

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 March 31, 2018  
Commission File No. 000-22490



**FORWARD AIR CORPORATION**

(Exact name of registrant as specified in its charter)

**Tennessee**  
(State or other jurisdiction of incorporation)  
**1915 Snapps Ferry Road, Building N**  
**Greenville, Tennessee**  
(Address of principal executive offices)

**62-1120025**  
(I.R.S. Employer Identification No.)  
**37745**  
(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 April 23, 2018 was 29,414,997.

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**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)**

	<b>March 31, 2018</b>	<b>December 31, 2017</b>
		<b>(As Adjusted)</b>
<b>Assets</b>		
Current assets:		
Cash	\$ 12,735	\$ 3,893
Accounts receivable, less allowance of \$3,158 in 2018 and \$3,006 in 2017	146,191	147,948
Other current assets	11,147	15,807
Total current assets	170,073	167,648
Property and equipment	402,688	399,235
Less accumulated depreciation and amortization	199,088	193,123
Total property and equipment, net	203,600	206,112
Goodwill and other acquired intangibles:		
Goodwill	191,671	191,671
Other acquired intangibles, net of accumulated amortization of \$73,837 in 2018 and \$71,527 in 2017	108,938	111,247
Total goodwill and other acquired intangibles, net	300,609	302,918
Other assets	15,925	15,944
Total assets	\$ 690,207	\$ 692,622
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 30,004	\$ 30,723
Accrued expenses	35,976	35,069
Current portion of debt and capital lease obligations	351	359
Total current liabilities	66,331	66,151
Long-term debt and capital lease obligations, less current portion	40,522	40,588
Other long-term liabilities	24,118	24,104
Deferred income taxes	32,793	29,080
Shareholders' equity:		
Preferred stock	—	—
Common stock, \$0.01 par value: Authorized shares - 50,000,000, Issued and outstanding shares - 29,161,999 in 2018 and 29,454,062 in 2017	290	295
Additional paid-in capital	197,607	195,346
Retained earnings	328,546	337,058
Total shareholders' equity	526,443	532,699
Total liabilities and shareholders' equity	\$ 690,207	\$ 692,622

*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)

	<b>Three months ended</b>	
	<b>March 31, 2018</b>	<b>March 31, 2017 (As Adjusted)</b>
<b>Operating revenue</b>	\$ 302,608	\$ 262,046
<b>Operating expenses:</b>		
Purchased transportation	139,666	117,695
Salaries, wages and employee benefits	69,581	61,928
Operating leases	17,964	15,601
Depreciation and amortization	10,690	10,033
Insurance and claims	7,153	5,806
Fuel expense	5,554	3,680
Other operating expenses	27,765	23,560
Total operating expenses	278,373	238,303
Income from operations	24,235	23,743
<b>Other income (expense):</b>		
Interest expense	(371)	(282)
Other, net	—	(26)
Total other income (expense)	(371)	(308)
Income before income taxes	23,864	23,435
Income tax expense	6,123	8,854
Net income and comprehensive income	\$ 17,741	\$ 14,581
<b>Net income per share:</b>		
Basic	\$ 0.60	\$ 0.48
Diluted	\$ 0.60	\$ 0.48
<b>Dividends per share:</b>	\$ 0.15	\$ 0.15

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

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

	<b>Three months ended</b>	
	<b>March 31, 2018</b>	<b>March 31, 2017 (As Adjusted)</b>
<b>Operating activities:</b>		
Net income	\$ 17,741	\$ 14,581
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	10,690	10,033
Share-based compensation	2,261	1,962
Loss on disposal of property and equipment	82	488
Provision for loss on receivables	134	22
Provision for revenue adjustments	817	718
Deferred income tax	3,713	131
Changes in operating assets and liabilities		
Accounts receivable	805	(1,470)
Other current assets	2,715	2,153
Income taxes	1,768	8,434
Accounts payable and accrued expenses	87	9
Net cash provided by operating activities	<u>40,813</u>	<u>37,061</u>
<b>Investing activities:</b>		
Proceeds from disposal of property and equipment	644	790
Purchases of property and equipment	(6,221)	(2,652)
Other	(91)	128
Net cash used in investing activities	<u>(5,668)</u>	<u>(1,734)</u>
<b>Financing activities:</b>		
Payments of debt and capital lease obligations	(74)	(27,857)
Proceeds from senior credit facility	—	13,000
Proceeds from exercise of stock options	—	1,524
Payments of cash dividends	(4,413)	(4,539)
Repurchase of common stock (repurchase program)	(19,993)	(9,996)
Cash settlement of share-based awards for tax withholdings	(1,823)	(1,635)
Net cash used in financing activities	<u>(26,303)</u>	<u>(29,503)</u>
Net increase in cash	8,842	5,824
Cash at beginning of period	3,893	8,511
Cash at end of period	<u>\$ 12,735</u>	<u>\$ 14,335</u>

*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)**  
**March 31, 2018**

**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 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 and Southeast, with a smaller operational presence in the Southwest.

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 months ended March 31, 2018 are not necessarily indicative of the results that may be expected for the year ending December 31, 2018. 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, 2017.

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 January 2017, the FASB issued ASU No. 2017-04, Intangibles - Goodwill and Other (Topic 350): "Simplifying the Accounting for Goodwill Impairment." Under the current guidance for assessing goodwill for impairment, an entity can first assess qualitative factors to determine whether a two-step goodwill impairment test is necessary. Under the new standard, a goodwill impairment loss will instead be measured at the amount by which a reporting unit's carrying amount exceeds its fair value, not to exceed the carrying amount of goodwill, thus no longer requiring the two-step method. The guidance requires prospective adoption and will be effective for annual or interim goodwill impairment tests in fiscal years beginning after December 15, 2019. Early adoption of this guidance is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. We have adopted this guidance and do not expect any impact to the consolidated financial statements.

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

**Forward Air Corporation**  
**Notes to Condensed Consolidated Financial Statements**  
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**March 31, 2018**

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.

As permitted by the guidance, we implemented the use of full retrospective presentation, which required the Company to restate each prior reporting period presented. While evaluating principal versus agent relationships under the new standard, we determined that we will transition the fuel surcharge revenue stream from an agent to principal relationship. This caused this revenue stream and associated costs to be recognized on a gross basis that have historically been recognized on a net basis, increasing revenue and expenses by approximately \$14,203 for the three months ended March 31, 2017 with no impact on operating income.

In addition, based on a review of our customer shipping arrangements, we have concluded that revenue recognition for our performance obligations should be over time. This is because the customer will simultaneously receive and consume the benefits of these services as the entity performs over the related service period. A performance obligation is performed over time if an entity determines that another entity would not need to substantially reperform the work completed to date if another entity were to fulfill the remaining performance obligation to the applicable customer. Applying this language to our performance obligations, if we were to move a customer's freight partially to its destination but were unable to complete the remaining obligation, a replacement vendor would only have to complete the transit as opposed to initiating at shipment origin. Therefore, we believe our customers simultaneously receive and consume the benefits we provide and as a result we will recognize the revenue for each shipment over the course of time.

Management notes that the FASB's basis for conclusions to the new revenue standard includes an example of a transportation contract to move goods from one city to another. In paragraph BC126 of ASU 2014-09 (ASC 606), the FASB explained the application of over time revenue recognition guidance to transportation services. Forward Air's conclusion is consistent with the FASB's conclusion in BC126.

Once management concluded that revenue would be recognized over time under ASC 606, management determined an appropriate measure of progress of recognizing revenue over time toward complete satisfaction of a performance obligation. Most of the company's services are completed in a short amount of time; therefore, a relatively small number of contracts in a quarter are open as of the end of the quarter. Consequently, any reasonable measure of progress will result in materially the same amount of revenue in a quarter. Management concluded that the measure of progress would be days of shipping. For example, if a transportation service performance obligation takes three days to complete and a quarter ends on day two of the services, management would recognize two-thirds of the revenue for the transportation performance obligation.

Our revenue from contracts with customers is separated by our four reportable segments: Expedited LTL, TLS, Intermodal and Pool. This is consistent with our disclosures in earnings releases and annual reports and with the information regularly reviewed by the chief operating decision maker for evaluating financial performance.

We recast certain prior period amounts to conform with the adoption of the revenue recognition standard, as shown in the following tables:

**Forward Air Corporation**  
**Notes to Condensed Consolidated Financial Statements**  
(In thousands, except share and per share data)  
(Unaudited)  
March 31, 2018

(In thousands, except per share data)	Three months ended March 31, 2017		
	As Previously Reported	Adjustments	As Adjusted
Income Statement:			
Revenue			
LTL revenue	\$ 140,598	\$ 8,167	\$ 148,765
Truckload Premium Services	41,785	5,303	47,088
Pool Distribution	37,823	978	38,801
Intermodal	28,291	616	28,907
Eliminations and other operations	(1,515)	—	(1,515)
Consolidated revenue	246,982	15,064	262,046
Operating Expenses	223,793	14,510	238,303
Income from operations	23,189	554	23,743
Income tax expenses	8,638	216	8,854
Net Income	14,243	338	14,581
Diluted earnings per share	\$ 0.47	\$ 0.01	\$ 0.48

	December 31, 2017		
	As Previously Reported	Adjustments	As Adjusted
Balance Sheet:			
Accounts receivable, net	\$ 143,041	\$ 4,907	\$ 147,948
Accounts payable	24,704	6,019	30,723
Deferred income taxes	29,403	(323)	29,080
Retained earnings	337,848	(790)	337,058

### 3. Acquisitions and Goodwill

#### *CST Acquisitions*

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 allowed Intermodal to significantly expand its footprint in the southeastern region. In October 2017, we also acquired certain assets of Kansas City Logistics, LLC ("KCL") for \$640 and a potential earnout of \$100. KCL provided CST with an expanded footprint in the Kansas and Missouri markets. The assets, liabilities, and operating results of these collective acquisitions have been included in the Company's consolidated financial statements from their dates of acquisition and have been included in the Intermodal reportable segment.

#### *Allocations of Purchase Prices*

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



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**March 31, 2018**

	Atlantic May 7, 2017	KCL October 22, 2017
<b>Tangible assets:</b>		
Property and equipment	\$ 1,821	\$ 223
<b>Total tangible assets</b>	<b>1,821</b>	<b>223</b>
<b>Intangible assets:</b>		
Non-compete agreements	1,150	6
Customer relationships	13,400	234
Goodwill	6,719	277
<b>Total intangible assets</b>	<b>21,269</b>	<b>517</b>
<b>Total assets acquired</b>	<b>23,090</b>	<b>740</b>
<b>Liabilities assumed:</b>		
Current liabilities	590	100
<b>Total liabilities assumed</b>	<b>590</b>	<b>100</b>
<b>Net assets acquired</b>	<b>\$ 22,500</b>	<b>\$ 640</b>

The acquired definite-lived intangible assets have the following useful lives:

	Useful Lives	
	Atlantic	KCL
Customer relationships	15 years	15 years
Non-compete agreements	5 years	2 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.

*Goodwill*

There were no changes to goodwill for the three months ended March 31, 2018. Approximately \$112,527 of goodwill is deductible for tax purposes. The following is a summary of the goodwill balances as of March 31, 2018.

	Ending balance, March 31, 2018
<b>Expedited LTL</b>	
Goodwill	\$ 97,593
Accumulated Impairment	—
<b>TLS</b>	
Goodwill	45,164
Accumulated Impairment	(25,686)
<b>Pool Distribution</b>	
Goodwill	12,359
Accumulated Impairment	(6,953)
<b>Intermodal</b>	
Goodwill	69,194
Accumulated Impairment	—
<b>Total</b>	<b>\$ 191,671</b>

**Forward Air Corporation**  
**Notes to Condensed Consolidated Financial Statements**  
(In thousands, except share and per share data)  
(Unaudited)  
**March 31, 2018**

**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 three months ended March 31, 2018 and 2017 were as follows:

	Three months ended	
	March 31, 2018	March 31, 2017
Expected dividend yield	1.1%	1.3%
Expected stock price volatility	24.9%	28.7%
Weighted average risk-free interest rate	2.6%	2.0%
Expected life of options (years)	6.0	6.0
Weighted average grant date fair value	\$ 15	\$ 13

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

	Three months ended March 31, 2018			
	Options (000)	Weighted- Average Exercise Price	Aggregate Intrinsic Value (000)	Weighted- Average Remaining Contractual Term
Outstanding at December 31, 2017	440	\$ 45		
Granted	86	59		
Exercised	—	—		
Forfeited	—	—		
Outstanding at March 31, 2018	526	\$ 47	\$ 3,075	4.5
Exercisable at March 31, 2018	313	\$ 44	\$ 2,877	3.5

**Forward Air Corporation**  
**Notes to Condensed Consolidated Financial Statements**  
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	<b>Three months ended</b>	
	<b>March 31, 2018</b>	<b>March 31, 2017</b>
Share-based compensation for options	\$ 342	\$ 363
Tax benefit for option compensation	\$ 88	\$ 134
Unrecognized compensation cost for options, net of estimated forfeitures	\$ 2,589	\$ 2,683
Weighted average period over which unrecognized compensation will be recognized (years)	2.2	

*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:

	<b>Three months ended March 31, 2018</b>		
	<b>Non-vested Shares (000)</b>	<b>Weighted- Average Grant Date Fair Value</b>	<b>Aggregate Grant Date Fair Value (000)</b>
Outstanding and non-vested at December 31, 2017	227	\$ 47	
Granted	122	58	
Vested	(105)	56	
Forfeited	(2)	52	
Outstanding and non-vested at March 31, 2018	242	\$ 52	\$ 12,690

	<b>Three months ended</b>	
	<b>March 31, 2018</b>	<b>March 31, 2017</b>
Share-based compensation for non-vested shares	\$ 1,399	\$ 1,246
Tax benefit for non-vested share compensation	\$ 360	\$ 459
Unrecognized compensation cost for non-vested shares, net of estimated forfeitures	\$ 11,747	\$ 10,470
Weighted average period over which unrecognized compensation will be recognized (years)	2.3	

*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 25% 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:

**Forward Air Corporation**  
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(In thousands, except share and per share data)  
(Unaudited)  
**March 31, 2018**

	Three months ended	
	March 31, 2018	March 31, 2017
Expected stock price volatility	24.3%	24.7%
Weighted average risk-free interest rate	2.2%	1.4%

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

	Three months ended March 31, 2018		
	Performance Shares (000)	Weighted- Average Grant Date Fair Value	Aggregate Grant Date Fair Value (000)
Outstanding and non-vested at December 31, 2017	69	\$ 58	
Granted	18	72	
Forfeited	(22)	\$ 67	
Outstanding and non-vested at March 31, 2018	65	\$ 58	\$ 3,795

	Three months ended	
	March 31, 2018	March 31, 2017
Share-based compensation for performance shares	\$ 335	\$ 184
Tax benefit for performance share compensation	\$ 86	\$ 68
Unrecognized compensation cost for performance shares, net of estimated forfeitures	\$ 2,343	\$ 2,612
Weighted average period over which unrecognized compensation will be recognized (years)	2.2	

*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 March 31, 2018		
	Non-vested Shares (000)	Weighted- Average Grant Date Fair Value	Aggregate Grant Date Fair Value (000)
Outstanding and non-vested at December 31, 2017	11	\$ 52	
Granted	1	61	
Vested	—	—	
Forfeited	—	\$ —	
Outstanding and non-vested at March 31, 2018	12	\$ 52	\$ 615

**Forward Air Corporation**  
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**(Unaudited)**  
**March 31, 2018**

	<b>Three months ended</b>	
	<b>March 31, 2018</b>	<b>March 31, 2017</b>
Share-based compensation for non-vested shares	\$ 185	\$ 169
Tax benefit for non-vested share compensation	\$ 47	\$ 63
Unrecognized compensation cost for non-vested shares, net of estimated forfeitures	\$ 65	\$ 77
Weighted average period over which unrecognized compensation will be recognized (years)		0.1

## 5. Senior Credit Facility

On September 29, 2017, the Company, entered into a five-year senior unsecured revolving credit facility (the "Facility") with a maximum aggregate principal amount of \$150,000, with a sublimit of \$30,000 for letters of credit and a sublimit of \$30,000 for swing line loans. The Facility may be increased by up to \$100,000 to a maximum aggregate principal amount of \$250,000 pursuant to the terms of the credit agreement, subject to the lenders' agreement to increase their commitments or the addition of new lenders extending such commitments. Such increases to the Facility may be in the form of additional revolving credit loans, term loans or a combination thereof, and are contingent upon there being no events of default under the Facility and satisfaction of other conditions precedent and are subject to the other limitations set forth in the credit agreement.

The Facility is scheduled to mature in September 2022 and may be used to refinance existing indebtedness of the Company and for working capital, capital expenditures and other general corporate purposes. The Facility refinanced the Company's existing obligations for its unsecured credit facility under the credit agreement dated as of February 4, 2015, as amended, which was terminated as of the date of the new Facility.

Unless the Company elects otherwise under the credit agreement, interest on borrowings under the Facility is based on the highest of (a) the federal funds rate (not less than 0%) 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 0.3% to 0.8% with respect to the Facility depending on the Company's ratio of consolidated funded indebtedness to earnings before interest, taxes, depreciation and amortization, as set forth in the credit agreement. Payments of interest for each loan that is based on the LIBOR Rate are due in arrears on the last day of the interest period applicable to such loan (with interest periods of one, two or three months being available, at the Company's option). Payments of interest on loans that are not based on the LIBOR Rate are due on the last day of each quarter ended March 31, June 30, September 30 and December 31 of each year. All unpaid amounts of principal and interest are due at maturity. As of March 31, 2018, we had \$40,500 in borrowings outstanding under the revolving credit facility, \$7,932 utilized for outstanding letters of credit and \$101,568 of available borrowing capacity under the revolving credit facility. The interest rate on the outstanding borrowing under the revolving credit facility was 3.6% at March 31, 2018.

The Facility contains customary events of default including, among other things, payment defaults, breach of covenants, cross acceleration to material indebtedness, bankruptcy-related defaults, material judgment defaults, and the occurrence of certain change of control events. The occurrence of an event of default may result in, among other things, the termination of the Facilities, acceleration of repayment obligations and the exercise of remedies by the lenders with respect to the Company and its subsidiaries that are party to the Facility. The Facility also contains financial covenants and other covenants that, among other things, restrict the ability of the Company and its subsidiaries, without the approval of the required lenders, to engage in certain mergers, consolidations, asset sales, dividends and stock repurchases, investments, and other transactions or to incur liens or indebtedness in excess of agreed thresholds, as set forth in the credit agreement.

Our new facility replaced our previously existing unsecured credit facility, which had 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 previous revolving credit facility was scheduled to expire in February 2020.

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**6. Net Income Per Share**

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

	<b>Three months ended</b>	
	<b>March 31, 2018</b>	<b>March 31, 2017 (As Adjusted)</b>
Numerator:		
Net income and comprehensive income	\$ 17,741	\$ 14,581
Income allocated to participating securities	(145)	(122)
Numerator for basic and diluted income per share - net income	<u>\$ 17,596</u>	<u>\$ 14,459</u>
Denominator (in thousands):		
Denominator for basic income per share - weighted-average shares	29,375	29,998
Effect of dilutive stock options (in thousands)	70	75
Effect of dilutive performance shares (in thousands)	35	33
Denominator for diluted income per share - adjusted weighted-average shares	<u>29,480</u>	<u>30,106</u>
Basic net income per share	<u>\$ 0.60</u>	<u>\$ 0.48</u>
Diluted net income per share	<u>\$ 0.60</u>	<u>\$ 0.48</u>

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:

	<b>March 31, 2018</b>	<b>March 31, 2017</b>
Anti-dilutive stock options (in thousands)	67	282
Anti-dilutive performance shares (in thousands)	11	15
Anti-dilutive non-vested shares and deferred stock units (in thousands)	9	—
Total anti-dilutive shares (in thousands)	<u>87</u>	<u>297</u>

**7. Income Taxes***Tax Reform*

On December 22, 2017, President Trump signed into law H.R. 1, “An Act to provide for reconciliation pursuant to titles II and V of the concurrent resolution on the budget for fiscal year 2018” (this legislation was formerly called the “Tax Cuts and Jobs Act” and is referred to herein as the “U.S. Tax Act”). The U.S. Tax Act provides for significant changes in the U.S. Internal Revenue Code of 1986, as amended. The U.S. Tax Act contains provisions with separate effective dates but is generally effective for taxable years beginning after December 31, 2017. Beginning on January 1, 2018, the U.S. Tax Act lowers the U.S. corporate income tax rate from 35% to 21% on our U.S. earnings from that date and beyond.

The ultimate impact of the U.S. Tax Act on our reported results in 2018 may differ from the estimates provided herein, possibly materially, due to, among other things, changes in interpretations and assumptions we have made, guidance that may be issued, and other actions we may take as a result of the U.S. Tax Act different from that presently contemplated. On December 22, 2017, the SEC staff issued SAB 118 that allows us to record provisional amounts during a measurement period not to extend beyond one year of the enactment date. We currently are analyzing the 2017 Tax Act, and in certain areas, have made reasonable estimates of the effects on our consolidated financial statements and tax disclosures, including the changes to our existing deferred tax balances.

