict our ability, without the approval of the lenders, to engage in certain mergers, consolidations, asset sales, investments, transactions or to incur liens or indebtedness, as set forth in the credit agreement. As of June 30, 2017, we had $20.5 million in borrowings outstanding under the revolving credit facility, $7.5 million utilized for outstanding letters of credit and $122.0 million of available borrowing capacity under the revolving credit facility. The interest rate on the outstanding borrowing under the revolving credit facility was 2.5% at June 30, 2017.

In March 2015, we borrowed $125.0 million on the available term loan facility. The term loan was payable in quarterly installments of 11.1% of the original principal amount of the term loan plus accrued and unpaid interest, and matured in March 2017.

On July 21, 2016, our Board of Directors approved a stock repurchase authorization for up to three million shares of the Company's common stock. During the three months ended June 30, 2017, we repurchased 42,055 for $1,999, or $47.54 per share. During the six months ended June 30, 2017, we repurchased 246,864 for $11,995, or $48.59 per share. During the three months ended June 30, 2016, we repurchased 221,441 for $9,996, or $45.14 per share. During the six months ended June 30, 2016, we repurchased 454,385 shares for $19,991, or an average of $44.00 per share. The repurchases made for the three and six months ended June 30, 2016 were made under a previous share repurchase plan approved by our Board of Directors on February 7, 2014. This plan was canceled and replaced on July 21, 2016. As of June 30, 2017, 2,519,620 shares remain to be purchased under the 2016 Plan.

During the fourth quarter of 2016 and each quarter of 2017, our Board of Directors declared a cash dividend of $0.15 per share of common stock. During the first, second and third quarter of 2016, our Board of Directors declared a cash dividend of $0.12 per share of common stock. We expect to continue to pay regular quarterly cash dividends, though each subsequent quarterly dividend is subject to review and approval by the Board of Directors.

We believe that our available cash, investments, expected cash generated from future operations and borrowings under the available credit facility will be sufficient to satisfy our anticipated cash needs for at least the next twelve months.

Forward-Looking Statements

This report contains "forward-looking statements," as defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are statements other than historical information or statements of current condition and relate to future events or our future financial performance. In this Form 10-Q, forward-looking statements include, but are not limited to, any projections of earnings, revenues, or other financial items; any statement of plans, strategies, and objectives of management for future operations; any statements regarding future insurance and claims; any statements concerning proposed or intended new services or developments; any statements regarding intended expansion through acquisition or greenfield startups; any statements regarding future economic conditions or performance; and any statements of belief and any statements of assumptions underlying any of the foregoing. Some forward-looking statements may be identified by use of such terms as "believes," "anticipates," "intends," "plans," "estimates," "projects" or "expects." Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The following is a list of factors, among others, that could cause actual results to differ materially from those contemplated by the forward-looking statements: economic factors such as recessions, inflation, higher interest rates and downturns in customer business cycles, our inability to maintain our historical growth rate because of a decreased volume of freight moving through our network or decreased average revenue per pound of freight moving through our network, increasing competition and pricing pressure, surplus inventories, loss of a major customer, the creditworthiness of our customers and their ability to pay for services rendered, our ability to secure terminal facilities in desirable locations at reasonable rates, the inability of our information systems to handle an increased volume of freight moving through our network, changes in fuel prices, claims for property damage, personal injuries or workers' compensation, employment matters including rising health care costs, enforcement of and changes in governmental regulations, environmental and tax matters, the handling of hazardous materials, the availability and compensation of qualified independent owner operators and freight handlers needed to serve our transportation needs and our inability to successfully integrate acquisitions. As a result of the foregoing, no assurance can be given as to future financial condition, cash flows or results of operations. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

Our exposure to market risk related to our outstanding debt is not significant and has not changed materially since December 31, 2016.

Item 4. Controls and Procedures.

Disclosure Controls and Procedures

We maintain controls and procedures designed to ensure that we are able to collect the information required to be disclosed in the reports we file with the Securities and Exchange Commission ("SEC"), and to process, summarize and disclose this information within the time periods specified in the rules of the SEC. Based on an evaluation of our disclosure controls and procedures as of the end of the period covered by this report conducted by management, with the participation of the Chief Executive Officer and Chief Financial Officer, the Chief Executive Officer and Chief Financial Officer believe that these controls and procedures are effective to ensure that we are able to collect, process and disclose the information we are required to disclose in the reports we file with the SEC within the required time periods.

The SEC's general guidance permits the exclusion of an assessment of the effectiveness of a registrant's disclosure controls and procedures as they relate to its internal controls over financial reporting for an acquired business during the first year following such acquisition, if among other circumstances and factors there is not adequate time between the acquisition date and the date of assessment. As previously disclosed, the Company completed its acquisition of Atlantic on May 7, 2017. Atlantic represents approximately 3.5% percent of the Company's total assets as of June 30, 2017. Management's assessment and conclusion on the effectiveness of the Company's disclosure controls and procedures as of June 30, 2017 excluded an assessment of the internal control over financial reporting of Atlantic.

Changes in Internal Control

There were no changes in our internal control over financial reporting during the three and six months ended June 30, 2017 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Part II. Other Information

Item 1. Legal Proceedings.

From time to time, we are a party to ordinary, routine litigation incidental to and arising in the normal course of our business, most of which involve claims for personal injury and property damage related to the transportation and handling of freight, or workers' compensation. We do not believe that any of these pending actions, individually or in the aggregate, will have a material adverse effect on our business, financial condition or results of operations.

Item 1A. Risk Factors.

A summary of factors which could affect results and cause results to differ materially from those expressed in any forward-looking statements made by us, or on our behalf, are further described under the caption "Risk Factors" in the Business portion of our 2016 Annual Report on Form 10-K. There have been no changes in the nature of these factors since December 31, 2016.

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

Issuer Purchases of Equity Securities

On July 21, 2016, our Board of Directors approved a stock repurchase authorization for up to three million shares of the Company's common stock.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced 2016 Program	Maximum Number of Shares that May Yet Be Purchased Under the Program
April 1-30, 2017	42,055	$ 48	42,055	2,519,620
May 1-31, 2017	—	—	—	—
June 1-30, 2017	—	—	—	—
Total	42,055	$ 48	42,055	2,519,620

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Not applicable.

Item 6. Exhibits.

In accordance with SEC Release No. 33-8212, Exhibits 32.1 and 32.2 are to be treated as "accompanying" this report rather than "filed" as part of the report.

No.	Exhibit
3.1	Restated Charter of the registrant (incorporated herein by reference to Exhibit 3 to the registrant's Current Report on Form 8-K filed with the Securities and Exchange Commission on May 28, 1999 (File No. 0-22490))
3.2	Amended and Restated Bylaws of the registrant (incorporated herein by reference to Exhibit 3-1 to the registrant's Current Report on Form 8-K filed with the Commission on July 6, 2009 (File No. 0-22490))
4.1	Form of Forward Air Corporation Common Stock Certificate (incorporated herein by reference to Exhibit 4.1 to the registrant's Quarterly Report on Form 10-Q for the quarterly period ended September 30, 1998, filed with the Securities and Exchange Commission on November 16, 1998 (File No. 0-22490))
10.1	Forward Air Corporation 2016 Omnibus Incentive Compensation Plan
10.2	Amended and Restated Non-Employee Director Stock Plan
31.1	Certification of Chief Executive Officer Pursuant to Exchange Act Rule 13a-14(a) (17 CFR 240.13a-14(a))
31.2	Certification of Chief Financial Officer Pursuant to Exchange Act Rule 13a-14(a) (17 CFR 240.13a-14(a))
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

Signatures

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

	Forward Air Corporation
Date: July 27, 2017	By: /s/ Michael J. Morris
	Michael J. Morris Chief Financial Officer, Senior Vice President and Treasurer (Principal Financial Officer)
	By: /s/ Michael P. McLean
	Michael P. McLean Chief Accounting Officer, Vice President and Controller (Principal Accounting Officer)

EXHIBIT INDEX

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FORWARD AIR CORPORATION
2016 OMNIBUS INCENTIVE COMPENSATION PLAN

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(continued)

1. **History; Effective Date**.

Forward Air Corporation, a Tennessee corporation ("Forward Air"), has established the Forward Air Corporation 2016 Omnibus Incentive Compensation Plan, as set forth herein, and as the same may be amended from time to time (the "*Plan*"). The Plan was adopted by the Board of Directors of Forward Air (the "*Board*") on February 9, 2016, as a successor plan to the Forward Air Corporation Amended and Restated Stock Option and Incentive Plan (the "*Prior Plan*"), and is effective as of the date that it is approved by the shareholders of Forward Air (the "*Effective Date*"). No awards will be made under the Prior Plan after the Effective Date of this Plan.

2. **Purposes of the Plan**.

The Plan enables Forward Air to continue to grant stock-based and cash-based incentive awards which the Board believes provide Forward Air with a competitive advantage in recruiting, retaining and motivating key individuals whose efforts contribute to the growth, profitability and long-term success of Forward Air. Incentive awards enable such individuals to acquire or increase, and benefit from, equity ownership in Forward Air or receive compensation upon achievement of specified performance objectives, thereby strengthening their commitment to the success of Forward Air and stimulating their efforts on behalf of Forward Air, as well as strengthening the mutuality of interests between such persons and Forward Air's shareholders. Toward this objective, the Administrator may grant stock options, stock appreciation rights, stock awards, stock units, performance shares, performance units, and other stock-based or cash awards to eligible individuals on the terms and subject to the conditions set forth in the Plan.

3. **Terminology**.

Except as otherwise specifically provided in an Award Agreement, capitalized words and phrases used in the Plan or an Award Agreement shall have the meaning set forth in the glossary at Section 17 of the Plan or as defined the first place such word or phrase appears in the Plan.

4. **Administration**.

(a) *Administration of the Plan.* The Plan shall be administered by the Administrator.

(b) *Powers of the Administrator*.

The Administrator shall, except as otherwise provided under the Plan, have plenary authority, in its sole and absolute discretion, to grant Awards pursuant to the terms of the Plan to Eligible Individuals and to take all other actions necessary or desirable to carry out the purpose and intent of the Plan. Among other things, the Administrator shall have the authority, in its sole and absolute discretion, subject to the terms and conditions of the Plan to:

(i) determine the Eligible Individuals to whom, and the time or times at which, Awards shall be granted;

(ii) determine the types of Awards to be granted any Eligible Individual;

(iii) determine the number of shares of Common Stock to be covered by or used for reference purposes for each Award or the value to be transferred pursuant to any Award;

(iv) determine the terms, conditions and restrictions applicable to each Award (which need not be identical) and any shares acquired pursuant thereto, including, without limitation, (A) the purchase price of any shares of Common Stock, (B) the method of payment for shares purchased pursuant to any Award, (C) the method for satisfaction of any tax withholding obligation arising in connection with any Award, including by the withholding or delivery of shares of Common Stock, (D) subject to Section 7(b), the timing, terms and conditions of the exercisability, vesting or payout of any Award or any shares acquired pursuant thereto, (E) the Performance Goals applicable to any Award and the extent to which such Performance Goals have been attained, (F) the time of the expiration of any Award, (G) the effect of the Participant's Termination of Service on any of the foregoing, and (H) all other terms, conditions and restrictions applicable to any Award or shares acquired pursuant thereto as the Administrator shall consider to be appropriate and not inconsistent with the terms of the Plan;

(v) subject to Sections 7(f), 7(k), 10(c) and 15, modify, amend or adjust the terms and conditions of any Award;

(vi) subject to Section 7(b), accelerate or otherwise change the time at or during which an Award may be exercised or becomes payable and waive or accelerate the lapse, in whole or in part, of any restriction, condition or risk of forfeiture with respect to such Award; *provided*, *however*, that, except in connection with death, Disability or a Change in Control, no such change, waiver or acceleration shall be made with respect to a Qualified Performance-Based Award if the effect of such action would cause the Award to fail to qualify for the Section 162(m) Exemption or shall be made to any Award that is considered “deferred compensation” within the meaning of Section 409A of the Code if the effect of such action is inconsistent with Section 409A of the Code;

(vii) determine whether an Award will be paid or settled in cash, shares of Common Stock, or in any combination thereof and whether, to what extent and under what circumstances cash or shares of Common Stock payable with respect to an Award shall be deferred either automatically or at the election of the Participant;

(viii) for any purpose, including but not limited to, qualifying for preferred or beneficial tax treatment, accommodating the customs or administrative challenges or otherwise complying with the tax, accounting or regulatory requirements of local or foreign (non-United States) jurisdictions, adopt, amend, modify, administer or terminate sub-plans, appendices, special provisions or supplements applicable to Awards regulated by the laws of a particular jurisdiction, which sub-plans, appendices, supplements and special provisions may take precedence over other provisions of the Plan, and prescribe, amend and rescind rules and regulations relating to such sub-plans, appendices, supplements and special provisions.

(ix) establish any “blackout” period, during which transactions affecting Awards may not be effectuated, that the Administrator in its sole discretion deems necessary or advisable;

(x) determine the Fair Market Value of shares of Common Stock or other property for any purpose under the Plan or any Award;

(xi) administer, construe and interpret the Plan, Award Agreements and all other documents relevant to the Plan and Awards issued thereunder, and decide all other matters to be determined in connection with an Award;

(xii) establish, amend, rescind and interpret such administrative rules, regulations, agreements, guidelines, instruments and practices for the administration of the Plan and for the conduct of its business as the Administrator deems necessary or advisable;

(xiii) correct any defect, supply any omission or reconcile any inconsistency in the Plan or in any Award or Award Agreement in the manner and to the extent the Administrator shall deem it desirable to carry it into effect; and

(xiv) otherwise administer the Plan and all Awards granted under the Plan.

