

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, 2019
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 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 such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definition of "large accelerated filer", "accelerated filer", "smaller reporting company", and "emerging growth 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 22, 2019 was 28,695,985.

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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)

	March 31, 2019	December 31, 2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 42,165	\$ 25,657
Accounts receivable, less allowance of \$2,721 in 2019 and \$2,081 in 2018	150,623	156,359
Other current assets	9,283	19,066
Total current assets	202,071	201,082
Property and equipment	417,606	413,900
Less accumulated depreciation and amortization	210,750	204,005
Total property and equipment, net	206,856	209,895
Operating lease right-of-use assets	133,361	—
Goodwill and other acquired intangibles:		
Goodwill	199,092	199,092
Other acquired intangibles, net of accumulated amortization of \$83,177 in 2019 and \$80,666 in 2018	111,150	113,661
Total goodwill and other acquired intangibles, net	310,242	312,753
Other assets	33,047	36,485
Total assets	\$ 885,577	\$ 760,215
Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable	\$ 31,124	\$ 34,630
Accrued expenses	41,434	39,784
Current portion of debt and finance lease obligations	264	309
Current portion of operating lease obligations	43,824	—
Total current liabilities	116,646	74,723
Debt and finance lease obligations, less current portion	47,312	47,335
Operating lease obligations, less current portion	89,915	—
Other long-term liabilities	40,257	47,739
Deferred income taxes	38,010	37,174
Shareholders' equity:		
Preferred stock	—	—
Common stock, \$0.01 par value: Authorized shares - 50,000,000, Issued and outstanding shares - 28,415,052 in 2019 and 28,534,935 in 2018	284	285
Additional paid-in capital	214,173	210,296
Retained earnings	338,980	342,663
Total shareholders' equity	553,437	553,244
Total liabilities and shareholders' equity	\$ 885,577	\$ 760,215

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

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

	Three months ended	
	March 31, 2019	March 31, 2018
Operating revenue	\$ 321,471	\$ 302,608
Operating expenses:		
Purchased transportation	144,014	139,666
Salaries, wages and employee benefits	76,362	69,581
Operating leases	19,173	17,964
Depreciation and amortization	10,827	10,690
Insurance and claims	9,371	7,153
Fuel expense	5,608	5,554
Other operating expenses	31,382	27,765
Total operating expenses	296,737	278,373
Income from operations	24,734	24,235
Other expense:		
Interest expense	(575)	(371)
Other, net	(1)	—
Total other expense	(576)	(371)
Income before income taxes	24,158	23,864
Income tax expense	5,751	6,123
Net income and comprehensive income	\$ 18,407	\$ 17,741
Net income per share:		
Basic	\$ 0.64	\$ 0.60
Diluted	\$ 0.64	\$ 0.60
Dividends per share:	\$ 0.18	\$ 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)

	Three months ended	
	March 31, 2019	March 31, 2018
Operating activities:		
Net income	\$ 18,407	\$ 17,741
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	10,827	10,690
Share-based compensation	3,047	2,261
(Gain) loss on disposal of property and equipment	(61)	82
Provision for loss on receivables	629	134
Provision for revenue adjustments	540	817
Deferred income tax expense	836	3,713
Changes in operating assets and liabilities		
Accounts receivable	4,567	805
Prepaid expenses and other current assets	2,699	2,715
Income taxes	4,631	1,768
Accounts payable and accrued expenses	(4,596)	87
Net cash provided by operating activities	41,526	40,813
Investing activities:		
Proceeds from disposal of property and equipment	407	644
Purchases of property and equipment	(4,090)	(6,221)
Other	(6)	(91)
Net cash used in investing activities	(3,689)	(5,668)
Financing activities:		
Payments of finance lease obligations	(68)	(74)
Proceeds from exercise of stock options	830	—
Payments of cash dividends	(5,189)	(4,413)
Repurchase of common stock (repurchase program)	(14,181)	(19,993)
Cash settlement of share-based awards for tax withholdings	(2,721)	(1,823)
Net cash used in financing activities	(21,329)	(26,303)
Net increase in cash	16,508	8,842
Cash at beginning of period	25,657	3,893
Cash at end of period	\$ 42,165	\$ 12,735

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, 2019

1. Description of Business and Basis of Presentation

Forward Air Corporation ("the Company", "We", "Our") is a leading asset-light freight and logistics company. Forward Air Corporation's services can be classified into four reportable segments: Expedited LTL, Intermodal, Truckload Premium Services ("TLS") and Pool Distribution ("Pool") (See Note 13).

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, final mile solutions, 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.

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 United States.

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.

In our Pool 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 (as described in our 2018 Form 10-K) when measured on a quarterly basis; therefore operating results for the three months ended March 31, 2019 are not necessarily indicative of the results that may be expected for the year ending December 31, 2019. 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, 2018.

The accompanying unaudited condensed consolidated financial statements of the Company include Forward Air Corporation and its subsidiaries. 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 February 2016, the FASB issued ASU 2016-02, Leases, which requires lessees to recognize a right-of-use asset with a corresponding lease liability on their balance sheet for most leases classified as operating leases under previous guidance. Lessors are required to recognize a net lease investment for most leases. Additional qualitative and quantitative disclosures are also required. The Company applied the transition requirements as of January 1, 2019, which resulted in recording right-of-use lease assets and corresponding lease liabilities of \$133,361 and \$133,739, respectively, as of March 31, 2019. There was no impact to the Company's Statements of Comprehensive Income or Statements of Cash Flows. In addition, comparative financial statements have not been presented as allowed per the guidance. Changes to processes and internal controls to meet the standard's reporting and disclosure requirements have also been implemented. See Note 9, Leases, for additional discussion over this new standard, including the impact on the Company's financial statements.

Forward Air Corporation
Notes to Condensed Consolidated Financial Statements
(In thousands, except share and per share data)
(Unaudited)
March 31, 2019

3. Revenue

The Company's revenue is generated from providing transportation and related services to customers in accordance with contractual agreements, bill of lading ("BOL") contracts and general tariff provisions. Related services include accessorial charges such as terminal handling, storage, equipment rentals and customs brokerage. These services are distinct and are accounted for as separate performance obligations. Generally, the Company's performance obligations begin when a customer's BOL is received and are satisfied when the delivery of a shipment and related services are completed. The Company generally recognizes revenue for its services over time to coincide with when its customers simultaneously receive and consume the benefits of these services. Performance obligations are short-term with transit days typically less than a week. Upon delivery of a shipment or related service, customers are billed and remit payment according to payment terms.

Our revenue from contracts with customers is disclosed within our four reportable segments: Expedited LTL, Intermodal, TLS 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. See additional discussion in Note 13, Segment Reporting.

4. Acquisitions and Goodwill

Intermodal Acquisitions

As part of the Company's strategy to expand its Intermodal operations, in July 2018, the Company acquired certain assets of Multi-Modal Transport Inc. ("MMT") for \$3,737, and in October 2018, the Company acquired certain assets of Southwest Freight Distributors ("Southwest") for \$16,250. The MMT acquisition provides Intermodal with an expanded footprint in the Minnesota, North Dakota, South Dakota, Iowa and Wisconsin markets, and the Southwest acquisition provides an expanded footprint in Texas. Both MMT and Southwest also provide access to several strategic customer relationships.

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.

Goodwill

The Company conducted its annual impairment assessments and test of goodwill for each reporting unit as of June 30, 2018 and no impairment charges were required at that time. Goodwill impairment exists when the estimated implied fair value of goodwill is less than its carrying value. Changes in strategy or market conditions could significantly impact these fair value estimates and require adjustments to recorded asset balances. During the three months ended March 31, 2019, no indicators of impairment were identified.

The following is a summary of the Company's goodwill as of March 31, 2019. There were no changes to goodwill during the three months ended March 31, 2019. Approximately \$119,948 of goodwill is deductible for tax purposes.

	March 31, 2019
Expedited LTL	
Goodwill	\$ 97,593
Accumulated Impairment	—
Intermodal	
Goodwill	76,615
Accumulated Impairment	—
TLS	
Goodwill	45,164
Accumulated Impairment	(25,686)
Pool Distribution	
Goodwill	12,359
Accumulated Impairment	(6,953)
Total	\$ 199,092

Forward Air Corporation
Notes to Condensed Consolidated Financial Statements
(In thousands, except share and per share data)
(Unaudited)
March 31, 2019

5. Share-Based Payments

The Company's general practice has been to make a single annual grant of share-based compensation in the first quarter 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 shares"), 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 historically used the Black-Scholes option-pricing model to estimate the grant-date fair value of options granted. The Company did not make any stock option grants in the three months ended March 31, 2019.

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

	Three months ended March 31, 2019			
	Options (000)	Weighted- Average Exercise Price	Aggregate Intrinsic Value (000)	Weighted- Average Remaining Contractual Term
Outstanding at December 31, 2018	538	\$ 51		
Granted	—	—		
Exercised	(18)	46		
Forfeited	—	—		
Outstanding at March 31, 2019	520	\$ 52	\$ 5,031	4.5
Exercisable at March 31, 2019	308	\$ 46	\$ 4,598	3.5

	Three months ended	
	March 31, 2019	March 31, 2018
Share-based compensation for options	\$ 439	\$ 342
Tax benefit for option compensation	\$ 105	\$ 88
Unrecognized compensation cost for options, net of estimated forfeitures	\$ 2,768	\$ 2,589
Weighted average period over which unrecognized compensation will be recognized (years)	1.9	

Forward Air Corporation
Notes to Condensed Consolidated Financial Statements
(In thousands, except share and per share data)
(Unaudited)
March 31, 2019

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:

	Three months ended March 31, 2019		
	Non-vested Shares (000)	Weighted- Average Grant Date Fair Value	Aggregate Grant Date Fair Value (000)
Outstanding and non-vested at December 31, 2018	315	\$ 55	
Granted	108	59	
Vested	(114)	61	
Forfeited	(2)	54	
Outstanding and non-vested at March 31, 2019	307	\$ 58	\$ 17,861

	Three months ended	
	March 31, 2019	March 31, 2018
Share-based compensation for non-vested shares	\$ 2,042	\$ 1,399
Tax benefit for non-vested share compensation	\$ 486	\$ 360
Unrecognized compensation cost for non-vested shares, net of estimated forfeitures	\$ 15,251	\$ 11,747
Weighted average period over which unrecognized compensation will be recognized (years)	2.1	

Employee Activity - Performance Shares

The Company annually grants performance shares to key employees. Under the terms of the performance share agreements, following the end of a three-year performance period, the Company will issue to these employees a calculated number of common stock shares based on meeting certain performance targets. For shares granted during the three months ended March 31, 2019, 50% of the performance share issuances will be based on meeting earnings before interest, taxes, depreciation and amortization ("EBITDA") per share targets and the remaining 50% of the performance share issuances will be based on the three year performance of the Company's total shareholder return ("TSR") as compared to the TSR of a selected peer group. All performance shares granted during the three months ended March 31, 2018 were based on achieving total shareholder return targets.