**Forward Air Corporation**  
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#### *Tax Rate*

For the three months ended March 31, 2018 and 2017, the effective income tax rates varied from the statutory federal income tax rate of 21.0% and 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 three months ended March 31, 2018 was 25.7% compared to a rate of 37.8% for the same period in 2017. The lower effective tax rate for the first quarter of 2018 is the result of the enactment of the U.S. Tax Act, which lowered the statutory federal income tax rate to 21.0% from 35.0%. The lower rate was partly offset by fuel tax benefits taken in the first quarter of 2018 that were not deductible for tax purposes and 2017 benefiting from qualified production property deductions that were not renewed in the U.S. Tax Act.

#### **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.

The Company's revolving credit facility bears variable interest rates plus additional basis points based upon covenants related to total indebtedness to earnings. As the revolving credit facility 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:

	<b>March 31, 2018</b>	
	<b>Carrying Value</b>	<b>Fair Value</b>
Capital leases	\$ 635	\$ 649

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 each quarter of 2017 and the first quarter of 2018, our Board of Directors declared a cash dividend of \$0.15 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. The following table summarizes our share repurchases for the three months ended March 31, 2018 and 2017.

	<b>Three months ended</b>	
	<b>March 31, 2018</b>	<b>March 31, 2017</b>
Shares repurchased	364,286	204,809
Cost of shares repurchased	\$ 19,993	\$ 9,996
Average cost per share	\$ 54.88	\$ 48.81

As of March 31, 2018, 1,454,379 shares are available to be purchased under the 2016 Plan.

#### **10. Commitments and Contingencies**

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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. We renewed our liability insurance policies on April 1, 2018 and took on additional risk exposure for vehicle liability claims by increasing our self-insurance retention and deductible levels for our LTL and Pool businesses. See "Item 1A - Risk Factors" for additional details related to the risks of our insurance coverage. 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 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, 2017. 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. 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 months ended March 31, 2018 and 2017.



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**Three months ended March 31, 2018**

	<b>Expedited LTL</b>	<b>Truckload Premium</b>	<b>Pool Distribution</b>	<b>Intermodal</b>	<b>Eliminations &amp; other</b>	<b>Consolidated</b>
External revenues	\$ 168,363	\$ 43,161	\$ 42,607	\$ 48,477	\$ —	\$ 302,608
Intersegment revenues	1,581	2,933	64	91	(4,669)	—
Depreciation and amortization	5,528	1,757	1,804	1,601	—	10,690
Share-based compensation expense	1,675	180	116	290	—	2,261
Interest expense	—	1	—	13	357	371
Income from operations	20,773	(43)	1,371	3,469	(1,335)	24,235
Total assets	634,599	65,263	57,324	150,321	(217,300)	690,207
Capital expenditures	6,058	4	78	81	—	6,221

**Three months ended March 31, 2017**

**(As Adjusted)**

	<b>Expedited LTL</b>	<b>Truckload Premium</b>	<b>Pool Distribution</b>	<b>Intermodal</b>	<b>Eliminations &amp; other</b>	<b>Consolidated</b>
External revenues	\$ 148,179	\$ 46,240	\$ 38,731	\$ 28,896	\$ —	\$ 262,046
Intersegment revenues	586	848	70	11	(1,515)	—
Depreciation and amortization	5,563	1,558	1,802	1,110	—	10,033
Share-based compensation expense	1,645	95	88	134	—	1,962
Interest expense	1	—	—	11	270	282
Income (loss) from operations	18,928	1,755	1,367	2,555	(862)	23,743
Total assets	634,039	55,523	50,120	132,337	(232,535)	639,484
Capital expenditures	2,511	6	83	52	—	2,652

## **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***

#### ***CST Acquisitions***

As part of our strategy to expand our Intermodal operations, in May 2017, we acquired certain assets of Atlantic for \$22.5 million and a potential earnout of \$1.0 million and in October 2017, we acquired certain assets of KCL for \$0.7 million and a potential earnout of \$0.1 million. These acquisitions provide an opportunity for our Intermodal segment to expand into additional geographic markets or add volumes to our existing locations. The assets, liabilities, and operating results of these acquisitions have been included in the Company's consolidated financial statements from the date of acquisition and have been assigned to the Intermodal reportable segment.

### Results from Operations

The following table sets forth our consolidated historical financial data for the three months ended March 31, 2018 and 2017 (in millions):

	Three months ended March 31			
	2018	2017 (As Adjusted)	Change	Percent Change
Operating revenue:				
Expedited LTL	\$ 169.9	\$ 148.8	\$ 21.1	14.2 %
Truckload Premium Services	46.1	47.1	(1.0)	(2.1)
Pool Distribution	42.7	38.8	3.9	10.1
Intermodal	48.6	28.9	19.7	68.2
Eliminations and other operations	(4.7)	(1.6)	(3.1)	193.8
Operating revenue	<u>302.6</u>	<u>262.0</u>	<u>40.6</u>	<u>15.5</u>
Operating expenses:				
Purchased transportation	139.7	117.7	22.0	18.7
Salaries, wages, and employee benefits	69.6	61.9	7.7	12.4
Operating leases	18.0	15.6	2.4	15.4
Depreciation and amortization	10.7	10.0	0.7	7.0
Insurance and claims	7.1	5.8	1.3	22.4
Fuel expense	5.5	3.7	1.8	48.6
Other operating expenses	27.8	23.6	4.2	17.8
Total operating expenses	<u>278.4</u>	<u>238.3</u>	<u>40.1</u>	<u>16.8</u>
Income from operations:				
Expedited LTL	20.8	18.9	1.9	10.1
Truckload Premium Services	—	1.7	(1.7)	(100.0)
Pool Distribution	1.4	1.4	—	—
Intermodal	3.5	2.6	0.9	34.6
Other operations	(1.5)	(0.9)	(0.6)	66.7
Income from operations	<u>24.2</u>	<u>23.7</u>	<u>0.5</u>	<u>2.1</u>
Other expense:				
Interest expense	(0.4)	(0.3)	(0.1)	33.3
Total other expense	<u>(0.4)</u>	<u>(0.3)</u>	<u>(0.1)</u>	<u>33.3</u>
Income before income taxes	23.8	23.4	0.4	1.7
Income taxes	6.1	8.8	(2.7)	(30.7)
Net income	<u>\$ 17.7</u>	<u>\$ 14.6</u>	<u>\$ 3.1</u>	<u>21.2 %</u>

During the three months ended March 31, 2018, we experienced a 15.5% increase in our consolidated revenues compared to the three months ended March 31, 2017. Operating income increased \$0.5 million, or 2.1%, to \$24.2 million for the three months ended March 31, 2018 from \$23.7 million for the same period of 2017.

### Segment Operations

Expedited LTL's revenue increased \$21.1 million, or 14.2%, and operating income increased \$1.9 million, or 10.1% for the three months ended March 31, 2018, compared to the same period in 2017. 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 first quarter of 2017. The increase in income from operations was due to increases in revenue due to higher tonnage, higher fuel surcharge and higher pickup and delivery revenue. These improvements were mostly offset by increased utilization of third-party transportation providers, which caused the deterioration in income from operations as a percentage of revenue.

TLS revenue decreased \$1.0 million, or 2.1% and operating income decreased \$1.7 million for the three months ended March 31, 2018, compared to the same period in 2017. The revenue decrease was due to a decrease in overall miles due to culling of poorly priced business as well as TLS's reduced fleet capacity versus the first quarter of last year. The increased revenue per mile was primarily driven by rate increases to existing customers and, to a lesser extent, the aforementioned culling of poorly priced business. The deterioration in income from operations was due to a decrease in revenue and increased utilization of third party carriers which led to the increase in cost per mile outpacing the increase in revenue per mile.

Pool Distribution revenue increased \$3.9 million, or 10.1%, and operating income was unchanged at \$1.4 million for the three months ended March 31, 2018 and 2017. The revenue increase was due to new business wins, rate increases and increased volumes from existing customers and lanes. The deterioration in Pool operating income as a percentage of revenue was primarily the result of increased use of third-party carriers, equipment rentals to cover additional volumes and higher fuel prices mostly offset by current year rate increases.

Intermodal revenue increased \$19.7 million, or 68.2%, and operating income increased \$0.9 million, or 34.6%, for the three months ended March 31, 2018, compared to the same period in 2017. The increases in operating revenue and income were primarily attributable to the Atlantic and KLC acquisitions and the positive impact of increased fuel surcharges.

#### *Fuel Surcharge*

Our 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 March 31, 2018, total fuel surcharge revenue increased 45.6% as compared to the same period in 2017, mostly due to increased fuel prices and rates and increased volumes in the Expedited LTL and Intermodal segment.

#### *Interest Expense*

Interest expense was \$0.4 million for the three months ended March 31, 2018 compared to \$0.3 million for the same period of 2017. The increase in interest expense was attributable to additional borrowings on our revolving credit facility.

#### *Income Taxes*

The combined federal and state effective tax rate for the first quarter of 2018 was 25.7% compared to a rate of 37.8% for the same period in 2017. The lower effective tax rate for the first quarter of 2018 is the result of the enactment of the Tax Cuts and Jobs Act, which lowered the statutory federal income tax rate to 21.0% from 35.0%.

#### *Net Income*

As a result of the foregoing factors, net income increased by \$3.1 million, or 21.2%, to \$17.7 million for the first quarter of 2018 from \$14.6 million for the same period in 2017.

**Expedited LTL - Three Months Ended March 31, 2018 compared to Three Months Ended March 31, 2017**

The following table sets forth our historical financial data of the Expedited LTL segment for the three months ended March 31, 2018 and 2017 (in millions):

<b>Expedited LTL Segment Information</b>						
<b>(In millions)</b>						
<b>(Unaudited)</b>						
<b>Three months ended</b>						
	<b>March 31, 2018</b>	<b>Percent of Revenue</b>	<b>March 31, 2017 (As Adjusted)</b>	<b>Percent of Revenue</b>	<b>Change</b>	<b>Percent Change</b>
Operating revenue	\$ 169.9	100.0%	\$ 148.8	100.0%	\$ 21.1	14.2 %
Operating expenses:						
Purchased transportation	78.4	46.2	63.1	42.4	15.3	24.2
Salaries, wages and employee benefits	37.7	22.2	34.9	23.5	2.8	8.0
Operating leases	9.9	5.8	9.2	6.2	0.7	7.6
Depreciation and amortization	5.5	3.2	5.6	3.8	(0.1)	(1.8)
Insurance and claims	3.2	1.9	2.9	1.9	0.3	10.3
Fuel expense	1.3	0.8	0.9	0.6	0.4	44.4
Other operating expenses	13.1	7.7	13.3	8.9	(0.2)	(1.5)
Total operating expenses	149.1	87.8	129.9	87.3	19.2	14.8
Income from operations	\$ 20.8	12.2%	\$ 18.9	12.7%	\$ 1.9	10.1 %

**Expedited LTL Operating Statistics**

	<b>Three months ended</b>		
	<b>March 31, 2018</b>	<b>March 31, 2017 (As Adjusted)</b>	<b>Percent Change</b>
Business days	64	64	—%
Tonnage			
Total pounds <sup>1</sup>	608,822	565,682	7.6
Pounds per day <sup>1</sup>	9,513	8,839	7.6
Shipments			
Total shipments	970,820	901,636	7.7
Shipments per day	15,169	14,088	7.7
Total shipments with pickup and/or delivery	231,410	210,002	10.2
Revenue per hundredweight	\$ 25.18	\$ 24.01	4.9
Revenue per hundredweight, ex fuel	21.66	21.46	0.9
Revenue per shipment	158	151	4.6
Revenue per shipment, ex fuel	136	135	0.7
Weight per shipment	627	627	—%

<sup>1</sup> - In thousands

<sup>2</sup> - In dollars per hundred pound; percentage change is expressed as a percent of total yield.

### ***Revenues***

Expedited LTL had operating revenue increase \$21.1 million, or 14.2%, to \$169.9 million from \$148.8 million, accounting for 56.2% of consolidated operating revenue for the three months ended March 31, 2018 compared to 56.8% for the same period in 2017. The increase in Expedited LTL's revenue was the result of higher LTL volumes, increased pick up and delivery ("Complete") shipments and increased fuel surcharge revenue as a result of the increase in fuel prices since the first quarter of 2017. Linehaul revenue, which is the largest portion of Expedited LTL revenue, increased \$6.9 million, or 7.0%, on higher tonnage partly offset by the decrease in average revenue per hundredweight, ex fuel noted in the preceding table. The increase in tonnage is due to a growing percentage of total volume from class-rated shipments, which have higher density attributes and a slightly lower length of haul than our traditional shipments. While increasing tonnage, class rated tonnage has caused a decrease in average base revenue per pound.

The \$21.1 million revenue increase is also the result of a \$7.0 million increase in fuel surcharge revenue largely due to the increase in fuel prices and tonnage volumes. Additionally, compared to the same period in 2017, Complete revenue increased \$3.5 million, or 16.2% which was attributable to an increase in shipping volumes in our Expedited LTL network and a 10.2% increase in the attachment rate of Complete to linehaul shipments. Other terminal based revenues, which includes dedicated local pickup and delivery services, warehousing and terminal handling, increased \$3.7 million, or 28.2%, to \$16.6 million in the first quarter of 2018 from \$13.0 million in the same period of 2017. 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 \$15.3 million, or 24.2%, to \$78.4 million for the three months ended March 31, 2018 from \$63.1 million for the three months ended March 31, 2017. As a percentage of segment operating revenue, Expedited LTL purchased transportation was 46.2% during the three months ended March 31, 2018 compared to 42.4% for the same period in 2017. The increase is mostly due to an increase in Expedited LTL cost per mile as a result of increased utilization of third party transportation providers, which are more costly than owner-operators. The increase as a percentage of revenue 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 Expedited LTL increased \$2.8 million, or 8.0%, to \$37.7 million in the first quarter of 2018 from \$34.9 million for the same period in 2017. Salaries, wages and employee benefits were 22.2% of Expedited LTL's operating revenue in the first quarter of 2018 compared to 23.5% for the same period of 2017. The decrease in salaries, wages and employee benefits as a percentage of revenue was primarily attributable to a 0.4% decrease in health insurance costs as a percentage of revenue and a 0.4% decrease in Expedited LTL terminal and management salaries as a percentage of revenue. The decrease in direct pay as a percentage of revenue is the impact of additional revenue on fixed salaries and improved operating efficiencies. The remaining decrease as a percentage of revenue is due to lower workers' compensation costs, employee incentives and share based compensation.

### ***Operating Leases***

Operating leases increased \$0.7 million, or 7.6%, to \$9.9 million for the three months ended March 31, 2018 from \$9.2 million for the same period in 2017. Operating leases were 5.8% of Expedited LTL operating revenue for the three months ended March 31, 2018 compared to 6.2% for the same period of 2017. The increase in cost is due to \$0.4 million of additional facility lease expenses and a \$0.2 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 decreased \$0.1 million, or 1.8%, to \$5.5 million in the first quarter of 2018 from \$5.6 million in the same period of 2017. Depreciation and amortization expense as a percentage of Expedited LTL operating revenue was 3.2% in the first quarter of 2018 compared to 3.8% in the same period of 2017. The decrease as a percentage of revenue was due to lower amortization expenses and the switch to leased equipment versus owned equipment mentioned above, partly offset by the purchase of new trailers since the first quarter of 2017. The lower amortization expense is due to the completion of the useful life for an acquired customer relationship.

***Insurance and Claims***

Expedited LTL insurance and claims expense increased \$0.3 million, or 10.3%, to \$3.2 million for the three months ended March 31, 2018 from \$2.9 million for the same period of 2017. Insurance and claims was 1.9% of operating revenue for the three months ended March 31, 2018 and 2017. The increase was attributable to a \$0.2 million increase in vehicle liability reserves and a \$0.1 million increase in claims-related fees.

***Fuel Expense***

Expedited LTL fuel expense increased \$0.4 million, or 44.4%, to \$1.3 million for the first quarter of 2018 from \$0.9 million in the same period of 2017. Fuel expenses were 0.8% of Expedited LTL operating revenue in the first quarter of 2018 compared to 0.6% in the same period of 2017. Expedited LTL fuel expenses increased due to higher year-over-year fuel prices.

***Other Operating Expenses***

Other operating expenses decreased \$0.2 million, or 1.5%, to \$13.1 million during the three months ended March 31, 2018 from \$13.3 million in the same period of 2017. Other operating expenses were 7.7% of Expedited LTL operating revenue in the first quarter of 2018 compared to 8.9% in the same period of 2017. The decrease as percentage of revenue was primarily the result of lower owner operator costs to transit the network due to the increased utilization of brokered transportation mentioned above. The first quarter of 2017 also included a \$0.4 million loss on the disposal of assets that did not occur in the first quarter of 2018.

***Income from Operations***

Income from operations increased by \$1.9 million, or 10.1%, to \$20.8 million for the first quarter of 2018 compared with \$18.9 million for the same period in 2017. Income from operations as a percentage of Expedited LTL operating revenue was 12.2% for the three months ended March 31, 2018 compared with 12.7% in the same period of 2017. The increase in income from operations was due to increases in revenue due to higher tonnage, higher fuel surcharge and higher pickup and delivery revenue. These improvements were mostly offset by increased utilization of third party transportation providers, which caused the deterioration in income from operations as a percentage of revenue.

**Truckload Premium Services - Three Months Ended March 31, 2018 compared to Three Months Ended March 31, 2017**

The following table sets forth our historical financial data of the Truckload Premium Services segment for the three months ended March 31, 2018 and 2017 (in millions):

**Truckload Premium Services Segment Information**

(In millions)

(Unaudited)

	Three months ended					
	March 31, 2018	Percent of Revenue	March 31, 2017 (As Adjusted)	Percent of Revenue	Change	Percent Change
Operating revenue	\$ 46.1	100.0%	\$ 47.1	100.0%	\$ (1.0)	(2.1)%
Operating expenses:						
Purchased transportation	34.8	75.5	34.6	73.4	0.2	0.6
Salaries, wages and employee benefits	5.1	11.1	5.2	11.0	(0.1)	(1.9)
Operating leases	0.2	0.4	0.1	0.2	0.1	100.0
Depreciation and amortization	1.8	3.9	1.5	3.2	0.3	20.0
Insurance and claims	1.0	2.2	1.1	2.3	(0.1)	(9.1)
Fuel expense	1.1	2.4	0.8	1.7	0.3	37.5
Other operating expenses	2.1	4.5	2.1	4.5	—	—
Total operating expenses	46.1	100.0	45.4	96.4	0.7	1.5
Income from operations	\$ —	—%	\$ 1.7	3.6%	\$ (1.7)	(100.0)%

**Truckload Premium Services Operating Statistics**

	Three months ended		
	March 31, 2018	March 31, 2017 (As Adjusted)	Percent Change
Total Miles <sup>1</sup>	20,072	22,846	(12.1)%
Empty Miles Percentage	9.5%	10.2%	(6.9)
Tractors (avg)	329	408	(19.4)
Miles per tractor per week	4,766	4,375	8.9
Revenue per mile	\$ 2.19	\$ 2.01	9.0
Cost per mile	\$ 1.81	\$ 1.60	13.1 %

<sup>1</sup> - In thousands

**Revenues**

TLS revenue decreased \$1.0 million, or 2.1%, to \$46.1 million in the first quarter of 2018 from \$47.1 million in the first quarter of 2017. TLS revenue decreased due to a 12.1% decrease in overall miles partly offset by a 9.0% increase in average revenue per mile. The decrease in overall miles was due to deliberate shedding of poorly priced business as well as reduced fleet capacity



versus the first quarter of last year. The increased revenue per mile was primarily driven by rate increases to existing customers and, to a lesser extent, the aforementioned shedding of poorly priced business.

#### ***Purchased Transportation***

Purchased transportation costs for TLS revenue increased \$0.2 million, or 0.6%, to \$34.8 million for the three months ended March 31, 2018 from \$34.6 million for the same period in 2017. For the three months ended March 31, 2018, purchased transportation costs represented 75.5% of revenue compared to 73.4% for the same period in 2017. The increase in purchased transportation was attributable to an 13.9% increase in cost per mile mostly offset by a 13.9% decrease in non-Company miles driven and during the three months ended March 31, 2018 compared to the same period in 2017. The decrease in TLS non-Company miles driven was attributable to the revenue activity discussed above. The increase in cost per mile was due to TLS utilizing third party carriers, which are more costly than owner operators. 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 decreased by \$0.1 million, or 1.9%, to \$5.1 million in the first quarter of 2018 from \$5.2 million in the same period of 2017. Salaries, wages and employee benefits were 11.1% of TLS's operating revenue in the first quarter of 2018 compared to 11.0% for the same period of 2017. The increase in salaries, wages and employee benefits as a percentage of revenue was mostly attributable to the increase in share based compensation on lower revenue. The decrease in salaries, wages and employee benefits in total dollars was mostly attributable to operating efficiencies with our fleet of Company drivers.

#### ***Operating Leases***

Operating leases increased \$0.1 million to \$0.2 million for the first quarter of 2018 from \$0.1 million for the same period in 2017. Operating leases were 0.4% of TLS operating revenue for the first quarter of 2018 compared to 0.2% for the same period in 2017. The \$0.1 million increase in cost is due to additional trailer rentals.

#### ***Depreciation and Amortization***

Depreciation and amortization increased \$0.3 million, or 20.0%, to \$1.8 million in the first quarter of 2018 from \$1.5 million for the same period of 2017. Depreciation and amortization expense as a percentage of TLS operating revenue was 3.9% in the first quarter of 2018 compared to 3.2% in the same period of 2017. The increase was due to new trailers purchased since the first quarter of 2017.