(c) *Delegation of Administrative Authority.* The Administrator may designate employees of Forward Air or any Affiliate, including without limitation the Employee Plans Committee of Forward Air, to assist the Administrator in the administration of the Plan and, to the extent permitted by applicable law and exchange rules, may grant authority to officers or other employees to execute agreements or other documents on behalf of the Administrator; *provided, however,* that such delegation of authority shall not extend to the exercise of discretion with respect to Awards to Eligible Individuals who are “covered employees” within the meaning of Section 162(m) of the Code or officers under Section 16 of the Exchange Act.

(d) *Non-Uniform Determinations*. The Administrator’s determinations under the Plan (including without limitation, determinations of the persons to receive Awards, the form, amount and timing of such Awards, the terms and provisions of such Awards and the Award Agreements evidencing such Awards, and the ramifications of a Change in Control upon outstanding Awards) need not be uniform and may be made by the Administrator selectively among Awards or persons who receive, or are eligible to receive, Awards under the Plan, whether or not such persons are similarly situated.

(e) *Limited Liability.* To the maximum extent permitted by law, no member of the Administrator, nor any director, officer, employee or representative of Forward Air, shall be liable for any action taken or decision made in good faith relating to the Plan or any Award thereunder.

(f) *Indemnification*. To the maximum extent permitted by law, by Forward Air's charter and by-laws, and by any directors' and officers' liability insurance coverage which may be in effect from time to time, the members of the Administrator and any agent or delegate of the Administrator who is an employee of Forward Air or an Affiliate shall be indemnified by Forward Air against any and all liabilities and expenses to which they may be subjected by reason of any act or failure to act with respect to their duties on behalf of the Plan.

(g) *Effect of Administrator's Decision*. All actions taken and determinations made by the Administrator on all matters relating to the Plan or any Award pursuant to the powers vested in it hereunder shall be in the Administrator's sole and absolute discretion, unless in contravention of any express term of the Plan, including, without limitation, any determination involving the appropriateness or equitableness of any action. All determinations made by the Administrator shall be conclusive, final and binding on all parties concerned, including Forward Air, its shareholders, any Participants and any other employee, consultant, or director of Forward Air and its Affiliates, and their respective successors in interest. Notwithstanding the foregoing, following a Change in Control, any determination by the Administrator as to whether "Cause" exists under the terms of an Award shall be subject to *de novo* review by a court of competent jurisdiction.

5. **Shares Issuable Pursuant to Awards**.

(a) *Initial Share Pool*. As of the Effective Date and subject to adjustment under Section 10(a) of the Plan, the number of shares of Common Stock issuable pursuant to Awards granted under the Plan (the "*Share Pool*") shall be equal to Two Million (2,000,000) shares.

(b) *Adjustments to Share Pool*. On and after the Effective Date, the Share Pool shall be adjusted, in addition to any adjustments to be made pursuant to Section 10 of the Plan, as follows:

(i) The Share Pool shall be reduced by one share for each share of Common Stock made subject to an Award granted under the Plan;

(ii) The Share Pool shall be increased by the number of unissued shares of Common Stock underlying or used as a reference measure for any Award or portion of an Award, granted under this Plan or the Prior Plan, that is cancelled, forfeited, expired, terminated unearned or settled in cash, in any such case without the issuance of shares; and

(iii) The Share Pool shall be increased by the number of shares of Common Stock that are forfeited back to Forward Air after issuance due to a failure to meet an Award contingency or condition with respect to any Award or portion of an Award granted under this Plan or the Prior Plan.

For the avoidance of doubt, the Share Pool shall not be increased by (A) shares of Common Stock used as a reference measure for any Award that are not issued upon settlement of such Award due to a net settlement, (B) shares of Common Stock withheld by or surrendered (either actually or through attestation) to Forward Air in payment of the exercise price of any Award, or (C) shares of Common Stock withheld by or surrendered (either actually or through attestation) to Forward Air in payment of the Tax Withholding Obligation that arises in connection with any Award.

(c) *Code Section 162(m) Individual Limits*. Subject to adjustment as provided in Section 10 of the Plan:

(i) the maximum number of shares of Common Stock that may be made subject to Awards granted under the Plan during a calendar year to any one person in the form of stock options or stock appreciation rights is, in the aggregate, 300,000 shares;

(ii) the maximum number of shares of Common Stock that may be made subject to Awards granted under the Plan during a calendar year to any one person in the form of Performance Awards is, in the aggregate, 300,000 shares,

(iii) in connection with Awards granted under the Plan during a calendar year to any one person in the form of Performance Shares or Other Stock-Based Awards, the maximum cash amount payable thereunder is the amount equal to the number of shares made subject to the Award, as limited by Section 5(c)(ii), multiplied by the Fair Market Value as determined as of the payment date; and

(iv) in connection with Awards granted under the Plan during a calendar year to any one person in the form of Performance Units or Other Stock-Based or Cash Awards, the maximum cash amount payable under such Performance Units or Other Stock-Based or Cash Awards is, in the aggregate, $10,000,000;

provided, however, that each of the limitations set forth above in clauses (i), (ii) and (iii) of this Section 5(c) shall be multiplied by two when applied to Awards granted to any individual during the calendar year in which such individual first commences service with Forward Air or an Affiliate; and *provided, further,* that the limitations set forth above in clauses (ii) and (iii) of this Section 5(c) shall be multiplied by the number of calendar years over which the applicable Performance Period spans (in whole or in part), if the Performance Period is longer than 12 months' duration, when applied to Performance Awards. If an Award is terminated, surrendered or canceled in the same year in which it was granted, such Award nevertheless will continue to be counted against the limitations set forth above in this Section 5(c) for the calendar year in which it was granted.

(d) *ISO Limit*. Subject to adjustment pursuant to Section 10 of the Plan, the maximum number of shares of Common Stock that may be issued pursuant to stock options granted under the Plan that are intended to qualify as Incentive Stock Options within the meaning of Section 422 of the Code shall be equal to the number of shares in the Share Pool as of the Effective Date of the Plan.

(e) *Source of Shares*. The shares of Common Stock with respect to which Awards may be made under the Plan shall be shares authorized for issuance under Forward Air's charter but unissued, including without limitation shares purchased in the open market or in private transactions.

6. **Participation**.

Participation in the Plan shall be open to all Eligible Individuals, as may be selected by the Administrator from time to time. The Administrator may also grant Awards to Eligible Individuals in connection with hiring, recruiting or otherwise, prior to the date the individual first performs services for Forward Air or an Affiliate; *provided*, *however*, that such Awards shall not become vested or exercisable, and no shares shall be issued to such individual, prior to the date the individual first commences performance of such services.

7. **Awards**.

(a) *Awards, In General.* The Administrator, in its sole discretion, shall establish the terms of all Awards granted under the Plan consistent with the terms of the Plan. Awards may be granted individually or in tandem with other types of Awards, concurrently with or with respect to outstanding Awards. All Awards are subject to the terms and conditions provided in the Award Agreement, which shall be delivered and/or communicated to the Participant receiving such Award upon, or as promptly as is reasonably practicable following, the grant of such Award. Unless otherwise specified by the Administrator, in its sole discretion, or otherwise provided in the Award Agreement, an Award shall not be effective unless the Award Agreement is signed or otherwise accepted by Forward Air and the Participant receiving the Award (including by electronic delivery and/or electronic signature).

(b) *Minimum Restriction Period for Awards.* Except as provided in Section 7(b) or Section 11 and notwithstanding the administrative provisions of Section 4, each Award granted under the Plan shall be subject to a minimum Restriction Period of 12 months from the date of grant if vesting of or lapse of restrictions on such Award is based on the satisfaction of Performance Goals and a minimum Restriction Period of 36 months from the date of grant, applied in either pro rata installments, with the first vesting occurring no less than 12 months after the date of grant, or a single installment, if vesting of or lapse of restrictions on such Award is based solely on the Participant's satisfaction of specified service requirements with Forward Air and its Affiliates. If the grant of a Performance Award is conditioned on satisfaction of Performance Goals, the Performance Period shall not be less than 12 months' duration, but no additional minimum Restriction Period need apply to such Award. Except as provided below in Section 7(b) or Section 11 and notwithstanding the administrative provisions of Section 4, the Administrator shall not have discretionary authority to waive the minimum Restriction Period applicable to an Award, except in the case of death, Disability, retirement, or a Change in Control. The provisions of this Section 7(b) shall not apply and/or may be waived, in the Administrator's discretion, with respect to up to the number of Awards that is equal to five percent (5%) of the aggregate Share Pool measured as of the Effective Date.

(c) *Stock Options*.

(i) *Grants*. A stock option means a right to purchase a specified number of shares of Common Stock from Forward Air at a specified price during a specified period of time. The exercise price per share subject to a stock option granted under the Plan shall not be less than the Fair Market Value of one share of Common Stock on the date of grant of the stock option, except as provided under applicable law or with respect to stock options that are granted in substitution of similar types of awards of a company acquired by Forward Air or an Affiliate or with which Forward Air or an Affiliate combines (whether in connection with a corporate transaction, such as a merger, combination, consolidation or acquisition of property or stock, or otherwise) to preserve the intrinsic value of such awards. The Administrator may from time to time grant to Eligible Individuals Awards of Incentive Stock Options or Nonqualified Options; *provided*, *however*, that Awards of Incentive Stock Options shall be limited to employees of Forward Air or of any current or hereafter existing "parent corporation" or "subsidiary corporation," as defined in Sections 424(e) and 424(f) of the Code, respectively, of Forward Air, and any other Eligible Individuals who are eligible to receive Incentive Stock Options under the provisions of Section 422 of the Code. No stock option shall be an Incentive Stock Option unless so designated by the Administrator at the time of grant or in the applicable Award Agreement.

(ii) *Exercise*. Stock options shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Administrator; *provided, however,* that Awards of stock options may not have a term in excess of ten years' duration unless required otherwise by applicable law.

(iii) *Termination of Service*. Except as otherwise provided herein or in the applicable Award Agreement or otherwise determined by the Administrator in accordance with Section 7(b), to the extent stock options are not vested and exercisable, a Participant's stock options shall be forfeited upon his or her Termination of Service.

(iv) *Additional Terms and Conditions*. The Administrator may, by way of the Award Agreement or otherwise, determine such other terms, conditions, restrictions, and/or limitations, if any, of any Award of stock options, *provided* they are not inconsistent with the Plan.

(d) *Limitation on Reload Options*. The Administrator shall not grant stock options under this Plan that contain a reload or replenishment feature pursuant to which a new stock option would be granted upon receipt of delivery of Common Stock to Forward Air in payment of the exercise price or any tax withholding obligation under any other stock option.

(e) *Stock Appreciation Rights*.

(i) *Grants.* The Administrator may from time to time grant to Eligible Individuals Awards of stock appreciation rights. A stock appreciation right entitles the Participant to receive, subject to the provisions of the Plan and the Award Agreement, a payment having an aggregate value equal to the product of (i) the excess of (A) the Fair Market Value on the exercise date of one share of Common Stock over (B) the base price per share specified in the Award Agreement, times (ii) the number of shares specified by the stock appreciation right, or portion thereof, which is exercised. The base price per share specified in the Award Agreement shall not be less than the lower of the Fair Market Value on the date of grant or the exercise price of any tandem stock option to which the stock appreciation right is related, or with respect to stock appreciation rights that are granted in substitution of similar types of awards of a company acquired by Forward Air or an Affiliate or with which Forward Air or an Affiliate combines (whether in connection with a corporate transaction, such as a merger, combination, consolidation or acquisition of property or stock, or otherwise) such base price as is necessary to preserve the intrinsic value of such awards.

(ii) *Exercise*. Stock appreciation rights shall be exercisable at such time or times and subject to such terms and conditions as shall be determined by the Administrator; *provided, however,* that stock appreciation rights granted under the Plan may not have a term in excess of ten years' duration unless required otherwise by applicable law. The applicable Award Agreement shall specify whether payment by Forward Air of the amount receivable upon any exercise of a stock appreciation right is to be made in cash or shares of Common Stock or a combination of both, or shall reserve to the Administrator or the Participant the right to make that determination prior to or upon the exercise of the stock appreciation right. If upon the exercise of a stock appreciation right a Participant is to receive a portion of such payment in shares of Common Stock, the number of shares shall be determined by dividing such portion by the Fair Market Value of a share of Common Stock on the exercise date. No fractional shares shall be used for such payment and the Administrator shall determine whether cash shall be given in lieu of such fractional shares or whether such fractional shares shall be eliminated.

(iii) *Termination of Service*. Except as provided herein or in the applicable Award Agreement or otherwise determined by the Administrator in accordance with Section 7(b), to the extent stock appreciation rights are not vested and exercisable, a Participant's stock appreciation rights shall be forfeited upon his or her Termination of Service.

(iv) *Additional Terms and Conditions*. The Administrator may, by way of the Award Agreement or otherwise, determine such other terms, conditions, restrictions, and/or limitations, if any, of any Award of stock appreciation rights, *provided* they are not inconsistent with the Plan.

(f) *Prohibition on Repricing.* Notwithstanding anything herein to the contrary, except in connection with a corporate transaction involving Forward Air (including, without limitation, any stock dividend, stock split, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination, or exchange of shares), the terms of options and stock appreciation rights granted under the Plan may not be amended, after the date of grant, to reduce the exercise price of such options or stock appreciation rights, nor may outstanding options or stock appreciation rights be canceled in exchange for (i) cash, (ii) options or stock appreciation rights with an exercise price or base price that is less than the exercise price or base price of the original outstanding options or stock appreciation rights, or (iii) other Awards, unless such action is approved by Forward Air's shareholders.

(g) *Stock Awards*.

(i) *Grants*. The Administrator may from time to time grant to Eligible Individuals Awards of unrestricted Common Stock or Restricted Stock (collectively, "*Stock Awards*") on such terms and conditions, and for such consideration, including no consideration or such minimum consideration as may be required by law, as the Administrator shall determine, subject to the limitations set forth in Section 7(b). Stock Awards shall be evidenced in such manner as the Administrator may deem appropriate, including via book-entry registration.