Depending upon the EBITDA per share targets met, 0% to 200% of the granted shares may ultimately be issued. For shares granted based on total shareholder return, 0% of the shares will be issued if the Company's total shareholder return outperforms 25% or less of the peer group, but 200% of the shares will be issued if the Company's total shareholder return performs better than 90% of the peer group.

The fair value of the performance shares granted based on meeting EBITDA per share targets were estimated using the closing market prices on the day of grant and the probability of meeting these targets as of the date of grant.

Forward Air Corporation
Notes to Condensed Consolidated Financial Statements
(In thousands, except share and per share data)
(Unaudited)
March 31, 2019

The fair value of the performance shares granted based on the three year performance of the Company's total shareholder return was estimated using a Monte Carlo simulation. The weighted average assumptions used in the Monte Carlo estimate were as follows:

	Three months ended	
	March 31, 2019	March 31, 2018
Expected stock price volatility	23.4%	24.3%
Weighted average risk-free interest rate	2.5%	2.2%

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

	Three months ended March 31, 2019		
	Performance Shares (000)	Weighted- Average Grant Date Fair Value	Aggregate Grant Date Fair Value (000)
Outstanding and non-vested at December 31, 2018	65	\$ 58	
Granted	27	61	
Additional shares awarded based on performance	—	—	
Vested	(23)	64	
Forfeited	—	—	
Outstanding and non-vested at March 31, 2019	69	\$ 62	\$ 4,318

	Three months ended	
	March 31, 2019	March 31, 2018
Share-based compensation for performance shares	\$ 348	\$ 335
Tax benefit for performance share compensation	\$ 83	\$ 86
Unrecognized compensation cost for performance shares, net of estimated forfeitures	\$ 2,806	\$ 2,343
Weighted average period over which unrecognized compensation will be recognized (years)	2.3	

Forward Air Corporation
Notes to Condensed Consolidated Financial Statements
(In thousands, except share and per share data)
(Unaudited)
March 31, 2019

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, 2019		
	Non-vested Shares (000)	Weighted- Average Grant Date Fair Value	Aggregate Grant Date Fair Value (000)
	Outstanding and non-vested at December 31, 2018	15	\$ 59
Granted	—	—	
Vested	—	—	
Forfeited	—	—	
Outstanding and non-vested at March 31, 2019	15	\$ 59	\$ 886

	Three months ended	
	March 31, 2019	March 31, 2018
Share-based compensation for non-vested shares	\$ 218	\$ 185
Tax benefit for non-vested share compensation	\$ 52	\$ 47
Unrecognized compensation cost for non-vested shares, net of estimated forfeitures	\$ 142	\$ 65
Weighted average period over which unrecognized compensation will be recognized (years)	0.2	

6. 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.

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, 2019, we had \$47,500 in borrowings outstanding under the revolving credit facility, \$12,704 utilized for outstanding letters of credit and \$89,796 of available borrowing capacity under the revolving credit facility. The interest rate on the outstanding borrowing under the revolving credit facility was 3.9% as of March 31, 2019.

Forward Air Corporation
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(Unaudited)
March 31, 2019

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. As of March 31, 2019, the Company was in compliance with the aforementioned covenants.

7. Net Income Per Share

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

	Three months ended	
	March 31, 2019	March 31, 2018
Numerator:		
Net income and comprehensive income	\$ 18,407	\$ 17,741
Income allocated to participating securities	(208)	(145)
Numerator for basic and diluted income per share - net income	<u>\$ 18,199</u>	<u>\$ 17,596</u>
Denominator (in thousands):		
Denominator for basic income per share - weighted-average shares	28,530	29,375
Effect of dilutive stock options	76	70
Effect of dilutive performance shares	42	35
Denominator for diluted income per share - adjusted weighted-average shares	<u>28,648</u>	<u>29,480</u>
Basic net income per share	<u>\$ 0.64</u>	<u>\$ 0.60</u>
Diluted net income per share	<u>\$ 0.64</u>	<u>\$ 0.60</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:

	March 31, 2019	March 31, 2018
Anti-dilutive stock options (in thousands)	195	67
Anti-dilutive performance shares (in thousands)	8	11
Anti-dilutive non-vested shares and deferred stock units (in thousands)	—	9
Total anti-dilutive shares (in thousands)	<u>203</u>	<u>87</u>

8. Income Taxes

The Company or one of its subsidiaries files income tax returns in the U.S. federal jurisdiction, various states and Canada. With a few exceptions, the Company is no longer subject to U.S. federal, state and local, or Canadian examinations by tax authorities for years before 2011.

For the three months ended March 31, 2019 and 2018, the effective income tax rates varied from the statutory federal income tax rate of 21.0%, 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, 2019 was 23.8% compared to a rate of 25.7% for the same period in 2018. The lower effective tax rate for the first quarter of 2019 is the result of increased stock based compensation vesting and exercises when compared to the same period in 2018, which was impacted by forfeited performance shares and no option activity.

Forward Air Corporation
Notes to Condensed Consolidated Financial Statements
(In thousands, except share and per share data)
(Unaudited)
March 31, 2019

9. Leases

As of January 1, 2019, the Company adopted ASU 2016-02, Leases, which required the Company to recognize a right-of-use asset and a corresponding lease liability on its balance sheet for most leases classified as operating leases under previous guidance. The Company adopted the standard using the modified retrospective approach as of January 1, 2019 and comparative financial statements have not been presented as allowed per the guidance.

The Company elected several of the practical expedients permitted under the transition guidance within the new standard. The package of practical expedients elected allowed the Company to carryforward its conclusions over whether any existing contracts contain a lease, to carryforward historical lease classification, and to carryforward its evaluation of initial direct costs for any existing leases. In addition, the Company elected the practical expedients to combine lease and non-lease components and to keep leases with an initial term of 12 months or less, after the consideration of options, off the balance sheet. For leases with an initial term of 12 months or less, after the consideration of options, the Company recognized the corresponding lease expense on a straight-line basis over the lease term. These practical expedients have been elected for all leases and subleases and will be applied on a go-forward basis.

A contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. An entity controls the use of the identified asset if both of the following are true: (1) the entity obtains the right to substantially all of the economic benefits from use of the identified asset and (2) the entity has the right to direct the use of the identified asset. For the three months ended March 31, 2019, the Company leased facilities and equipment under operating and finance leases.

The Company leases some of its facilities under noncancelable operating leases that expire in various years through 2026. Certain leases may be renewed for periods varying from 1 to 10 years. The Company has entered into or assumed through acquisition several equipment operating leases for assets including tractors, straight trucks and trailers with original lease terms between 2 and 6 years. These leases expire in various years through 2024 and may not be renewed beyond the original term. Primarily through acquisitions, the Company assumed a few equipment leases that met the criteria for classification as a finance lease. The finance leased equipment is being amortized over the shorter of the lease term or useful life and are not considered material to the Company's financial statements for the three months ended March 31, 2019. The Company also subleases certain facility leases to independent third parties; however, as the Company is not relieved of its primary obligation under these leases, these assets are included in the right-of-use lease assets and corresponding lease liabilities as of March 31, 2019.

For leases and subleases with terms greater than 12 months, the Company recorded the related right-of-use asset as the balance of the related lease liability, adjusted for any prepaid or accrued lease payments. Unamortized initial direct costs and lease incentives were not significant as of March 31, 2019. The lease liability was recorded at the present value of the lease payments over the term. Many of the Company's leases include rental escalation clauses, renewal options and/or termination options that were contemplated into the determination of lease payments when appropriate. As of March 31, 2019, the Company was not reasonably certain of exercising any renewal options. Further, as of March 31, 2019, it was reasonably certain that all termination options would not be exercised. As such, there were no adjustments made to its right-of-use lease assets or corresponding liabilities as a result. In addition, the Company does not have any leases with residual value guarantees or material restrictions or covenants as of March 31, 2019.

The Company did not separate lease and nonlease components of contracts for purposes of determining the right-of-use lease asset and corresponding liability. Additionally, variable lease and variable nonlease components were not contemplated in the calculation of the right-of-use asset and corresponding liability. For facility leases, variable lease costs include the costs of common area maintenance, taxes, and insurance for which the Company pays its lessors an estimate that is adjusted to actual expense on a quarterly or annual basis depending on the underlying contract terms. For equipment leases, variable lease costs may include additional fees for using equipment in excess of estimated annual mileage thresholds.

In addition, the Company holds contracts with independent owner operators. These contracts explicitly identify the tractors to be operated by the independent owner operators and therefore, the Company concluded that these represent embedded leases. However, the contract compensation is variable based upon a rate per shipment and a rate per mile. As such, these amounts are excluded from the calculation of the right-of-use lease asset and corresponding liability and are instead disclosed as part of variable lease costs below. Costs incurred for independent owner operators in accordance with these embedded leases are included in purchased

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transportation on the Company's Statements of Comprehensive Income, totaling \$73,947 for the three months ended March 31, 2019.

When available, the Company uses the rate implicit in the lease or sublease to discount lease payments to present value; however, most of our leases do not provide a readily determinable implicit rate. Therefore, the Company must estimate its incremental borrowing rate to discount the lease payments based on information available at lease commencement. The incremental borrowing rate is defined as the rate of interest that the Company would have to pay to borrow, on a collateralized basis and over a similar term, an amount equal to the lease payments in a similar economic environment. If using the Company's incremental borrowing rate, management has elected to utilize a portfolio approach and applies the rates to a portfolio of leases with similar underlying assets and terms. Upon adoption of the new lease standard, discount rates used for existing leases were established at January 1, 2019.