#### ***Insurance and Claims***

TLS insurance and claims expense decreased \$0.1 million, or 9.1%, to \$1.0 million for the three months ended March 31, 2018 from \$1.1 million for the same period of 2017. Insurance and claims were 2.2% of operating revenue for the three months ended March 31, 2018 compared to 2.3% in the same period of 2017. The decrease was due to lower vehicle insurance premiums associated with lower owner operator utilization.

#### ***Fuel Expense***

TLS fuel expense increased \$0.3 million, or 37.5%, to \$1.1 million for the first quarter of 2018 from \$0.8 million for the same period of 2017. Fuel expense as a percentage of TLS operating revenue was 2.4% in the first quarter of 2018 compared to 1.7% for the same period of 2017. The increase was attributable to an increase in year-over-year fuel prices and the increase in Company driver miles.

#### ***Other Operating Expenses***

Other operating expenses were \$2.1 million for the three months ended March 31, 2018 and 2017. Other operating expenses were 4.5% of TLS operating revenue in the first quarter of 2018 and 2017. Other operating expenses includes equipment maintenance, terminal and office expenses, professional fees and other costs of transiting shipments. Recruiting costs increased compared to the same period in 2017, but were offset by a decrease in tolls and other costs of transiting shipments.

***Results from Operations***

Results from operations decreased by \$1.7 million to breakeven during the first quarter of 2018 compared with income from operations of \$1.7 million for the same period in 2017. The deterioration in income from operations was due to a decrease in revenue and increased utilization of third party carriers which led to the increase in cost per mile outpacing the increase in revenue per mile.

**Pool Distribution - Three Months Ended March 31, 2018 compared to Three Months Ended March 31, 2017**

The following table sets forth our historical financial data of the Pool Distribution segment for the three months ended March 31, 2018 and 2017 (in millions):

<b>Pool Distribution Segment Information</b>						
(In millions)						
(Unaudited)						
Three months ended						
	March 31, 2018	Percent of Revenue	March 31, 2017 (As Adjusted)	Percent of Revenue	Change	Percent Change
Operating revenue	\$ 42.7	100.0%	\$ 38.8	100.0%	\$ 3.9	10.1 %
Operating expenses:						
Purchased transportation	12.1	28.3	10.9	28.1	1.2	11.0
Salaries, wages and employee benefits	15.9	37.2	14.4	37.1	1.5	10.4
Operating leases	3.7	8.7	3.2	8.2	0.5	15.6
Depreciation and amortization	1.8	4.2	1.8	4.6	—	—
Insurance and claims	0.9	2.1	1.0	2.6	(0.1)	(10.0)
Fuel expense	1.6	3.8	1.2	3.1	0.4	33.3
Other operating expenses	5.3	12.4	4.9	12.6	0.4	8.2
Total operating expenses	41.3	96.7	37.4	96.4	3.9	10.4
Income from operations	\$ 1.4	3.3%	\$ 1.4	3.6%	\$ —	— %

<b>Pool Operating Statistics</b>
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				Three months ended		
				March 31, 2018	March 31, 2017 (As Adjusted)	Percent Change
Cartons <sup>1</sup>		20,223		18,691		8.2%
Revenue per Carton	\$	2.11	\$	2.08		1.4%
Terminals		28		28		—%

<sup>1</sup> In thousands

**Revenues**

Pool Distribution (Pool) operating revenue increased \$3.9 million, or 10.1%, to \$42.7 million for the three months ended March 31, 2018 from \$38.8 million for the same period in 2017. The increase was attributable to new business wins, rate increases and increased volumes from existing customers and lanes.

**Purchased Transportation**

Pool purchased transportation increased \$1.2 million, or 11.0%, to \$12.1 million for the three months ended March 31, 2018 compared to \$10.9 million for the same period of 2017. Pool purchased transportation as a percentage of revenue was 28.3% for the three months ended March 31, 2018 compared to 28.1% for the same period of 2017. The increase in Pool purchased

transportation as a percentage of revenue was attributable to an increased utilization of third party carriers for increased linehaul distribution shipments.

### ***Salaries, Wages, and Benefits***

Pool salaries, wages and employee benefits increased \$1.5 million, or 10.4%, to \$15.9 million for the three months ended March 31, 2018 compared to \$14.4 million for the same period of 2017. As a percentage of Pool operating revenue, salaries, wages and benefits increased to 37.2% for the three months ended March 31, 2018 compared to 37.1% for the same period in 2017. The increase in salaries, wages and benefits as a percentage of revenue was the result of increased dock pay and administrative salaries, wages and benefits mostly offset by decreases in employee incentives and workers' compensation costs.

### ***Operating Leases***

Operating leases were \$3.7 million for the three months ended March 31, 2018 compared to \$3.2 million for the same period of 2017. Operating leases were 8.7% of Pool operating revenue for the three months ended March 31, 2018 compared with 8.2% in the same period of 2017. Operating leases increased as a percentage of revenue due to increases in tractor and trailer leases for the additional revenue discussed above.

### ***Depreciation and Amortization***

Pool depreciation and amortization was \$1.8 million for the three months ended March 31, 2018 and 2017. Depreciation and amortization expense as a percentage of Pool operating revenue was 4.2% in the first quarter of 2018 compared to 4.6% in the same period of 2017. The decrease in Pool depreciation and amortization as a percentage of revenue due to the increase in leased equipment mentioned above instead of purchased equipment.

### ***Insurance and Claims***

Pool insurance and claims expense decreased \$0.1 million, or 10.0%, to \$0.9 million for the three months ended March 31, 2018 from \$1.0 million for the same period of 2017. Insurance and claims were 2.1% of operating revenue for the three months ended March 31, 2018 compared to 2.6% in the same period of 2017. The decrease in total dollars and as a percentage of revenue was due to a \$0.3 million reimbursement of legal fees incurred in prior periods.

### ***Fuel Expense***

Pool fuel expense increased \$0.4 million, or 33.3%, to \$1.6 million for the first quarter of 2018 from \$1.2 million in the same period of 2017. Fuel expenses were 3.8% of Pool operating revenue in the first quarter of 2018 compared to 3.1% for the same period of 2017. Pool fuel expenses increased in total dollars due to an increase in year-over-year fuel prices and higher revenue volumes.

### ***Other Operating Expenses***

Pool other operating expenses increased \$0.4 million, or 8.2%, to \$5.3 million for the three months ended March 31, 2018 from \$4.9 million in the same period of 2017. Pool other operating expenses as a percentage of revenue for the first quarter of 2018 were 12.4% compared to 12.6% for the same period of 2017. Other operating expenses includes equipment maintenance, terminal and office expenses, professional fees and other over-the-road costs. As a percentage of revenue the decrease was attributable to a 0.4% decrease in equipment maintenance costs and a 0.4% decrease in terminal maintenance costs, mostly offset by a 0.6% increase due to increased handling activity at agent stations.

### ***Results from Operations***

Income from operations were \$1.4 million for the first quarter of 2018 and 2017. Income from operations as a percentage of Pool operating revenue was 3.3% for the three months ended March 31, 2018 compared to 3.6% for the same period of 2017. The deterioration in Pool operating income was primarily the result of increased use of third party carriers, equipment rentals to cover additional volumes and higher fuel prices mostly offset by current year rate increases.

**Intermodal - Three Months Ended March 31, 2018 compared to Three Months Ended March 31, 2017**

The following table sets forth our historical financial data of the Intermodal segment for the three months ended March 31, 2018 and 2017 (in millions):

<b>Intermodal Segment Information</b>						
(In millions)						
(Unaudited)						
Three months ended						
	March 31, 2018	Percent of Revenue	March 31, 2017 (As Adjusted)	Percent of Revenue	Change	Percent Change
Operating revenue	\$ 48.6	100.0%	\$ 28.9	100.0%	\$ 19.7	68.2%
Operating expenses:						
Purchased transportation	18.7	38.5	10.3	35.6	8.4	81.6
Salaries, wages and employee benefits	10.3	21.2	6.7	23.2	3.6	53.7
Operating leases	4.0	8.2	3.1	10.7	0.9	29.0
Depreciation and amortization	1.6	3.3	1.1	3.8	0.5	45.5
Insurance and claims	1.4	2.9	0.8	2.8	0.6	75.0
Fuel expense	1.6	3.3	0.7	2.4	0.9	128.6
Other operating expenses	7.5	15.4	3.6	12.5	3.9	108.3
Total operating expenses	45.1	92.8	26.3	91.0	18.8	71.5
Income from operations	\$ 3.5	7.2%	\$ 2.6	9.0%	\$ 0.9	34.6%

<b>Intermodal Operating Statistics</b>
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				Three months ended		
		March 31, 2018	March 31, 2017 (As Adjusted)	Percent Change		
Drayage shipments		73,671	34,754	112.0 %		
Drayage revenue per Shipment	\$	571	\$ 663	(13.9)%		
Number of Locations	\$	19	\$ 13	46.2 %		

**Revenues**

Intermodal operating revenue increased \$19.7 million, or 68.2%, to \$48.6 million for the three months ended March 31, 2018 from \$28.9 million for the same period in 2017. The increases in operating revenue were primarily attributable to the acquisition of Atlantic, the impact of increased fuel surcharges and increased storage revenues.

**Purchased Transportation**

Intermodal purchased transportation increased \$8.4 million, or 81.6%, to \$18.7 million for the three months ended March 31, 2018 from \$10.3 million for the same period in 2017. Intermodal purchased transportation as a percentage of revenue was 38.5% for the three months ended March 31, 2018 compared to 35.6% for the three months ended March 31, 2017. The increase in Intermodal purchased transportation as a percentage of revenue was attributable to Atlantic's higher utilization of owner operators.

### ***Salaries, Wages, and Benefits***

Intermodal salaries, wages and employee benefits increased \$3.6 million, or 53.7%, to \$10.3 million for the three months ended March 31, 2018 compared to \$6.7 million for the three months ended March 31, 2017. As a percentage of Intermodal operating revenue, salaries, wages and benefits decreased to 21.2% for the three months ended March 31, 2018 compared to 23.2% for the same period in 2017. The improvement in salaries, wages and employee benefits as a percentage of revenue was attributable to lower workers' compensation and health insurance costs. Additional improvement was due to efficiencies in administrative salaries, wages and benefits.

### ***Operating Leases***

Operating leases increased \$0.9 million, or 29.0%, to \$4.0 million for the three months ended March 31, 2018 compared to \$3.1 million for the same period of 2017. Operating leases were 8.2% of Intermodal operating revenue for the three months ended March 31, 2018 compared with 10.7% in the same period of 2017. Operating leases decreased as a percentage of revenue due to moderate increases to trailer rental charges while other revenue not requiring trailer rentals increased at a faster pace. The decrease as a percentage of revenue is also attributable to utilization of owned equipment acquired from Atlantic.

### ***Depreciation and Amortization***

Depreciation and amortization increased \$0.5 million, or 45.5%, to \$1.6 million for the three months ended March 31, 2018 compared to \$1.1 million for the same period in 2017. Depreciation and amortization expense as a percentage of Intermodal operating revenue was 3.3% in the first quarter of 2018 compared to 3.8% in the same period of 2017. The higher depreciation and amortization was due to the acquisitions of equipment and intangible assets from Atlantic and KCL.

### ***Insurance and Claims***

Intermodal insurance and claims increased \$0.6 million, or 75.0%, to \$1.4 million for the three months ended March 31, 2018 from \$0.8 million for the same period in 2017. Intermodal insurance and claims were 2.9% of operating revenue for the three months ended March 31, 2018 compared with 2.8% for the same period in 2017. The increase in Intermodal insurance and claims was attributable to higher insurance premiums due to acquisition-related increases in headcount, miles and other determinants of insurance premiums.

### ***Fuel Expense***

Intermodal fuel expense increased \$0.9 million, or 128.6%, to \$1.6 million for the first quarter of 2018 from \$0.7 million in the same period of 2017. Fuel expenses were 3.3% of Intermodal operating revenue in the first quarter of 2018 compared with 2.4% for the same period of 2017. Intermodal fuel expenses increased on higher year-over-year fuel prices and revenue volumes.

### ***Other Operating Expenses***

Intermodal other operating expenses increased \$3.9 million, or 108.3%, to \$7.5 million for the three months ended March 31, 2018 compared to \$3.6 million for the same period of 2017. Intermodal other operating expenses for the first quarter of 2018 were 15.4% compared to 12.5% for the same period of 2017. The increase in Intermodal other operating expenses was due mostly to a \$3.2 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 higher professional fees.

### ***Income from Operations***

Intermodal's income from operations increased by \$0.9 million, or 34.6%, to \$3.5 million for the first quarter of 2018 compared with \$2.6 million for the same period in 2017. Income from operations as a percentage of Intermodal operating revenue was 7.2% for the three months ended March 31, 2018 compared to 9.0% in the same period of 2017. The increase in operating income was primarily attributable to the Atlantic acquisition. The decrease in income from operations as a percentage of revenue was attributable to lower margins from the Atlantic business and increased depreciation and amortization associated with Intermodal's acquisitions.

***Other Operations***

Other operating activity declined from a \$0.9 million operating loss during the three months ended March 31, 2017 to a \$1.5 million operating loss during the three months ended March 31, 2018. The \$1.5 million of other expenses for the three months ended March 31, 2018 is due to a \$1.3 million increase in claims activity during 2018 resulting in increases to our loss development factors for workers' compensation and vehicle claims and \$0.2 of turn in costs from old equipment.

The \$0.9 million in operating loss included in other operations and corporate activities for the three months ended March 31, 2017 was primarily for \$0.5 million of executive severance costs and \$0.4 million in reserves for loss development factors resulting from increased vehicle and workers' compensation claims activity.

### *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 2017 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 2017 Annual Report on Form 10-K.

### *Impact of Recent Accounting Pronouncements*

In January 2017, the FASB issued ASU No. 2017-04, Intangibles - Goodwill and Other (Topic 350): "Simplifying the Accounting for Goodwill Impairment." Under the current guidance for assessing goodwill for impairment, an entity can first assess qualitative factors to determine whether a two-step goodwill impairment test is necessary. Under the new standard, a goodwill impairment loss will instead be measured at the amount by which a reporting unit's carrying amount exceeds its fair value, not to exceed the carrying amount of goodwill, thus no longer requiring the two-step method. The guidance requires prospective adoption and will be effective for annual or interim goodwill impairment tests in fiscal years beginning after December 15, 2019. Early adoption of this guidance is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. We have adopted this guidance and do not expect any impact to the consolidated financial statements.

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.

As permitted by the guidance, we implemented the use of full retrospective presentation, which required the Company to restate each prior reporting period presented. While evaluating principal versus agent relationships under the new standard, we determined that we will transition the fuel surcharge revenue stream from an agent to principal relationship. This caused this revenue stream and their associated costs to be recognized on a gross basis that have historically been recognized on a net basis, increasing revenue and expenses by approximately \$14.2 million for the three months ended March 31, 2017 with no impact on operating income.

In addition, based on a review of our customer shipping arrangements, we have concluded that revenue recognition for our performance obligations should be over time. This is because the customer will simultaneously receive and consume the benefits of these services as the entity performs over the related service period. A performance obligation is performed over time if an entity determines that another entity would not need to substantially reperform the work completed to date if another entity were to fulfill the remaining performance obligation to the applicable customer. Applying this language to our performance obligations, if we were to move a customer’s freight partially to its destination but were unable to complete the remaining obligation, a replacement vendor would only have to complete the transit as opposed to initiating at shipment origin. Therefore, we believe our customers simultaneously receive and consume the benefits we provide and as a result we will recognize the revenue for each shipment over the course of time.

Management notes that the FASB’s basis for conclusions to the new revenue standard includes an example of a transportation contract to move goods from one city to another. In paragraph BC126 of ASU 2014-09 (ASC 606), the FASB explained the



application of over time revenue recognition guidance to transportation services. Forward Air's conclusion is consistent with the FASB's conclusion in BC126.

Once management concluded that revenue would be recognized over time under ASC 606, management determined an appropriate measure of progress of recognizing revenue over time toward complete satisfaction of a performance obligation. Most of the company's services are completed in a short amount of time; therefore, a relatively small number of contracts in a quarter are open as of the end of the quarter. Consequently, any reasonable measure of progress will result in materially the same amount of revenue in a quarter. Management concluded that the measure of progress would be days of shipping. For example, if a transportation service performance obligation takes three days to complete and a quarter ends on day two of the services, management would recognize two-thirds of the revenue for the transportation performance obligation.

Our revenue from contracts with customers is separated by our four reportable segments: Expedited LTL, TLS, Intermodal and Pool. This is consistent with our disclosures in earnings releases and annual reports and with the information regularly reviewed by the chief operating decision maker for evaluating financial performance.

We recast certain prior period amounts to conform with the adoption of the revenue recognition standard, as shown in the following tables:

(In millions, except per share data)	Three months ended March 31, 2017		
	As Previously Reported	Adjustments	As Adjusted
Income Statement:			
Revenue			
LTL revenue	\$ 140.6	\$ 8.2	\$ 148.8
Truckload Premium Services	41.8	5.3	47.1
Pool Distribution	37.8	1.0	38.8
Intermodal	28.3	0.6	28.9
Eliminations and other operations	(1.5)	(0.1)	(1.6)
Consolidated revenue	247.0	15.0	262.0
Operating Expenses	223.8	14.5	238.3
Income from operations	23.2	0.5	23.7
Income tax expenses	8.6	0.2	8.8
Net Income	14.2	0.4	14.6
Diluted earnings per share	\$ 0.47	\$ 0.01	\$ 0.48

(In millions)	December 31, 2017		
	As Previously Reported	Adjustments	As Adjusted
Balance Sheet:			
Accounts receivable, net	\$ 143.0	\$ 4.9	\$ 147.9
Accounts payable	24.7	6.0	30.7
Deferred income taxes	29.4	(0.3)	29.1
Retained earnings	337.8	(0.8)	337.0

#### *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 \$40.8 million for the three months ended March 31, 2018 compared to approximately \$37.1 million for the three months ended March 31, 2017. The \$3.7 million increase in cash provided by operating activities is mainly attributable to an \$7.5 million increase in net earnings after consideration of non-cash items and a \$2.3 million decrease in accounts receivable and 0.6 million decrease in prepaid expenses

and accounts payable. Accounts receivables decreased improved collections on revenues associated with the Atlantic acquisition. These increases were partly offset by increased estimated income tax payments.

Net cash used in investing activities was approximately \$5.7 million for the three months ended March 31, 2018 compared with approximately \$1.7 million during the three months ended March 31, 2017. Investing activities during the three months ended March 31, 2018 consisted primarily of net capital expenditures of \$5.6 million primarily for new trailers and information technology. Investing activities during the three months ended March 31, 2017 consisted primarily of net capital expenditures of \$1.9 million primarily for new computer hardware and internally developed software. The proceeds from disposal of property and equipment during the three months ended March 31, 2018 and 2017 were primarily from sales of older trailers and vehicles.

Net cash used in financing activities totaled approximately \$26.3 million for the three months ended March 31, 2018 compared with net cash used in financing activities of \$29.5 million for the three months ended March 31, 2017. The \$3.2 million change in cash from financing activities was attributable to a \$27.8 million decrease in payments on the term loan partly offset by a \$13.0 million decrease in borrowing from our revolving credit facility. Additionally, there was a \$1.6 million decrease in cash from employee stock transactions. The three months ended March 31, 2018 also included \$20.0 million used to repurchase shares of our common stock, which was a \$10.0 million increase from the \$10.0 million used to repurchase shares of common stock for the same period of 2017.

On September 29, 2017, the Company, entered into a five-year senior unsecured revolving credit facility (the "Facility") with a maximum aggregate principal amount of \$150.0 million, with a sublimit of \$30.0 million for letters of credit and a sublimit of \$30.0 million for swing line loans. The Facility may be increased by up to \$100.0 million to a maximum aggregate principal amount of \$250.0 million pursuant to the terms of the credit agreement, subject to the lenders' agreement to increase their commitments or the addition of new lenders extending such commitments. Such increases to the Facility may be in the form of additional revolving credit loans, term loans or a combination thereof, and are contingent upon there being no events of default under the Facility and satisfaction of other conditions precedent and are subject to the other limitations set forth in the credit agreement.

The Facility is scheduled to mature in September 2022. The proceeds were used to refinance existing indebtedness of the Company and may be used to refinance existing indebtedness of the Company and for working capital, capital expenditures and other general corporate purposes. The Facility refinances the Company's existing obligations for its unsecured credit facility under the credit agreement dated as of February 4, 2015, as amended, which has been terminated as of the date of the new Facility.

Unless the Company elects otherwise under the credit agreement, interest on borrowings under the Facility is based on the highest of (a) the federal funds rate (not less than 0%) 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 0.3% to 0.8% with respect to the Facility depending on the Company's ratio of consolidated funded indebtedness to earnings before interest, taxes, depreciation and amortization, as set forth in the credit agreement. Payments of interest for each loan that is based on the LIBOR Rate are due in arrears on the last day of the interest period applicable to such loan (with interest periods of one, two or three months being available, at the Company's option). Payments of interest on loans that are not based on the LIBOR Rate are due on the last day of each quarter ended March 31, June 30, September 30 and December 31 of each year. All unpaid amounts of principal and interest are due at maturity. As of March 31, 2018, we had \$40.5 million in borrowings outstanding under the revolving credit facility, \$7.9 million utilized for outstanding letters of credit and \$101.6 million of available borrowing capacity under the revolving credit facility. The interest rate on the outstanding borrowing under the revolving credit facility was 3.6% at March 31, 2018.