(ii) *Vesting*. Restricted Stock shall be subject to such vesting, restrictions on transferability and other restrictions, if any, and/or risk of forfeiture as the Administrator may impose at the date of grant or thereafter. The Restriction Period to which such vesting, restrictions and/or risk of forfeiture apply may lapse under such circumstances, including without limitation upon the attainment of Performance Goals, in such installments, or otherwise, as the Administrator may determine. In the event that the Administrator conditions the grant or vesting of a Stock Award upon the attainment of Performance Goals or the attainment of Performance Goals and the continued service of the Participant, the Administrator may, prior to or at the time of grant, designate the Stock Award as a Qualified Performance-Based Award. Subject to the provisions of the Plan and the applicable Award Agreement, during the Restriction Period, the Participant shall not be permitted to sell, assign, transfer, pledge or otherwise encumber shares of Restricted Stock.

(iii) *Rights of a Stockholder; Dividends*. Except to the extent restricted under the Award Agreement relating to the Restricted Stock, a Participant granted Restricted Stock shall have all of the rights of a stockholder of Common Stock including, without limitation, the right to vote Restricted Stock. Dividends declared payable on Restricted Stock shall be paid either at the dividend payment date or deferred for payment to such later date as determined by the Administrator, and shall be paid in cash or as unrestricted shares of Common Stock having a Fair Market Value equal to the amount of such dividends or may be reinvested in additional shares of Restricted Stock; *provided*, *however*, that dividends declared payable on Restricted Stock that is granted as a Performance Award shall be held by Forward Air and made subject to forfeiture at least until achievement of the applicable Performance Goal related to such shares of Restricted Stock. Stock distributed in connection with a stock split or stock dividend, and other property distributed as a dividend, shall be subject to restrictions and a risk of forfeiture to the same extent as the Restricted Stock with respect to which such Common Stock or other property has been distributed. As soon as is practicable following the date on which restrictions on any shares of Restricted Stock lapse, Forward Air shall deliver to the Participant the certificates for such shares or shall cause the shares to be registered in the Participant's name in book-entry form, in either case with the restrictions removed, provided that the Participant shall have complied with all conditions for delivery of such shares contained in the Award Agreement or otherwise reasonably required by Forward Air.

(iv) *Termination of Service*. Except as provided herein or in the applicable Award Agreement, upon Termination of Service during the applicable Restriction Period, Restricted Stock and any accrued but unpaid dividends that are at that time subject to restrictions shall be forfeited; *provided* that, subject to the limitations set forth in Section 7(b), the Administrator may provide, by rule or regulation or in any Award Agreement, or may determine in any individual case, that restrictions or forfeiture conditions relating to Restricted Stock will be waived in whole or in part in the event of terminations resulting from specified causes, and the Administrator may in other cases waive in whole or in part the forfeiture of Restricted Stock.

(v) *Additional Terms and Conditions*. The Administrator may, by way of the Award Agreement or otherwise, determine such other terms, conditions, restrictions, and/or limitations, if any, of any Award of Restricted Stock, *provided* they are not inconsistent with the Plan.

(h) *Stock Units*.

(i) *Grants*. The Administrator may from time to time grant to Eligible Individuals Awards of unrestricted stock Units or Restricted Stock Units on such terms and conditions, and for such consideration, including no consideration or such minimum consideration as may be required by law, as the Administrator shall determine, subject to the limitations set forth in Section 7(b). Restricted Stock Units represent a contractual obligation by Forward Air to deliver a number of shares of Common Stock, an amount in cash equal to the Fair Market Value of the specified number of shares subject to the Award, or a combination of shares of Common Stock and cash, in accordance with the terms and conditions set forth in the Plan and any applicable Award Agreement.

(ii) *Vesting and Payment*. Restricted Stock Units shall be subject to such vesting, risk of forfeiture and/or payment provisions as the Administrator may impose at the date of grant. The Restriction Period to which such vesting and/or risk of forfeiture apply may lapse under such circumstances, including without limitation upon the attainment of Performance Goals, in such installments, or otherwise, as the Administrator may determine. In the event that the Administrator conditions the vesting and/or lapse of risk of forfeiture of Restricted Stock Units upon the attainment of Performance Goals or the attainment of Performance Goals and the continued service of the Participant, the Administrator may, prior to or at the time of grant, designate the Award of Restricted Stock Units as a Qualified Performance-Based Award. Shares of Common Stock, cash or a combination of shares of Common Stock and cash, as applicable, payable in settlement of Restricted Stock Units shall be delivered to the Participant as soon as administratively practicable, but no later than 30 days, after the date on which payment is due under the terms of the Award Agreement *provided* that the Participant shall have complied with all conditions for delivery of such shares or payment contained in the Award Agreement or otherwise reasonably required by Forward Air, or in accordance with an election of the Participant, if the Administrator so permits, that meets the requirements of Section 409A of the Code.

(iii) *No Rights of a Stockholder; Dividend Equivalents*. Until shares of Common Stock are issued to the Participant in settlement of stock Units, the Participant shall not have any rights of a stockholder of Forward Air with respect to the stock Units or the shares issuable thereunder. The Administrator may grant to the Participant the right to receive Dividend Equivalents on stock Units, on a current, reinvested and/or restricted basis, subject to such terms as the Administrator may determine *provided*, *however*, that Dividend Equivalents payable on stock Units that are granted as a Performance Award shall, rather than be paid on a current basis, be accrued and made subject to forfeiture at least until achievement of the applicable Performance Goal related to such stock Units.

(iv) *Termination of Service*. Except as provided herein or in the Applicable Award Agreement, upon Termination of Service during the applicable deferral period or portion thereof to which forfeiture conditions apply, or upon failure to satisfy any other conditions precedent to the delivery of shares of Common Stock or cash to which such Restricted Stock Units relate, all Restricted Stock Units and any accrued but unpaid Dividend Equivalents with respect to such Restricted Stock Units that are then subject to deferral or restriction shall be forfeited; *provided* that, subject to the limitations set forth in Section 7(b), the Administrator may provide, by rule or regulation or in any Award Agreement, or may determine in any individual case, that restrictions or forfeiture conditions relating to Restricted Stock Units will be waived in whole or in part in the event of termination resulting from specified causes, and the Administrator may in other cases waive in whole or in part the forfeiture of Restricted Stock Units.

(v) *Additional Terms and Conditions*. The Administrator may, by way of the Award Agreement or otherwise, determine such other terms, conditions, restrictions, and/or limitations, if any, of any Award of stock Units, *provided* they are not inconsistent with the Plan.

(i) *Performance Shares and Performance Units*.

(i) *Grants*. The Administrator may from time to time grant to Eligible Individuals Awards in the form of Performance Shares and Performance Units. Performance Shares, as that term is used in this Plan, shall refer to shares of Common Stock or Units that are expressed in terms of Common Stock, the issuance, vesting, lapse of restrictions on or payment of which is contingent on performance as measured against predetermined objectives over a specified Performance Period. Performance Units, as that term is used in this Plan, shall refer to dollar-denominated Units valued by reference to designated criteria established by the Administrator, other than Common Stock, the issuance, vesting, lapse of restrictions on or payment of which is contingent on performance as measured against predetermined objectives over a specified Performance Period. Performance Units may include cash incentive awards granted in connection with Forward Air's annual incentive program. The applicable Award Agreement shall specify whether Performance Shares and Performance Units will be settled or paid in cash or shares of Common Stock or a combination of both, or shall reserve to the Administrator or the Participant the right to make that determination prior to or at the payment or settlement date.

(ii) *Performance Criteria*. The Administrator shall, prior to or at the time of grant, condition the grant, vesting or payment of, or lapse of restrictions on, an Award of Performance Shares or Performance Units upon (A) the attainment of Performance Goals during a Performance Period or (B) the attainment of Performance Goals and the continued service of the Participant. The Administrator may, prior to or at the time of grant, designate an Award of Performance Shares or Performance Units as a Qualified Performance-Based Award. The length of the Performance Period, the Performance Goals to be achieved during the Performance Period, and the measure of whether and to what degree such Performance Goals have been attained shall be conclusively determined by the Administrator in the exercise of its absolute discretion. Performance Goals may include minimum, maximum and target levels of performance, with the size of the Award or payout of Performance Shares or Performance Units or the vesting or lapse of restrictions with respect thereto based on the level attained. An Award of Performance Shares or Performance Units shall be settled as and when the Award vests or at a later time specified in the Award Agreement or in accordance with an election of the Participant, if the Administrator so permits, that meets the requirements of Section 409A of the Code.

(iii) *Additional Terms and Conditions*. The Administrator may, by way of the Award Agreement or otherwise, determine such other terms, conditions, restrictions, and/or limitations, if any, of any Award of Performance Shares or Performance Units, *provided* they are not inconsistent with the Plan.

(j) *Other Stock-Based or Cash Awards.* The Administrator may from time to time grant to Eligible Individuals Awards in the form of Other Stock-Based or Cash Awards on such terms and conditions as the Administrator may determine, including, without limitation, Cash Awards in connection with any short-term or long-term cash incentive program established by Forward Air or an Affiliate. Other Stock-Based or Cash Awards in the form of Dividend Equivalents may be (A) awarded on a free-standing basis or in connection with another Award other than a stock option or stock appreciation right, (B) paid currently or credited to an account for the Participant, including the reinvestment of such credited amounts in Common Stock equivalents, to be paid on a deferred basis, and (C) settled in cash or Common Stock as determined by the Administrator; *provided*, *however*, that Dividend Equivalents payable on Other Stock-Based or Cash Awards that are granted as a Performance Award shall, rather than be paid on a current basis, be accrued and made subject to forfeiture at least until achievement of the applicable Performance Goal related to such Other Stock-Based or Cash Awards. Any such settlements, and any such crediting of Dividend Equivalents, may be subject to such conditions, restrictions and contingencies as the Administrator shall establish.

(k) *Qualified Performance-Based Awards*.

(i) *Stock Options and Stock Appreciation Rights*. The provisions of the Plan are intended to ensure that all stock options and stock appreciation rights granted hereunder to any Participant who is or may be a "covered employee" (within the meaning of Section 162(m)(3) of the Code) in the tax year in which such stock option or stock appreciation right is expected to be deductible to Forward Air or an Affiliate qualify for the Section 162(m) Exemption, and all such Awards shall therefore be considered Qualified Performance-Based Awards, and the Plan shall be interpreted and operated consistent with that intention.

(ii) *Grant Process for Performance Awards*. When granting any Award other than a stock option or stock appreciation right, the Administrator may designate such Award as a Qualified Performance-Based Award, based upon a determination that (A) the recipient is or may be a "covered employee" (within the meaning of Section 162(m)(3) of the Code) with respect to such Award and (B) the Administrator wishes such Award to qualify for the Section 162(m) Exemption. For any Award so designated as a Qualified Performance-Based Award, the Administrator shall take steps to ensure that the terms of any such Award (and of the grant thereof) shall be consistent with such designation (including, without limitation, that all such Awards be granted by a committee composed solely of "outside directors" (within the meaning of Section 162(m) of the Code) and that the Performance Goals be established, in writing, by the Administrator within the time period prescribed by Section 162(m) of the Code). The Performance Goals established by the Administrator for each Qualified Performance-Based Award shall be objective such that a third party having knowledge of the relevant facts could determine whether or not any Performance Goal has been achieved, or the extent of such achievement, and the amount, if any, which has been earned by the Participant based on such performance. The Administrator may retain in an Award Agreement the discretion to reduce (but not to increase) the amount or number of Qualified Performance-Based Awards which will be earned based on the achievement of Performance Goals. When the Performance Goals are established, the Administrator shall also specify the manner in which the level of achievement of such Performance Goals shall be calculated and the weighting assigned to such Performance Goals.

(iii) *Certification and Payment.* Following completion of the applicable Performance Period, and prior to any, as applicable, grant, vesting, lapse of restrictions on or payment of a Qualified Performance-Based Award, the Administrator shall determine in accordance with the terms of the Award and shall certify in writing whether the applicable Performance Goal(s) were achieved, or the level of such achievement, and the amount, if any, earned by the Participant based upon such performance. For this purpose, approved minutes of the meeting of the Administrator at which certification is made shall be sufficient to satisfy the requirement of a written certification. No Qualified Performance-Based Awards will be granted, become vested, have restrictions lapse or be paid, as applicable, for a Performance Period until such certification is made by the Administrator. The amount of a Qualified Performance-Based Award actually granted, vested, or paid to a Participant, or on which restrictions shall lapse, may be less than the amount determined by the applicable Performance Goal formula, at the discretion of the Administrator to take into account additional factors that the Administrator may deem relevant to the assessment of individual or corporate performance for the Performance Period or otherwise, subject to the terms and conditions of the applicable Award Agreement.

(iv) *Performance Goals.* Performance Goals may be applied on a per share or absolute basis and relative to one or more Performance Metrics, or any combination thereof, and may be measured pursuant to U.S. GAAP, non-GAAP or other objective standards in a manner consistent with Forward Air's or its Affiliate's established accounting policies, all as the Administrator shall determine at the time the Performance Goals for a Performance Period are established. In addition, to the extent consistent with the requirements of the Section 162(m) Exemption, the Administrator may provide at the time Performance Goals are established for Qualified Performance-Based Awards that the manner in which such Performance Goals are to be calculated or measured may take into account, or ignore, capital costs, interest, taxes, depreciation and amortization and other factors over which the Participant has no (or limited) control including, but not limited to, restructurings, discontinued operations, impairments, changes in foreign currency exchange rates, extraordinary items, certain identified expenses (including, but not limited to, cash bonus expenses, incentive expenses and acquisition-related transaction and integration expenses), other unusual non-recurring items, industry margins, general economic conditions, interest rate movements and the cumulative effects of tax or accounting changes.

(v) *Non-delegation*. No delegate of the Administrator is permitted to exercise authority granted to the Administrator under Section 4 to the extent that the exercise of such authority by the delegate would cause an Award designated as a Qualified Performance-Based Award not to qualify for, or to cease to qualify for, the Section 162(m) Exemption.