The following table summarizes the Company's lease costs for the quarter ended March 31, 2019 and related information:

	Three months ended	
	March 31, 2019	
Lease cost		
Operating lease cost	\$	13,861
Short-term lease cost		2,849
Variable lease cost		77,547
Sublease income		(535)
Total lease cost	\$	93,722
Other information		
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$	13,451
Right-of-use assets obtained in exchange for new operating lease liabilities	\$	146,822
Weighted-average remaining lease term - operating leases (in years)		4
Weighted-average discount rate - operating leases		4.4%

The table below reconciles the undiscounted cash flows for each of the first five years and total of the remaining years to the operating lease liabilities recorded on the balance sheet as of March 31, 2019:

Payment Due Period	Operating Leases	
2019	\$	37,526
2020		40,201
2021		27,619
2022		18,036
2023		12,129
Thereafter		13,948
Total minimum lease payments		149,459
Less: amount of lease payments representing interest		(15,720)
Present value of future minimum lease payments		133,739
Less: current obligations under leases		(43,824)
Long-term lease obligations	\$	89,915

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As of March 31, 2019, the Company has certain obligations to lease tractors, which will be delivered throughout the remainder of 2019. These leases are expected to have terms of approximately 3 to 4 years and are not expected to materially impact the Company's right-of-use lease assets or liabilities as of March 31, 2019.

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10. 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.

Revolving credit facility: 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.

11. Shareholders' Equity

During the first, second and third quarter of 2018, our Board of Directors declared a cash dividend of \$0.15 per share of common stock. During the fourth quarter of 2018 and the first quarter of 2019, our Board of Directors declared a cash dividend of \$0.18 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 "2016 Repurchase Plan"). On February 5, 2019, our Board of Directors cancelled the Company's 2016 Repurchase Plan and approved a new stock repurchase plan authorizing up to five million shares of the Company's common stock (the "2019 Repurchase Plan") that shall remain in effect until such time as the shares authorized for repurchase are exhausted or until earlier terminated.

The following table summarizes our share repurchases for the three months ended March 31, 2019 and 2018.

	Three months ended					
	March 31, 2019			March 31, 2018		
	Shares repurchased	Cost of shares repurchased	Average cost per share	Shares repurchased	Cost of shares repurchased	Average cost per share
2016 Repurchase Plan	67,572	\$ 3,850	\$ 56.97	364,286	\$ 19,993	\$ 54.88
2019 Repurchase Plan	162,300	10,331	63.66	—	—	—
Total	229,872	\$ 14,181	\$ 61.69	364,286	\$ 19,993	\$ 54.88

As of March 31, 2019, 4,837,700 shares were available to be purchased under the 2019 Plan.

12. Commitments and Contingencies

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

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

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

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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.

13. 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 Intermodal segment primarily provides first- and last-mile high value intermodal container drayage services both to and from seaports and railheads. The TLS segment provides expedited truckload brokerage, dedicated fleet services and high security and temperature-controlled logistics services. 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, 2018. For workers compensation and vehicle claims, each segment is charged an insurance premium and is also charged a deductible that corresponds with each segment's individual self-retention limit. 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 ("Eliminations & other").

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 basis for the majority of shared assets, such as trailers, are included in Expedited LTL. 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.

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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, 2019 and 2018.

Three months ended March 31, 2019						
	Expedited LTL	Intermodal	Truckload Premium	Pool Distribution	Eliminations & other	Consolidated
External revenues	\$ 177,355	\$ 54,097	\$ 44,923	\$ 45,096	\$ —	\$ 321,471
Intersegment revenues	1,198	18	744	89	(2,049)	—
Depreciation	4,968	469	1,564	1,315	—	8,316
Amortization	825	1,407	22	257	—	2,511
Share-based compensation expense	2,021	531	148	182	165	3,047
Interest expense	—	13	1	—	561	575
Income (loss) from operations	19,547	6,181	841	1,251	(3,086)	24,734
Total assets	566,887	182,489	74,638	102,678	(41,115)	885,577
Capital expenditures	2,081	73	156	1,780	—	4,090

Three months ended March 31, 2018						
	Expedited LTL	Intermodal	Truckload Premium	Pool Distribution	Eliminations & other	Consolidated
External revenues	\$ 168,363	\$ 48,477	\$ 43,161	\$ 42,607	\$ —	\$ 302,608
Intersegment revenues	1,581	91	2,933	64	(4,669)	—
Depreciation	4,623	509	1,703	1,546	—	8,381
Amortization	905	1,092	55	257	—	2,309
Share-based compensation expense	1,675	290	180	116	—	2,261
Interest expense	—	13	1	—	357	371
Income (loss) from operations	20,773	3,469	(43)	1,371	(1,335)	24,235
Total assets	442,802	150,321	65,263	57,324	(25,503)	690,207
Capital expenditures	6,058	81	4	78	—	6,221

14. Subsequent Events

On April 21, 2019, the Company acquired substantially all of the assets of FSA Logistix (“FSA”) for \$27,000 plus additional contingent consideration based upon future revenue generation. This transaction was funded using cash flows from operations. FSA specializes in last mile logistics for a wide range of American companies, including national retailers, manufacturers, eTailers, and third party logistics companies. FSA currently has management offices in Ft. Lauderdale, FL and Southlake, TX and has operations in the East, Midwest, Southwest and West regions. The Company anticipates FSA will contribute approximately \$75,000 of revenue and \$3,000 of operating income on an annualized basis.

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, Intermodal, Truckload Premium Services ("TLS") 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, final mile solutions, 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.

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.

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.

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

Appointment of New President and Chief Executive Officer

Effective September 1, 2018 ("Effective Date"), Thomas Schmitt was named the Company's President and Chief Executive Officer and Bruce A. Campbell, our then President and Chief Executive Officer, assumed the position of Executive Chairman. The Company's Board of Directors (the "Board") appointed Mr. Schmitt to the Board as of the Effective Date. On February 5, 2019, Mr. Campbell informed the Board of his intent to retire from his position as Executive Chairman of the Company and decision not to stand for re-election to the Board immediately preceding the Company's 2019 annual meeting of shareholders (the "2019 Annual Meeting") which is expected to occur on May 7, 2019. The Board and Mr. Campbell agreed that he will continue to serve the Company as a consultant for 24 months following his retirement. Following Mr. Campbell's retirement, Mr. Schmitt is expected to become the Chairman of the Board and Craig Carlock is expected to become the Company's Lead Independent Director, subject to their reelection to the Board at the Company's 2019 Annual Meeting.

Intermodal Acquisitions

As part of our strategy to expand our Intermodal operations, in July 2018, we acquired certain assets of MMT for \$3.7 million and in October 2018 we acquired certain assets of Southwest for \$16.3 million. These acquisitions provide an opportunity for our Intermodal segment to expand into additional geographic markets and 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.

Environmental and Social Protection Efforts

Forward Air is committed to protecting the environment and we have taken a variety of steps to improve the sustainability of our operations. We are implementing new practices and technologies, improving our training, and incorporating sustainability objectives in our growth strategies. Our initiatives will be focused on reducing overall waste, electricity consumption and carbon emissions, while working to increase employee engagement and community involvement.

As a partner of the U.S. Environmental Protection Agency (EPA) SmartWay program since 2008, Forward Air has continued to adopt new environmentally safe policies and innovations to improve fuel efficiency and reduce emissions. For example, we actively seek to utilize equipment with reduced environmental impact. We utilize trailers with light weight composites and employ trailer skirts to decrease aerodynamic drag, both of which improve fuel efficiency. We are also increasing our use of electronic forklifts and transitioning to automatic transmission tractors, which will decrease our fuel consumption.

Through vendor partnerships, we are implementing new solutions to manage waste and improve recycling across our facilities. Annually, we recycle tons of dunnage and thousands of aluminum load bars. Forward Air also participates in ReCaps, providing and purchasing recycled trailer tires.

In addition, we are a corporate partner of Truckers Against Trafficking, a nonprofit organization that educates, equips, empowers and mobilizes members of the trucking and busing industries to combat human trafficking.

Results from Operations

The following table sets forth our consolidated historical financial data for the three months ended March 31, 2019 and 2018 (in millions):

	Three months ended March 31			
	2019	2018	Change	Percent Change
Operating revenue:				
Expedited LTL	\$ 178.6	\$ 169.9	\$ 8.7	5.1 %
Intermodal	54.1	48.6	5.5	11.3
Truckload Premium Services	45.7	46.1	(0.4)	(0.9)
Pool Distribution	45.2	42.7	2.5	5.9
Eliminations and other operations	(2.1)	(4.7)	2.6	(55.3)
Operating revenue	321.5	302.6	18.9	6.2
Operating expenses:				
Purchased transportation	144.0	139.7	4.3	3.1
Salaries, wages, and employee benefits	76.4	69.6	6.8	9.8
Operating leases	19.2	18.0	1.2	6.7
Depreciation and amortization	10.8	10.7	0.1	0.9
Insurance and claims	9.4	7.1	2.3	32.4
Fuel expense	5.6	5.5	0.1	1.8
Other operating expenses	31.4	27.8	3.6	12.9
Total operating expenses	296.8	278.4	18.4	6.6
Income (loss) from operations:				
Expedited LTL	19.6	20.8	(1.2)	(5.8)
Intermodal	6.2	3.5	2.7	77.1
Truckload Premium Services	0.9	—	0.9	100.0
Pool Distribution	1.3	1.4	(0.1)	(7.1)
Other operations	(3.3)	(1.5)	(1.8)	120.0
Income from operations	24.7	24.2	0.5	2.1
Other expense:				
Interest expense	(0.6)	(0.4)	(0.2)	50.0
Total other expense	(0.6)	(0.4)	(0.2)	50.0
Income before income taxes	24.1	23.8	0.3	1.3
Income tax expense	5.7	6.1	(0.4)	(6.6)
Net income and comprehensive income	\$ 18.4	\$ 17.7	\$ 0.7	4.0 %

Revenues

During the three months ended March 31, 2019, revenue increased 6.2% compared to the year ended March 31, 2018. The revenue increase was primarily driven by increased revenue from our LTL Expedited segment of \$8.7 million driven by increased network revenue, fuel surcharge revenue and final mile revenue over the prior year. The Company's other segments also had revenue growth over prior year with the exception of the TLS Segment where revenue decreased due to deliberate shedding of lower margin business.