The Facility contains customary events of default including, among other things, payment defaults, breach of covenants, cross acceleration to material indebtedness, bankruptcy-related defaults, material judgment defaults, and the occurrence of certain change of control events. The occurrence of an event of default may result in, among other things, the termination of the Facilities, acceleration of repayment obligations and the exercise of remedies by the lenders with respect to the Company and its subsidiaries that are party to the Facility. The Facility also contains financial covenants and other covenants that, among other things, restrict the ability of the Company and its subsidiaries, without the approval of the required lenders, to engage in certain mergers, consolidations, asset sales, dividends and stock repurchases, investments, and other transactions or to incur liens or indebtedness in excess of agreed thresholds, as set forth in the credit agreement.

The facility replaced our previously existing unsecured credit facility, which had 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 previous revolving credit facility was scheduled to expire in February 2020.

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 March 31, 2018, we repurchased 364,286 for \$20.0 million, or \$54.88 per share.

During the three months ended March 31, 2017, we repurchased 204,809 for \$10.0 million, or \$48.81 per share. As of March 31, 2018, there were 1,454,379 shares remaining to be purchased under the 2016 Plan.

During the each quarter of 2017 and the first quarter of 2018, our Board of Directors declared a cash dividend of \$0.15 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, the creditworthiness of our customers and their ability to pay for services rendered, the availability and compensation of qualified independent owner-operators and freight handlers as well as contracted, third-party carriers needed to serve our customers’ transportation needs, the inability of our information systems to handle an increased volume of freight moving through our network, changes in fuel prices, our inability to maintain our historical growth rate because of a decreased volume of freight or decreased average revenue per pound of freight moving through our network, loss of a major customer, increasing competition and pricing pressure, our ability to secure terminal facilities in desirable locations at reasonable rates, our inability to successfully integrate acquisitions, claims for property damage, personal injuries or workers’ compensation, enforcement of and changes in governmental regulations, environmental and tax matters, insurance matters, the handling of hazardous materials and the risks described in our Annual Report on Form 10-K for the year ended December 31, 2017. 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, 2017.

#### **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.

##### *Changes in Internal Control*

There were no changes in our internal control over financial reporting during the three months ended March 31, 2018 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 2017 Annual Report on Form 10-K.

The following risk factor serves to update the applicable risk factor described under Part I of our Annual Report on Form 10-K for the year ended December 31, 2017 related to our insurance program.

#### ***Claims for property damage, personal injuries or workers' compensation and related expenses could significantly reduce our earnings.***

Under DOT regulations, we are liable for property damage and personal injuries caused by owner-operators and Company-employed drivers while they are operating on our behalf. Additionally, from time to time, the drivers employed and engaged by the third-party transportation carriers we contract with are involved in accidents, which may result in serious personal injuries. The resulting types and/or amounts of damages may be excluded by or exceed the amount of insurance coverage maintained by the contracted carrier. Although these drivers are not our employees and all of these drivers are employees, owner-operators, or independent contractors working for carriers, from time to time, claims may be asserted against us for their actions, or for our actions in retaining them. In our Expedited LTL and Pool businesses, we have a self-insured retention ("SIR") of \$3.0 million per occurrence for vehicle and general liability claims and will be responsible for any damages and personal injuries below that self-insured amount. We are also responsible for varying annual aggregate deductible amounts of liability for claims in excess of the SIR/deductible. For the policy year that began April 1, 2018, we have an annual \$6.0 million aggregate deductible for claims between \$3.0 million and \$5.0 million. We also have a \$2.5 million aggregate deductible for claims between \$5.0 million and \$10.0 million. As a result, we are responsible for the first \$7.5 million per claim, until we meet the \$6.0 million aggregate deductible for claims between \$3.0 million and \$5.0 million and the \$2.5 million aggregate deductible for claims between \$5.0 million and \$10 million. We cannot guarantee that our SIR levels will not increase and/or that we have to agree to more unfavorable policy terms as a result of market conditions, poor claims experience or other factors.

We may also be subject to claims for workers' compensation. We maintain workers' compensation insurance coverage that we believe is adequate to cover such claims. We have a SIR of approximately \$0.4 million for each such claim, except in Ohio, where we are a qualified self-insured entity with an approximately \$0.5 million self-insured retention. We could incur claims in excess of our policy limits or incur claims not covered by our insurance. Any claims beyond the limits or scope of our insurance coverage may have a material adverse effect on us. Because we do not carry "stop loss" insurance, a significant increase in the number of claims that we must cover under our self-insurance retainage could adversely affect our profitability. In addition, we may be unable to maintain insurance coverage at a reasonable cost or in sufficient amounts or scope to protect us against losses.

### **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 ("shares"). Information regarding repurchases of our shares during the first quarter of 2018 is as follows:

<b>Period</b>	<b>Total Number of Shares Purchased</b>	<b>Average Price Paid per Share</b>	<b>Total Number of Shares Purchased as Part of Publicly Announced 2016 Program</b>	<b>Maximum Number of Shares that May Yet Be Purchased Under the Program</b>
January 1-31, 2018	—	\$ —	—	1,818,665
February 1-28, 2018	250,696	55	250,696	1,567,969
March 1-31, 2018	113,590	54	113,590	1,454,379
<b>Total</b>	<b>364,286</b>	<b>\$ 55</b>	<b>364,286</b>	<b>1,454,379</b>

**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.

<b>No.</b>	<b>Exhibit</b>
3.1	<a href="#">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))</a>
3.2	<a href="#">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 31, 2017 (File No. 0-22490))</a>
4.1	<a href="#">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))</a>
10.1	<a href="#">Forward Air Corporation 2016 Omnibus Incentive Compensation Plan (incorporated herein by reference to Exhibit 10.1 to the registrant’s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2017, filed with the Securities and Exchange Commission on July 27, 2017 (File No. 0-22490))</a>
10.2	<a href="#">Amended and Restated Non-Employee Director Stock Plan (incorporated herein by reference to Exhibit 10.2 to the registrant’s Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2017, filed with the Securities and Exchange Commission on July 27, 2017 (File No. 0-22490))</a>
10.3	<a href="#">Credit Agreement dated September 29, 2017 among the registrant and certain of its subsidiaries and Bank of America, N.A., as administrative agent and other lenders party thereto (incorporated herein by reference to Exhibit 10.1 to the registrant’s Current Report on Form 8-K filed with the Securities and Exchange Commission on October 3, 2017 (File No. 0-22490))</a>
10.4	<a href="#">Form of CEO Nonqualified Stock Option Agreement under the registrant’s 2016 Omnibus Incentive Compensation Plan</a>
10.5	<a href="#">Form of CEO Performance Share Agreement under the registrant’s 2016 Omnibus Incentive Compensation Plan</a>
10.6	<a href="#">Form of CEO Restricted Stock Agreement under the registrant’s 2016 Omnibus Incentive Compensation Plan</a>
31.1	<a href="#">Certification of Chief Executive Officer Pursuant to Exchange Act Rule 13a-14(a) (17 CFR 240.13a-14(a))</a>
31.2	<a href="#">Certification of Chief Financial Officer Pursuant to Exchange Act Rule 13a-14(a) (17 CFR 240.13a-14(a))</a>
32.1	<a href="#">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</a>
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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.

Date: April 26, 2018

Forward Air Corporation  
By: /s/ Michael J. Morris  
Michael J. Morris  
Chief Financial Officer, Senior Vice  
President and Treasurer  
(Principal Financial Officer)

## EXHIBIT INDEX

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**FORWARD AIR CORPORATION**

**NOTICE OF GRANT OF NONQUALIFIED STOCK OPTIONS**

The Participant has been granted an award (the "**Award**") of nonqualified stock options (each, an "**Option**," and collectively, the "**Options**") to purchase all or any part of the number of common shares (the "**Shares**") set forth below of Forward Air Corporation, a Tennessee corporation (the "**Company**"), pursuant to the Forward Air Corporation 2016 Omnibus Incentive Compensation Plan (the "**Plan**") and the CEO Nonqualified Stock Option Agreement attached hereto (the "**Agreement**"). Each Option, once vested and exercisable, enables the purchase of one Share from the Company at the option price specified below, subject to the provisions of the Agreement.

**Participant:** Bruce A. Campbell **Employee ID:** \_\_\_\_\_  
**Grant Date:** \_\_\_\_\_ **Grant No.:** \_\_\_\_\_  
**Number of Options:** [ \_\_\_\_\_ ], subject to adjustment as provided by the Plan.  
**Option Price:** \$ \_\_\_\_\_ per Share

None of the Options are vested nor exercisable as of the Grant Date, and they are forfeitable until vested. Subject to the terms and conditions described in the Agreement, the Options shall become vested and exercisable in accordance with the schedule below provided that the Performance Condition is first satisfied and the Participant's Service with the Company continues through the relevant vesting date:

**Vesting Schedule:**

Vesting Date	Cumulative Percentage of the Options That May Be Exercised
_____, 20__	33-1/3%
_____, 20__	66-2/3%
_____, 20__	100%

The Award Agreement provides additional details regarding vesting of the Options.

For purposes of this Vesting Schedule, satisfaction of the "**Performance Condition**" means the Company's achievement of any of the following target levels of Income From Operations for the relevant fiscal year of the Company:

In Fiscal Year:	The Company achieves this target level of Income From Operations:
20__	75% of Income From Operations Achieved in Fiscal Year 20__
20__	75% of Income From Operations Achieved in Fiscal Year 20__
20__	75% of Income From Operations Achieved in Fiscal Year 20__

For purposes of this Vesting Schedule and the determination of whether the Performance Condition has been satisfied, "**Income From Operations**" means the Income From Operations reported in the Company's audited Consolidated Statements of Income filed with the Securities and Exchange Commission for the relevant fiscal year. The Options shall terminate in their entirety on the date that the Company files with the Securities and Exchange Commission its audited Consolidated Statements of Income for fiscal year 20\_\_ if the Performance Condition has not been satisfied on or before that date and the Options have not otherwise earlier become vested and exercisable under the terms of the Agreement.

**Expiration Date:** The Options, if not sooner exercised, forfeited or otherwise terminated, expire on \_\_\_\_\_, 20\_\_.  
 The Award shall be subject to the terms and conditions of such policy on the recoupment of incentive compensation as shall be adopted by the Company to implement the requirements of Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

**Recoupment Policy:**

By their signatures below, the Company and the Participant agree that the Award is governed by this Notice of Grant of Nonqualified Stock Options and by the provisions of the Plan and the Agreement, both of which are made a part of this document. The Participant acknowledges receipt of a copy of the Plan, the Agreement and the prospectus for the Plan, represents that the Participant has read and is familiar with the provisions of the Plan and the Agreement, and hereby accepts the Award subject to all of its terms and conditions. In order for the grant of the Options to be effective, the Participant must indicate his or her acceptance of the Options by signing and delivering this Notice of Grant of Nonqualified Stock Options to Administrator of the Forward Air Corporation 2016 Omnibus Incentive Compensation Plan, c/o Staff Accountant, Accounting Department, 1915 Snapps Ferry Road, Bldg. N, Greeneville, Tennessee 37745 by no later than \_\_\_\_\_, 20\_\_.

FORWARD AIR CORPORATION

PARTICIPANT

By: \_\_\_\_\_

Signature

Its: \_\_\_\_\_

Date

ATTACHMENT: CEO Nonqualified Stock Option Agreement

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**FORWARD AIR CORPORATION  
CEO NONQUALIFIED STOCK OPTION AGREEMENT**

Forward Air Corporation, a Tennessee corporation (the "**Company**"), has granted to the Participant named in the *Notice of Grant of Nonqualified Stock Options* (the "**Grant Notice**") to which this CEO Nonqualified Stock Option Agreement (the "**Agreement**") is attached an Award consisting of stock options (the "**Options**") subject to the terms and conditions set forth in the Grant Notice and this Agreement. The Award has been granted pursuant to the Forward Air Corporation 2016 Omnibus Incentive Compensation Plan (the "**Plan**"), as amended to the Grant Date, the provisions of which are incorporated herein by reference.

1. **Terminology.** Unless otherwise defined herein, including within the Glossary at the end of this Agreement, capitalized terms shall have the meanings assigned to such terms in the Grant Notice or the Plan.

2. **Tax Status of Options.** The Options are nonqualified stock options that are not intended to qualify as incentive stock options within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the "**Code**"), and this Agreement shall be so construed. The Company does not warrant any particular tax consequences of the Options. Upon exercise of the Options, you will recognize compensation income in an amount equal to the excess of the then Fair Market Value of the Shares over the Option Price of the Shares and must comply with the provisions of Section 6(f) of this Agreement with respect to any tax withholding obligations that arise as a result of such exercise.

3. **Option Price.** The purchase price per Share shall be the "Option Price" as set forth on the Grant Notice, representing one hundred percent (100%) of the Fair Market Value of a Share as determined pursuant to the Plan as of the Grant Date set forth on the Grant Notice.

4. **Term of Option.** The term of the Options shall commence on the Grant Date and all rights to purchase Shares hereunder shall cease at 5:00 p.m. U.S. Eastern Time on the Expiration Date set forth on the Grant Notice, subject to earlier termination as provided in the Plan and this Agreement.

5. **Vesting.**

(a) **Vested Status upon Grant Date.** All of the Options are nonvested and forfeitable as of the Grant Date. For clarity, as used in this Agreement, the term "vest" means that the Options become exercisable for the purchase of Shares. The fact that an Option has become vested does not mean or otherwise indicate that you have an unconditional or nonforfeitable right to such Option. A vested Option remains subject to the terms, conditions and forfeiture provisions provided for in the Plan and in this Agreement.

(b) **Vesting Schedule.** So long as your Service is continuous from the Grant Date through the applicable date upon which vesting is scheduled to occur and the performance condition(s) (if any) set forth on the Grant Notice are satisfied, as further detailed on the Grant Notice, the Options will vest and become exercisable on the vesting dates as set forth in the correlating Grant Notice.

(c) **Vesting upon Death or Disability.** All of the Options that have not already vested or been previously forfeited will vest and become exercisable upon your death or termination of Service due to your Disability.

(d) **Double-trigger Vesting.** If a Change in Control occurs, the vesting and exercisability of the Options shall not be altered or accelerated solely as a result of such occurrence unless otherwise determined by the Administrator in its discretion, and the Options may be assumed or an equivalent award substituted by the successor corporation to the Company or a parent or subsidiary of such successor corporation (each such assumed or equivalent substituted award, a "**Substitute Award**"). If a Substitute Award is not issued nor the Options assumed in connection with the Change in Control, as determined in the discretion of the Administrator, then the Administrator shall provide for full vesting and exercisability of the outstanding Options immediately before the effective time of the Change in Control. In the event that you suffer a Qualifying Termination coincident with or within 24 months following the occurrence of a Change in Control, the outstanding Options or Substitute Award, to the extent not previously vested nor earlier forfeited or terminated, shall become fully vested and exercisable as of the date of such Qualifying Termination.

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6. Exercise of Options.

(a) Exercisability. None of the Options are exercisable as of the Grant Date. The Options will become exercisable as and when they vest as set forth in Section 5 above.

(b) Option Exercise Rights.

(i) You may exercise the Options, to the extent they have become exercisable, on any business day on or before the Expiration Date or the earlier termination of the Options, unless otherwise provided under applicable law. For this purpose, a business day is any day, other than a weekend or U.S. federal holiday, on which Forward Air Corporation's principal executive offices (currently in Greeneville, Tennessee) are open for business. You are not required to exercise your Options when they vest. Vested Options will accumulate and be exercisable by you, in whole or in part, at any time before the Options expire or are otherwise forfeited or terminated.

(ii) Notwithstanding the foregoing, if at any time the Administrator determines that the delivery of Shares under the Plan or this Agreement is or may be unlawful under the laws of any applicable jurisdiction, or federal, state or foreign (non-United States) securities laws, your right to exercise the Options or receive Shares pursuant to the Options will be suspended until the Administrator determines that such delivery is lawful. Likewise, if at any time the Administrator determines that the delivery of Common Stock under the Plan or this Agreement is or may violate the rules of the national securities exchange on which the Shares are then listed for trade, your right to exercise the Options or receive Shares pursuant to the Options will be suspended until the Administrator determines that such exercise or delivery would not violate such rules. Any suspension of your right to exercise the Options under this paragraph will not extend the Expiration Date of the Options and your Options could expire unexercisable during such a suspension.

(iii) Section 7 and Section 8 below describe certain limitations on exercise of the Options that apply in the event of your death, Disability, or termination of Service which limitations could terminate your right to exercise the Options earlier than the Expiration Date.

(iv) You may exercise the Options only in multiples of whole shares. No fractional Shares will be issued under the Options.

(c) Exercise Procedure. In order to initiate an exercise of your Options, you must deliver the following items to the Secretary of the Company or his or her delegate:

(i) an exercise notice, in such manner and form (including, without limitation, electronic on-line format) as the Administrator may require from time to time, that specifies the number of Shares you then desire to purchase under the Options and your method of payment of the aggregate Option Price; and

(ii) full payment of the aggregate Option Price for the Shares specified in the exercise notice or properly executed, irrevocable instructions, in such manner and form as the Administrator may require from time to time, to effectuate a broker-assisted cashless exercise, each in accordance with Section 6(e) of this Agreement.

(d) Date Exercise becomes Effective.

(i) Your exercise will become effective (the "**Exercise Date**") as follows, provided that such exercise otherwise is permitted under and complies with all applicable laws:

(A) on the date on which both the exercise notice and payment of the aggregate Option Price is received by the Secretary of the Company or his or her delegate, if such items are received by 5:00 p.m. U.S. Eastern Time on a business day;

(B) on the first business day after the date on which both the exercise notice and payment of the aggregate Option Price is received by Secretary of the Company or his or her delegate,

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if such items are received after 5:00 p.m. U.S. Eastern Time or are received on a day that is not a business day; or

(C) on the date on which the sale of Shares is executed via a broker-assisted cashless exercise, as confirmed by the brokerage firm, if the exercise notice is accompanied by instructions to effectuate a broker-assisted cashless exercise.

(ii) You are responsible for ensuring that your exercise notice and payment of the aggregate Option Price or instructions to effectuate a broker-assisted cashless exercise are received by Secretary of the Company or his or her delegate, with sufficient time to enable the Exercise Date to occur in accordance with the foregoing rules before the Options expire, are forfeited or otherwise terminated. Because The Nasdaq Stock Market closes at 4:00 p.m. U.S. Eastern Time, any broker-assisted cashless exercise instruction received by Secretary of the Company or his or her delegate, after 4:00 p.m. U.S. Eastern Time cannot be processed until the next business day on which The Nasdaq Stock Market is open for trading. If your broker-assisted cashless exercise instruction results in the sale of Shares over a number of days, each day on which a sale occurs will constitute the Exercise Date of the Options with respect to the Shares sold on such day.

(e) Methods of Payment

(i) You may pay the aggregate Option Price for the shares specified in the exercise notice by:

(A) delivering cash, wire or fund transfer, check, bank draft, postal or express money order payable to the order of the Company, or other cash equivalent acceptable to the Administrator in its discretion, in each such case in currency acceptable to the Administrator;

(B) executing a broker-assisted cashless exercise, through a "same day sale" commitment, in accordance with Regulation T of the Board of Governors of the Federal Reserve System through a brokerage firm designated or approved by the Administrator that is a member of the Financial Industry Regulatory Authority (a "FINRA Dealer"), under which the FINRA Dealer is irrevocably instructed to deliver to the Company on your behalf an amount, in cash or acceptable cash equivalents, sufficient to pay the aggregate Option Price for the Shares you then desire to purchase under the Options (plus applicable Withholding Taxes, if any), and the Company is instructed to deliver the Shares to the FINRA Dealer upon receipt of such amount;

(C) unless limited by the Administrator, tendering to the Company (via attestation in a form satisfactory to the Administrator) other unrestricted Shares owned by you, in which case the Company will attribute to the tendered Shares a value equal to the closing price per Share for the regular market session of The Nasdaq Stock Market (or the principal market for the Shares as determined by the Administrator if the Shares are not listed for trade on The Nasdaq Stock Market or are listed or admitted to trading on more than one exchange or market) on the Exercise Date 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;

(D) unless limited by the Administrator, electing net share settlement;

(E) by cancellation of indebtedness of the Company to you;

(F) by waiver of compensation from the Company due or accrued to you for services rendered;

(G) any other method approved by the Administrator; or

(H) any combination of the foregoing.

(ii) The Administrator in its discretion may place limitations on the extent, if any, to which you may pay the aggregate Option Price by tendering Shares or electing net share settlement, and in no event may you pay the Option Price through either of those two methods if you are a resident of

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Canada. If the Shares tendered or withheld are insufficient in value to pay the aggregate Option Price, you must deliver the net unpaid amount to the Secretary of the Company or his or her delegate on the Exercise Date in cash or in one of the specified forms of acceptable cash equivalents; provided, however, that if the net unpaid amount is less than the value of one Share and you are not an executive officer of the Company, the Company may allow you to pay such amount by having it withheld from your next paycheck.