(l) *Awards to Participants Outside the United States.* The Administrator may grant Awards to Eligible Individuals who are foreign nationals, who are located outside the United States or who are not compensated from a payroll maintained in the United States, or who are otherwise subject to (or could cause Forward Air or an Affiliate to be subject to) tax, legal or regulatory provisions of countries or jurisdictions outside the United States, on such terms and conditions different from those specified in the Plan as may, in the judgment of the Administrator, be necessary or desirable in order that any such Award shall conform to laws, regulations, and customs of the country or jurisdiction in which the Participant is then resident or primarily employed or to foster and promote achievement of the purposes of the Plan.

(m) *Limitation on Dividend Reinvestment and Dividend Equivalents*. Reinvestment of dividends in additional Restricted Stock at the time of any dividend payment, and the payment of shares of Common Stock with respect to dividends to Participants holding Awards of stock Units, shall only be permissible if sufficient shares are available under the Share Pool for such reinvestment or payment (taking into account then outstanding Awards). In the event that sufficient shares are not available under the Share Pool for such reinvestment or payment, such reinvestment or payment shall be made in the form of a grant of stock Units equal in number to the shares of Common Stock that would have been obtained by such payment or reinvestment, the terms of which stock Units shall provide for settlement in cash and for Dividend Equivalent reinvestment in further stock Units on the terms contemplated by this Section 7(m).

8. **Withholding of Taxes**.

Participants and holders of Awards shall pay to Forward Air or its Affiliate, or make arrangements satisfactory to the Administrator for payment of, any Tax Withholding Obligation in respect of Awards granted under the Plan no later than the date of the event creating the tax or social insurance contribution liability. The obligations of Forward Air under the Plan shall be conditional on such payment or arrangements. Unless otherwise determined by the Administrator, Tax Withholding Obligations may be settled in whole or in part with shares of Common Stock, including unrestricted outstanding shares surrendered to Forward Air and unrestricted shares that are part of the Award that gives rise to the Tax Withholding Obligation, having a Fair Market Value on the date of surrender or withholding equal to the statutory minimum amount (or such greater amount permitted under FASB Accounting Standards Codification Topic 718, *Compensation-Stock Compensation*, for equity-classified awards) required to be withheld for tax or social insurance contribution purposes, all in accordance with such procedures as the Administrator establishes. Forward Air or its Affiliate may deduct, to the extent permitted by law, any such Tax Withholding Obligations from any payment of any kind otherwise due to the Participant or holder of an Award.

9. **Transferability of Awards**.

Except as otherwise determined by the Administrator, and in any event in the case of an Incentive Stock Option or a tandem stock appreciation right granted with respect to an Incentive Stock Option, no Award granted under the Plan shall be transferable by a Participant otherwise than by will or the laws of descent and distribution, or, with the prior written consent of the Administrator, by a Participant to a Family Member of the Participant as a gift. The Administrator shall not permit any transfer of an Award for value and shall not permit any transfer of an Award pursuant to a domestic relations order in settlement of marital property rights. The following transactions are not prohibited transfers for value: a transfer to an entity in which more than fifty percent of the voting interests are owned by a Participant's Family Member (or the Participant) in exchange for an interest in that entity. An Award may be exercised during the lifetime of the Participant, only by the Participant or the Participant's Family Member to whom the Award has been transferred with the Administrator's consent or, during the period the Participant is under a legal disability, by the Participant's guardian or legal representative, unless otherwise determined by the Administrator. Awards granted under the Plan shall not be subject in any manner to alienation, anticipation, sale, transfer, assignment, pledge, or encumbrance, except as otherwise determined by the Administrator; *provided, however,* that the restrictions in this sentence shall not apply to the shares of Common Stock received in connection with an Award after the date that the restrictions on transferability of such shares set forth in the applicable Award Agreement have lapsed. Nothing in this paragraph shall be interpreted or construed as overriding the terms of any Forward Air stock ownership or retention policy, now or hereafter existing, that may apply to the Participant or shares of Common Stock received under an Award.

10. **Adjustments for Corporate Transactions and Other Events**.

(a) *Mandatory Adjustments*. In the event of a merger, consolidation, stock rights offering, liquidation, statutory share exchange or similar event affecting Forward Air (each, a "*Corporate Event*") or a stock dividend, stock split, reverse stock split, separation, spinoff, reorganization, extraordinary dividend of cash or other property, share combination or subdivision, or recapitalization or similar event affecting the capital structure of Forward Air (each, a "*Share Change*") that occurs at any time after adoption of this Plan by the Board (including any such Corporate Event or Share Change that occurs after such adoption and coincident with or prior to the Effective Date), the Administrator shall make equitable and appropriate substitutions or proportionate adjustments to (i) the aggregate number and kind of shares of Common Stock or other securities on which Awards under the Plan may be granted to Eligible Individuals, (ii) the maximum number of shares of Common Stock or other securities with respect to which Awards may be granted during any one calendar year to any individual, (iii) the maximum number of shares of Common Stock or other securities that may be issued with respect to Incentive Stock Options granted under the Plan, (iv) the number of shares of Common Stock or other securities covered by each outstanding Award and the exercise price, base price or other price per share, if any, and other relevant terms of each outstanding Award, and (v) all other numerical limitations relating to Awards, whether contained in this Plan or in Award Agreements; *provided*, *however*, that any fractional shares resulting from any such adjustment shall be eliminated.

(b) *Discretionary Adjustments*. In the case of Corporate Events, the Administrator may make such other adjustments to outstanding Awards as it determines to be appropriate and desirable, which adjustments may include, without limitation, (i) the cancellation of outstanding Awards in exchange for payments of cash, securities or other property or a combination thereof having an aggregate value equal to the value of such Awards, as determined by the Administrator in its sole discretion (it being understood that in the case of a Corporate Event with respect to which shareholders of Forward Air receive consideration other than publicly traded equity securities of the ultimate surviving entity, any such determination by the Administrator that the value of a stock option or stock appreciation right shall for this purpose be deemed to equal the excess, if any, of the value of the consideration being paid for each share of Common Stock pursuant to such Corporate Event over the exercise price or base price of such stock option or stock appreciation right shall conclusively be deemed valid and that any stock option or stock appreciation right may be cancelled for no consideration upon a Corporate Event if its exercise price or base price equals or exceeds the value of the consideration being paid for each share of Common Stock pursuant to such Corporate Event), (ii) the substitution of securities or other property (including, without limitation, cash or other securities of Forward Air and securities of entities other than Forward Air) for the shares of Common Stock subject to outstanding Awards, and (iii) the substitution of equivalent awards, as determined in the sole discretion of the Administrator, of the surviving or successor entity or a parent thereof ("*Substitute Awards*"). For the avoidance of doubt, a Substitute Award with respect to any Award ("*Initial Award*") the vesting, earning or settlement of which is, as of immediately before a Corporate Event or the effective time of a Change in Control, then subject to and pending achievement of Performance Goals may include, without limitation, an award the value of which at the time of substitution is determined by the Administrator to be such amount (expressed in dollars, shares of Common Stock or other consideration being paid for each share of Common Stock in the transaction) as would be determined under the applicable Award Agreement as though the applicable Performance Goals for the unexpired Performance Period are deemed to have been achieved as of the Corporate Event or Change in Control at the target level set forth in the applicable Award Agreement for the Initial Award, with such award thereafter becoming vested, earned or settled at the time set forth in the applicable Award Agreement for the Initial Award or at such earlier time as may apply pursuant to Section 11(b) hereof.

(c) *Adjustments to Performance Goals*. The Administrator may, in its discretion, adjust the Performance Goals applicable to any Awards to reflect any unusual or non-recurring events and other extraordinary items, impact of charges for restructurings, discontinued operations and the cumulative effects of accounting or tax changes, each as defined by generally accepted accounting principles or as identified in Forward Air's financial statements, notes to the consolidated financial statements, management's discussion and analysis or other Forward Air filings with the Securities and Exchange Commission; *provided, however,* that, except in connection with death, Disability or a Change in Control, no such adjustment shall be made if the effect would be to cause an Award that is intended to be a Qualified Performance-Based

Award to no longer constitute a Qualified Performance-Based Award. If the Administrator determines that a change in the business, operations, corporate structure or capital structure of Forward Air or the applicable subsidiary, business segment or other operational unit of Forward Air or any such entity or segment, or the manner in which any of the foregoing conducts its business, or other events or circumstances, render the Performance Goals to be unsuitable, the Administrator may modify such Performance Goals or the related minimum acceptable level of achievement, in whole or in part, as the Administrator deems appropriate and equitable; *provided, however*, that, except in connection with death, Disability or a Change in Control, no such modification shall be made if the effect would be to cause an Award that is intended to be a Qualified Performance-Based Award to no longer constitute a Qualified Performance-Based Award.

(d) *Statutory Requirements Affecting Adjustments*. Notwithstanding the foregoing: (A) any adjustments made pursuant to Section 10 to Awards that are considered "deferred compensation" within the meaning of Section 409A of the Code shall be made in compliance with the requirements of Section 409A of the Code; (B) any adjustments made pursuant to Section 10 to Awards that are not considered "deferred compensation" subject to Section 409A of the Code shall be made in such a manner as to ensure that after such adjustment, the Awards either (1) continue not to be subject to Section 409A of the Code or (2) comply with the requirements of Section 409A of the Code; (C) in any event, the Administrator shall not have the authority to make any adjustments pursuant to Section 10 to the extent the existence of such authority would cause an Award that is not intended to be subject to Section 409A of the Code at the date of grant to be subject thereto; and (D) any adjustments made pursuant to Section 10 to Awards that are Incentive Stock Options shall be made in compliance with the requirements of Section 424(a) of the Code.

(e) *Dissolution or Liquidation.* Unless the Administrator determines otherwise, all Awards outstanding under the Plan shall terminate upon the dissolution or liquidation of Forward Air.

11. **Change in Control Provisions**.

(a) *Termination of Awards*. Notwithstanding the provisions of Section 11(b), in the event that any transaction resulting in a Change in Control occurs, outstanding Awards will terminate upon the effective time of such Change in Control unless provision is made in connection with the transaction for the continuation or assumption of such Awards by, or for the issuance of Substitute Awards of, the surviving or successor entity or a parent thereof. Solely with respect to Awards that will terminate as a result of the immediately preceding sentence and except as otherwise provided in the applicable Award Agreement:

(i) the outstanding Awards of stock options and stock appreciation rights that will terminate upon the effective time of the Change in Control shall, immediately before the effective time of the Change in Control, become fully exercisable and the holders of such Awards will be permitted, immediately before the Change in Control, to exercise the Awards;

(ii) the outstanding shares of Restricted Stock the vesting or restrictions on which depend, as of immediately before the effective time of the Change in Control, solely on the satisfaction of a service obligation by the Participant to the Company and are not then subject to achievement of Performance Goals shall, immediately before the effective time of the Change in Control, become fully vested, free of all transfer and lapse restrictions and free of all risks of forfeiture;

(iii) the outstanding shares of Restricted Stock the vesting or restrictions on which are, as of immediately before the effective time of the Change in Control, then subject to and pending achievement of Performance Goals shall, immediately before the effective time of the Change in Control, become vested, free of transfer and lapse restrictions and risks of forfeiture in such amounts as would be determined under the applicable Award Agreement as though the applicable Performance Goals for the unexpired Performance Period are deemed to have been achieved at the target level set forth in the applicable Award Agreement;

(iv) the outstanding Restricted Stock Units, Performance Shares, Performance Units and Other Stock-Based or Cash Awards, the vesting, earning or settlement of which depends, as of immediately before the effective time of the Change in Control, solely on the satisfaction of a service obligation by the Participant to the Company and which is not subject to or pending achievement of Performance Goals shall, immediately before the effective time of the Change in Control, become fully earned and vested and shall be settled in cash or shares of Common Stock (consistent with the terms of the Award Agreement after taking into account the effect of the Change in Control transaction on the shares) within 30 days following such Change in Control, subject to any applicable limitations imposed thereon by Section 409A of the Code; and

(v) the outstanding Restricted Stock Units, Performance Shares and Performance Units and Other Stock-Based or Cash Awards, the vesting, earning or settlement of which is, as of immediately before the effective time of the Change in Control, then subject to and pending achievement of Performance Goals shall, immediately before the effective time of the Change in Control, become vested and earned in such amounts as would be determined under the applicable Award Agreement as though the applicable Performance Goals for the unexpired Performance Period are deemed to have been achieved at the target level set forth in the applicable Award Agreement, and shall be settled in cash or shares of Common Stock (consistent with the terms of the Award Agreement after taking into account the effect of the Change in Control transaction on the shares) within 30 days following such Change in Control, subject to any applicable limitations imposed thereon by Section 409A of the Code.

Implementation of the provisions of this Section 11(a) shall be conditioned upon consummation of the Change in Control.

(b) *Continuation, Assumption or Substitution of Awards*. Unless otherwise provided in the applicable Award Agreement, if a Change in Control occurs under which provision is made in connection with the transaction for the continuation or assumption of outstanding Awards by, or for the issuance of Substitute Awards of, the surviving or successor entity or a parent thereof, then upon a Participant's Termination of Service during the 24-month period following a Change in Control, by Forward Air, an Affiliate, or a successor to Forward Air or an Affiliate other than for Cause, Disability or death:

(i) any outstanding stock options and stock appreciation rights granted under the Plan to the Participant or any such Substitute Awards which are not then exercisable and vested shall become fully exercisable and vested;

(ii) the restrictions and transfer limitations applicable to any shares of Restricted Stock granted under the Plan to the Participant or any such Substitute Awards shall lapse and such shares of Restricted Stock shall become free of all restrictions and become fully vested and transferable;

(iii) all Restricted Stock Units, Performance Shares, Performance Units and Other Stock-Based or Cash Awards granted under the Plan to the Participant or any such Substitute Awards shall be considered to be vested, earned and payable at target level, any deferral or other restriction thereon shall lapse, any Restriction Period thereon shall terminate, and such Restricted Stock Units, Performance Shares, Performance Units, and Other Stock-Based or Cash Awards or any such Substitute Awards shall be settled in cash or shares of Common Stock (consistent with the terms of the Award Agreement after taking into account the effect of the Change in Control transaction on the shares) within 30 days following such Termination of Service (except to the extent that settlement of such Awards or Substitute Awards must be made pursuant to their original schedule in order to comply with Section 409A of the Code); and

(iv) subject to Section 15, the Administrator may also make additional adjustments and/or settlements of outstanding Awards granted to the Participant or any Substitute Awards as it deems appropriate and consistent with the Plan's purposes.