Operating Expenses

Operating expenses increased \$18.4 million primarily driven by salaries, wages and employee benefits increases of \$6.8 million and purchased transportation increases of \$4.3 million. Salaries, wages and employee benefits increased primarily due to increased Company-employed drivers and personnel needs to support the additional volumes. Purchased transportation increased primarily due to increased volumes partly offset by increased utilization of owner-operators during the first quarter of 2019 instead of more costly third-party transportation providers.

Operating Income and Segment Operations

Operating income increased \$0.5 million, or 2.1%, from 2018 to \$24.7 million for the year ended March 31, 2019. The results for our four reportable segments are discussed in detail in the following sections.

Interest Expense

Interest expense was \$0.6 million for the three months ended March 31, 2019 compared to \$0.4 million for the same period of 2018. 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 2019 was 23.8% compared to a rate of 25.7% for the same period in 2018. The lower effective tax rate for the first quarter of 2019 is the result of increased stock based compensation vesting and exercises when compared to the same period in 2018, which was impacted by forfeited performance shares and no option activity.

Expedited LTL - Three Months Ended March 31, 2019 compared to Three Months Ended March 31, 2018

The following table sets forth the historical financial data of our Expedited LTL segment for the three months ended March 31, 2019 and 2018 (in millions):

Expedited LTL Segment Information
(In millions)
(Unaudited)

	Three months ended					
	March 31, 2019	Percent of Revenue	March 31, 2018	Percent of Revenue	Change	Percent Change
Operating revenue	\$ 178.6	100.0%	\$ 169.9	100.0%	\$ 8.7	5.1 %
Operating expenses:						
Purchased transportation	79.6	44.6	78.4	46.2	1.2	1.5
Salaries, wages and employee benefits	41.1	23.0	37.7	22.2	3.4	9.0
Operating leases	10.9	6.1	9.9	5.8	1.0	10.1
Depreciation and amortization	5.8	3.2	5.5	3.2	0.3	5.5
Insurance and claims	3.9	2.2	3.2	1.9	0.7	21.9
Fuel expense	1.8	1.0	1.3	0.8	0.5	38.5
Other operating expenses	15.9	8.9	13.1	7.7	2.8	21.4
Total operating expenses	159.0	89.0	149.1	87.8	9.9	6.6
Income from operations	\$ 19.6	11.0%	\$ 20.8	12.2%	\$ (1.2)	(5.8)%

Expedited LTL Operating Statistics

	Three months ended		
	March 31, 2019	March 31, 2018	Percent Change
Business days	63	64	(1.6)%
Tonnage			
Total pounds ¹	596,640	608,822	(2.0)
Pounds per day ¹	9,470	9,513	(0.5)
Shipments			
Total shipments ¹	929.6	970.8	(4.2)
Shipments per day ¹	14.8	15.2	(2.6)
Weight per shipment	642	627	2.4
Revenue per hundredweight	\$ 26.78	\$ 25.27	6.0
Revenue per hundredweight, ex fuel	22.74	21.75	4.6
Revenue per shipment	\$ 174	\$ 161	8.1
Revenue per shipment, ex fuel	148	139	6.5
Network revenue from door-to-door shipments as a percentage of network revenue ^{2,3}	38.3%	34.1%	12.3 %

¹ In thousands

² Door-to-door shipments include all shipments with a pickup and/or delivery

³ Network revenue is comprised of all revenue, including linehaul, pickup and/or delivery, and fuel surcharge revenue, excluding accessorial and final mile revenue

Revenues

Expedited LTL operating revenue increased \$8.7 million, or 5.1%, to \$178.6 million from \$169.9 million, accounting for 55.5% of consolidated operating revenue for the three months ended March 31, 2019 compared to 56.2% for the same period in 2018. This increase was due to increased network revenue and final mile revenue over the prior year. Network revenue is comprised of all revenue, including linehaul, pickup and/or delivery, and fuel surcharge revenue, excluding accessorial and final mile revenue. Network revenue, excluding fuel increased \$2.8 million due to a 4.6% increase in revenue per hundredweight, ex fuel, partly offset by a 2.0% decrease in tonnage compared to prior year. The increase in revenue per hundredweight was primarily due to rate increases and higher pickup and delivery revenue. The decrease in tonnage was due to one less business day and lower volumes from traditional linehaul. In addition, fuel surcharge revenue increased \$2.6 million largely due to rate increases to our fuel surcharges, and final mile revenue increased \$2.7 million primarily due to the addition of new service locations following business wins. The remaining increase is due to other terminal based revenue, which includes warehousing and terminal handling.

Purchased Transportation

Expedited LTL purchased transportation increased by \$1.2 million, or 1.5%, to \$79.6 million for the three months ended March 31, 2019 from \$78.4 million for the three months ended March 31, 2018. As a percentage of segment operating revenue, Expedited LTL purchased transportation was 44.6% during the three months ended March 31, 2019 compared to 46.2% for the same period in 2018. The decrease in purchased transportation as a percentage of revenue is mostly due to an increased utilization of owner-operators and Company-employed drivers over more costly third party transportation providers. Company-employed driver pay is included in the salaries, wages and benefits line item.

Salaries, Wages, and Benefits

Expedited LTL salaries, wages and employee benefits increased \$3.4 million, or 9.0%, to \$41.1 million in the first quarter of 2019 from \$37.7 million for the same period in 2018. Salaries, wages and employee benefits were 23.0% of Expedited LTL's operating revenue in the first quarter of 2019 compared to 22.2% for the same period of 2018. The increase in salaries, wages and employee benefits as a percentage of revenue was primarily attributable to a 0.8% increase as a percentage of revenue in Company-employed drivers to service linehaul and local pickup and delivery services.

Operating Leases

Expedited LTL operating leases increased \$1.0 million, or 10.1%, to \$10.9 million for the three months ended March 31, 2019 from \$9.9 million for the same period in 2018. Operating leases were 6.1% of Expedited LTL operating revenue for the three months ended March 31, 2019 compared to 5.8% for the same period of 2018. The increase in cost is primarily due to a \$0.9 million increase in tractor rentals and leases to correspond with the increase in Company-employed driver usage mentioned above.

Depreciation and Amortization

Expedited LTL depreciation and amortization increased \$0.3 million, or 5.5%, to \$5.8 million in the first quarter of 2019 from \$5.5 million in the same period of 2018. Depreciation and amortization expense as a percentage of Expedited LTL operating revenue was 3.2% in the first quarter of 2019 and 2018. The increase was due to the purchase of new trailers since the first quarter of 2018 partly offset by lower tractor depreciation, as we utilized leased tractors mentioned above.

Insurance and Claims

Expedited LTL insurance and claims expense increased \$0.7 million, or 21.9%, to \$3.9 million for the three months ended March 31, 2019 from \$3.2 million for the same period of 2018. Insurance and claims was 2.2% of operating revenue for the three months ended March 31, 2019 compared to 1.9% in the same period of 2018. The increase was attributable to an increase in vehicle claim reserves and cargo claims and claims related fees. See additional discussion over the consolidated increase in self-insurance reserves related to vehicle claims in the "Other operations" section below.

Fuel Expense

Expedited LTL fuel expense increased \$0.5 million, or 38.5%, to \$1.8 million for the first quarter of 2019 from \$1.3 million in the same period of 2018. Fuel expenses were 1.0% of Expedited LTL operating revenue in the first quarter of 2019 compared to 0.8% in the same period of 2018. Expedited LTL fuel expenses increased due to higher Company-employed driver miles.

Other Operating Expenses

Expedited LTL other operating expenses increased \$2.8 million, or 21.4%, to \$15.9 million during the three months ended March 31, 2019 from \$13.1 million in the same period of 2018. Other operating expenses were 8.9% of Expedited LTL operating revenue in the first quarter of 2019 compared to 7.7% in the same period of 2018. Other operating expenses includes equipment maintenance, terminal and office expenses, legal and professional fees and other over-the-road costs. The increase in total dollars and as a percentage of revenue was primarily attributable to an increase in receivables allowance and higher legal and professional fees related to the acquisition. The increase as a percentage of revenue was also the result of the prior year including a fuel tax credit that was no longer available in 2019.

Income from Operations

Expedited LTL income from operations decreased by \$1.2 million, or 5.8%, to \$19.6 million for the first quarter of 2019 compared to \$20.8 million for the same period in 2018. Income from operations as a percentage of Expedited LTL operating revenue was 11.0% for the three months ended March 31, 2019 compared with 12.2% in the same period of 2018. The decrease in income from operations was due to sluggish linehaul tonnage, higher vehicle claim reserves, cargo claims, legal and professional fees and an increase in receivables allowance. These deteriorations were partly offset by increased utilization of owner-operators and Company-employed drivers.

Intermodal - Three Months Ended March 31, 2019 compared to Three Months Ended March 31, 2018

The following table sets forth the historical financial data of our Intermodal segment for the three months ended March 31, 2019 and 2018 (in millions):

Intermodal Segment Information						
(In millions)						
(Unaudited)						
	Three months ended					
	March 31, 2019	Percent of Revenue	March 31, 2018	Percent of Revenue	Change	Percent Change
Operating revenue	\$ 54.1	100.0%	\$ 48.6	100.0%	\$ 5.5	11.3 %
Operating expenses:						
Purchased transportation	18.4	34.0	18.7	38.5	(0.3)	(1.6)
Salaries, wages and employee benefits	12.7	23.5	10.3	21.2	2.4	23.3
Operating leases	3.8	7.0	4.0	8.2	(0.2)	(5.0)
Depreciation and amortization	1.9	3.5	1.6	3.3	0.3	18.8
Insurance and claims	1.4	2.6	1.4	2.9	—	—
Fuel expense	1.6	3.0	1.6	3.3	—	—
Other operating expenses	8.1	15.0	7.5	15.4	0.6	8.0
Total operating expenses	47.9	88.5	45.1	92.8	2.8	6.2
Income from operations	<u>\$ 6.2</u>	<u>11.5%</u>	<u>\$ 3.5</u>	<u>7.2%</u>	<u>\$ 2.7</u>	<u>77.1 %</u>

Intermodal Operating Statistics
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	Three months ended		
	March 31, 2019	March 31, 2018	Percent Change
Drayage shipments	75,607	73,671	2.6%
Drayage revenue per shipment	\$ 625	\$ 571	9.5
Number of locations	21	19	10.5%

Revenues

Intermodal operating revenue increased \$5.5 million, or 11.3%, to \$54.1 million for the three months ended March 31, 2019 from \$48.6 million for the same period in 2018. The increases in operating revenue were primarily attributable to the MMT and Southwest acquisitions.