(f) Tax Withholding. By accepting the Options, you agree to make adequate provision for foreign (non-United States), federal, state and local taxes and social insurance contributions (collectively, "**Withholding Taxes**") required by law to be withheld, if any, which arise in connection with the Options. The Company shall have the right to deduct from any compensation or any other payment of any kind due you (including withholding the issuance or delivery of Shares under the Options) the amount of any Withholding Taxes required by law to be withheld as a result of the grant, vesting or exercise of the Options, in whole or in part, or as otherwise may be required by applicable law. In lieu of such deduction, the Company may require you to make a cash payment to the Company equal to the amount required to be withheld. If you do not make such payment when requested, the Company may refuse to issue any Shares or deliver any stock certificate under this Agreement or otherwise release for transfer any such Shares until arrangements satisfactory to the Company for such payment have been made. The Company may, in its sole discretion, permit or require you to satisfy, in whole or in part, any Withholding Tax obligation which may arise in connection with the Options either by having the Company withhold from the Shares to be issued upon exercise that number of Shares, or by delivering to the Company already-owned unrestricted Shares, in either case having a fair market value equal to the amount necessary to satisfy the withholding amount due.

(g) Issuance of Shares upon Exercise. The Company will issue to you the Shares underlying the Options you exercise as soon as practicable after the exercise date, subject to the Company's receipt of the aggregate Option Price and the requisite Withholding Taxes, if any. Unless and until you request the Company to deliver a share certificate to you, or deliver Shares electronically or in certificate form to your designated broker, bank or nominee on your behalf, the Company will retain the Shares that you purchased through exercise of the Options in uncertificated book entry form. Any share certificates delivered will, unless the Shares are registered or an exemption from registration is available under applicable federal and state law, bear a legend restricting transferability of such Shares.

7. Forfeiture of Options upon Termination of Service If your Service ceases for any reason, all Options that are not then vested, after giving effect to the applicable provisions of Section 5 above, will be immediately forfeited upon such cessation for no consideration. If your Service terminates for Cause, the Options, to the extent not theretofore exercised, shall terminate for no consideration on the date of your termination of Service regardless of their vested status.

8. Exercise Periods upon Termination of Service.

(a) Termination of Service. Except as provided otherwise in this Agreement, your vested Options will terminate 90 days after the date on which your Service terminates, but in no event later than the Expiration Date.

(b) Qualifying Termination Following a Change in Control. In the event that you suffer a Qualifying Termination coincident with or within 24 months following the occurrence of a Change in Control, your vested Options may be exercised for a period of 90 days from the date of such Qualifying Termination or until the Expiration Date set forth on the Grant Notice, whichever period is shorter.

(c) Retirement. If your Service terminates by reason of your Retirement, your Options may thereafter be exercised, to the extent vested at the time of such Retirement, at any time for a period of 5 years from the date your Service terminated or until the Expiration Date, whichever period is shorter.

(d) Disability. If your Service terminates by reason of your Disability, your vested Options may thereafter be exercised for a period of 12 months from the date your Service terminated or until the Expiration Date, whichever period is shorter.

(e) Death. If your death occurs prior to your termination of Service or during any of the periods described in Sections 8(a), 8(b), 8(c), or 8(d) of this Agreement during which your vested Options remained exercisable by you, then your estate, personal representative or any beneficiary, heir or legatee to whom the

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Options have been transferred will be permitted to exercise such vested Options for a period of 12 months from the date your Service terminated or until the Expiration Date, whichever period is shorter. Any person seeking to exercise your Options following your death must provide to the Company appropriate documentation as may be requested by the Administrator to establish your death and such person's right to exercise the Options.

9. Nontransferability. The Options are not transferable other than by will or the laws of descent and distribution, or, with the prior written consent of the Administrator, by you to a Family Member as a gift. The Administrator shall not permit any transfer of the Options for value and shall not permit any transfer of the Options pursuant to a domestic relations order in settlement of marital property rights. The Options may be exercised during your lifetime, only by you or your Family Member to whom the Options have been transferred with the Administrator's consent or, during the period you are under a legal disability, by your guardian or legal representative, unless otherwise determined by the Administrator. The Options shall not be subject in any manner to alienation, anticipation, sale, transfer, assignment, pledge, or encumbrance, except as otherwise determined by the Administrator. Any attempted assignment, transfer, pledge, hypothecation or other disposition of the Options contrary to the provisions hereof, and the levy of any execution, attachment or similar process upon the Options, shall be null and void and without effect.

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 the Company (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 the Company (each, a "**Share Change**"), the Administrator shall make equitable and appropriate substitutions or proportionate adjustments to the number of outstanding Options, the Option Price per Share, and the number of Options eligible to vest on each subsequent vesting date under the vesting schedule set forth on the Grant Notice to reflect such event; provided, however, that any fractional Options resulting from any such adjustment shall be eliminated. Adjustments under this paragraph will be made by the Administrator, whose determination as to what adjustments will be made and the extent thereof will be final, binding and conclusive.

(b) Discretionary Adjustments. In the case of Corporate Events, the Administrator may make such other adjustments to outstanding Options as it determines to be appropriate and desirable, which adjustments may include, without limitation, (i) the cancellation of outstanding Options in exchange for payments of cash, securities or other property or a combination thereof having an aggregate value equal to the value of such Options, 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 the Company receive consideration other than publicly traded equity securities of the ultimate surviving entity, any such determination by the Administrator that the value of an Option shall for this purpose be deemed to equal the excess, if any, of the value of the consideration being paid for each Share pursuant to such Corporate Event over the Option Price per Share of such Option shall conclusively be deemed valid and that any Option may be cancelled for no consideration upon a Corporate Event if its Option Price per Share is not less than the value of the consideration being paid for each Share pursuant to such Corporate Event), (ii) the substitution of securities or other property (including, without limitation, cash or other securities of the Company and securities of entities other than the Company) for the Shares subject to outstanding Options, 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.

(c) Dissolution or Liquidation. Unless the Administrator determines otherwise, all of the Options shall terminate upon the dissolution or liquidation of the Company.

(d) Change in Control. Notwithstanding anything in this Agreement or the Plan to the contrary, in the event that a Change in Control occurs, outstanding Options 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 Options by, or for the substitution of equivalent options, as determined in the sole discretion of the Administrator, of, the surviving or successor entity or a parent thereof. In the event of such termination, (i) the outstanding Options 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, (ii) you will be permitted, immediately before the Change in Control, to exercise the Options, and (iii) the Administrator may take any of the actions set forth in Section 9(a) and 9(b) with respect to any or all of the Options. Implementation of the provisions of the immediately foregoing sentence shall be conditioned upon consummation of the Change in Control.

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11. Rights as Stockholder. You shall not have any of the rights of a shareholder with respect to the Shares subject to purchase under the Options until such Shares have been issued to you upon the due exercise of the Options. No adjustment will be made for dividends or distributions or other rights for which the record date is prior to the date such Shares are issued to you.

12. The Company's Rights. The existence of the Options will 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 Shares 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.

13. Notice. All notices and other communications made or given pursuant to this Agreement shall be in writing and shall be sufficiently made or given if hand delivered or mailed by certified mail, addressed to you at the address contained in the records of the Company, or addressed to the Administrator, care of Forward Air Corporation, Attention: Legal Department, 1915 Snapps Ferry Road, Bldg. N, Greeneville, TN 37745 or, if the receiving party consents in advance, transmitted and received via telecopy or via such other electronic transmission mechanism as may be available to the parties.

14. No Agreement to Employ. Nothing in the Plan or this Agreement shall alter your employment status with the Company, nor be construed as a contract of employment between the Company and you, or as a contractual right of you to continue in the employ of the Company for any period of time, or as a limitation of the right of the Company to discharge you at any time with or without cause or notice, subject to applicable law, and whether or not such discharge results in the forfeiture of any Options or any other adverse effect on your interests under the Plan.

15. Market Standoff Agreement. You agree in connection with any registration of the Company's securities that, upon the request of the Company or the underwriters managing any public offering of the Company's securities, you will not sell or otherwise dispose of any Shares without the prior written consent of the Company or such underwriters, as the case may be, for a period of time (not to exceed 120 days) from the effective date of such registration as the Company or the underwriters may specify.

16. Stop-Transfer Notices. You understand and agree that, in order to ensure compliance with the restrictions referred to herein, the Company may issue appropriate "stop-transfer" instructions to its transfer agent, if any, and that, if the Company transfers its own securities, it may make appropriate notations to the same effect in its own records.

17. Recoupment. Notwithstanding anything to the contrary in this Agreement, the Options (including any income, capital gains, proceeds realized or other economic benefit actually or constructively received by you upon the receipt, vesting or exercise of the Options, and your sale or other disposition of the Shares acquired through exercise of the Options) shall be subject to recovery under any clawback, recovery or recoupment policy which the Company may adopt from time to time, including without limitation the Company's existing Recoupment Policy, as amended from time to time or any successor thereto, and any policy which the Company may be required to adopt under Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act or other applicable law, the rules and regulations of the U.S. Securities and Exchange Commission, or the requirements of any national securities exchange on which the Company's Shares may be listed. By accepting the Options, you expressly acknowledge and agree that the Options are subject to the terms of the foregoing policies, whether retroactively or prospectively adopted, and agree to cooperate fully with the Administrator to facilitate the recovery of the Options, any Shares acquired through the exercise of the Options or proceeds realized from your sale or other disposition of the Shares acquired through exercise of the Options that the Administrator determines in its sole discretion is required or entitled to be recovered pursuant to the terms of such policies.

18. Retention. Notwithstanding anything to the contrary in this Agreement, you acknowledge and agree that the terms and conditions of the Company's existing Executive Stock Ownership and Retention Guideline, as amended from time to time or any successor thereto (the "**Ownership Guideline**"), are incorporated by reference into this Agreement and shall apply to the Options if you on the Grant Date are or subsequently become an employee who is subject to the Ownership Guideline.

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19. Electronic Delivery of Documents.

(a) Methods of Delivery. The Company may from time to time electronically deliver, via e-mail or posting on the Company's website, this Agreement, information with respect to the Plan or the Options, any amendments to the Agreement, and any reports of the Company provided generally to the Company's shareholders. You may receive from the Company, at no cost to you, a paper copy of any electronically delivered documents. Requests should be made to the Secretary of the Company at 1915 Snapps Ferry Road, Bldg. N, Greeneville, TN 37745 (Telephone: (423) 636 7000).

(b) Consent and Acknowledgment. By your accepting the Grant Notice correlating to this Agreement, you (i) consent to the electronic delivery of this Agreement, all information with respect to the Plan and the Options and any reports of the Company provided generally to the Company's shareholders; (ii) acknowledge that you may receive from the Company a paper copy of any documents delivered electronically at no cost to you by contacting the Company by telephone or in writing; (iii) further acknowledge that you may revoke your consent to the electronic delivery of documents at any time by notifying the Company of such revoked consent by telephone, postal service or electronic mail; and (iv) further acknowledge that you understand that you are not required to consent to electronic delivery of documents.

20. Amendment. Except as otherwise provided in the Plan, the Administrator may unilaterally amend the terms of this Agreement, but no such amendment shall materially impair your rights with respect to your Options without your consent, except such an amendment made to cause the Plan or the Agreement to comply with applicable law, applicable rule of any securities exchange on which the Shares are listed or admitted for trading, or to prevent adverse tax or accounting consequences for you or the Company or any of its Affiliates. The Company shall give written notice to you of any such alteration or amendment of this Agreement by the Administrator as promptly as practical after the adoption thereof. The foregoing shall not restrict the ability of you and the Company by mutual consent to alter or amend this Agreement in any manner which is consistent with the Plan and approved by the Administrator.

21. Section 409A. This Agreement and the Options granted hereunder are intended to comply with, or otherwise be exempt from, Section 409A of the Code and shall be so construed. Nothing in the Plan or this Agreement shall be construed as including any feature for the deferral of compensation other than the deferral of recognition of income until the exercise of the Options. Should any provision of the Plan or this Agreement be found not to comply with, or otherwise be exempt from, the provisions of Section 409A of the Code, it may be modified and given effect, in the sole discretion of the Administrator and without requiring your consent, in such manner as the Administrator determines to be necessary or appropriate to comply with, or to effectuate an exemption from, Section 409A of the Code. The foregoing, however, shall not be construed as a guarantee by the Company of any particular tax effect to you.

22. Governing Law. The validity, construction, and effect of this Agreement, and of any determinations or decisions made by the Administrator relating to this Agreement, and the rights of any and all persons having or claiming to have any interest under this Agreement, shall be determined exclusively in accordance with the laws of the State of Tennessee, without regard to its provisions concerning the applicability of laws of other jurisdictions. As a condition of this Agreement, you agree that you will not bring any action arising under, as a result of, pursuant to or relating to, this Agreement in any court other than a federal or state court in the districts which include Greeneville, Tennessee, and you hereby agree and submit to the personal jurisdiction of any federal court located in the district which includes Greeneville, Tennessee or any state court in the district which includes Greeneville, Tennessee. You further agree that you will not deny or attempt to defeat such personal jurisdiction or object to venue by motion or other request for leave from any such court.

23. Resolution of Disputes. Any dispute or disagreement which shall arise under, or as a result of, or pursuant to or relating to, this Agreement shall be determined by the Administrator in good faith in its absolute and uncontrolled discretion, and any such determination or any other determination by the Administrator under or pursuant to this Agreement and any interpretation by the Administrator of the terms of this Agreement, will be final, binding and conclusive on all persons affected thereby. You agree that before you may bring any legal action arising under, as a result of, pursuant to or relating to, this Agreement you will first exhaust your administrative remedies before the Administrator. You further agree that in the event that the Administrator does not resolve any dispute or disagreement arising under, as a result of, pursuant to or relating to, this Agreement to your satisfaction,

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no legal action may be commenced or maintained relating to this Agreement more than 24 months after the Administrator's decision is rendered.

24. General. The Company shall at all times during the term of the Options reserve and keep available such number of shares of Common Stock as will be sufficient to satisfy the requirements of this Agreement, shall pay all original issue and transfer taxes with respect to the issue and transfer of shares pursuant hereto and all other fees and expenses necessarily incurred by the Company in connection therewith, and will from time to time use its best efforts to comply with all laws and regulations, which, in the opinion of counsel for the Company, shall be applicable thereto. To the extent that this Agreement conflicts with the terms of the Plan, the terms of the Plan shall control. The headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

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*{Glossary begins on next page}*

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## GLOSSARY

(a) “**Administrator**” means the Compensation Committee of the Board of Directors of Forward Air Corporation, or such other committee(s) or officer(s) duly appointed by such 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 such Board or the Compensation Committee; provided, however, that at any time the Board of Directors of Forward Air Corporation 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.

(b) “**Affiliate**” means any entity, whether now or hereafter existing, which controls, is controlled by, or is under common control with, Forward Air Corporation or any successor to Forward Air Corporation. 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.

(c) “**Cause**” means (A) your fraud, malfeasance, self-dealing, embezzlement or dishonesty with respect to business affairs of the Company or its successor whether or not the Company or its successor is materially harmed; (B) your conviction of or failure to contest prosecution for a felony or a crime involving moral turpitude; (C) your material breach of the employment agreement between the Company or its successor and you; (D) your failure, after reasonable notice, to comply promptly with any valid and legal directive of the Board of Directors of the Company or its successor; or (E) your failure to perform adequately your responsibilities under the employment agreement between the Company or its successor and you as demonstrated by objective and verifiable evidence showing that the business operations under your control have been materially harmed as a result of your gross negligence or willful misconduct.

(d) “**Change in Control**” shall have the meaning ascribed thereto in the Plan.

(e) “**Company**” means Forward Air Corporation 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 Corporation.

(f) “**Disability**” means that you are (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 your 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 you participate and which conditions the right to receive benefits under such program on your 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 your death or result in death. The Administrator shall have sole authority to determine whether you have suffered a Disability and may require such medical or other evidence as it deems necessary to judge the nature and permanency of your condition.

(g) “**Expiration Date**” means the date set forth on the Grant Notice indicating when the Options expire if not sooner exercised, forfeited or otherwise terminated.

(h) “**Family Member**” means any of your children, stepchildren, grandchildren, parents, stepparents, grandparents, spouse (but expressly excluding ex-spouse), siblings, nieces, nephews, 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 your 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 you) control the management of assets, and any other entity in which these persons (or you) own more than fifty percent (50%) of the voting interests.

(i) “**Material Change In Duties**” shall be deemed to have occurred when, without your consent, you are assigned any duties inconsistent in any material respect with your position (including status, offices, titles, and reporting requirements), authority, duties or responsibilities as in effect on the effective date of the Change in Control, or any other action by the Company or its successor which results in a materially demonstrable

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diminution in such position, authority, duties or responsibilities. No Material Change in Duties shall be deemed to have occurred unless (i) you notify the Company or its successor in writing within 90 days after the assignment of materially inconsistent duties, and the Company or its successor fails to cure this material inconsistency within 30 days after receipt of the notice, and (ii) the termination of employment occurs no later than one year after the initial assignment of materially inconsistent duties.

(j) “**Qualifying Termination**” means your termination of Service provided that such termination is either (i) initiated by the Company or a parent or subsidiary of the Company, or a successor to any such entity for a reason other than Disability, death, Retirement or for Cause, or (ii) initiated by you for a Material Change in Duties.

(k) “**Retirement**” means your termination of Service with the Company and its Affiliates on or after attainment of age 65.

(l) “**Service**” means your employment or consultancy with, or performance of other services for, the Company and its Affiliates. If you cease to be a “common law employee” of the Company but you continue to provide bona fide services to the Company following such cessation in a different capacity, including without limitation as a director, consultant or independent contractor, then a termination of Service shall not be deemed to have occurred for purposes of this Agreement upon such change in capacity. Your Service will be considered to have ceased with the Company and its Affiliates if, immediately after a sale, merger or other corporate transaction, the trade, business or entity with which you are employed or otherwise have a service relationship is not Forward Air Corporation or its successor or an Affiliate of Forward Air Corporation or Forward Air Corporation’s successor.

(m) “**Withholding Taxes**” means any foreign (non-United States), federal, state and local taxes and social insurance contributions required by law to be withheld.

(n) “**You**”; “**Your**”. You means the recipient of the Options as reflected in the Grant Notice. Whenever the word “you” or “your” is used in any provision of this Agreement under circumstances where the provision should logically be construed, as determined by the Administrator, to apply to the estate, personal representative, or beneficiary to whom the Options may be transferred by will or by the laws of descent and distribution, the words “you” and “your” shall be deemed to include such person.

{End of Agreement}

**FORWARD AIR CORPORATION**  
**NOTICE OF GRANT OF PERFORMANCE SHARES**

The Participant has been granted an award of an opportunity to receive a number of Performance Shares (the "**Award**") pursuant to the Forward Air Corporation 2016 Omnibus Incentive Compensation Plan (the "**Plan**") and the CEO Performance Share Agreement attached hereto (the "**Agreement**"), as follows:

<b>Participant:</b>	<u>Bruce A. Campbell</u>	<b>Employee ID:</b>	
<b>Grant Date:</b>	_____	<b>Grant No.:</b>	
<b>Target Number of Performance Shares:</b>	[ _____ ], subject to adjustment as provided by the Agreement.		
<b>Maximum Number of Performance Shares:</b>	[ _____ ], subject to adjustment as provided by the Agreement.		
<b>Performance Metric:</b>	<u>Percentile Ranking of Total Shareholder Return within Peer Group</u>		
<b>Performance Period:</b>	Three-year period beginning on the January 1 <sup>st</sup> that immediately precedes the Grant Date and ending on the December 31 <sup>st</sup> that immediately precedes the third anniversary of the Grant Date ( _____ - _____ )		
<b>Performance Share Vesting Date:</b>	The date that is 2½ months after the last day of the Performance Period, except as otherwise provided by the Agreement. <u>Provided that the Participant's Service has not terminated prior to the Performance Share Vesting Date, except as provided by the Agreement, on the Performance Share Vesting Date the number of Vested Performance Shares (not to exceed the Maximum Number of Performance Shares) shall be determined by multiplying the Target Number of Performance Shares by the TSR Multiplier (as defined by the Agreement).</u>		
<b>Vested Performance Shares:</b>	<u>Shares by the TSR Multiplier (as defined by the Agreement).</u>		
<b>Settlement Date:</b>	The Performance Share Vesting Date, except as otherwise provided by the Agreement.		
<b>Recoupment Policy:</b>	The Award shall be subject to the terms and conditions of such policy on the recoupment of incentive compensation as shall be adopted by the Company to implement the requirements of Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.		

By their signatures below, the Company and the Participant agree that the Award is governed by this Notice and by the provisions of the Plan and the Agreement, both of which are made a part of this document. The Participant acknowledges receipt of a copy of the Plan, the Agreement and the prospectus for the Plan, represents that the Participant has read and is familiar with the provisions of the Plan and the Agreement, and hereby accepts the Award subject to all of its terms and conditions.

FORWARD AIR CORPORATION

PARTICIPANT

By: \_\_\_\_\_

Signature

Its: \_\_\_\_\_

Date

ATTACHMENT: CEO Performance Share Agreement

**FORWARD AIR CORPORATION  
CEO PERFORMANCE SHARE AGREEMENT**

Forward Air Corporation, a Tennessee corporation (the “**Company**”), has granted to the Participant named in the *Notice of Grant of Performance Shares* (the “**Grant Notice**”) to which this CEO Performance Share Agreement (the “**Agreement**”) is attached an Award consisting of Performance Shares subject to the terms and conditions set forth in the Grant Notice and this Agreement. The Award has been granted pursuant to the Forward Air Corporation 2016 Omnibus Incentive Compensation Plan (the “**Plan**”), as amended to the Grant Date, the provisions of which are incorporated herein by reference.