(c) *Other Permitted Actions*. In the event that any transaction resulting in a Change in Control occurs, the Administrator may take any of the actions set forth in Section 10 with respect to any or all Awards granted under the Plan.

(d) *Section 409A Savings Clause*. Notwithstanding the foregoing, if any Award is considered a "nonqualified deferred compensation plan" within the meaning of Section 409A of the Code, this Section 11 shall apply to such Award only to the extent that its application would not result in the imposition of any tax or interest or the inclusion of any amount in income under Section 409A of the Code.

12. **Substitution of Awards in Mergers and Acquisitions**.

Awards may be granted under the Plan from time to time in substitution for assumed awards held by employees, officers, consultants or directors of entities who become employees, officers, or consultants of Forward Air or an Affiliate as the result of a merger or consolidation of the entity for which they perform services with Forward Air or an Affiliate, or the acquisition by Forward Air or an Affiliate of the assets or stock of the such entity. The terms and conditions of any Awards so granted may vary from the terms and conditions set forth herein to the extent that the Administrator deems appropriate at the time of grant to conform the Awards to the provisions of the assumed awards for which they are substituted and to preserve their intrinsic value as of the date of the merger, consolidation or acquisition transaction. To the extent permitted by applicable law and marketplace or listing rules of the primary securities market or exchange on which the Common Stock is listed or admitted for trading, any available shares under a stockholder-approved plan of an acquired company (as appropriately adjusted to reflect the transaction) may be used for Awards granted pursuant to this Section 12 and, upon such grant, shall not reduce the Share Pool.

13. **Compliance with Securities Laws; Listing and Registration**.

The obligation of Forward Air to sell or deliver Common Stock with respect to any Award granted under the Plan shall be subject to all applicable laws, rules and regulations, including all applicable federal and state securities laws, and the obtaining of all such approvals by governmental agencies as may be deemed necessary or appropriate by the Administrator. If at any time the Administrator determines that the delivery of Common Stock under the Plan is or may be unlawful under the laws of any applicable jurisdiction, or Federal, state or foreign (non-United States) securities laws, the right to exercise an Award or receive shares of Common Stock pursuant to an Award shall be suspended until the Administrator determines that such delivery is lawful. If at any time the Administrator determines that the delivery of Common Stock under the Plan is or may violate the rules of any exchange on which Forward Air's securities are then listed for trade, the right to exercise an Award or receive shares of Common Stock pursuant to an Award shall be suspended until the Administrator determines that such delivery would not violate such rules. If the Administrator determines that the exercise or nonforfeitability of, or delivery of benefits pursuant to, any Award would violate any applicable provision of securities laws or the listing requirements of any stock exchange upon which any of Forward Air's equity securities are listed, then the Administrator may postpone any such exercise, nonforfeitability or delivery, as applicable, but Forward Air shall use all reasonable efforts to cause such exercise, nonforfeitability or delivery to comply with all such provisions at the earliest practicable date.

Each Award is subject to the requirement that, if at any time the Administrator determines, in its absolute discretion, that the listing, registration or qualification of Common Stock issuable pursuant to the Plan is required by any securities exchange or under any state or federal law, or the consent or approval of any governmental regulatory body is necessary or desirable as a condition of, or in connection with, the grant of an Award or the issuance of Common Stock, no such Award shall be granted or payment made or Common Stock issued, in whole or in part, unless listing, registration, qualification, consent or approval has been effected or obtained free of any conditions not acceptable to the Administrator.

In the event that the disposition of Common Stock acquired pursuant to the Plan is not covered by a then current registration statement under the Securities Act of 1933, as amended (the "*Securities Act*"), and is not otherwise exempt from such registration, such Common Stock shall be restricted against transfer to the extent required by the Securities Act or regulations thereunder, and the Administrator may require a person receiving Common Stock pursuant to the Plan, as a condition precedent to receipt of such Common Stock, to represent to Forward Air in writing that the Common Stock acquired by such person is acquired for investment only and not with a view to distribution and that such person will not dispose of the Common Stock so acquired in violation of Federal, state or foreign securities laws and furnish such information as may, in the opinion of counsel for Forward Air, be appropriate to permit Forward Air to issue the Common Stock in compliance with applicable Federal, state or foreign securities laws.

14. **Section 409A Compliance**.

It is the intention of Forward Air that any Award that constitutes a "nonqualified deferred compensation plan" within the meaning of Section 409A of the Code shall comply in all respects with the requirements of Section 409A of the Code to avoid the imposition of any tax or interest or the inclusion of any amount in income pursuant to Section 409A of the Code, and the terms of each such Award shall be construed, administered and deemed amended, if applicable, in a manner consistent with this intention. Notwithstanding the foregoing, neither Forward Air nor any of its Affiliates nor any of its or their directors, officers, employees, agents or other service providers will be liable for any taxes, penalties or interest imposed on any Participant or other person with respect to any amounts paid or payable (whether in cash, shares of Common Stock or other property) under any Award, including any taxes, penalties or interest imposed under or as a result of Section 409A of the Code. Any payments described in an Award that are due within the "short term deferral period" as defined in Section 409A of the Code shall not be treated as deferred compensation unless applicable law requires otherwise. For purposes of any Award, each amount to be paid or benefit to be provided to a Participant that constitutes deferred compensation subject to Section 409A of the Code shall be construed as a separate identified payment for purposes of Section 409A of the Code. For purposes of Section 409A of the Code, the payment of Dividend Equivalents under any Award shall be construed as earnings and the time and form of payment of such Dividend Equivalents shall be treated separately from the time and form of payment of the underlying Award. Notwithstanding any other provision of the Plan to the contrary, with respect to any Award that constitutes a "nonqualified deferred compensation plan" within the meaning of Section 409A of the Code, any payments (whether in cash, shares of Common Stock or other property) to be made with respect to the Award that become payable on account of the Participant's separation from service, within the meaning of Section 409A of the Code, while the Participant is a "specified employee" (as determined in accordance with the uniform policy adopted by the Administrator with respect to all of the arrangements subject to Section 409A of the Code maintained by Forward Air and its Affiliates) and which would otherwise be paid within six months after the Participant's separation from service shall be accumulated (without interest) and paid on the first day of the seventh month following the Participant's separation from service or, if earlier, within 15 days after the appointment of the personal representative or executor of the Participant's estate following the Participant's death. Notwithstanding anything in the Plan or an Award Agreement to the contrary, in no event shall the Administrator exercise its discretion to accelerate the payment or settlement of an Award where such payment or settlement constitutes deferred compensation within the meaning of Code section 409A unless, and solely to the extent that, such accelerated payment or settlement is permissible under Treasury Regulation section 1.409A-3(j)(4).

15. **Plan Duration; Amendment and Discontinuance**.

(a) *Plan Duration*. The Plan shall remain in effect, subject to the right of the Board or the Compensation Committee to amend or terminate the Plan at any time, until the earlier of (a) the earliest date as of which all Awards granted under the Plan have been satisfied in full or terminated and no shares of Common Stock approved for issuance under the Plan remain available to be granted under new Awards or (b) February 8, 2026. No Awards shall be granted under the Plan after such termination date. Subject to other applicable provisions of the Plan, all Awards made under the Plan on or before February 8, 2026, or such earlier termination of the Plan, shall remain in effect until such Awards have been satisfied or terminated in accordance with the Plan and the terms of such Awards. Notwithstanding the continuation of the Plan, no Award (other than a stock option or stock appreciation right) that is intended to be a Qualified Performance-Based Award shall be granted on or after the fifth anniversary of the Effective Date unless the material terms of the applicable performance goals, within the meaning of Treasury Regulation Section 1.162-27(e)(4)(i), are approved by the shareholders of Forward Air no later than the first stockholder meeting that occurs in the fifth year following the Effective Date.

(b) *Amendment and Discontinuance of the Plan*. The Board or the Compensation Committee may amend, alter or discontinue the Plan, but no amendment, alteration or discontinuation shall be made which would materially impair the rights of a Participant with respect to a previously granted Award without such Participant's consent, except such an amendment made to comply with applicable law or rule of any securities exchange or market on which the Common Stock is listed or admitted for trading or to prevent adverse tax or accounting consequences to Forward Air or the Participant. Notwithstanding the foregoing, no such amendment shall be made without the approval of Forward Air's shareholders to the extent such amendment would (A) materially increase the benefits accruing to Participants under the Plan, (B) materially increase the number of shares of Common Stock which may be issued under the Plan or to a Participant, (C) materially expand the eligibility for participation in the Plan, (D) eliminate or modify the prohibition set forth in Section 7(f) on repricing of stock options and stock appreciation rights, (E) lengthen the maximum term or lower the minimum exercise price or base price permitted for stock options and stock appreciation rights, or (F) modify the prohibition on the issuance of reload or replenishment options. Except as otherwise determined by the Board or Compensation Committee, termination of the Plan shall not affect the

Administrator's ability to exercise the powers granted to it hereunder with respect to Awards granted under the Plan prior to the date of such termination.

(c) *Amendment of Awards*. Subject to Section 7(f), the Administrator may unilaterally amend the terms of any Award theretofore granted, but no such amendment shall materially impair the rights of any Participant with respect to an Award without the Participant's consent, except such an amendment made to cause the Plan or Award to comply with applicable law, applicable rule of any securities exchange on which the Common Stock is listed or admitted for trading, or to prevent adverse tax or accounting consequences for the Participant or Forward Air or any of its Affiliates. For purposes of the foregoing sentence, an amendment to an Award that results in a change in the tax consequences of the Award to the Participant shall not be considered to be a material impairment of the rights of the Participant and shall not require the Participant's consent.

16. **General Provisions**.

(a) *Non-Guarantee of Employment or Service*. Nothing in the Plan or in any Award Agreement thereunder shall confer any right on an individual to continue in the service of Forward Air or any Affiliate or shall interfere in any way with the right of Forward Air or any Affiliate to terminate such service at any time with or without cause or notice and whether or not such termination results in (i) the failure of any Award to vest or become payable; (ii) the forfeiture of any unvested or vested portion of any Award; and/or (iii) any other adverse effect on the individual's interests under any Award or the Plan.

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

(c) *Status of Awards.* Awards shall be special incentive payments to the Participant and shall not be taken into account in computing the amount of salary or compensation of the Participant for purposes of determining any pension, retirement, death, severance or other benefit under (a) any pension, retirement, profit-sharing, bonus, insurance, severance or other employee benefit plan of Forward Air or any Affiliate now or hereafter in effect under which the availability or amount of benefits is related to the level of compensation or (b) any agreement between (i) Forward Air or any Affiliate and (ii) the Participant, except as such plan or agreement shall otherwise expressly provide.

(d) *Affiliate Employees*. In the case of a grant of an Award to an Eligible Individual who provides services to any Affiliate, Forward Air may, if the Administrator so directs, issue or transfer the shares of Common Stock, if any, covered by the Award to the Affiliate, for such lawful consideration as the Administrator may specify, upon the condition or understanding that the Affiliate will transfer the shares of Common Stock to the Eligible Individual in accordance with the terms of the Award specified by the Administrator pursuant to the provisions of the Plan. All shares of Common Stock underlying Awards that are forfeited or canceled after such issue or transfer of shares to the Affiliate shall revert to Forward Air.

(e) *Governing Law and Interpretation.* The validity, construction and effect of the Plan, of Award Agreements entered into pursuant to the Plan, and of any rules, regulations, determinations or decisions made by the Administrator relating to the Plan or such Award Agreements, and the rights of any and all persons having or claiming to have any interest therein or thereunder, shall be determined exclusively in accordance with applicable federal laws and the laws of the State of Tennessee, without regard to its conflict of laws principles. The captions of the Plan are not part of the provisions hereof and shall have no force or effect.

(f) *Use of English Language.* The Plan, each Award Agreement, and all other documents, notices and legal proceedings entered into, given or instituted pursuant to an Award shall be written in English, unless otherwise determined by the Administrator. If a Participant receives an Award Agreement, a copy of the Plan or any other documents related to an Award translated into a language other than English, and if the meaning of the translated version is different from the English version, the English version shall control.

(g) *Recovery of Amounts Paid.* Except as otherwise provided by the Administrator, Awards granted under the Plan shall be subject to any and all policies, guidelines, codes of conduct or other agreement or arrangement adopted by the Board or Administrator with respect to the recoupment, recovery or clawback of compensation (the "*Recoupment Policy*") and/or to any provisions set forth in the applicable Award Agreement under which Forward Air may recover from current and former Participants any amounts paid or shares of Common Stock issued under an Award and any proceeds therefrom under such circumstances as the Administrator determines appropriate. The Administrator may apply the Recoupment Policy to Awards granted before the policy is adopted to the extent required by applicable law or rule of any securities exchange or market on which shares of Common Stock are listed or admitted for trading, as determined by the Administrator in its sole discretion.

17. **Glossary**.