Purchased Transportation

Intermodal purchased transportation decreased \$0.3 million, or 1.6%, to \$18.4 million for the three months ended March 31, 2019 from \$18.7 million for the same period in 2018. Intermodal purchased transportation as a percentage of revenue was 34.0% for the three months ended March 31, 2019 compared to 38.5% for the three months ended March 31, 2018. The decrease in Intermodal purchased transportation as a percentage of revenue was attributable to increased utilization of Company-employed drivers compared to the same period in 2018 and the impact of improved pricing on intermodal shipments.

Salaries, Wages, and Benefits

Intermodal salaries, wages and employee benefits increased \$2.4 million, or 23.3%, to \$12.7 million for the three months ended March 31, 2019 compared to \$10.3 million for the three months ended March 31, 2018. As a percentage of Intermodal operating revenue, salaries, wages and benefits increased to 23.5% for the three months ended March 31, 2019 compared to 21.2% for the same period in 2018. The increase in salaries, wages and employee benefits as a percentage of revenue was attributable to higher employee incentive and share-based compensation, increased utilization of Company-employed drivers and increased administrative salaries, wages and benefits as a percentage of revenue.

Operating Leases

Intermodal operating leases decreased \$0.2 million, or 5.0%, to \$3.8 million for the three months ended March 31, 2019 compared to \$4.0 million for the same period of 2018. Operating leases were 7.0% of Intermodal operating revenue for the three months ended March 31, 2019 compared with 8.2% in the same period of 2018. Operating leases decreased in total dollars and as a percentage of revenue due to decreases to trailer rental charges.

Depreciation and Amortization

Intermodal depreciation and amortization increased \$0.3 million, or 18.8%, to \$1.9 million for the three months ended March 31, 2019 from \$1.6 million for the same period in 2018. Depreciation and amortization expense as a percentage of Intermodal operating revenue was 3.5% in the first quarter of 2019 compared to 3.3% in the same period of 2018. The increase in depreciation and amortization was due to increased amortization of acquired intangibles.

Insurance and Claims

Intermodal insurance and claims was \$1.4 million for the three months ended March 31, 2019 and 2018. Intermodal insurance and claims were 2.6% of operating revenue for the three months ended March 31, 2019 compared with 2.9% for the same period in 2018. The decrease in Intermodal insurance and claims as a percentage of revenue was attributable to decreases in vehicle insurance premiums and cargo claims. See additional discussion over the consolidated increase in self-insurance reserves related to vehicle claims in the "Other operations" section below.

Fuel Expense

Intermodal fuel expense was \$1.6 million for the three months ended March 31, 2019 and 2018. Fuel expenses were 3.0% of Intermodal operating revenue in the first quarter of 2019 compared with 3.3% for the same period of 2018. Intermodal fuel expenses were flat due to increased Company-employed driver activity offset by lower fuel prices.

Other Operating Expenses

Intermodal other operating expenses increased \$0.6 million, or 8.0%, to \$8.1 million for the three months ended March 31, 2019 from \$7.5 million for the same period in 2018. Intermodal other operating expenses for the first quarter of 2019 were 15.0% compared to 15.4% for the same period of 2018. The decrease in Intermodal other operating expenses as a percentage of revenue was due mostly to lower equipment maintenance.

Income from Operations

Intermodal's income from operations increased by \$2.7 million, or 77.1%, to \$6.2 million for the first quarter of 2019 compared with \$3.5 million for the same period in 2018. Income from operations as a percentage of Intermodal operating revenue was 11.5% for the three months ended March 31, 2019 compared to 7.2% in the same period of 2018. The increase in operating income in total dollars and as a percentage of revenue was primarily attributable to revenue rate increases and the acquisitions of Southwest and MMT.

Truckload Premium Services - Three Months Ended March 31, 2019 compared to Three Months Ended March 31, 2018

The following table sets forth our historical financial data of the Truckload Premium Services segment for the three months ended March 31, 2019 and 2018 (in millions):

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

	Three months ended					
	March 31, 2019	Percent of Revenue	March 31, 2018	Percent of Revenue	Change	Percent Change
Operating revenue	\$ 45.7	100.0%	\$ 46.1	100.0%	\$ (0.4)	(0.9)%
Operating expenses:						
Purchased transportation	34.5	75.5	34.8	75.5	(0.3)	(0.9)
Salaries, wages and employee benefits	4.6	10.1	5.1	11.1	(0.5)	(9.8)
Operating leases	0.1	0.2	0.2	0.4	(0.1)	(50.0)
Depreciation and amortization	1.6	3.5	1.8	3.9	(0.2)	(11.1)
Insurance and claims	1.0	2.2	1.0	2.2	—	—
Fuel expense	0.7	1.5	1.1	2.4	(0.4)	(36.4)
Other operating expenses	2.3	5.0	2.1	4.5	0.2	9.5
Total operating expenses	44.8	98.0	46.1	100.0	(1.3)	(2.8)
Income from operations	\$ 0.9	2.0%	\$ —	—%	\$ 0.9	100.0%

Truckload Premium Services Operating Statistics

	Three months ended		
	March 31, 2019	March 31, 2018	Percent Change
Total Miles ¹	18,757	20,072	(6.6)%
Empty Miles Percentage	7.9%	9.7%	(18.6)
Tractors (avg)	306	335	(8.7)
Miles per tractor per week ²	1,932	2,229	(13.3)
Revenue per mile	\$ 2.33	\$ 2.19	6.4
Cost per mile	\$ 1.86	\$ 1.81	2.8%

¹ In thousands

² Calculated using Company-employed driver and owner-operator miles

Revenues

TLS revenue decreased \$0.4 million, or 0.9%, to \$45.7 million in the first quarter of 2019 from \$46.1 million in the first quarter of 2018. TLS revenue decreased due to a 6.6% decrease in overall miles mostly offset by a 6.4% increase in average revenue per mile. The decrease in overall miles was due to deliberate shedding of lower margin business as well as reduced fleet capacity compared to 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 lower margin business.

Purchased Transportation

TLS purchased transportation costs decreased \$0.3 million, or 0.9%, to \$34.5 million for the three months ended March 31, 2019 from \$34.8 million for the same period in 2018. For the three months ended March 31, 2019 and 2018, purchased transportation costs represented 75.5%. TLS purchased transportation includes owner operators and third party carriers, while Company-employed drivers are included in salaries, wages and benefits. The decrease in purchased transportation was attributable to a 3.9% decrease in miles driven by owner operators and third party carriers partly offset by a 3.6% increase in cost per mile during the three months ended March 31, 2019 compared to the same period in 2018. The decrease in purchased transportation miles was attributable to the revenue activity discussed above. The increase in cost per mile was due to higher utilization of third party carriers, which are more costly than owner operators.

Salaries, Wages, and Benefits

TLS salaries, wages and employee benefits decreased by \$0.5 million, or 9.8%, to \$4.6 million in the first quarter of 2019 from \$5.1 million in the same period of 2018. Salaries, wages and employee benefits were 10.1% of TLS's operating revenue in the first quarter of 2019 compared to 11.1% for the same period in 2018. The decrease in salaries, wages and employee benefits as a percentage of revenue was mostly attributable to a decrease in Company-employed driver pay due to a decrease in miles driven.

Operating Leases

TLS operating leases decreased \$0.1 million to \$0.1 million for the first quarter of 2019 from \$0.2 million for the same period in 2018. Operating leases were 0.2% of TLS operating revenue for the first quarter of 2019 compared to 0.4% for the same period in 2018. The decrease was due to a decrease in trailer rentals, as TLS utilized more purchased trailers in first quarter of 2019 compared to the same period in 2018.

Depreciation and Amortization

TLS depreciation and amortization decreased \$0.2 million, or 11.1%, to \$1.6 million in the first quarter of 2019 from \$1.8 million for the same period in 2018. Depreciation and amortization expense as a percentage of TLS operating revenue was 3.5% for the first quarter of 2019 compared to 3.9% for the same period in 2018. The decrease was due to lower tractor depreciation, as older units were not replaced due to lower Company-employed driver miles.

Insurance and Claims

TLS insurance and claims expense was \$1.0 million for the three months ended March 31, 2019 and 2018. Insurance and claims were 2.2% of operating revenue for the three months ended March 31, 2019 and 2018. Lower vehicle insurance premiums and vehicle claims reserves were offset by higher cargo claims. At a consolidated level, vehicle claims reserves increased; see discussion in the "Other operations" section below.

Fuel Expense

TLS fuel expense decreased \$0.4 million, or 36.4%, to \$0.7 million for the first quarter of 2019 from \$1.1 million for the same period in 2018. Fuel expense as a percentage of TLS operating revenue was 1.5% in the first quarter of 2019 compared to 2.4% for the same period of 2018. The decrease was attributable to a decrease in Company-employed driver miles.

Other Operating Expenses

TLS other operating expenses increased \$0.2 million, or 9.5%, to \$2.3 million for the three months ended March 31, 2019 from \$2.1 million for the same period in 2018. Other operating expenses were 5.0% of TLS operating revenue in the first quarter of 2019 compared to 4.5% for the same period of 2018. Other operating expenses includes equipment maintenance, terminal and office expenses, professional fees and other costs of transiting shipments. The increase was mostly due to an increase in receivables allowance and increased spending on information technology.

Income from Operations

TLS income from operations increased to \$0.9 million during the first quarter of 2019 from breakeven for the same period in 2018. The improvement in income from operations was due to rate increases and higher fuel surcharges to existing customers, and the deliberate shedding of lower margin business.