1. **Definitions and Construction.**

1.1 **Definitions.** Unless otherwise defined herein, including within the Glossary at the end of this Agreement, capitalized terms shall have the meanings assigned to such terms in the Grant Notice or the Plan.

1.2 **Construction.** Captions and titles contained herein are for convenience only and shall not affect the meaning or interpretation of any provision of this Agreement. Except when otherwise indicated by the context, the singular shall include the plural and the plural shall include the singular. The Company intends that the Award made under this Agreement constitute qualified performance-based compensation within the meaning of Section 162(m) of the Code and the regulations thereunder, and the provisions of this Agreement shall be construed and administered in a manner consistent with this intent. The Company intends that the Award made under this Agreement comply with, or otherwise be exempt from, Section 409A (including any amendments or replacements of such section), and the provisions of this Agreement shall be construed and administered in a manner consistent with this intent.

2. **Administration.**

All questions of interpretation concerning the Grant Notice, this Agreement and the Plan shall be determined by the Committee. All determinations by the Committee shall be final, binding and conclusive upon all persons having an interest in the Award.

3. **The Award.**

3.1 **Grant of Performance Shares.** On the Grant Date, the Participant has acquired, subject to the provisions of this Agreement, an opportunity to receive a number of Performance Shares, which shall not exceed the Maximum Number of Performance Shares set forth in the Grant Notice, subject to adjustment as provided in Section 9. The number of Performance Shares, if any, ultimately earned by the Participant, shall be that number of Performance Shares which become Vested Performance Shares.

3.2 **No Monetary Payment Required.** The Participant is not required to make any monetary payment (other than applicable tax withholding, if any) as a condition to receiving the Performance Shares or the Common Shares issued upon settlement of the Performance Shares, the consideration for which shall be past services actually rendered and/or future services to be rendered to the Company (or any Affiliate) or for its benefit. Notwithstanding the foregoing, if required by applicable state corporate law, the Participant shall furnish consideration in the form of cash or past services rendered to the Company (or any Affiliate) or for its benefit having a value not less than the par value of the Common Shares issued upon settlement of the Vested Performance Shares.

4. **Certification by the Committee.**

4.1 **Percentile Ranking of Peer Group Total Shareholder Return.** As soon as practicable following completion of the Performance Period, and in any event on or before the Performance Share Vesting Date, the Committee shall certify in writing the TSR Percentile Ranking of the Company for the Performance Period and the resulting number of Performance Shares, if any, which shall become Vested Performance Shares on the Performance Share Vesting Date, subject to the Participant’s continued Service until the Performance Share Vesting Date, except as otherwise provided by Section 5 or Section 8. The number of Performance Shares which shall become Vested Performance Shares on the Performance Share Vesting Date, subject to the Participant’s

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continued Service until the Performance Share Vesting Date, shall be determined by multiplying the Target Number of Performance Shares specified on the Grant Notice by the TSR Multiplier specified below, based on the Company's Total Shareholder Return relative to the Total Shareholder Return of the Peer Companies, rounding up to the nearest whole share:

TSR Percentile Ranking	TSR Multiplier
90th percentile or higher	200%
70th percentile	150%
50th percentile	100%
25th percentile	50%
Below 25th percentile	0%

The Total Shareholder Return for each Peer Company and the Company will be calculated based on the Ending Stock Price on the last trading day of each of the four calendar quarters of the third calendar year of the Performance Period and a TSR Multiplier will be calculated for each quarter. The four quarterly TSR Multipliers will be averaged to determine the final payout for the Performance Period.

The TSR Multiplier for an achieved TSR Percentile Ranking falling between the percentages set forth in the table above shall be determined by straight-line interpolation. The Company shall promptly notify the Participant of the determination by the Committee.

**4.2 Adjustment to Performance Period.** Notwithstanding anything on the Grant Notice or in this Agreement to the contrary, if for any reason the Company ceases to have its Common Stock listed for public trade on any national securities exchange or market before the last day of the Performance Period specified on the Grant Notice, the Performance Period shall end as of the last date that the Company's Common Stock is listed for public trade on a national securities exchange or market. Any temporary halt in trading, including without limitation any period during which trade is suspended while the Company comes into compliance with the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, shall be disregarded for this purpose.

#### 5. **Vesting of Performance Shares**

**5.1 In General.** Except as provided by this Section 5 and Section 8, the Performance Shares shall vest and become Vested Performance Shares as provided in the Grant Notice and Section 4.1, as certified by the Committee.

**5.2 Termination of Service Other Than By Reason of Retirement, Death, Disability or in Connection With a Change in Control of the Company.** In the event the Participant's Service terminates for any reason prior to the Performance Share Vesting Date, other than by reason of Retirement, death, Disability, or Qualifying Termination coincident with or within 24 months after a Change in Control of the Company, the Participant shall immediately forfeit, without requiring any act of the Participant or the Company to effectuate such forfeiture, all rights to and interests in the Performance Shares subject to the Award and the Award shall be cancelled as of the last day of the Participant's Service. The Participant shall not be entitled to any payment for such forfeited Performance Shares.

**5.3 Termination of Service by Reason of Death or Disability.** In the event the Participant's Service terminates by reason of death or Disability prior to the Performance Share Vesting Date, a number of Performance Shares shall become Vested Performance Shares on the last day of the Participant's Service as follows. The number of Performance Shares which shall become Vested Performance Shares shall be the product, rounded up to the nearest whole share, of (a) the Target Number of Performance Shares specified on the Grant Notice, multiplied by (b) a TSR Multiplier of 100%, multiplied by (c) a percentage equal to the ratio of the number of whole and partial months (rounded up to the nearest integer) of the Participant's Service during the Performance Period to the number of full months contained in the Performance Period. Notwithstanding the foregoing, in the event the Participant's Service terminates by reason of death or Disability after the end of the Performance Period but prior to the Performance Share Vesting Date, the TSR Multiplier to be used in the equation set forth in the immediately preceding sentence shall be the TSR Multiplier applicable for the Performance Period as determined under Section 4.1. The Participant shall forfeit, without requiring any act of the Participant, his personal

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representative or the Company to effectuate such forfeiture, all rights to and interests in any Performance Shares subject to the Award that do not become Vested Performance Shares under this Section 5.3 and the Award shall be cancelled with respect to such unvested Performance Shares on the last day of the Participant's Service. Neither the Participant nor any person claiming through the Participant shall be entitled to any payment for such forfeited Performance Shares.

**5.4 Termination of Service by Reason of Retirement.** In the event the Participant's Service terminates by reason of Retirement prior to the Performance Share Vesting Date, then, except as otherwise provided in Section 8.1, on the Performance Share Vesting Date the number of Performance Shares that shall become Vested Performance Shares, rounded up to the nearest whole share, shall be determined by multiplying (a) that number of Performance Shares that would have become Vested Performance Shares under Section 4.1 had no such termination occurred by (b) a percentage equal to the ratio of the number of whole and partial months (rounded up to the nearest integer) of the Participant's Service during the Performance Period to the number of full months contained in the Performance Period.

**5.5 Vesting Upon Qualifying Termination Following a Change In Control.** In the event the Participant suffers a Qualifying Termination coincident with or within 24 months following the CIC Date of a Change in Control but before the Performance Share Vesting Date, vesting of the Participant's outstanding Award (or outstanding Substitute Award, as the case may be) shall be accelerated so that the greater of (a) 100% of the Target Number of Performance Shares specified on the Grant Notice or (b) the number of Performance Shares that otherwise would have become vested as of the Performance Share Vesting Date, based on the TSR Multiplier (without the four-quarter averaging) attained as of the date of such Qualifying Termination, determined as if the Participant's last day of Service is the last day of the Performance Period, shall become Vested Performance Shares effective as of the last day of the Participant's Service; provided, however, that if the outstanding Substitute Award provides for valuation by reference to anything other than Performance Shares following the CIC Date then the Participant shall become 100% vested in such value as of the last day of the Participant's Service. In either such case, the Participant's Award or Substitute Award shall be settled as soon as practicable, generally within 30 days, after the Participant's last day of Service, except to the extent that settlement of such Award (or outstanding Substitute Award, as the case may be) must be made pursuant to its original schedule in order to comply with Section 409A of the Code. The Participant shall forfeit, without requiring any act of the Participant, his personal representative or the Company to effectuate such forfeiture, all rights to and interests in any Performance Shares subject to the Award or Substitute Award that do not become Vested Performance Shares under this Section 5.5. Neither the Participant nor any person claiming through the Participant shall be entitled to any payment for such forfeited Performance Shares.

**5.6 Forfeiture of Unvested Performance Shares.** Except as otherwise provided by this Section 5 or Section 8, on the Performance Share Vesting Date, the Participant shall forfeit, without requiring any act of the Participant or the Company to effectuate such forfeiture, all rights to and interests in any Performance Shares subject to the Award that have not become Vested Performance Shares and the Award shall be cancelled with respect to such unvested Performance Shares. The Participant shall not be entitled to any payment for such forfeited Performance Shares.

6. **Settlement of the Award.**

**6.1 Issuance of Common Shares.** Subject to the provisions of Section 6.3, Section 7.2 and Section 8.1 below, the Company shall issue to the Participant on the Settlement Date with respect to each Vested Performance Share one (1) Common Share. Common Shares issued in settlement of Performance Shares shall be subject to any restrictions as may be required pursuant to Section 6.3, Section 7 or the Insider Trading Policy.

**6.2 Beneficial Ownership of Common Shares.** Upon issuance of Common Shares in settlement of the Award, the Company will determine the form of delivery (e.g., a stock certificate or electronic entry evidencing such shares) and may deliver such shares on the Participant's behalf electronically to the Company's designated stock plan administrator or such other broker-dealer as the Company may choose at its sole discretion, within reason. Except as otherwise provided by this Section 6.2, the Common Shares as to which the Award is settled shall be registered in the name of the Participant, or, if applicable, in the names of the heirs or estate of the Participant.

**6.3 Restrictions on Grant of the Award and Issuance of Common Shares** The grant of the Award and issuance of Common Shares upon settlement of the Award shall be subject to compliance with all

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applicable requirements of federal, state or foreign law with respect to such securities. No Common Shares may be issued hereunder if the issuance of such shares would constitute a violation of any applicable federal, state or foreign securities laws or other law or regulations or the requirements of any stock exchange or market system upon which the Common Stock may then be listed. The inability of the Company to obtain from any regulatory body having jurisdiction the authority, if any, deemed by the Company's legal counsel to be necessary to the lawful issuance of any Common Shares subject to the Award shall relieve the Company of any liability in respect of the failure to issue such shares as to which such requisite authority shall not have been obtained. As a condition to the settlement of the Award, the Company may require the Participant to satisfy any qualifications that may be necessary or appropriate, to evidence compliance with any applicable law or regulation and to make any representation or warranty with respect thereto as may be requested by the Company.

6.4 **Fractional Shares.** The Company shall not be required to issue fractional Common Shares upon the settlement of the Award. Any fractional share resulting from the determination of the number of Vested Performance Shares shall be rounded up to the nearest whole number.

7. **Tax Matters.**

7.1 **In General.** At the time the Grant Notice is executed, or at any time thereafter as requested by the Company, the Participant hereby authorizes withholding from payroll and any other amounts payable to the Participant, and otherwise agrees to make adequate provision for, any sums required to satisfy the federal, state, local and foreign tax withholding obligations of the Company, if any, which arise in connection with the Award or the issuance of Common Shares in settlement thereof. The Company shall have no obligation to process the settlement of the Award or to deliver Common Shares until the tax withholding obligations as described in this Section have been satisfied by the Participant.

7.2 **Withholding in Common Shares.** Subject to applicable law, the Company may, in its sole discretion, permit the Participant to satisfy any tax withholding obligations that arise in connection with the Award by directing that the Company reduce the number of shares of Common Shares otherwise issuable to the Participant in settlement of the Award by a number of whole Common Shares having a fair market value, as determined by the Company as of the date on which the tax withholding obligations arise, up to the amount of such tax withholding obligations determined by the applicable statutory withholding rates.

8. **Change In Control.**

8.1 **Treatment of Award Upon a Change in Control.** In the event of the consummation of a Change in Control before the Settlement Date, the outstanding Award shall be assumed or an equivalent award, as determined in the discretion of the Committee, shall be granted by the successor corporation to the Company or a parent or subsidiary of such successor corporation in substitution for the outstanding Award (each such assumed Award or equivalent award granted, a "**Substitute Award**") and, except as provided by Section 5, this Section 8, or the terms of the Substitute Award, the Substitute Award shall vest and become Vested Performance Shares as provided in the Grant Notice and Section 4.1.

(a) If neither such successor corporation, nor a parent or subsidiary of such successor corporation, agrees to assume the Award or to substitute an equivalent award, as determined in the discretion of the Committee, then vesting of the outstanding Award shall be accelerated so that the greater of (a) 100% of the Target Number of Performance Shares specified on the Grant Notice or (b) the number of Performance Shares that would have become vested as of the Performance Share Vesting Date, based on the TSR Multiplier (without the four-quarter averaging) attained as of the CIC Date, determined as if the CIC Date is the last day of the Performance Period, shall become Vested Performance Shares effective as of the CIC Date, provided that the Participant's Service has not terminated prior to the CIC Date. Under these circumstances, the Settlement Date shall be the CIC Date or as soon as practicable thereafter.

(b) Notwithstanding the foregoing, if the Participant's Service terminates due to Retirement and a Change in Control is consummated before the Participant's Award is settled and no Substitute Award is assumed or granted, vesting of the Participant's outstanding Award shall be accelerated so that a number of Performance Shares shall become Vested Performance Shares effective as of the CIC Date determined, rounded up to the nearest whole share, by multiplying (a) that number of Performance Shares that would have become Vested Performance Shares under this Section 8.1 had no such Retirement occurred by (b) a percentage equal to the ratio of the number of whole and partial months (rounded up to the nearest integer) of the Participant's Service during the Performance Period to the number of full months contained in the Performance Period as reflected on the Grant Notice.

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(c) Notwithstanding anything herein to the contrary, the Committee may, in its discretion, determine that upon a Change in Control, each Award outstanding immediately prior to the Change in Control shall be canceled in exchange for payment with respect to the number of Performance Shares that otherwise would become Vested Performance Shares by reason of this Section 8.1, in (a) cash, (b) stock of the Company or the acquiring entity or any parent company of the acquiring entity, or (c) other property. In any such case, the payment shall be in an amount having a Fair Market Value equal to the Fair Market Value of the consideration to be paid per share of Common Stock in the Change in Control for each such Vested Performance Share (subject to any required tax withholding). Such payment shall be made within 30 days following the Change in Control.

(d) All of the foregoing provisions of this Section 8.1 may be revised or eliminated, in whole or in part, in the discretion of the Committee and without the consent of the Participant, to the extent that the Committee determines such action to be appropriate or desirable after obtaining in connection with a Change in Control transaction a shareholder advisory vote required by Section 951 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, or any successor provision, on golden parachute compensation arrangements, provided that this Agreement is a subject of that advisory vote.

## 8.2 Federal Excise Tax Under Section 4999 of the Code.

(a) **Excess Parachute Payment.** In the event that any acceleration of vesting of the Performance Shares and any other payment or benefit received or to be received by the Participant would subject the Participant to any excise tax pursuant to Section 4999 of the Code due to the characterization of such acceleration of vesting, payment or benefit as an “excess parachute payment” under Section 280G of the Code, the Participant may elect, in his or her sole discretion before the consummation of the Change in Control transaction, to reduce the amount of any acceleration of vesting called for by this Agreement in order to avoid such characterization.

(b) **Determination by Independent Accountants.** To aid the Participant in making any election called for under Section 8.2(a), no later than ten (10) days before the anticipated date of the occurrence of any event that might reasonably be anticipated to result in an “excess parachute payment” to the Participant as described in Section 8.2(a) (an “**Event**”), the Company shall request a determination in writing by independent public accountants selected by the Company (the “**Accountants**”). Unless the Company and the Participant otherwise agree in writing, the Accountants shall determine and report to the Company and the Participant within three (3) days before the date of the Event the amount of such acceleration of vesting, payments and benefits which would produce the greatest after-tax benefit to the Participant. For the purposes of such determination, the Accountants may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code and make reasonable assumptions and projections needed to make their required determination. The Company and the Participant shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make their required determination. The Company shall bear all fees and expenses the Accountants may reasonably charge in connection with their services contemplated by this Section 8.2(b).

## 9. Adjustments for Changes in Capital Structure.

Subject to any required action by the stockholders of the Company, in the event of any change in the Common Shares effected without receipt of consideration by the Company, whether through merger, consolidation, reorganization, reincorporation, recapitalization, reclassification, stock dividend, stock split, reverse stock split, split-up, split-off, spin-off, combination of shares, exchange of shares, or similar change in the capital structure of the Company, or in the event of payment of a dividend or distribution to the stockholders of the Company in a form other than Common Shares (excepting normal cash dividends) that has a material effect on the Fair Market Value of the Common Shares, appropriate adjustments shall be made by the Committee in the number of Performance Shares and/or the number and kind of shares to be issued in settlement of the Award, in order to prevent dilution or enlargement of the Participant’s rights under the Award. For purposes of the foregoing, conversion of any convertible securities of the Company shall not be treated as “effected without receipt of consideration by the Company.” Any fractional share resulting from an adjustment pursuant to this Section shall be rounded down to the nearest whole number. Such adjustments shall be determined by the Committee, and its determination shall be final, binding and conclusive. The Committee shall have discretion to make appropriate adjustments, as determined by the Committee, to the Total Shareholder Return calculation for the Company or any Peer Company in the event that the common securities of the Company or such Peer Company are affected by a stock split, reverse stock split, stock dividend, or similar change in capitalization.

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10. **Rights as a Stockholder or Employee**

The Participant shall have no rights as a stockholder with respect to any Common Shares which may be issued in settlement of this Award until the date of the issuance of such shares (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company). No adjustment shall be made for dividends, distributions or other rights for which the record date is prior to the date such shares are issued, except as provided in Section 9. Except as otherwise provided in a separate, written employment agreement between the Company or any Affiliate and the Participant, the Participant's employment is "at will" and is for no specified term. Nothing in the Grant Notice or this Agreement shall confer upon the Participant any right to continue in Service with the Company or any Affiliate or interfere in any way with any right of the Company or any Affiliate to terminate the Participant's Service with the Company or any Affiliate at any time.

11. **Compliance with Section 409A.**

11.1 **General Rule of Interpretation.** This Agreement and the Performance Shares granted hereunder are intended to fit within the "short-term deferral" exemption from Section 409A as set forth in Treas. Reg. § 1.409A-1(b)(4). In administering this Agreement, the Committee shall interpret this Agreement in a manner consistent with such exemption.

11.2 **Required Delay in Payment to Specified Employee.** Notwithstanding the foregoing, if it is determined that the Performance Shares fail to satisfy the requirements of the short-term deferral rule and otherwise result in Section 409A Deferred Compensation, and if the Participant is a "specified employee" (within the meaning set forth Section 409A(a)(2)(B)(i) of the Code) as of the date of the Participant's separation from service (within the meaning of Treas. Reg. § 1.409A-1(h)), then the issuance of any shares that would otherwise be made in connection with a "separation from service" (as determined for purposes of Section 409A) upon the date of the separation from service or within the first six (6) months thereafter will not be made on the originally scheduled date(s) and will instead be issued in a lump sum on the date that is six (6) months and one day after the date of the separation from service, but if and only if such delay in the issuance of the shares is necessary to avoid the imposition of additional taxation on the Participant in respect of the shares under Section 409A.

11.3 **Other Delays in Payment.** Neither the Participant nor the Company shall take any action to accelerate or delay the payment of any benefits under this Agreement in any manner which would not be in compliance with Code Section 409A. Notwithstanding the foregoing:

(a) If any payment is due to the Participant upon a Change in Control but such Change in Control does not constitute a change in ownership or effective control of the Company or a change in the ownership of a substantial portion of the assets of the Company as defined in Section 409A(a)(2)(A)(v), then such payment which constitutes Section 409A Deferred Compensation shall be deferred until another permissible payment event contained in Section 409A occurs (e.g., death, Disability, separation from service from the Company and its affiliated companies as defined for purposes of Section 409A).

(b) If any payment is due to the Participant upon the Participant's termination of Service but such termination of Service does not constitute a "separation from service" as defined in Section 409A(a)(2)(A)(i), then such payment which constitutes Section 409A Deferred Compensation shall be deferred until another permissible payment event contained in Section 409A occurs.

(c) If any payment is due to the Participant upon the Participant's becoming Disabled but such disability does not meet the requirements of a disability under Section 409A(a)(2)(C), then such payment which constitutes Section 409A Deferred Compensation shall be deferred until another permissible payment event contained in Section 409A occurs.

11.4 **Amendments to Comply with Section 409A; Indemnification.** Notwithstanding any other provision of this Agreement to the contrary, the Company is authorized to amend this Agreement, to void or amend any election made by the Participant under this Agreement and/or to delay the payment of any monies and/or provision of any benefits in such manner as may be determined by the Company, in its discretion, to be necessary or appropriate to comply with Section 409A without prior notice to or consent of the Participant. The Participant hereby releases and holds harmless the Company, its directors, officers and stockholders from any and all claims that may arise from or relate to any tax liability, penalties, interest, costs, fees or other liability incurred by the Participant in connection with the Award, including as a result of the application of Section 409A.