Under this Plan, except where the context otherwise indicates, the following definitions apply:

"Administrator" means the Compensation Committee of the Board, or such other committee(s) or officer(s) duly appointed by the Board or the Compensation Committee to administer the Plan or delegated limited authority to perform administrative actions under the Plan, and having such powers as shall be specified by the Board or the Compensation Committee; *provided, however,* that at any time the Board may serve as the Administrator in lieu of or in addition to the Compensation Committee or such other committee(s) or officer(s) to whom administrative authority has been delegated. With respect to any Award to which Section 16 of the Exchange Act applies, the Administrator shall consist of either the Board or the Compensation Committee, which committee shall consist of two or more directors, each of whom is intended to be, to the extent required by Rule 16b-3 of the Exchange Act, a "non-employee director" as defined in Rule 16b-3 of the Exchange Act and an "independent director" to the extent required by the rules of the national securities exchange that is the principal trading market for the Common Stock, and with respect to any Award that is intended to be a Qualified Performance-Based Award, the Administrator shall consist of two or more directors, each of whom is intended to be, to the extent required by Section 162(m) of the Code, an "outside director" as defined under Section 162(m) of the Code. Any member of the Administrator who does not meet the foregoing requirements shall abstain from any decision regarding an Award and shall not be considered a member of the Administrator to the extent required to comply with Rule 16b-3 of the Exchange Act or Section 162(m) of the Code.

"*Affiliate"* means any entity, whether now or hereafter existing, which controls, is controlled by, or is under common control with, Forward Air or any successor to Forward Air. For this purpose, "control" (including the correlative meanings of the terms "controlled by" and "under common control with") shall mean ownership, directly or indirectly, of 50% or more of the total combined voting power of all classes of voting securities issued by such entity, or the possession, directly or indirectly, of the power to direct the management and policies of such entity, by contract or otherwise. Solely for purposes of determining whether a Participant has a Termination of Service that is a "separation from service" within the meaning of Section 409A of the Code, an "Affiliate" of a corporation or other entity means all other entities with which such corporation or other entity would be considered a single employer under Sections 414(b) or 414(c) of the Code.

"*Award*" means any stock option, stock appreciation right, stock award, stock unit, Performance Share, Performance Unit, and/or Other Stock-Based or Cash Award, whether granted under this Plan or the Prior Plan.

"Award Agreement" means the written document(s), including an electronic writing acceptable to the Administrator, and any notice, addendum or supplement thereto, memorializing the terms and conditions of an Award granted pursuant to the Plan and which shall incorporate the terms of the Plan. An Award Agreement for a Cash Award may consist of a resolution of the Administrator that memorializes the terms and conditions of such Award which are thereafter communicated to the Participant.

"*Board*" means the Board of Directors of Forward Air.

"*Cause*" shall have the meaning set forth in the applicable Award Agreement and, in the absence of such a definition in the Award Agreement, means any one or more of the following, as determined by the Administrator or its delegate in its sole discretion, which determination will be conclusive: (i) any act or omission by a Participant which, if convicted by a court of law, would constitute a felony or a crime of moral turpitude; (ii) a Participant's dishonesty or material violation of standards of integrity in the course of fulfilling his or her employment duties to the Company or any Affiliate; (iii) insubordination or a material violation of a material written policy of the Company or any Affiliate, violation of which would be grounds for dismissal under applicable Company policy; (iv) willful, repeated failure on the part of the Participant to perform his or her employment duties (provided that such duties are ethical and proper under applicable law) in any material respect, after reasonable written notice of such failure and an opportunity to correct it under a circumstance where the conduct constituting "Cause" is reasonably open to a cure (for instance, where the conduct does not involve a violation of trust or otherwise adversely affect the relationship between the Participant and the Company on a going-forward basis), and the period to correct shall be established by the Administrator; (v) any act or omission materially adverse to the interest of the Company or any Affiliate, or reasonably likely to result in material harm to the Company or any Affiliate; (vi) failure to comply in any material respect with the Company's Code of Business Conduct and Ethics or Insider Trading Policy, or willful, repeated failure to comply in any material respect with the Company's Executive Stock Ownership and Retention Guidelines, if applicable; or (vii) failure to comply in any material respect with the Foreign Corrupt Practices Act, the Securities Act of 1933, the Securities Exchange Act of 1934, the Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, or any rules or regulations thereunder, or any similar, applicable statute, regulation or legal requirement.

"*Change in Control*" means an event that meets the conditions for a "change in the ownership of a corporation" or a "change in the effective control of a corporation" or a "change in the ownership of a substantial portion of the assets of a corporation" each within the meaning of Section 409A of the Code and Treas. Reg. §1.409A-3(i)(5) through being one or more of the following:

(a) any one person, or more than one person acting as a group, acquires, including without limitation through a tender or exchange offer, merger or other business combination, ownership of stock of the Company that, together with stock held by such person or group, constitutes more than 50% of the total fair market value or total voting power of the stock of the Company;

(b) any one person, or more than one person acting as a group, acquires, including without limitation through a tender or exchange offer, merger or other business combination, (or has acquired during the twelve-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the Company possessing more than 40% of the total voting power of the stock of the Company;

(c) any one person, or more than one person acting as a group, acquires (or has acquired during the twelve-month period ending on date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than 80% of the total gross fair market value of all the assets of the Company immediately before such acquisition or acquisitions; or

(d) a majority of members of the Company's Board is replaced during any 12-month period by Directors whose appointment or election is not endorsed by two-thirds of the members of the Company's Board before the date of the appointment or election.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and any successor thereto, the Treasury Regulations thereunder and other relevant interpretive guidance issued by the Internal Revenue Service or the Treasury Department. Reference to any specific section of the Code shall be deemed to include such regulations and guidance, as well as any successor section, regulations and guidance.

"Common Stock" means shares of common stock of Forward Air, par value one cent ($0.01) per share and any capital securities into which they are converted.

"*Company*" means Forward Air and its Affiliates, except where the context otherwise requires. For purposes of determining whether a Change in Control has occurred, Company shall mean only Forward Air.

"Compensation Committee" means the Compensation Committee of the Board.

"*Disability*" means, with respect to a Participant, except as otherwise provided in the relevant Award Agreement, that a Participant is (i) unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to last until the Participant's death or result in death, or (ii) determined to be totally disabled by the Social Security Administration or other governmental or quasi-governmental body that administers a comparable social insurance program outside of the United States in which the Participant participates and which conditions the right to receive benefits under such program on the Participant being unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment that can be expected to last until the Participant's death or result in death. The Administrator shall have sole authority to determine whether a Participant has suffered a Disability and may require such medical or other evidence as it deems necessary to judge the nature and permanency of the Participant's condition.

"*Dividend Equivalent*" means a right, granted to a Participant, to receive cash, Common Stock, stock Units or other property equal in value to dividends paid with respect to a specified number of shares of Common Stock.

"*Effective Date*" means the date on which adoption of the Plan is approved by the shareholders of Forward Air.

"*Eligible Individuals*" means (i) officers and employees of, and other individuals, excluding non-employee directors, who are natural persons providing bona fide services to or for, Forward Air or any of its Affiliates, provided that such services are not in connection with the offer or sale of securities in a capital-raising transaction and do not directly or indirectly promote or maintain a market for Forward Air's securities, and (ii) prospective officers, employees and service providers who have accepted offers of employment or other service relationship from Forward Air or its Affiliates.

"*Exchange Act*" means the Securities Exchange Act of 1934, as amended from time to time, and any successor thereto. Reference to any specific section of the Exchange Act shall be deemed to include such regulations and guidance issued thereunder, as well as any successor section, regulations and guidance.

"Fair Market Value" means, on a per share basis as of any date, unless otherwise determined by the Administrator:

(i) if the principal market for the Common Stock (as determined by the Administrator if the Common Stock is listed or admitted to trading on more than one exchange or market) is a national securities exchange or an established securities market, the official closing price per share of Common Stock for the regular market session on that date on the principal exchange or market on which the Common Stock is then listed or admitted to trading or, if no sale is reported for that date, on the last preceding day on which a sale was reported, all as reported by such source as the Administrator may select;

(ii) if the principal market for the Common Stock is not a national securities exchange or an established securities market, but the Common Stock is quoted by a national quotation system, the average of the highest bid and lowest asked prices for the Common Stock on that date as reported on a national quotation system or, if no prices are reported for that date, on the last preceding day on which prices were reported, all as reported by such source as the Administrator may select; or

(iii) if the Common Stock is neither listed or admitted to trading on a national securities exchange or an established securities market, nor quoted by a national quotation system, the value determined by the Administrator in good faith by the reasonable application of a reasonable valuation method, which method may, but need not, include taking into account an appraisal of the fair market value of the Common Stock conducted by a nationally recognized appraisal firm selected by the Administrator.

Notwithstanding the preceding, for foreign, federal, state and local income tax reporting purposes and for such other purposes as the Administrator deems appropriate, the Fair Market Value shall be determined by the Administrator in accordance with uniform and nondiscriminatory standards adopted by it from time to time.

"*Family Member*" means any child, stepchild, grandchild, parent, stepparent, grandparent, spouse (but expressly excluding ex-spouse), sibling, niece, nephew, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, including adoptive relationships, any person sharing the Participant's household (other than a tenant or employee), a trust in which these persons have more than fifty percent of the beneficial interest, a foundation in which these persons (or the Participant) control the management of assets, and any other entity in which these persons (or the Participant) own more than fifty percent (50%) of the voting interests.

"*Incentive Stock Option*" means any stock option that is designated, in the applicable Award Agreement or the resolutions of the Administrator under which the stock option is granted, as an "incentive stock option" within the meaning of Section 422 of the Code and otherwise meets the requirements to be an "incentive stock option" set forth in Section 422 of the Code.

"*Nonqualified Option*" means any stock option that is not an Incentive Stock Option.

"*Other Stock-Based or Cash Award*" means, with regard to a Stock-Based Award, an Award of Common Stock or any other Award that is valued in whole or in part by reference to, or is otherwise based upon, shares of Common Stock, including without limitation Dividend Equivalents and convertible debentures, and with regard to a Cash Award, an Award of cash, which need not be denominated or otherwise measured or valued in relation to shares of Common Stock and which may, but need not, be granted in connection with any short-term or long-term cash incentive program established by Forward Air or an Affiliate.

"*Participant*" means an Eligible Individual to whom an Award is or has been granted and has not been fully settled or cancelled and, following the death of any such person, his successors, heirs, executors and administrators, as the case may be.

"*Performance Award*" means an Award, the grant, vesting, lapse of restrictions or settlement of which is conditioned upon the achievement of Performance Goals over a specified Performance Period and includes, without limitation, Performance Shares and Performance Units and may include Other Stock-Based or Cash Awards.

"*Performance Goals*" means the performance goals established by the Administrator in connection with the grant of Awards based on Performance Metrics or other performance criteria selected by the Administrator; *provided*, *however*, that in the case of Qualified Performance-Based Awards, such performance goals shall be based on the attainment of specified levels of one or more Performance Metrics. Where applicable, the Performance Goals may be expressed in terms of attaining a specified level of the particular criteria or the attainment of a percentage increase or decrease in the particular criteria, and may be applied to one or more of Forward Air or any Affiliate, or a division or strategic business unit of Forward Air, or may be applied to the performance of Forward Air relative to a market index, a group of other companies, or a combination thereof, all as determined by the Administrator. The Performance Goals may include a threshold level of performance below which no payment will be made (or no vesting will occur), levels of performance at which specified payments will be made (or specified vesting will occur), and a maximum level of performance above which no additional payment will be made (or at which full vesting will occur). Each of the foregoing Performance Goals shall be determined, to the extent applicable, in accordance with generally accepted accounting principles and shall be subject to certification by the Administrator; provided, that the Administrator shall have the authority to make equitable adjustments to the Performance Goals in recognition of unusual or non-recurring events affecting Forward Air or any Affiliate or the financial statements of Forward Air or any Affiliate, in response to changes in applicable laws or regulations, or to account for items of gain, loss, or expense determined to be extraordinary or unusual in nature or infrequent in occurrence or related to the disposal of a segment of business or related to a change in accounting principles provided that the Administrator's decision as to whether such adjustments will be made with respect to any Covered Employee, within the meaning of Section 162(m) of the Code, is determined when the Performance Goals and targets are established for the applicable performance period.

"*Performance Period*" means that period established by the Administrator during which any Performance Goals specified by the Administrator with respect to such Award are to be measured.

"*Performance Metrics*" means criteria established by the Administrator relating to any of the following, as it may apply to an individual, one or more business units, divisions, or Affiliates, or on a company-wide basis, and in absolute terms, relative to a base period, or relative to the performance of one or more comparable companies or peer groups, or an index covering multiple companies:

- *Earnings or Profitability Metrics:* including, but not limited to, earnings/loss (gross, operating, net, or adjusted); earnings/loss before interest and taxes ("EBIT"); earnings/loss before interest, taxes, depreciation and amortization ("EBITDA"); profit margins; gross margin percentage or dollar amount; expense levels or ratios; in each case adjusted to eliminate the effect of any one or more of the following: interest expense, asset impairments, early extinguishment of debt or stock-based compensation expense;
- *Return Metrics*: including, but not limited to, return on investment, assets, equity or capital (total or invested);
- *Cash Flow Metrics*: including, but not limited to, operating cash flow; cash flow sufficient to achieve financial ratios or a specified cash balance; free cash flow; cash flow return on capital; net cash provided by operating activities; cash flow per share; working capital;
- *Liquidity Metrics*: including, but not limited to, capital raising; debt reduction; extension of maturity dates of outstanding debt; debt leverage (debt to capital, net debt-to-capital, debt-to-EBITDA or other liquidity ratios) or access to capital; debt ratings; total or net debt; other similar measures approved by the Administrator;
- *Stock Price and Equity Metrics*: including, but not limited to, return on shareholders' equity; total stockholder return; stock price; stock price appreciation; market capitalization; earnings/loss per share (basic or diluted) (before or after taxes); price-to-earnings ratio; and
- *Strategic and Operating Metrics*: including, but not limited to, geographic footprint; revenue (gross, operating or net); Forward Air Complete pick-up and delivery revenue; revenue per pound or carton; fuel surcharge revenue; airport-to-airport revenue; other pick-up and delivery revenue; logistics revenue; driver revenue per hour targets; cost/revenue per full-time equivalent worker; other revenue; revenue growth; network tonnage density; total tonnage or cartons shipped; pounds or carton per shipment; labor or other operating costs per pound or carton; unbillable accessorials (per diem and rail storage); costs per mile; miles driven; percentage of miles driven by Company-employed drivers, owner-operators and/or third party transportation providers; purchased transportation scrape percentage; new business or customer wins; billing cycle times; on-time performance; annualized truck turnover; driver turnover; market share; market penetration; growth in assets; key hires; owner-operator recruitment; management of employment practices and employee benefits; purchased transportation; operating leases; effective income tax rates; business expansion; acquisitions, divestitures, collaborations, licensing or joint ventures; financing; resolution of significant litigation; and legal compliance or risk reduction.