Pool Distribution - Three Months Ended March 31, 2019 compared to Three Months Ended March 31, 2018

The following table sets forth the historical financial data of our Pool Distribution segment for the three months ended March 31, 2019 and 2018 (in millions):

Pool Distribution Segment Information						
(In millions)						
(Unaudited)						
Three months ended						
	March 31, 2019	Percent of Revenue	March 31, 2018	Percent of Revenue	Change	Percent Change
Operating revenue	\$ 45.2	100.0%	\$ 42.7	100.0%	\$ 2.5	5.9 %
Operating expenses:						
Purchased transportation	13.4	29.6	12.1	28.3	1.3	10.7
Salaries, wages and employee benefits	16.7	36.9	15.9	37.2	0.8	5.0
Operating leases	4.3	9.5	3.7	8.7	0.6	16.2
Depreciation and amortization	1.6	3.5	1.8	4.2	(0.2)	(11.1)
Insurance and claims	1.2	2.7	0.9	2.1	0.3	33.3
Fuel expense	1.5	3.3	1.6	3.8	(0.1)	(6.3)
Other operating expenses	5.2	11.5	5.3	12.4	(0.1)	(1.9)
Total operating expenses	43.9	97.1	41.3	96.7	2.6	6.3
Income from operations	\$ 1.3	2.9%	\$ 1.4	3.3%	\$ (0.1)	(7.1)%

Pool Operating Statistics

Three months ended			
	March 31, 2019	March 31, 2018	Percent Change
Cartons ¹	22,316	20,223	10.3 %
Revenue per carton	\$ 2.02	\$ 2.11	(4.3)
Terminals	28	28	— %

¹ In thousands

Revenues

Pool Distribution ("Pool") operating revenue increased \$2.5 million, or 5.9%, to \$45.2 million for the three months ended March 31, 2019 from \$42.7 million for the same period in 2018. The increase was due to rate increases, increased volumes from existing customers and new business wins.

Purchased Transportation

Pool purchased transportation increased \$1.3 million, or 10.7%, to \$13.4 million for the three months ended March 31, 2019 compared to \$12.1 million for the same period of 2018. Pool purchased transportation as a percentage of revenue was 29.6% for the three months ended March 31, 2019 compared to 28.3% for the same period of 2018. The increase in Pool purchased transportation as a percentage of revenue was attributable to increased rates charged by, and increased utilization of, third party carriers.

Salaries, Wages, and Benefits

Pool salaries, wages and employee benefits increased \$0.8 million, or 5.0%, to \$16.7 million for the three months ended March 31, 2019 compared to \$15.9 million for the same period of 2018. As a percentage of Pool operating revenue, salaries, wages and benefits decreased to 36.9% for the three months ended March 31, 2019 compared to 37.2% for the same period in 2018. The decrease in salaries, wages and benefits as a percentage of revenue was the result of decreases in group health insurance costs and Company-employed driver pay partly offset by higher dock pay as a percentage of revenue. Dock pay deteriorated as a percentage of revenue as increasing dedicated revenue volumes required the use of more costly contract labor.

Operating Leases

Pool operating leases increased \$0.6 million, or 16.2%, to \$4.3 million for the three months ended March 31, 2019 compared to \$3.7 million for the same period of 2018. Operating leases were 9.5% of Pool operating revenue for the three months ended March 31, 2019 compared with 8.7% in the same period of 2018. Operating leases increased as a percentage of revenue due to increases in tractor leases for the additional revenue discussed above and the use of leased tractors to replace old purchased equipment. The increase as a percentage of revenue was also due to increased facility rent due to terminal expansions to handle increased revenue volumes.

Depreciation and Amortization

Pool depreciation and amortization decreased \$0.2 million, or 11.1%, to \$1.6 million for the three months ended March 31, 2019 from \$1.8 million for the same period in 2018. Depreciation and amortization expense as a percentage of Pool operating revenue was 3.5% in the first quarter of 2019 compared to 4.2% in the same period of 2018. The decrease in Pool depreciation and amortization as a percentage of revenue was due to the increase in leased equipment mentioned above instead of purchased equipment.

Insurance and Claims

Pool insurance and claims expense increased \$0.3 million, or 33.3%, to \$1.2 million for the three months ended March 31, 2019 from \$0.9 million for the same period of 2018. Insurance and claims were 2.7% of operating revenue for the three months ended March 31, 2019 compared to 2.1% in the same period of 2018. The increase in total dollars and as a percentage of revenue was primarily due to the prior period including a \$0.3 million reimbursement for claims related legal fees. At a consolidated level, vehicle claims reserves increased; see discussion in the "Other operations" section below.

Fuel Expense

Pool fuel expense decreased \$0.1 million, or 6.3%, to \$1.5 million for the first quarter of 2019 from \$1.6 million in the same period of 2018. Fuel expenses were 3.3% of Pool operating revenue in the first quarter of 2019 compared to 3.8% for the same period of 2018. Pool fuel expenses decreased due to slightly lower Company-employed driver usage.

Other Operating Expenses

Pool other operating expenses decreased \$0.1 million, or 1.9%, to \$5.2 million for the three months ended March 31, 2019 from \$5.3 million in the same period of 2018. Pool other operating expenses as a percentage of revenue for the first quarter of 2019 were 11.5% compared to 12.4% for the same period of 2018. 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 primarily attributable to a decrease in equipment maintenance costs as a percentage of revenue due to the increased usage of leased equipment instead of purchased equipment and a decrease in agent station volumes.

Income from Operations

Pool income from operations decreased \$0.1 million, or 7.1%, to \$1.3 million for the first quarter of 2019 from \$1.4 million for the same period in 2018. Income from operations as a percentage of Pool operating revenue was 2.9% for the three months ended March 31, 2019 compared to 3.3% for the same period of 2018. The deterioration in Pool operating income as a percentage of revenue was primarily the result of increased utilization of and higher rates charged by third party carriers and increasing revenue volumes required the use of more costly contract labor. These decreases were partly offset by current year revenue rate increases.

Other Operations - Three Months Ended March 31, 2019 compared to Three Months Ended March 31, 2018

Other operating activity declined from a \$1.5 million operating loss during the three months ended March 31, 2018 to a \$3.3 million operating loss during the three months ended March 31, 2019. The \$3.3 million operating loss for the three months ended March 31, 2019 is primarily due to a \$1.8 million increase in self-insurance reserves related to existing vehicular claims and \$0.6 million in self-insurance reserves resulting from analysis of our workers' compensation claims. The loss was also attributable to \$0.7 million in costs related to the CEO transition.

The \$1.5 million operating loss included in other operations and corporate activities for the three months ended March 31, 2018 was the result of 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 million of turn in costs from old equipment.

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. Management considers our policies on Self-Insurance Loss Reserves, Business Combinations and Goodwill and Other Intangible Assets to be critical. A summary of significant accounting policies is disclosed in Note 1 to the Consolidated Financial Statements included in our 2018 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 2018 Annual Report on Form 10-K.

Impact of Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, Leases, which requires lessees to recognize a right-of-use asset with a corresponding lease liability on their balance sheet for most leases classified as operating leases under previous guidance. Lessors are required to recognize a net lease investment for most leases. Additional qualitative and quantitative disclosures are also required. The Company applied the transition requirements as of January 1, 2019, which resulted in recording right-of-use lease assets and corresponding lease liabilities of \$133.4 million and \$133.7 million, respectively, as of March 31, 2019. There was no impact to the Company's Statements of Comprehensive Income or Statements of Cash Flows. In addition, comparative financial statements have not been presented as allowed per the guidance. Changes to processes and internal controls to meet the standard's reporting and disclosure requirements have also been implemented. See Note 9, Leases, for additional discussion over this new standard, including the impact on the Company's financial statements.

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.

Three Months Ended March 31, 2019 Cash Flows compared to March 31, 2018 Cash Flows

Net cash provided by operating activities totaled approximately \$41.5 million for the three months ended March 31, 2019 compared to approximately \$40.8 million for the three months ended March 31, 2018. The \$0.7 million increase in cash provided by operating activities is mainly attributable to a \$3.8 million increase in collection of receivables and a \$1.6 million increase in net earnings after consideration of non-cash items and income taxes. These increases were partly offset by a \$4.7 increase in accounts payable and accrued expenses.

Net cash used in investing activities was approximately \$3.7 million for the three months ended March 31, 2019 compared with approximately \$5.7 million during the three months ended March 31, 2018. Investing activities during the three months ended March 31, 2019 consisted of net capital expenditures of \$3.7 million primarily for information technology, facility equipment and new trailers. 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. The proceeds from disposal of property and equipment during the three months ended March 31, 2019 and 2018 were primarily from sales of older tractors and trailers.

Net cash used in financing activities totaled approximately \$21.3 million for the three months ended March 31, 2019 compared with net cash used in financing activities of \$26.3 million for the three months ended March 31, 2018. The \$5.0 million decrease was attributable to a \$5.8 million decrease in the repurchase of common stock. This decrease in cash used was partially offset by a \$0.8 million increase in payments of cash dividends due to an increase in first quarter dividend per share from \$0.15 per share to \$0.18 per share, partly offset by a decrease in the outstanding share count during the three months ended March 31, 2019 compared to the same period in 2018.

Credit Facility

See Note 6, Senior Credit Facility to our Consolidated Financial Statements for a discussion of the senior credit facility.

Share Repurchases

See Note 11, Shareholders' Equity to our Consolidated Financial Statements for a discussion of our share repurchases and dividends during the period.

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, dividends, or other financial items or methods of interpretation or measurement; 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 based on our business strategy, reliance on financial instruments or otherwise; 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, 2018. 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 from the information provided in our 2018 Form 10-K.

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

As part of the implementation of ASU 2016-02, Leases, as of January 1, 2019, the Company implemented changes to internal controls to meet the standard's reporting and disclosure requirements. Management believes that these controls were effective as of March 31, 2019. There were no other changes in our internal control over financial reporting during the three months ended March 31, 2019 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 2018 Annual Report on Form 10-K. There have been no changes in the nature of these factors since December 31, 2018.

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

Issuer Purchases of Equity Securities

Information regarding repurchases of our shares during the first quarter of 2019 is as follows:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced 2016 Program (1)	Total Number of Shares Purchased as Part of Publicly Announced 2019 Program (2)	Maximum Number of Shares that May Yet Be Purchased Under the Program (1) (2)
January 1-31, 2019	58,716	\$ 56.73	58,716	—	650,679
February 1-28, 2019	39,756	64.84	8,856	30,900	4,969,100
March 1-31, 2019	131,400	62.96	—	131,400	4,837,700
Total	229,872	\$ 61.69	67,572	162,300	4,837,700

(1) On July 21, 2016, the Board of Directors approved a stock repurchase program for up to 3.0 million shares of the Company's common stock.