11.5 **Advice of Independent Tax Advisor.** The Company has not obtained a tax ruling or other confirmation from the Internal Revenue Service with regard to the application of Section 409A to the Award, and the

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Company does not represent or warrant that this Agreement will avoid adverse tax consequences to the Participant, including as a result of the application of Section 409A to the Award. The Participant hereby acknowledges that he or she has been advised to seek the advice of his or her own independent tax advisor prior to entering into this Agreement and is not relying upon any representations of the Company or any of its agents as to the effect of or the advisability of entering into this Agreement.

12. **Miscellaneous Provisions.**

12.1 **Termination or Amendment.** The Committee may terminate or amend the Plan or this Agreement at any time; provided, however, that except as provided in Section 8 in connection with a Change in Control, no such termination or amendment may materially adversely affect the Participant's rights under this Agreement, as determined in good faith in the discretion of the Committee, without the consent of the Participant unless such termination or amendment is necessary to comply with applicable law or government regulation, including, but not limited to, Section 409A. No amendment or addition to this Agreement shall be effective unless in writing.

12.2 **Nontransferability of the Award.** Prior the issuance of Common Shares, neither this Award nor any Performance Shares subject to this Award shall be subject in any manner to anticipation, alienation, sale, exchange, transfer, assignment, pledge, encumbrance, garnishment by creditors of the Participant or the Participant's beneficiary, or in any other manner made subject to a hedging transaction or puts and calls, except transfer by will or by the laws of descent and distribution. All rights with respect to the Award shall be exercisable during the Participant's lifetime only by the Participant or the Participant's guardian or legal representative.

12.3 **Unfunded Obligation.** The Participant shall have the status of a general unsecured creditor of the Company. Any amounts payable to the Participant pursuant to the Award shall be an unfunded and unsecured obligation for all purposes, including, without limitation, Title I of the Employee Retirement Income Security Act of 1974. The Company shall not be required to segregate any monies from its general funds, or to create any trusts, or establish any special accounts with respect to such obligations. The Company shall retain at all times beneficial ownership of any investments, including trust investments, which the Company may make to fulfill its payment obligations hereunder. Any investments or the creation or maintenance of any trust or any Participant account shall not create or constitute a trust or fiduciary relationship between the Committee or the Company and the Participant, or otherwise create any vested or beneficial interest in the Participant or the Participant's creditors in any assets of the Company. The Participant shall have no claim against the Company for any changes in the value of any assets which may be invested or reinvested by the Company with respect to the Award.

12.4 **Further Instruments.** The Company and the Participant agree to execute such further instruments and to take such further action as may reasonably be necessary to carry out the intent of this Agreement.

12.5 **Binding Effect.** This Agreement shall inure to the benefit of the successors and assigns of the Company and, subject to the restrictions on transfer set forth herein, be binding upon the Participant and the Participant's heirs, executors, administrators, successors and assigns.

12.6 **Delivery of Documents and Notices.** Any document relating to participation in the Plan or any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery, electronic delivery at the e-mail address, if any, provided for the Participant by the Company or any Affiliate, or upon deposit in the U.S. Post Office, by registered or certified mail, or with a nationally recognized overnight courier service, with postage and fees prepaid, addressed as applicable to the last known address of the Participant or the address of the principal executive office of the Company, in care of its General Counsel, or at such other address as such party may designate in writing from time to time to the other party.

(a) **Description of Electronic Delivery.** The Plan documents, which may include but do not necessarily include: the Plan, the Grant Notice, this Agreement, the Plan prospectus, and any reports of the Company provided generally to the Company's stockholders, may be delivered to the Participant electronically. In addition, the Participant may deliver electronically the Grant Notice to the Company or to such third party involved in administering the Plan as the Company may designate from time to time. Such means of electronic delivery may include but do not necessarily include the delivery of a link to a Company intranet or the internet site of a third party involved in administering the Plan, the delivery of the document via e-mail or such other means of electronic delivery specified by the Company.

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(b) **Consent to Electronic Delivery.** The Participant acknowledges that the Participant has read Section 12.6(a) of this Agreement and consents to the electronic delivery of the Plan documents and Grant Notice, as described in Section 12.6(a). The Participant acknowledges that he or she may receive from the Company a paper copy of any documents delivered electronically at no cost to the Participant by contacting the Company by telephone or in writing. The Participant further acknowledges that the Participant will be provided with a paper copy of any documents if the attempted electronic delivery of such documents fails. Similarly, the Participant understands that the Participant must provide the Company or any designated third party administrator with a paper copy of any documents if the attempted electronic delivery of such documents fails. The Participant may revoke his or her consent to the electronic delivery of documents described in Section 12.6(a) or may change the electronic mail address to which such documents are to be delivered (if Participant has provided an electronic mail address) at any time by notifying the Company of such revoked consent or revised e-mail address by telephone, postal service or electronic mail. Finally, the Participant understands that he or she is not required to consent to electronic delivery of documents described in Section 12.6(a).

12.7 **Recoupment.** Notwithstanding anything to the contrary in this Agreement, the Performance Shares (including any income, capital gains, proceeds realized or other economic benefit actually or constructively received by you upon the receipt, vesting or settlement of the Performance Shares, and your sale or other disposition of the Common Shares received in settlement of the Performance Shares) shall be subject to recovery under any clawback, recovery or recoupment policy which the Company may adopt from time to time, including without limitation the Company's existing Recoupment Policy, as amended from time to time or any successor thereto, and any policy which the Company may be required to adopt under Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act or other applicable law, the rules and regulations of the U.S. Securities and Exchange Commission, or the requirements of any national securities exchange on which the Company's Common Shares may be listed. By accepting the Performance Shares, you expressly acknowledge and agree that the Performance Shares are subject to the terms of the foregoing policies, whether retroactively or prospectively adopted, and agree to cooperate fully with the Committee to facilitate the recovery of any Performance Shares or proceeds realized from your sale or other disposition of the Common Shares received in settlement of the Performance Shares that the Committee determines in its sole discretion is required or entitled to be recovered pursuant to the terms of such policies.

12.8 **Retention.** Notwithstanding anything to the contrary in this Agreement, you acknowledge and agree that the terms and conditions of the Company's existing Executive Stock Ownership and Retention Guideline, as amended from time to time or any successor thereto (the "**Ownership Guideline**"), are incorporated by reference into this Agreement and shall apply to your Performance Shares if you on the Grant Date are or subsequently become an employee who is subject to the Ownership Guideline.

12.9 **Integrated Agreement.** The Grant Notice, this Agreement, the Ownership Guideline, and the Plan shall constitute the entire understanding and agreement of the Participant and the Company with respect to the subject matter contained herein or therein and supersedes any prior agreements, understandings, restrictions, representations, or warranties between the Participant and the Company with respect to such subject matter other than those as set forth or provided for herein or therein. To the extent contemplated herein or therein, the provisions of the Grant Notice and the Agreement shall survive any settlement of the Award and shall remain in full force and effect.

12.10 **Applicable Law.** The validity, construction and effect of this Agreement, and of any determinations or decisions made by the Committee relating to this Agreement, and the rights of any and all persons having or claiming to have any interest under this Agreement, shall be determined exclusively in accordance with the laws of the State of Tennessee, without regard to its provisions concerning the applicability of laws of other jurisdictions. Any suit with respect hereto will be brought in the federal or state courts in the districts which include Greeneville, Tennessee, and you hereby agree and submit to the personal jurisdiction and venue thereof.

12.11 **Counterparts.** The Grant Notice may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

*{Glossary begins on next page}*

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## GLOSSARY

(a) **"Affiliate"** means any entity, whether now or hereafter existing, which controls, is controlled by, or is under common control with, the Company or any successor to the Company. 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.

(b) **"Beginning Stock Price"** means the closing price on the applicable stock exchange of one share of common stock immediately prior to the first day of the Performance Period.

(c) **"Cause"** means (A) the Participant's fraud, malfeasance, self-dealing, embezzlement or dishonesty with respect to business affairs of the Company or its successor whether or not the Company or its successor is materially harmed; (B) the Participant's conviction of or failure to contest prosecution for a felony or a crime involving moral turpitude; (C) the Participant's material breach of the employment agreement between the Company or its successor and the Participant; (D) failure of the Participant, after reasonable notice, to comply promptly with any valid and legal directive of the Board of Directors of the Company or its successor; or (E) a failure by the Participant to perform adequately his responsibilities under the employment agreement between the Company or its successor and the Participant as demonstrated by objective and verifiable evidence showing that the business operations under the Participant's control have been materially harmed as a result of the Participant's gross negligence or willful misconduct.

(d) **"Change in Control"** shall have the meaning ascribed thereto in the Plan.

(e) **"CIC Date"** means the date on which the relevant Change in Control shall have occurred.

(f) **"Committee"** means the Board of Directors of Forward Air Corporation or such committee or committees appointed by the Board to administer the Plan.

(g) **"Common Shares"** means shares of Common Stock issued in settlement of the Award.

(h) **"Company"** means Forward Air Corporation 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 Corporation.

(i) **"Disability"** means that the 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 so long as such disability is within the meaning specified under Treas. Reg. § 1.409A-3(a)(4). The Administrator shall have sole authority to determine whether the 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.

(j) **"Dividends Paid"** means all dividends and other distributions paid on one share of the issuer's common stock during the Performance Period.

(k) **"Ending Stock Price"** means the closing price on the applicable stock exchange of one share of common stock on the last trading day of each measurement period.

(l) **"Insider Trading Policy"** means the written policy of the Company pertaining to the sale, transfer or other disposition of the Company's equity securities by members of the Board, officers or other

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employees who may possess material, non-public information regarding the Company, as in effect at the time of a disposition of any Common Shares.

(m) "**Material Change In Duties**" shall be deemed to have occurred when, without the Participant's consent, the Participant is assigned any duties inconsistent in any material respect with the Participant's position (including status, offices, titles, and reporting requirements), authority, duties or responsibilities as in effect on the CIC Date of the Change in Control, or any other action by the Company or its successor which results in a materially demonstrable diminution in such position, authority, duties or responsibilities. No Material Change in Duties shall be deemed to have occurred unless (i) the Participant notifies the Company or its successor in writing within 90 days after the assignment of materially inconsistent duties, and the Company or its successor fails to cure this material inconsistency within 30 days after receipt of the notice, and (ii) the termination of employment occurs no later than one year after the initial assignment of materially inconsistent duties.

(n) "**Peer Company**" means each of the following (collectively, the "Peer Group") C.H. Robinson Worldwide, Inc.; Echo Global Logistics, Inc.; Expeditors International of Washington, Inc.; Heartland Express, Inc. ; Hub Group, Inc.; J.B. Hunt Transport Services, Inc.; Knight Transportation, Inc.; Landstar System, Inc.; Marten Transport, Ltd.; Roadrunner Transportation Systems, Inc.; Saia, Inc.; and, Werner Enterprises, Inc.;. The Peer Companies shall be changed as follows:

(A) In the event that, at any time during the Performance Period, a Peer Company is no longer included in the same Standard & Poor's Global Industry Classification Standard ("GICS") industry group as the Company, such company shall no longer be a Peer Company.

(B) In the event that, at any time during the first 18 months of the Performance Period, a Peer Company enters into a definitive agreement to be acquired that is not rescinded or revoked by the end of Year 2, the peer will be eliminated.

(C) In the event that, at any time after the first 18 months of the Performance Period, a Peer Company is subject to a public announcement of a takeover attempt or enters into a definitive agreement to be acquired, it will be fixed above or below the Company using 30-trading day average prices up to the day before the announcement.

(D) In the event that, at any time during the Performance Period, a Peer Company enters into a definitive agreement to be acquired by the Company or one its subsidiaries, it will be eliminated for the entire measurement period.

(E) In the event that a Peer Company is involved in bankruptcy proceedings (and thus no longer traded on a national securities exchange) during any of the measurement periods, such company shall remain a Peer Company with a -100% Total Shareholder Return.

(p) "**Performance Share**" means a right to receive on the Settlement Date one (1) Common Share, subject to further restrictions as provided by this Agreement.

(o) "**Qualifying Termination**" means the termination of Service of the Participant provided that such termination is either (a) initiated by the Company or a parent or subsidiary of the Company, or a successor to any such entity for a reason other than Disability, death, Retirement or for Cause, or (b) initiated by the Participant for a Material Change in Duties.

(q) "**Retirement**" means the Participant's termination of Service with the Company and its Affiliates on or after attainment of age 65.

(r) "**Section 409A**" means Section 409A of the Code and any applicable regulations or administrative guidelines promulgated thereunder.

(s) "**Section 409A Deferred Compensation**" means compensation payable pursuant to the Award granted to a Participant subject to United States income taxation that constitutes nonqualified deferred compensation for purposes of Section 409A.

(t) "**Service**" means the Participant's employment or consultancy with, or performance of other services for, the Company and its Affiliates. If the Participant ceases to be a "common law employee" of the Company but continues to provide bona fide services to the Company following such cessation in a different capacity, including without limitation as a director, consultant or independent contractor, then a termination of Service shall not be deemed to have occurred for purposes of this Agreement upon such change in capacity. The

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Participant's Service will be considered to have ceased with the Company and its Affiliates if, immediately after a sale, merger or other corporate transaction, the trade, business or entity with which the Participant is employed or otherwise has a service relationship is not Forward Air Corporation or its successor or an Affiliate of Forward Air Corporation or Forward Air Corporation's successor.

(u) "**Settlement Date**" means the date so specified on the Grant Notice; provided, however, that in the event of termination of the Participant's Service by reason of death or Disability, the term "Settlement Date" shall mean the sixtieth (60th) day after the day on which the Participant's Service terminates.

(v) "**Substitute Award**" means, upon the occurrence of a Change in Control, the outstanding Award that is assumed or an equivalent award, as determined in the discretion of the Committee, that is granted in substitution for the outstanding Award by the successor corporation to the Company or a parent or subsidiary of such successor corporation. For the avoidance of doubt, a Substitute Award with respect to the Award outstanding as of immediately before the Change in Control may include, without limitation, an award that consists of a notional account that, as of the CIC Date, is credited with an amount equal to the product of (a) the Fair Market Value of the consideration to be paid per share of Common Stock in the Change in Control multiplied by (b) the greater of (i) 100% of the Target Number of Performance Shares specified on the Grant Notice or (ii) the number of Performance Shares that would have become vested as of the Performance Share Vesting Date, based on the TSR Multiplier attained as of the CIC Date, determined as if the CIC Date is the last day of the Performance Period, and which notional account becomes vested and shall be paid to the Participant on the original Performance Share Vesting Date specified on the Grant Notice provided that the Participant's Service with the Company or its successor, or a parent or subsidiary of such successor corporation, continues through such date, subject to earlier payment pursuant to Section 5.5 of this Agreement. The value of the notional account may, but need not, be credited with interest, earnings and losses or otherwise fluctuate by reference to stock of the Company or the acquiring entity or any parent company of the acquiring entity, and the notional account may be settled in cash, stock of the Company or the acquiring entity or any parent company of the acquiring entity, or other property.

(w) "**Total Shareholder Return**" means an issuer's total appreciation realized in its common stock value, inclusive of dividends and other distributions paid, expressed as a percentage and determined by dividing (A) the sum of (I) the Ending Stock Price minus the Beginning Stock Price plus (II) Dividends Paid, by (B) the Beginning Stock Price, rounded to one decimal place (e.g., 3.3%). In calculating Total Shareholder Return, all dividends are assumed to have been reinvested in shares on the ex-dividend date.

The Total Shareholder Return for each Peer Company and the Company will be calculated based on the Ending Stock Price on the last trading day of each of the four fiscal quarters of the third fiscal year of the Performance Period and a TSR Multiplier (as defined below) will be calculated for each quarter. The four quarterly TSR Multipliers will be averaged to determine the final payout for the Performance Period.

(x) "**TSR Multiplier**" means a number determined as follows:

TSR Percentile Ranking	TSR Multiplier
90th percentile or higher	200%
70th percentile	150%
50th percentile	100%
25th percentile	50%
Below 25th percentile	0%

The TSR Multiplier for an achieved TSR Percentile Ranking falling between the percentages set forth in the table above shall be determined by straight-line interpolation.

(y) "**TSR Percentile Ranking**" means the Company's percentile ranking relative to the Peer Companies, based on Total Shareholder Return, calculated as follows:  $1 - [(Company Rank - 1) / (Total Number of Peer Companies + the Company - 1)]$ , rounding to the nearest whole percentile. For example, if the Company is ranked third out of a group of 13 consisting of the 12 Peer Companies plus the Company, the TSR Percentile Ranking is calculated as  $1 - [(3 - 1) / (12 + 1 - 1)]$  or  $1 - (2/12)$  or  $1 - 0.1667$  or the 83rd percentile. The Company's rank is determined by ordering the Peer Companies and the Company from highest to lowest based on Total Shareholder Return for each measurement period and counting down from the entity with the highest Total

Shareholder Return (ranked first) to the Company's position on the list. If two entities are ranked equally, the ranking of the next entity shall account for the tie, so that if one entity is ranked first and two entities are tied for second, the next entity is ranked fourth. In the event of a tie between Company and a member of the Peer Group in TSR ranking (including TSR rankings within 1/10th of one percent), the Company will be ranked above the applicable member of the Peer Group for the applicable measurement period.

*{End of Agreement}*

**FORWARD AIR CORPORATION**  
**NOTICE OF GRANT OF RESTRICTED SHARES**

The Participant has been granted an award (the "**Award**") of \_\_\_\_\_ restricted shares (each, an "**Award Share**," and collectively, the "**Award Shares**") of the Common Stock of Forward Air Corporation, a Tennessee corporation (the "**Company**"), pursuant to the Forward Air Corporation 2016 Omnibus Incentive Compensation Plan (the "**Plan**") and the CEO Restricted Share Agreement attached hereto (the "**Agreement**"), as follows:

**Participant:** Bruce A. Campbell

**Employee ID:** \_\_\_\_\_

**Grant Date:** \_\_\_\_\_

**Grant No.:** \_\_\_\_\_

**Number of Award Shares:** [ \_\_\_\_\_ ], subject to adjustment as provided by the Plan.

All of the Award Shares are nonvested and forfeitable as of the Grant Date. So long as your Service with the Company is continuous from the Grant Date through the applicable date upon which vesting is scheduled to occur, one-third (1/3<sup>rd</sup>) of the Award Shares will vest and become nonforfeitable on each of the following dates:  
\_\_\_\_\_, 20\_\_;

\_\_\_\_\_, 20\_\_;

\_\_\_\_\_, 20\_\_.

**Vesting Schedule:**

The Award Agreement provides additional details regarding vesting of the Award Shares.

**Recoupment Policy:**

The Award shall be subject to the terms and conditions of such policy on the recoupment of incentive compensation as shall be adopted by the Company to implement the requirements of Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

By their signatures below, the Company and the Participant agree that the Award is governed by this Notice of Grant of Restricted Shares and by the provisions of the Plan and the Agreement, both of which are made a part of this document. The Participant acknowledges receipt of a copy of the Plan, the Agreement and the prospectus for the Plan, represents that the Participant has read and is familiar with the provisions of the Plan and the Agreement, and hereby accepts the Award subject to all of its terms and conditions.

FORWARD AIR CORPORATION

PARTICIPANT

By: \_\_\_\_\_

Signature

Its: \_\_\_\_\_

Date

ATTACHMENT: CEO Restricted Share Agreement

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**FORWARD AIR CORPORATION  
CEO RESTRICTED SHARE AGREEMENT**

Forward Air Corporation, a Tennessee corporation (the “**Company**”), has granted to the Participant named in the *Notice of Grant of Restricted Shares* (the “**Grant Notice**”) to which this Employee Restricted Share Agreement (the “**Agreement**”) is attached an Award consisting of Award Shares subject to the terms and conditions set forth in the Grant Notice and this Agreement. The Award has been granted pursuant to the Forward Air Corporation 2016 Omnibus Incentive Compensation Plan (the “**Plan**”), as amended to the Grant Date, the provisions of which are incorporated herein by reference.

1. Terminology. Unless otherwise defined herein, including within the Glossary at the end of this Agreement, capitalized terms shall have the meanings assigned to such terms in the Grant Notice or the Plan.

2. Vesting.

(a) All of the Award Shares are nonvested and forfeitable as of the Grant Date.

(b) So long as your Service with the Company is continuous from the Grant Date through the applicable date upon which vesting is scheduled to occur, the Award Shares will vest and become nonforfeitable on the dates set forth on the Grant Notice.

(c) If you die while in the Service of the Company or your Service terminates by reason of Disability, all of the Award Shares will become vested and nonforfeitable as of your death or such termination of employment.

(d) Unless otherwise determined by the Administrator or as specified herein, none of the Award Shares will become vested and nonforfeitable after your Service with the Company ceases.