“*Performance Shares*” means a grant of stock or stock Units the issuance, vesting or payment of which is contingent on performance as measured against predetermined objectives over a specified Performance Period.

“*Performance Units*” means a grant of dollar-denominated Units the value, vesting or payment of which is contingent on performance against predetermined objectives over a specified Performance Period. Performance Units may include cash incentive awards granted in connection with Forward Air’s annual incentive program.

“*Plan*” means this Forward Air Corporation 2016 Omnibus Incentive Compensation Plan, as set forth herein and as hereafter amended from time to time.

“Prior Plan” means Forward Air’s Amended and Restated Stock Option and Incentive Plan.

“*Qualified Performance-Based Award*” means an Award intended to qualify for the Section 162(m) Exemption, as provided in Section 7(k).

“*Restricted Stock*” means an Award of shares of Common Stock to a Participant that may be subject to certain transferability and other restrictions and to a risk of forfeiture (including by reason of not satisfying certain Performance Goals).

“*Restricted Stock Unit*” means a right granted to a Participant to receive shares of Common Stock or cash at the end of a specified deferral period, which right may be conditioned on the satisfaction of certain requirements (including the satisfaction of certain Performance Goals).

“*Restriction Period*” means the period commencing on the date of grant of such Award to which vesting or transferability and other restrictions and a risk of forfeiture apply and ending upon the expiration of the applicable vesting conditions, transferability and other restrictions and lapse of risk of forfeiture and/or the achievement of the applicable Performance Goals (it being understood that the Administrator may provide that vesting shall occur and/or restrictions shall lapse with respect to portions of the applicable Award during the Restriction Period in accordance with Section 7(b)).

“*Section 162(m) Exemption*” means the exemption from the limitation on deductibility imposed by Section 162(m) of the Code that is set forth in Section 162(m)(4)(C) of the Code.

“*Tax Withholding Obligation*” means any federal, state, local or foreign (non-United States) income, employment or other tax or social insurance contribution required by applicable law to be withheld in respect of Awards.

“*Termination of Service*” means the termination of the Participant’s employment or consultancy with, or performance of services for, Forward Air and its Affiliates. Temporary absences from employment because of illness, vacation or leave of absence and transfers among Forward Air and its Affiliates shall not be considered Terminations of Service. With respect to any Award that constitutes a “nonqualified deferred compensation plan” within the meaning of Section 409A of the Code, “Termination of Service” shall mean a “separation from service” as defined under Section 409A of the Code to the extent required by Section 409A of the Code to avoid the imposition of any tax or interest or the inclusion of any amount in income pursuant to Section 409A of the Code. A Participant has a separation from service within the meaning of Section 409A of the Code if the Participant terminates employment with Forward Air and all Affiliates for any reason. A Participant will generally be treated as having terminated employment with Forward Air and all Affiliates as of a certain date if the Participant and the entity that employs the Participant reasonably anticipate that the Participant will perform no further services for Forward Air or any Affiliate after such date or that the level of bona fide services that the Participant will perform after such date (whether as an employee or an independent contractor) will permanently decrease to no more than 20 percent (20%) of the average level of bona fide services performed (whether as an employee or an independent contractor) over the immediately preceding

36-month period (or the full period of services if the Participant has been providing services for fewer than 36 months); *provided, however,* that the employment relationship is treated as continuing while the Participant is on military leave, sick leave or other bona fide leave of absence if the period of leave does not exceed six months or, if longer, so long as the Participant retains the right to reemployment with Forward Air or any Affiliate.

"*Unit*" means a bookkeeping entry used by Forward Air to record and account for the grant of the following Awards until such time as the Award is paid, cancelled, forfeited or terminated, as the case may be: stock units, Restricted Stock Units, Performance Units expressed in terms of cash or Common Stock equivalents, and Performance Shares that are expressed in terms of units of Common Stock.

FORWARD AIR CORPORATION

AMENDED AND RESTATED NON-EMPLOYEE DIRECTOR STOCK PLAN

(as further amended effective May 10, 2016)

SECTION 1. **Establishment; Purpose**.

Effective May 24, 2006, Forward Air Corporation, a Tennessee corporation (the "*Company*"), established the 2006 Non-Employee Director Stock Plan (the "*2006 NED Plan*") to attract and retain well-qualified persons for service as directors of the Company and to provide directors with an opportunity to increase their ownership interest in the Company and, thereby, increase their personal interest in the Company's continued success. The 2006 NED Plan was amended and restated with shareholder approval effective May 23, 2007, and was further amended on February 7, 2013. It was thereafter known as the Amended and Restated Non-Employee Director Stock Plan. The Company's Board of Directors (the "*Board*") now finds it desirable and in the best interests of the Company and its shareholders to amend and restate again the Amended and Restated Non-Employee Director Stock Plan (such amendment and restatement, the "*Plan*") as set forth herein. The Plan, upon its approval by the Company's shareholders, shall be a continuation of the Amended and Restated Non-Employee Director Stock Plan under these amended and restated terms.

Under the Plan, the Company may grant non-employee directors equity compensation in the from of restricted shares (the "*Restricted Shares*") of the $0.01 par value common stock of the Company (the "*Common Stock*"), unrestricted shares of Common Stock (the "*Unrestricted Shares*" and, together with the Restricted Shares, the "*Award Shares*"), and nonstatutory stock options (the "*Options*") for the purchase of Common Stock (all such grants are referred to individually as an "*Award*" and collectively as "*Awards*").

SECTION 2. **Administration**.

Responsibility and authority to administer and interpret the provisions of the Plan shall be conferred upon the Board. The Board shall, subject to the provisions of the Plan, have the power to construe the Plan, to determine all questions arising thereunder and to adopt and amend rules and regulations for the administration of the Plan. Without limiting the foregoing, the Board shall have the discretion to determine the form, size, timing and vesting of Awards, and such discretion may be exercised with respect to future or then-outstanding Awards and need not be exercised uniformly among all directors. The Board may employ attorneys, consultants, accountants or other persons, and the Board, the Company and its officers shall be entitled to rely upon the advice, opinions or valuations of any such persons. All usual and reasonable expenses of the Board shall be paid by the Company. All actions taken and all interpretations and determinations made by the Board in good faith shall be final and binding upon all recipients who have received Awards, the Company and other interested persons. No member of the Board shall be personally liable for any action, determination or interpretation taken or made in good faith with respect to the Plan or Awards made hereunder, and all members of the Board shall be fully indemnified and protected by the Company in respect of any such action, determination or interpretation.

SECTION 3. **Shares of Common Stock Subject to the Plan**.

(a) Number of Shares Issuable Under the Plan. Subject to Section 3(b), up to 160,000 shares of Common Stock may be issued with respect to grants of Awards under the Plan made on or after May 10, 2016. In the event that any Awards, or portions of an Award, granted under the Plan (inclusive of Awards granted prior to the amendment and restatement of the Plan herein), or Stock Units credited to a bookkeeping reserve account with respect to deferred Award Shares, terminate unexercised or are canceled, surrendered or forfeited for any reason, then the number of Award Shares and Stock Units or the number of shares underlying the Options which terminated unexercised or were canceled, surrendered or forfeited shall be added to the remaining number of shares of Common Stock for which Awards may be issued under the Plan.

(b) Adjustments. The Board shall appropriately adjust the exercise price of outstanding Options and the maximum number and kind of shares subject to the Plan, Stock Units credited under the Plan, outstanding Awards and subsequent Awards in the event of reorganization, recapitalization, stock split, reverse stock split, stock dividend, exchange or combination of shares, merger, consolidation, rights offering or any change in capitalization of the Company.

(c) Source of Shares. The Common Stock issued under the Plan will come from authorized but unissued shares of Common Stock, treasury shares, purchases by the Company on the open market or from any other proper source. The Company will set aside and reserve for issuance under the Plan the number of shares set forth in Section 3(a), as adjusted.

SECTION 4. **Eligibility**.

All directors of the Company who are neither employees of the Company nor officers of the Company shall be eligible participants in the Plan.

SECTION 5. **Grants of Awards**.

(a) Annual Grants. Each individual who serves as a director of the Company and is, on the grant date, an eligible participant shall automatically be granted an Award, in such form and size as the Board determines from year to year which shall not exceed $250,000 in value on the date of grant (the "*Annual Grant*"), on the first business day after each Annual Meeting of Shareholders of the Company at which directors are elected (an "*Annual Meeting*"). Each Annual Grant shall be evidenced by a written agreement or other evidence of issuance (an "*Award Agreement*") in such form acceptable to the Company and not inconsistent with the terms and conditions specified in the Plan.

(b) Pro-Rata Grants. Each person who first becomes an eligible director on a date other than the date of an Annual Meeting shall receive, within 30 days of the date such person is appointed as or first becomes a non-employee director, a pro-rata grant of a number of Award Shares or Options, depending on the form of Annual Grant granted on the first business day following the last preceding Annual Meeting (the "*Preceding Annual Grant*"), equal to the number, rounded up to the nearest whole number, determined by multiplying the shares underlying the Preceding Annual Grant by a fraction, (i) the numerator of which is the number of whole and partial months during the period measured from the date of appointment as an eligible director until the next following May 1st, and (ii) the denominator of which is 12.

SECTION 6. **Terms and Conditions of Award Shares**.

Award Shares may be granted with or without restrictions. The terms and conditions of such Awards shall be as set forth below.

(a) Unrestricted Shares. Unrestricted Shares are vested, nonforfeitable and freely transferable when granted under the Plan.

(b) Restricted Shares.

(i) Vesting. Restricted Shares are nonvested and forfeitable when granted under the Plan. Unless otherwise determined by the Board, Restricted Shares shall become vested and nonforfeitable on the earlier of (a) the day immediately prior to the first Annual Meeting that occurs after the grant date or (b) the first anniversary of the grant date, so long as the director's service with the Company has not earlier terminated. If the director's service with the Company terminates due to death or total disability, the Restricted Shares that have not previously become vested and nonforfeitable shall become vested and nonforfeitable as of the date that the director's service with the Company so terminates. If the director's service with the Company terminates for any reason other than death or total disability, then, unless the Board determines otherwise, all Restricted Shares that are not then vested and nonforfeitable, after giving effect to the vesting provision set forth above, will be immediately forfeited by the director and transferred to the Company upon such termination at no cost to the Company.

(ii) Restrictions on Transfer. Until the Restricted Shares become vested and nonforfeitable, the Restricted Shares may not be assigned, transferred, pledged, hypothecated or disposed of in any way (whether by operation of law or otherwise), except by will or the laws of descent and distribution, and shall not be subject to execution, attachment or similar process. The Company shall not be required to (i) transfer on its books any Restricted Shares that have been sold or transferred in contravention of the Plan or (ii) treat as the owner of shares, or otherwise accord voting, dividend, distribution or liquidation rights to, any transferee to whom Restricted Shares have been transferred in contravention of the Plan.

(iii) Shareholder Rights; Share Certificates. Each participating director shall be reflected on the Company's books as the owner of record of the Restricted Shares as of the date of grant and shall possess all incidents of ownership of such shares, subject to Section 6(b)(ii), including the right to receive cash dividends with respect to such shares and to vote such shares; provided, that shares of Common Stock distributed in connection with a stock split or stock dividend shall be subject to restrictions on transfer and a risk of forfeiture to the same extent as the Restricted Shares with respect to which such shares are distributed. The Company will hold the share certificates for safekeeping, or otherwise retain the shares in uncertificated book entry form, until the Restricted Shares become vested and nonforfeitable. Until the Restricted Shares become vested and nonforfeitable, any share certificates representing such shares will include a legend to the effect that the director may not sell, assign, transfer, pledge or hypothecate the Restricted Shares. All regular cash dividends on the Restricted Shares held by the Company will be paid directly to the director. As soon as practicable after vesting of the Restricted Shares, the Company will deliver a share certificate to the director, or deliver shares electronically or in certificate form to the director's designated broker on the director's behalf, for such vested Restricted Shares.

SECTION 7. **Terms and Conditions of Options**.

(a) Exercisability. Unless the Board determines otherwise, the Options shall become exercisable on the earlier of (a) the day immediately prior to the first Annual Meeting that occurs after the grant date or (b) the first anniversary of the grant date, so long as the director's service with the Company has not earlier terminated. Once an Option has become exercisable, it shall remain exercisable, to the extent not exercised, until its expiration date or earlier termination pursuant to Section 7(b).

(b) Post-Termination Exercise. If a director's service with the Company terminates due to the director's death or total disability, the outstanding Options granted to such director shall become exercisable in full and shall remain exercisable for a period of one year thereafter but not beyond their expiration date. If a director's service with the Company terminates for any other reason, unless the Board determines otherwise, all Options granted to such director which are not then exercisable, after giving effect to the vesting provision set forth above, shall be canceled and the remaining Options shall continue to be exercisable for 90 days thereafter but not beyond their expiration date.

(c) Exercise Price. The exercise price per share for each Option granted under the Plan shall be 100% of the Fair Market Value (as defined below) of a share of Common Stock as of the date of grant. "*Fair Market Value*" as of a given date for purposes of the Plan and any Award Agreement means (i) the closing sale price for the shares on The NASDAQ Stock Market or any national exchange on which shares of Common Stock are traded on such date (or if such market or exchange was not open for trading on such date or no shares of Common Stock traded on that day but were listed for trade, the next preceding date on which it was open and the shares of Common Stock did trade); or (ii) if the Common Stock is not listed on The NASDAQ Stock Market or on an established and recognized exchange, such value as the Board, in good faith, shall determine based on such relevant facts, which may include opinions of independent experts, as may be available to the Board.