(2) On February 5, 2019, the Board of Directors canceled the Company's remaining 2016 share repurchase authorization and approved a stock repurchase authorization for up to 5.0 million shares of the Company's common stock that shall remain in effect until such time as the shares authorized for repurchase are exhausted or until earlier terminated.

Item 3. Defaults Upon Senior Securities.

Not applicable.

Item 4. Mine Safety Disclosures.

Not applicable.

Item 5. Other Information.

Not applicable.

Item 6. Exhibits.

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

No.	Exhibit
3.1	Restated Charter of the registrant (incorporated herein by reference to Exhibit 3 to the registrant’s Current Report on Form 8-K filed with the Securities and Exchange Commission on May 28, 1999 (File No. 0-22490))
3.2	Amended and Restated Bylaws of the registrant (incorporated herein by reference to Exhibit 3.1 to the registrant’s Current Report on Form 8-K filed with the Commission on July 31, 2017 (File No. 0-22490))
10.1	Amended and Restated Forward Air Corporation Executive Severance and Change in Control Plan, effective as of May 24, 2018
10.2	Consulting Agreement effective May 7, 2019, between Forward Air Corporation and Bruce A. Campbell
10.3	Form of Performance Share Agreement (Total Shareholder Return) under the registrant’s 2016 Omnibus Incentive Compensation Plan
10.4	Form of Performance Share Agreement (EBITDA per Share) under the registrant’s 2016 Omnibus Incentive Compensation Plan
31.1	Certification of Chief Executive Officer Pursuant to Exchange Act Rule 13a-14(a) (17 CFR 240.13a-14(a))
31.2	Certification of Chief Financial Officer Pursuant to Exchange Act Rule 13a-14(a) (17 CFR 240.13a-14(a))
32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Extension Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

Signatures

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

Date: April 25, 2019

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

EXHIBIT INDEX

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10.4	Form of Performance Share Agreement (EBITDA per Share) under the registrant's 2016 Omnibus Incentive Compensation Plan
31.1	Certification of Chief Executive Officer Pursuant to Exchange Act Rule 13a-14(a) (17 CFR 240.13a-14(a))
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Forward Air Corporation
Executive Severance and Change in Control Plan

EFFECTIVE JANUARY 1, 2013

AMENDED AND RESTATED MAY 24, 2018

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ARTICLE I
Statement of Purpose and Effective Date

1.01 Purpose. Forward Air Corporation, a Tennessee corporation (the "Company"), hereby establishes the Forward Air Corporation Executive Severance and Change in Control Plan (the "Plan"). The Plan is intended to encourage and motivate key employees to devote their full attention to the performance of their assigned duties without the distraction or concerns regarding their involuntary termination of employment. The Company believes that it is in the best interests of the shareholders of the Company to provide financial assistance through severance payments and other benefits to eligible key employees who are involuntarily terminated. With respect to each Participant, the Plan supersedes all plans, agreements, or other arrangements for severance benefits or for enhanced severance payments whether or not before, on or after a change in control, except as specifically provided herein. To the extent the Plan provides deferred compensation it is an unfunded plan primarily for the purposes of providing deferred compensation for a select group of management or highly compensated employees.

1.02 Effective Date. This Plan is effective as of January 1, 2013 (the "Effective Date").

ARTICLE II
Definitions

When used in this Plan, the terms specified below have the following meanings:

2.01 "Accrued Annual Incentive" means the amount of any annual incentive earned in a year ended before the Termination Date, but not yet paid to a Participant as of the Termination Date, other than amounts that he or she has elected to defer or that have been automatically deferred.

2.02 "Accrued Base Salary" means the amount of a Participant's Base Salary that is accrued but unpaid as of the Termination Date, other than amounts that he or she has elected to defer.

2.03 "Accrued Obligations" means, as of any date, the sum of a Participant's Accrued Base Salary, Accrued Annual Incentive, any accrued but unpaid vacation pay, unreimbursed expenses for which proper documentation is provided, and any other vested amounts and benefits that are to be paid or provided to the Participant by the Company under the Company's plans (other than this Plan and other than any Section 409A Deferred Compensation), but which have not yet been paid or provided (as applicable).

2.04 "Affiliate" means any person with whom the Company would be considered a single employer under Sections 414(b) and 414(c) of the Code and Treas. Reg. §1.409A-3(i)(5)(ii), except that in applying Sections 1563(a)(1), (2), and (3) of the Code for purposes of determining a controlled group of corporations under Section 414(b) of the Code; the language "at least 50 percent" shall be used instead of "at least 80 percent" in each place it appears in Sections 1563(a)(1), (2), and (3) of the Code, and in applying Treas. Reg. § 1.414(c)-(2) for purposes of determining a controlled group of trades or businesses under Section 414(c) of the Code, the language "at least 50 percent" shall be used instead of "at least 80 percent" in each place it appears in Treas. Reg. § 1.414(c)-(2). Notwithstanding the foregoing, where justified by legitimate business criteria as determined by the Committee in its sole discretion, "at least 20 percent" shall be substituted for "at least 50 percent" in the preceding sentence in determining whether a Participant has a Termination of Employment.

2.05 "Award Agreement" means a written agreement between the Company and the Participant setting forth the terms and conditions of a stock-based award granted to the Participant under any of the Company's stock incentive plans, now or hereafter existing.

2.06 "Base Salary" means an Employee's annual rate of salary as of any date.

2.07 "Board" means the Board of Directors of the Company or, from and after a Change in Control that gives rise to a surviving corporation to the Company, the Board of Directors of such surviving corporation.

2.08 "Cause" means any one or more of the following, as determined by the Committee or its delegate in its sole discretion:

- (a) any act or omission by a Participant which, if convicted by a court of law, would constitute a felony or a crime of moral turpitude;
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- (b) a Participant's dishonesty or material violation of standards of integrity in the course of fulfilling his or her employment duties to the Company or any Affiliate;
- (c) insubordination or a material violation of a material written policy of the Company or any Affiliate, violation of which would be grounds for dismissal under applicable Company policy;
- (d) willful, repeated failure on the part of the Participant to perform his or her employment duties (provided that such duties are ethical and proper under applicable law) in any material respect, after reasonable written notice of such failure and an opportunity to correct it under a circumstance where the conduct constituting "Cause" is reasonably open to a cure (for instance, where the conduct does not involve a violation of trust or otherwise adversely affect the relationship between the Employee and the Employer on a going-forward basis), and the period to correct shall be established by the Committee;
- (e) any act or omission materially adverse to the interest of the Company or any Affiliate, or reasonably likely to result in material harm to the Company or any Affiliate;
- (f) failure to comply in any material respect with the Company's Code of Business Conduct and Ethics or Insider Trading Policy, or willful, repeated failure to comply in any material respect with the Company's Executive Stock Ownership and Retention Guidelines; or
- (g) failure to comply in any material respect with the Foreign Corrupt Practices Act, the Securities Act of 1933, the Securities Exchange Act of 1934, the Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, or any rules or regulations thereunder, or any similar, applicable statute, regulation or legal requirement.

2.09 "CEO" means the Chief Executive Officer of the Company.

2.10 "Change Date" means the first date on which a Change in Control occurs before the termination of the Plan.

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

- (h) any one person, or more than one person acting as a group, acquires, including without limitation through a tender or exchange offer, merger or other business combination, ownership of stock of the Company that, together with stock held by such person or group, constitutes more than 50% of the total fair market value or total voting power of the stock of the Company;
- (i) any one person, or more than one person acting as a group, acquires, including without limitation through a tender or exchange offer, merger or other business combination, (or has acquired during the twelve-month period ending on the date of the most recent acquisition by such person or persons) ownership of stock of the Company possessing more than 40% of the total voting power of the stock of the Company;
- (j) any one person, or more than one person acting as a group, acquires (or has acquired during the twelve-month period ending on date of the most recent acquisition by such person or persons) assets from the Company that have a total gross fair market value equal to or more than 80% of the total gross fair market value of all the assets of the Company immediately before such acquisition or acquisitions; or
- (k) a majority of members of the Company's Board is replaced during any 12-month period by Directors whose appointment or election is not endorsed by two-thirds of the members of the Company's Board before the date of the appointment or election.

2.12 "Code" means the Internal Revenue Code of 1986, as amended. Reference to any provision of the Code or regulation thereunder, shall include any successor provision and any regulations and other applicable guidance or pronouncement of the Internal Revenue Service or the Department of the Treasury, and applicable case law relating to such Section of the Code.

2.13 "Committee" means the Compensation Committee of the Board. To the extent the Committee has delegated authority to another person or persons the term "Committee" shall refer to such other person or persons.

2.14 "Company" means Forward Air Corporation and any successor thereto.

2.15 "Disability" means the Employee is determined to be totally and permanently disabled under any group long-term disability plan in which the Employee participates that is maintained by the Company or the Employee's Employer and in effect at that time, to the extent not inconsistent with applicable law, and in the absence of such a plan means the inability of the Employee, due to any medically determinable physical or mental

impairment, to perform the essential functions of his or her job, with or without a reasonable accommodation, for (x) 120 days during any one employment year irrespective of whether such days are consecutive, or (y) such longer period, if any, that is available to the Employee under his or her Employer's policies relating to the continuation of employee status after the onset of disability. In the event of any dispute under this Section, the Employee shall submit to a physical examination by a licensed physician mutually satisfactory to the Company and the Employee, the cost of such examination to be paid by the Company, and the determination of such physician shall be determinative.

2.16 "Effective Date" is defined in Section 1.02.

2.17 "Employee" means an individual who is designated as an employee of an Employer on the records of such Employer.

2.18 "Employer" means the Company and an Affiliate any of whose Employees are Participants in the Plan. The term "Employer" includes any successor to the Company or an Employer.

2.19 "ERISA" means the Employee Retirement Income Security Act of 1974, as amended. Reference to any provision of ERISA shall also include any successor provision and regulations and others applicable guidance or pronouncement of a federal regulatory agency and applicable case law relating to such Section of ERISA.

2.20 "Exchange Act" means the Securities Exchange Act of 1934, as amended.

2.21 "Healthcare Assistance Multiple" means:

- (a) 12X for a Termination Date occurring before or absent a Change Date, and
- (b) 24X for a Termination Date occurring during the Post-Change Period.