(e) If a Change in Control occurs, the vesting and forfeitability of the Award Shares shall not be altered or accelerated solely as a result of such occurrence unless otherwise determined by the Administrator in its discretion, and the Award Shares shall be assumed or an equivalent award shall be substituted by the successor corporation to the Company or a parent or subsidiary of such successor corporation (each such assumed or equivalent award, a “**Substitute Award**”). In the event that you suffer a Qualifying Termination coincident with or within 24 months following the occurrence of a Change in Control, the Award Shares or Substitute Award, to the extent not previously vested nor earlier forfeited, shall become fully vested and nonforfeitable as of the date of such Qualifying Termination. If a Substitute Award is not issued or the Award Shares assumed in connection with the Change in Control, as determined in the discretion of the Administrator, then the Administrator shall provide for full vesting and lapse of restrictions on the Award Shares immediately before the effective time of the Change in Control.

3. Termination of Employment or Service.

(a) Unless otherwise determined by the Administrator or as specified herein, if your Service with the Company ceases for any reason other than death or Disability, all Award Shares that are not then vested and nonforfeitable will be immediately forfeited by you and transferred to the Company upon such cessation for no consideration.

(b) You acknowledge and agree that upon the forfeiture of any unvested Award Shares in accordance with Section 3(a), (i) your right to vote and to receive cash dividends on, and all other rights, title or interest in, to or with respect to, the forfeited Award Shares shall automatically, without further act, terminate and (ii) the forfeited Award Shares shall be returned to the Company. You hereby irrevocably appoint (which appointment is coupled with an interest) the Company as your agent and attorney-in-fact to take any necessary or appropriate action to cause the forfeited Award Shares to be returned to the Company, including without limitation executing and delivering stock powers and instruments of transfer, making endorsements and/or making, initiating or issuing instructions or entitlement orders, all in your name and on your behalf. You hereby ratify and approve all acts done by the Company as such attorney-in-fact. Without limiting the foregoing, you expressly acknowledge and agree that

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any transfer agent for the Common Stock of the Company is fully authorized and protected in relying on, and shall incur no liability in acting on, any documents, instruments, endorsements, instructions, orders or communications from the Company in connection with the forfeited Award Shares or the transfer thereof, and that any such transfer agent is a third party beneficiary of this Agreement.

#### 4. Restrictions on Transfer.

(a) Until an Award Share becomes vested and nonforfeitable, it may not be sold, 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.

(b) Any attempt to dispose of any such Award Shares in contravention of the restrictions set forth in [Section 4\(a\)](#) of this Agreement shall be null and void and without effect. The Company shall not be required to (i) transfer on its books any Award Shares that have been sold or transferred in contravention of this Agreement or (ii) treat as the owner of Award Shares, or otherwise accord voting, dividend or liquidation rights to, any transferee to whom Award Shares have been transferred in contravention of this Agreement.

5. Stock Certificates. You are reflected as the owner of record of the Award Shares as of the Grant Date on the Company's books. The Company or an escrow agent appointed by the Administrator will hold in escrow the share certificates for safekeeping, or the Company may otherwise retain the Award Shares in uncertificated book entry form, until the Award Shares become vested and nonforfeitable. Until the Award Shares become vested and nonforfeitable, any share certificates representing such shares will include a legend to the effect that you may not sell, assign, transfer, pledge, or hypothecate the Award Shares. All regular cash dividends on the Award Shares held by the Company will be paid directly to you on the dividend payment date. As soon as practicable after vesting of an Award Share, the Company will continue to retain the Award Share in uncertificated book entry form but remove the restrictions on transfer on its books with respect to that Award Share. Alternatively, upon your request, the Company will deliver a share certificate to you or deliver a share electronically or in certificate form to your designated broker on your behalf, for the vested Award Share.

#### 6. Tax Election and Tax Withholding.

(a) You hereby agree to make adequate provision for foreign, federal, state and local taxes required by law to be withheld, if any, which arise in connection with the grant or vesting of the Award Shares. The Company shall have the right to deduct from any compensation or any other payment of any kind due you (including withholding the issuance or delivery of shares of Common Stock or redeeming Award Shares) the amount of any federal, state, local or foreign taxes required by law to be withheld as a result of the grant or vesting of the Award Shares in whole or in part. In lieu of such deduction, the Company may require you to make a cash payment to the Company equal to the amount required to be withheld. If you do not make such payment when requested, the Company may refuse to issue any Common Stock certificate under this Agreement until arrangements satisfactory to the Administrator for such payment have been made.

(b) You hereby acknowledge that you have been advised by the Company to seek independent tax advice from your own advisors regarding the availability and advisability of making an election under Section 83(b) of the Internal Revenue Code of 1986, as amended, and that any such election, if made, must be made within 30 days of the Grant Date. You expressly acknowledge that you are solely responsible for filing any such Section 83(b) election with the appropriate governmental authorities, irrespective of the fact that such election is also delivered to the Company. You may not rely on the Company or any of its officers, directors or employees for tax or legal advice regarding this award. You acknowledge that you have sought tax and legal advice from your own advisors regarding this award or have voluntarily and knowingly foregone such consultation.

#### 7. Adjustments for Corporate Transactions and Other Events.

(a) Stock Dividend, Stock Split and Reverse Stock Split Upon a stock dividend of, or stock split or reverse stock split affecting, the Common Stock, the number of Award Shares and the number of such Award Shares that are nonvested and forfeitable shall, without further action of the Administrator, be adjusted to reflect such event. Fractional shares that result from such adjustments shall be eliminated. Adjustments under this [Section 7](#) will be made by the Administrator, whose determination as to what adjustments, if any, will be made and the extent thereof will be final, binding and conclusive.

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(b) Binding Nature of Agreement. The terms and conditions of this Agreement shall apply with equal force to any additional and/or substitute securities received by you in exchange for, or by virtue of your ownership of, the Award Shares, to the same extent as the Award Shares with respect to which such additional and/or substitute securities are distributed, whether as a result of any spin-off, stock split-up, stock dividend, stock distribution, other reclassification of the Common Stock of the Company, or similar event. If the Award Shares are converted into or exchanged for, or stockholders of the Company receive by reason of any distribution in total or partial liquidation or pursuant to any merger of the Company or acquisition of its assets, securities of another entity, or other property (including cash), then the rights of the Company under this Agreement shall inure to the benefit of the Company's successor, and this Agreement shall apply to the securities or other property received upon such conversion, exchange or distribution in the same manner and to the same extent as the Award Shares.

8. Federal Excise Tax Under Section 4999 of the Code.

(a) Excess Parachute Payment. In the event that any acceleration of vesting of the Award Shares and any other payment or benefit received or to be received by you would subject you to any excise tax pursuant to Section 4999 of the Code due to the characterization of such acceleration of vesting, payment or benefit as an "excess parachute payment" under Section 280G of the Code, you may elect, in your sole discretion before the consummation of the Change in Control transaction, to reduce the amount of any acceleration of vesting called for by this Agreement in order to avoid such characterization.

(b) Determination by Independent Accountants. To aid you in making any election called for under Section 8(a), no later than ten (10) days before the anticipated date of the occurrence of any event that might reasonably be anticipated to result in an "excess parachute payment" to you as described in Section 8(a) (an "**Event**"), the Company shall request a determination in writing by independent public accountants selected by the Company (the "**Accountants**"). Unless the Company and you otherwise agree in writing, the Accountants shall determine and report to the Company and you within three (3) days before the date of the Event the amount of such acceleration of vesting, payments and benefits which would produce the greatest after-tax benefit to you. For the purposes of such determination, the Accountants may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code and make reasonable assumptions and projections needed to make their required determination. The Company and you shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make their required determination. The Company shall bear all fees and expenses the Accountants may reasonably charge in connection with their services contemplated by this Section 8(b).

9. Recoupment. Notwithstanding anything to the contrary in this Agreement, the Award Shares (including any income, capital gains, proceeds realized or other economic benefit actually or constructively received by you upon the receipt or vesting of the Award Shares, and your sale or other disposition of the Award Shares) shall be subject to recovery under any clawback, recovery or recoupment policy which the Company may adopt from time to time, including without limitation the Company's existing Recoupment Policy, as amended from time to time or any successor thereto, and any policy which the Company may be required to adopt under Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act or other applicable law, the rules and regulations of the U.S. Securities and Exchange Commission, or the requirements of any national securities exchange on which the Company's Common Stock may be listed. By accepting the Award Shares, you expressly acknowledge and agree that the Award Shares are subject to the terms of the foregoing policies, whether retroactively or prospectively adopted, and agree to cooperate fully with the Administrator to facilitate the recovery of any Award Shares or proceeds realized from your sale or other disposition of the Award Shares that the Administrator determines in its sole discretion is required or entitled to be recovered pursuant to the terms of such policies.

9. Retention. Notwithstanding anything to the contrary in this Agreement, you acknowledge and agree that the terms and conditions of the Company's existing Executive Stock Ownership and Retention Guideline, as amended from time to time or any successor thereto (the "**Ownership Guideline**"), are incorporated by reference into this Agreement and shall apply to your Award Shares if you on the Grant Date are or subsequently become an employee who is subject to the Ownership Guideline.

10. Non-Guarantee of Employment or Service Relationship. Nothing in the Plan or this Agreement shall alter your at-will or other employment status or other service relationship with the Company, nor be construed as a contract of employment or service relationship between the Company and you, or as a contractual right of you to continue in the employ of, or in a service relationship with, the Company for any period of time, or as a limitation

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of the right of the Company to discharge you at any time with or without cause or notice and whether or not such discharge results in the forfeiture of any Award Shares or any other adverse effect on your interests under the Plan.

11. Rights as Stockholder. Except as otherwise provided in this Agreement with respect to the nonvested and forfeitable Award Shares, you will possess all incidents of ownership of the Award Shares, including the right to vote the Award Shares and receive dividends and/or other distributions declared on the Award Shares.

12. The Company's Rights. The existence of the Award Shares shall not affect in any way the right or power of the Company or its stockholders 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.

13. Notices. All notices and other communications made or given pursuant to this Agreement shall be in writing and shall be sufficiently made or given if hand delivered or mailed by certified mail, addressed to you at the address contained in the records of the Company, or addressed to the Administrator, care of the Company for the attention of its Corporate Secretary at its principal executive office or, if the receiving party consents in advance, transmitted and received via telecopy or via such other electronic transmission mechanism as may be available to the parties.

14. Electronic Delivery of Documents.

(a) Delivery of Documents and Notices. Any document relating to participation in the Plan or any notice required or permitted hereunder shall be given in writing and shall be deemed effectively given upon personal delivery, electronic delivery at the e-mail address, if any, provided for you by the Company or any Affiliate, or upon deposit in the U.S. Post Office, by registered or certified mail, or with a nationally recognized overnight courier service, with postage and fees prepaid, addressed as applicable to your last known address or the address of the principal executive office of the Company, in care of its General Counsel, or at such other address as such party may designate in writing from time to time to the other party.

(b) Description of Electronic Delivery. The Plan documents, which may include but do not necessarily include: the Plan, the Grant Notice, this Agreement, the Plan prospectus, and any reports of the Company provided generally to the Company's shareholders, may be delivered to you electronically. In addition, you may deliver electronically the Grant Notice to the Company or to such third party involved in administering the Plan as the Company may designate from time to time. Such means of electronic delivery may include but do not necessarily include the delivery of a link to a Company intranet or the internet site of a third party involved in administering the Plan, the delivery of the document via e-mail or such other means of electronic delivery specified by the Company.

(c) Consent to Electronic Delivery. You acknowledge that you have read Section 14(b) of this Agreement and consent to the electronic delivery of the Plan documents and Grant Notice, as described in Section 14(b). You acknowledge that you may receive from the Company a paper copy of any documents delivered electronically at no cost to you by contacting the Company by telephone or in writing. Requests should be made to the Secretary of the Company at 1915 Snapps Ferry Road, Bldg. N, Greeneville, TN 37745 (Telephone: (423) 636 7000). You may revoke your consent to the electronic delivery of documents described in Section 14(b) or may change the electronic mail address to which such documents are to be delivered (if you have provided an electronic mail address) at any time by notifying the Company of such revoked consent or revised e-mail address by telephone, postal service or electronic mail. Finally, you understand that you are not required to consent to electronic delivery of documents described in Section 14(b).

15. Entire Agreement. This Agreement, inclusive of the Grant Notice and the Plan, contains the entire agreement between the parties with respect to the Award Shares granted hereunder. Any oral or written agreements, representations, warranties, written inducements, or other communications made prior to the execution of this Agreement with respect to the Award Shares granted hereunder shall be void and ineffective for all purposes.

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16. Amendment. This Agreement may be amended from time to time by the Administrator in its discretion; provided, however, that this Agreement may not be modified in a manner that would have a materially adverse effect on the Award Shares as determined in the discretion of the Administrator, except as provided in the Plan or in a written document signed by each of the parties hereto.

17. Conformity with Plan. This Agreement is intended to conform in all respects with, and is subject to all applicable provisions of, the Plan. Conflicts between this Agreement and the Plan shall be resolved in accordance with the terms of the Plan. In the event of any ambiguity in this Agreement or any matters as to which this Agreement is silent, the Plan shall govern. A copy of the Plan is available upon request to the Administrator.

18. Governing Law. The validity, construction and effect of this Agreement, and of any determinations or decisions made by the Administrator relating to this Agreement, and the rights of any and all persons having or claiming to have any interest under this Agreement, shall be determined exclusively in accordance with the laws of the State of Tennessee, without regard to its provisions concerning the applicability of laws of other jurisdictions. Any suit with respect hereto will be brought in the federal or state courts in the districts which include Greeneville, Tennessee, and you hereby agree and submit to the personal jurisdiction and venue thereof.

19. Headings. The headings in this Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

20. Counterparts. The Grant Notice may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

*{Glossary begins on next page}*

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## GLOSSARY

(a) “**Administrator**” means the Compensation Committee of the Board of Directors of Forward Air Corporation, or such other committee(s) or officer(s) duly appointed by such 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 such Board or the Compensation Committee; provided, however, that at any time the Board of Directors of Forward Air Corporation 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.

(b) “**Affiliate**” means any entity, whether now or hereafter existing, which controls, is controlled by, or is under common control with, Forward Air Corporation or any successor to Forward Air Corporation. 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.

(c) “**Cause**” means (A) your fraud, malfeasance, self-dealing, embezzlement or dishonesty with respect to business affairs of the Company or its successor whether or not the Company or its successor is materially harmed; (B) your conviction of or failure to contest prosecution for a felony or a crime involving moral turpitude; (C) your material breach of the employment agreement between the Company or its successor and you; (D) your failure, after reasonable notice, to comply promptly with any valid and legal directive of the Board of Directors of the Company or its successor; or (E) your failure to perform adequately your responsibilities under the employment agreement between the Company or its successor and you as demonstrated by objective and verifiable evidence showing that the business operations under your control have been materially harmed as a result of your gross negligence or willful misconduct.

(d) “**Change in Control**” shall have the meaning ascribed thereto in the Plan.

(e) “**Company**” means Forward Air Corporation 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 Corporation.

(f) “**Disability**” means that you are (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 your 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 you participate and which conditions the right to receive benefits under such program on your 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 your death or result in death. The Administrator shall have sole authority to determine whether you have suffered a Disability and may require such medical or other evidence as it deems necessary to judge the nature and permanency of your condition.

(g) “**Material Change In Duties**” shall be deemed to have occurred when, without your consent, you are assigned any duties inconsistent in any material respect with your position (including status, offices, titles, and reporting requirements), authority, duties or responsibilities as in effect on the CIC Date of the Change in Control, or any other action by the Company or its successor which results in a materially demonstrable diminution in such position, authority, duties or responsibilities. No Material Change in Duties shall be deemed to have occurred unless (i) you notify the Company or its successor in writing within 90 days after the assignment of materially inconsistent duties, and the Company or its successor fails to cure this material inconsistency within 30 days after receipt of the notice, and (ii) your termination of employment occurs no later than one year after the initial assignment of materially inconsistent duties.

(h) “**Qualifying Termination**” means your termination of Service with the Company or its successor provided that the termination is either (a) initiated by the Company or a parent or subsidiary of the Company, or a successor to any such entity for a reason other than Disability, death, Retirement or for Cause, or (b) initiated by you for a Material Change in Duties.

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(i) “**Retirement**” means your termination of Service with the Company and its Affiliates on or after attainment of age 65.

(j) “**Service**” means your employment or consultancy with, or performance of other services for, the Company and its Affiliates. If you cease to be a “common law employee” of the Company but you continue to provide bona fide services to the Company following such cessation in a different capacity, including without limitation as a director, consultant or independent contractor, then a termination of Service shall not be deemed to have occurred for purposes of this Agreement upon such change in capacity. Your Service will be considered to have ceased with the Company and its Affiliates if, immediately after a sale, merger or other corporate transaction, the trade, business or entity with which you are employed or otherwise have a service relationship is not Forward Air Corporation or its successor or an Affiliate of Forward Air Corporation or Forward Air Corporation’s successor.

(k) “**You**”; “**Your**”. You means the recipient of the Award Shares as reflected in the Grant Notice. Whenever the word “you” or “your” is used in any provision of this Agreement under circumstances where the provision should logically be construed, as determined by the Administrator, to apply to the estate, personal representative, or beneficiary to whom the Award Shares may be transferred by will or by the laws of descent and distribution, the words “you” and “your” shall be deemed to include such person.

{*End of Agreement*}

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**IMPORTANT TAX INFORMATION**

**INSTRUCTIONS REGARDING SECTION 83(b) ELECTIONS**

1. **The 83(b) Election is Irrevocable. The 83(b) Election is a voluntary election that is available to you. It is your decision whether to file an 83(b) Election.**
  2. **If you choose to make an 83(b) Election, the 83(b) Election Form must be filed with the Internal Revenue Service within 30 days of the Grant Date; no exceptions to this rule are made.**
  3. **If you choose to make an 83(b) Election, you must provide a copy of the 83(b) Election Form to the Corporate Secretary or other designated officer of the Company. This copy should be provided to the Company at the same time that you file your 83(b) Election Form with the Internal Revenue Service.**
  4. **In addition to making the filing under Item 2 above, you must attach a copy of your 83(b) Election Form to your tax return for the taxable year that includes the Grant Date.**
  5. **If you make an 83(b) Election and later forfeit the Award Shares, you will not be entitled to a refund of the taxes paid with respect to the gross income you recognized under the 83(b) Election.**
  6. **You must consult your personal tax advisor before making an 83(b) Election. The attached election forms are intended as samples only, they must be tailored to your circumstances and may not be relied upon without consultation with a personal tax advisor.**
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**SECTION 83(b) ELECTION FORM**

***Election Pursuant to Section 83(b) of the Internal Revenue Code to Include Property in Gross Income in Year of Transfer***

The undersigned hereby makes an election pursuant to Section 83(b) of the Internal Revenue Code with respect to the property described below and supplies the following information in accordance with the regulations promulgated thereunder:

1. The name, address, and taxpayer identification number of the undersigned are:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
  
- - -

2. The property with respect to which the election is made is \_\_\_\_\_ shares of Common Stock, par value \$.01 per share, of Forward Air Corporation, a Tennessee corporation (the "Company").

3. The date on which the property was transferred was \_\_\_\_\_, 20\_\_, the date on which the taxpayer received the property pursuant to a grant of restricted stock.

4. The taxable year to which this election relates is calendar year 20\_\_.

5. The property is subject to restrictions in that the property is not transferable and is subject to a substantial risk of forfeiture until the taxpayer vests in the property. The taxpayer will vest in one-third of the shares of Common Stock on \_\_\_\_\_ of each of calendar years 20\_\_, 20\_\_ and 20\_\_, provided the taxpayer is in the employ of the Company on such dates. Vesting also may accelerate upon the occurrence of certain events.

6. The fair market value at the time of transfer (determined without regard to any restrictions other than restrictions which by their terms will never lapse) of the property with respect to which this election is being made is \$\_\_\_\_\_ per share; with a cumulative fair market value of \$\_\_\_\_\_. The taxpayer did not pay any amount for the property transferred.

7. A copy of this statement was furnished to Forward Air Corporation, for whom the taxpayer rendered the services underlying the transfer of such property.

8. This election is made to the same effect, and with the same limitations, for purposes of any applicable state statute corresponding to Section 83(b) of the Internal Revenue Code.

*The undersigned understands that the foregoing election may not be revoked except with the consent of the Commissioner of Internal Revenue.*

Signed: \_\_\_\_\_

Date: \_\_\_\_\_

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**Letter for filing §83(b) Election Form**

[Date]

**CERTIFIED MAIL**  
**RETURN RECEIPT REQUESTED**

Internal Revenue Service Center

(the Service Center to which individual income tax return is filed)

**Re: 83(b) Election of [Name]**  
**Social Security Number: \_\_\_\_\_**

Dear Sir/Madam:

Enclosed is an election under §83(b) of the Internal Revenue Code of 1986, as amended, with respect to certain shares of stock of Forward Air Corporation, a Tennessee corporation, that were transferred to me on \_\_\_\_\_, 20\_\_.

Please file this election.

Sincerely,

\_\_\_\_\_  
[Name]

cc: Corporate Secretary of Forward Air Corporation

**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 March 31, 2018 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: April 26, 2018

/s/ Bruce A. Campbell

Bruce A. Campbell  
Chairman, President and Chief Executive Officer

**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 March 31, 2018 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: April 26, 2018

/s/ Michael J. Morris

Michael J. Morris

Chief Financial Officer, Senior Vice President and Treasurer

**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 March 31, 2018 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: April 26, 2018

/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.



**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 March 31, 2018 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: April 26, 2018

/s/ Michael J. Morris

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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.