(d) Method of Exercise. Unless the Board determines otherwise, payment of the exercise price shall be in cash, in shares of Common Stock valued at their Fair Market Value on the date of exercise, or both, as elected by the director.

(e) Restrictions on Transfer. The Options shall be exercisable only by the director during his or her lifetime and may not be transferred other than by will or the laws of descent and distribution unless the Board determines otherwise.

(f) Expiration of the Options. The Options shall expire, if not sooner exercised or terminated, as of such date determined by the Board and set forth in the applicable Award Agreement; provided, however, that no Option shall expire later than 10 years after its date of grant.

SECTION 8. **Deferral of Award Shares**.

(a) Deferral of Award Shares. Directors may elect to defer receipt of Award Shares in accordance with the election procedures set forth below. If a director elects to defer the receipt of Award Shares, the number of Award Shares deferred shall be credited as Stock Units to a bookkeeping reserve account established for the director under the Plan as of the date that the Award Shares otherwise would have been issued to the director. Each Stock Unit shall represent the right to receive one share of Common Stock when the director incurs a separation from service with the Company (a "*Separation From Service*") within the meaning of Section 409A of the Internal Revenue Code of 1986, as amended (the "*Code*"), provided that the Stock Unit is or has become vested and nonforfeitable on or before such date. Stock Units representing deferred Restricted Shares shall become vested and nonforfeitable at the same time and subject to the same conditions as the corresponding Restricted Shares to which they relate would have become vested and nonforfeitable but for their deferral of issuance.

(b) Settlement of Stock Units. Except as provided in Section 9(a), all vested Stock Units shall be settled upon the date that the director incurs a Separation From Service with the Company or as soon as practicable thereafter but in no event later than the close of the calendar year in which the Separation From Service occurs or such later date as may be permitted under Section 409A of the Code. Except as provided in Section 9(a), all vested Stock Units shall be settled in the form of shares of Common Stock issued to the director or the director's estate as applicable, provided that any vested fractional Stock Units credited to a director's bookkeeping reserve account shall be settled in cash. If the director's service with the Company terminates for any reason other than death or total disability, all Stock Units that are not then vested will be immediately forfeited by the director.

(c) Deferral Election Procedures. All deferral elections shall be made in accordance with the following procedures:

(i) An election pursuant to Section 8(a) shall be made by the director by executing and delivering a deferral agreement, in the form approved by the Company, to the Secretary of the Company. The deferral agreement shall become effective with respect to such director as of the first day of January following the date such deferral agreement is received by the Secretary of the Company, except as otherwise provided below. In the case of the first year in which a director becomes eligible to participate in the Plan, the director may execute and deliver a deferral agreement to the Secretary of the Company before or within 30 days after the date the individual becomes an eligible director. If a newly eligible director delivers a deferral agreement after, but within 30 days of, the date of appointment as a director, the deferral agreement will apply, solely with respect to the first grant of Award Shares received by the director after such appointment, to a number of Award Shares equal to (A) the Award Shares granted in such first grant minus (B) one-twelfth (1/12) times, as applicable, either the number of shares awarded under the Annual Grant if the individual first becomes an eligible director on the date of an Annual Meeting or the number of shares awarded under the Preceding Annual Grant if the individual first becomes an eligible director on a date other than the date of an Annual Meeting. If a newly eligible director delivers a deferral agreement on or before the date of appointment, the deferral agreement will apply to the entire first grant of Award Shares received by the director after such appointment. A director's election shall continue in effect, unless earlier modified by the director, until the director no longer serves as a director of the Company or, if earlier, until the director ceases to participate in the Plan.

(ii) A director may unilaterally modify a deferral agreement (either to terminate, increase or decrease the portion of the director's future grants of Award Shares which are subject to deferral) by providing a written modification of the deferral agreement, in a form approved by the Company, to the Secretary of the Company. The modification shall become effective as of the first day of January following the date such written modification is received by the Secretary of the Company.

(iii) The Board may from time to time establish policies or rules consistent with the requirements of Section 409A of the Code, to govern the manner in which deferrals of Award Shares may be made.

(d) Rights in Respect of Deferred Award Shares. Award Shares that are deferred shall not represent an actual ownership in shares of Common Stock and the director shall have no voting or other rights as a shareholder in respect of Stock Units credited to the director's bookkeeping reserve account. On each cash dividend payment date with respect to shares of Common Stock, each director who has Stock Units credited to a bookkeeping reserve account under the Plan on the record date for such dividend shall have credited to such account, as a dividend equivalent payment, additional Stock Units which shall be fully vested. The number of additional Stock Units to be so credited shall equal: (i) the product of (x) the per-share cash dividend payable, multiplied by (y) the total number of Stock Units which have not been settled or forfeited as of the record date for such dividend, divided by (ii) the Fair Market Value (as defined in Section 7(c)) of one share of Common Stock on the payment date of such dividend. If the unit holder's Stock Units have been settled after the record date but prior to the dividend payment date, any Stock Units that would be credited pursuant to the preceding sentence shall be settled on or as soon as practicable after the dividend payment date.

(e) Transferability of Rights. No director shall have the right to assign any right or interest in any Stock Unit or shares of Common Stock subject to a Stock Unit, or to cause or permit any encumbrance, pledge or charge of any nature to be imposed on any such Stock Unit or shares of Common Stock so deferred or any such right or interest, other than by will or the laws of descent and distribution.

SECTION 9. **Change in Control**.

(a) Acceleration of Vesting, Exercisability, and Award Termination upon Change in Control. In the event of a "Change in Control" (as defined below), (1) all Restricted Shares, Options and Stock Units awarded under the Plan not previously vested, exercisable and nonforfeitable shall become fully vested, exercisable and nonforfeitable as of the date of, and immediately before, such Change in Control; (2) all outstanding Options not exercised prior to or upon the Change in Control will terminate at the effective time of such Change in Control unless provision is made in connection with the transaction for the continuation, assumption or settlement of such Options by, or for the substitution of equivalent options of, the surviving or successor entity or a parent thereof; and (3) all Stock Units credited to accounts as of the Change in Control will be settled in shares or in cash at the discretion of the Board upon the Change in Control or as soon as practicable thereafter but in no event later than the close of the calendar year in which the Change in Control occurs.

(b) Definition of Change in Control. For purposes of this Section 9, a "*Change in Control*" means an event that meets the conditions for a "change in the ownership of a corporation" or a "change in the effective control of a corporation" or a "change in the ownership of a substantial portion of the assets of a corporation" each within the meaning of Section 409A of the Code and Treas. Reg. §1.409A-3(i)(5) through being one or more of the following:

(i) any one person, or more than one person acting as a group, acquires, including without limitation through a tender or exchange offer, merger or other business combination, ownership of stock of the

Company that, together with stock held by such person or group, constitutes more than 50% of the total fair market value or total voting power of the stock of the Company;

(ii) any one person, or more than one person acting as a group, acquires, including without limitation through a tender or exchange offer, merger or other business combination, (or has acquired during the twelve-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the Company possessing more than 40% of the total voting power of the stock of the Company;

(iii) any one person, or more than one person acting as a group, acquires (or has acquired during the twelve-month period ending on date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than 80% of the total gross fair market value of all the assets of the Company immediately before such acquisition or acquisitions; or

(iv) a majority of members of the Company's Board is replaced during any 12-month period by Directors whose appointment or election is not endorsed by two-thirds of the members of the Company's Board before the date of the appointment or election.

SECTION 10. **Amendment or Discontinuance**.

The Board may amend, suspend or terminate the Plan or any portion thereof at any time as it determines appropriate, without further action by the Company’s shareholders, except to the extent required by applicable law or by any stock exchanges upon which the Common Stock may be listed; provided, however, that no action of the Board to amend, suspend or terminate the Plan may impair a director’s rights with respect to any Awards or Stock Units previously made under the Plan without the director’s consent and further provided that without the degree of shareholder approval required by the Company’s charter or bylaws, applicable law, or the rules and regulations of any exchange or trading market on which the Company’s securities are then traded, the Board may not: (a) increase the number of shares of Common Stock that may be issued under this Plan, (b) increase the maximum size of Awards that may be granted under this Plan, or (c) modify the requirements as to eligibility for participation in this Plan. Notwithstanding the foregoing, the Plan may be amended by the Board at any time, retroactively if required in the opinion of the Company, in order to ensure that the Plan complies with the requirements of Section 409A of the Code or other applicable law or the rules and regulations of any exchange or trading market on which the Company’s securities are then traded. No such amendment shall be considered prejudicial to any interest of a director. In the event that the Plan is terminated, the Company will continue to maintain the bookkeeping reserve accounts and settle Stock Units credited thereto only in accordance with the provisions of Section 409A of the Code.

SECTION 11. **Effective Date and Term of Plan**.

The Plan was amended and restated with shareholder approval effective May 23, 2007 and was further amended and restated on February 7, 2013. The Board has approved the amendment and restatement of the Plan, as set forth herein, as of May 10, 2016, subject to approval of the shareholders of the Company at the 2016 Annual Meeting of the Shareholders. Unless sooner terminated by the Board, the Plan shall continue in effect indefinitely until all shares of Common Stock approved for issuance under the Plan by the shareholders of the Company have been issued. Awards and Stock Units granted prior to termination of the Plan shall, notwithstanding termination of the Plan, continue to be effective and shall be governed by the Plan.

SECTION 12. **Continuation of Director or Other Status**.

Nothing in the Plan or in any instrument executed pursuant to the Plan or any action taken pursuant to the Plan shall be construed as creating or constituting evidence of any agreement or understanding, express or implied, that the Company will retain a participant as a director or in any other capacity for any period of time or at a particular retainer or other rate of compensation, as conferring upon any participant any legal or other right to continue as a director or in any other capacity, or as limiting, interfering with or otherwise affecting the provisions of the Company’s charter, bylaws or the Tennessee Business Corporation Act relating to the removal of directors.

SECTION 13. **The Company’s Rights**.

The existence of the Plan, grants of Awards, or crediting of Stock Units shall not affect in any way the right or power of the Company or its shareholders to make or authorize any or all adjustments, recapitalizations, reorganizations or other changes in the Company’s capital structure or its business, or any merger or consolidation of the Company, or any issue of bonds, debentures, preferred or other stocks with preference ahead of or convertible into, or otherwise affecting the Common

Stock or the rights thereof, or the dissolution or liquidation of the Company, or any sale or transfer of all or any part of the Company's assets or business, or any other corporate act or proceeding, whether of a similar character or otherwise.

SECTION 14. **No Trust or Fund Created**.

Neither the Plan nor any Awards or crediting of Stock Units to a bookkeeping reserve account shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between the Company and a director or any other person. To the extent that any director or other person acquires a right to receive payments from the Company pursuant to the Plan, such right shall be no greater than the right of any unsecured general creditor of the Company.

SECTION 15. **Governing Law**.

The Plan and all determinations made and actions taken pursuant to the Plan shall be governed by the laws of the State of Tennessee pertaining to contracts made and to be performed wholly within such jurisdiction.

SECTION 16. **409A Savings Clause**.

(a) It is intended that the Plan comply with Section 409A of the Code. The Plan shall be administered, interpreted and construed in a manner consistent with such Section. Should any provision of the Plan not comply with Section 409A of the Code, that provision shall be modified and given effect, in the sole discretion of the Board and without requiring consent of any Award holder, in such manner as the Board determines to be necessary or appropriate to comply with Section 409A of the Code.

(b) In the event that a holder of Stock Units is a "specified employee" upon "separation of service" (each within the meaning of Section 409A of the Code as determined in good faith by the Board), settlement of any Stock Units, the settlement of which is triggered by the occurrence of the separation from service, will be delayed until the first business day after the expiration of six months following the date of the separation from service.

SECTION 17. **Compliance with Laws**.

To the extent the Company is unable to or the Board deems it infeasible to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company's counsel to be necessary to the lawful issuance of any shares under the Plan, the Company shall be relieved of any liability with respect to the failure to issue such shares as to which such requisite authority shall not have been obtained.

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO EXCHANGE ACT RULE 13a-14(a) (17 CFR 240.13a-14(a))

I, Bruce A. Campbell, certify that:

1 I have reviewed this quarterly report on Form 10-Q for the quarter ended June 30, 2017 of Forward Air Corporation;

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

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

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

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

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

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

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

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

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

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

Date: July 27, 2017

/s/ Bruce A. Campbell

Bruce A. Campbell
Chairman, President and Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER
PURSUANT TO EXCHANGE ACT RULE 13a-14(a) (17 CFR 240.13a-14(a))

I, Michael J. Morris, certify that:

1 I have reviewed this quarterly report on Form 10-Q for the quarter ended June 30, 2017 of Forward Air Corporation;

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

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

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

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

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

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

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

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

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

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

Date: July 27, 2017

/s/ Michael J. Morris

Michael J. Morris
Chief Financial Officer, Senior Vice President and Treasurer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10Q of Forward Air Corporation (the “Company”) for the period ended June 30, 2017 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Bruce A. Campbell, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1 The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2 The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 27, 2017

/s/ Bruce A. Campbell
Bruce A. Campbell
Chairman, President and Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to Forward Air Corporation and will be retained by Forward Air Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10Q of Forward Air Corporation (the “Company”) for the period ended June 30, 2017 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Michael J. Morris, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1 The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2 The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 27, 2017

/s/ Michael J. Morris
Michael J. Morris
Chief Financial Officer, Senior Vice President and Treasurer

A signed original of this written statement required by Section 906 has been provided to Forward Air Corporation and will be retained by Forward Air Corporation and furnished to the Securities and Exchange Commission or its staff upon request.