2.22 "Good Reason" means, prior to or absent the occurrence of a Change in Control, a greater than 20% reduction in any of the Participant's base salary, target short-term cash incentive opportunity or value of regular annual long-term target incentive opportunity, the latter as determined by a third-party compensation consulting or accounting firm chosen by the Company and using generally accepted methodologies which may include annualizing prior year long-term incentive grants over more than one year and ignoring prior special retention or sign-on grants, other than a broad-based compensation reduction imposed across-the-board on executives at the vice president or higher level within the Company, and means, after the Change Date, any one or more of the following actions or omissions occurring during the Post-Change Period without the Participant's consent:

- (i) a material reduction in the Participant's base salary or short-term/annual target cash incentive opportunity;
 - (ii) a material reduction in the Participant's regular annual grant value of long-term incentives as determined by a third-party compensation consulting or accounting firm chosen by the Company and using generally accepted methodologies which may include annualizing prior year long-term incentive grants over more than one year and ignoring prior special retention or sign-on grants;
 - (iii) requiring the Participant to be principally based at any office or location, without the Participant's consent, more than 50 miles from the Participant's then-current principal location and also farther from the Participant's residence than the Participant's then-current principal office or location;
 - (iv) any material diminution in the Participant's authority, duties or responsibilities, but excluding a mere change in reporting relationship or title;
- or
- (v) any material breach of this Plan by any Employer or the Committee;

provided that, in order for there to be a Termination of Employment by a Participant for Good Reason, the Participant must notify the Participant's Employer of the event constituting such Good Reason within 90 days of the occurrence of such event, by a Notice of Termination. The Employer must have failed to cure the event constituting Good Reason within 30 days following receipt of the Notice of Termination and the Participant must terminate employment within five days after the lapse of the cure period if no cure is effected. A delay in the delivery of such Notice of Termination or in the Termination of Employment after the lapse of the cure period shall waive the right of the Participant under this Plan to terminate employment for Good Reason. For the avoidance of doubt, no material diminution of authority, duties or responsibilities shall be deemed to occur solely because the Company becomes a subsidiary of another corporation if the Participant's authority, duties and responsibilities to the Company or his

Employer remain materially undiminished, and no material diminution of authority, duties or responsibilities shall be deemed to occur if the Participant's board chairmanship responsibilities are eliminated but his other titles and responsibilities continue intact.

2.23 "Including" means including without limitation.

2.24 "Involuntary Termination" means the Termination of Employment of a Participant (a) initiated by the Employer other than for Cause or Disability, and (b) for a reason other than death. A Termination of Employment initiated by the Participant for Good Reason shall also be an Involuntary Termination. For the avoidance of doubt, a Participant shall not have an Involuntary Termination of Employment if he or she (i) voluntarily resigns; (ii) voluntarily Retires; or (iii) has a Termination of Employment because of death or Disability.

2.25 "Notice of Termination" means a written notice given in accordance with Section 10.03 that sets forth (i) the specific termination provision in this Plan relied on by the party giving such notice, (ii) in reasonable detail the circumstances claimed to provide a basis for such Termination of Employment, and (iii) if the Termination Date is other than the date of receipt of such Notice of Termination (and is not determined under Section 2.34(a), (b), or (c)), the Termination Date.

2.26 "Participant" means an Employee who is selected by the Committee to participate in the Plan and has timely entered into a Participation and Restrictive Covenants Agreement, substantially in the form attached hereto as Appendix A; provided that such participation has not been terminated pursuant to Section 3.04.

2.27 "Plan" means this Forward Air Corporation Executive Severance and Change in Control Plan as set forth herein and as from time to time amended.

2.28 "Plans" means plans, programs, or Policies of the Company or the Employer that employs a Participant.

2.29 "Policies" means policies, practices or procedures of the Company or the Employer that employs a Participant.

2.30 "Post-Change Period" means the period beginning on the Change Date and ending on the second anniversary of the Change Date.

2.31 "Pro-rata Annual Incentive" means, in respect of an Employer's fiscal year during which the Termination Date occurs, an amount equal to the product of (a) (i) in the case of a Termination Date before the Change Date, the actual annual incentive the Participant would have been paid if he or she remained employed on the payment date applicable to then-current employees, and (ii) in the case of a Termination Date on or after the Change Date, the Participant's Target Annual Incentive (determined as of the Termination Date) multiplied by (b) a fraction, the numerator of which equals the number of days from and including the first day of such fiscal year through and including the Termination Date, and the denominator of which equals 365.

2.32 "Retire" or "Retirement" means a voluntary Termination of Employment after attaining age 65 (or such other age at which the Company or Employer permits early retirement).

2.33 "Section 409A Deferred Compensation" means a deferral of compensation that is subject to (and not otherwise exempt from) the requirements of Section 409A of the Code.

2.34 "Severance Multiple" means:

- (l) 1.0X for a Termination Date occurring before or absent a Change Date, and
 - (m) 2.0X for a Termination Date occurring during the Post-Change Period.
 - (n) Notwithstanding the foregoing, if on the Termination Date the Company maintains generally applicable severance arrangements for a broad-based group of employees with a formula that would provide severance benefits to a Participant in a greater amount than results from the application of the Severance Multiple shown above, the Severance Multiple (and the Healthcare Assistance Multiple) shall be adjusted upward as necessary so that the amount paid to such Participant is not less than the amount that would be paid under such generally applicable severance arrangement. Such adjusted amount shall be paid at the time and in the form of payment in Section 4.01(a)(iii).
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2.35 “Target Annual Incentive”, as of any date, means the amount equal to the product of a Participant’s Base Salary multiplied by the percentage of such Base Salary to which such Participant would be entitled as an annual incentive, based on the terms in effect on such date under any annual incentive plans for the performance period for which the annual incentive is awarded if the performance goals established pursuant to such bonus plan were achieved at the 100% (target) level as of the end of the performance period, but disregarding any reduction in Target Annual Incentive that would constitute Good Reason.

2.36 “Termination Date” means the date of the receipt of the Notice of Termination by a Participant (if such Notice of Termination is given by the Company or the Participant’s Employer) or by the Participant’s Employer (if such Notice is given by the Participant), or any later date specified in the Notice of Termination but not more than 35 days after the giving of such Notice if the Notice of Termination is given by the Participant for Good Reason and not more than 15 days after the giving of such Notice of Termination in all other cases, on which an Employee has a Termination of Employment; provided, however, that:

- (o) if the Participant’s employment is terminated by reason of death, the Termination Date shall be the date of the Participant’s death;
- (p) if the Participant’s employment is terminated by reason of Disability, the Termination Date shall be the date assigned by the Company’s Human Resource function;
- (q) if no Notice of Termination is given, the Termination Date shall be the last date on which the Participant is at work; and
- (r) if the Notice of Termination is for a Termination by the Participant for Good Reason, the Termination Date shall be the 35th day after the giving of the Notice of Termination if the Employer has not cured the Good Reason.

2.37 “Termination of Employment” means in respect of a Participant, a termination of employment as determined by the Committee; provided, however, that with respect to payment of any Section 409A Deferred Compensation, “Termination of Employment” shall mean “separation from service” within the meaning of Section 409A of the Code.

ARTICLE III Participation and Eligibility for Benefits

3.01 Eligibility.

(s) Generally, Employees holding a position of vice president or a more senior position with the Company or an Affiliate are eligible to be selected by the Committee to participate in the Plan, subject to each such Employee fulfilling the requirements to participate as provided in Section 3.02. The Committee in its discretion also may designate selected Employees with a position below the vice president level to be eligible to participate in this Plan.

(t) Notwithstanding subsection (a), any individual who is (i) a party to an agreement (“Employment Agreement”) between the individual and an Employer that provides for payments upon Termination of Employment (either before or after a Change in Control) or (ii) entitled to Section 409A Deferred Compensation paid in installments as severance after a separation from service pursuant to a broad-based severance plan; shall not be eligible to become a Participant in this Plan until the next January 1 after he or she ceases to be covered by such Employment Agreement or severance plan. Where Employee consent is required to terminate an Employment Agreement, such consent shall be given (if at all) at such time and under such circumstances as the Committee may require in its discretion.

(u) The Committee shall maintain a list of Participants, as in effect from time to time, included as Attachment A to this Plan.

3.02 Participation. Except as provided in Section 3.01(b), each eligible Employee shall become a Participant in the Plan on the first date (not earlier than the Effective Date) on which he or she has been designated by the Committee as an Employee who is eligible to participate and he or she has delivered to the Company, within such timeframe as may be specified by the Committee, a signed Participation and Restrictive Covenants Agreement in substantially the form attached hereto as Appendix A.

3.03 Eligibility for Benefits. A Participant becomes eligible for benefits under the Plan if, prior to or absent a Change Date or during the Post-Change Period, the Participant has an Involuntary Termination or a Termination of Employment for Good Reason. For the avoidance of doubt, a Termination of Employment for Good Reason will be treated as having occurred during the Post-Change Period, notwithstanding the fact that actual separation from service occurs after the Post-Change Period has expired, if the Good Reason arises during the Post-Change

Period, the Participant timely provides a Notice of Termination within 90 days of the occurrence of the event giving rise to such Good Reason, the Employer fails to cure the event constituting Good Reason within 30 days following receipt of the Notice of Termination and the Participant terminates employment within five days after the lapse of the cure period.

ARTICLE IV
Obligations of the Employer Upon Involuntary Termination
Prior to or Absent a Change Date

4.01 Involuntary Termination. If a Participant has an Involuntary Termination, then unless Article V applies, the Employer's sole obligations to such Participant under the Plan shall be as follows:

- (v) The Employer shall pay the Participant the following:
 - (i) all Accrued Obligations in a single lump sum payment within 15 days after the Termination Date; and
 - (ii) subject to Section 9.01, an amount equal to the Base Salary determined as of the Termination Date, multiplied by the applicable Severance Multiple (the "Severance Payment"). The Severance Payment shall be paid in a single lump sum payment. The Severance Payment shall be made no more than 60 days after the Termination of Employment, provided the applicable revocation period for the release required by Section 9.01 has expired at that time, and subject to Section 10.11(c) and Section 10.11(e); and
 - (iii) subject to Section 9.01, the Participant's Pro-rata Annual Incentive for the Employer's fiscal year during which the Termination Date occurs, reduced (but not below zero) by the amount of any Annual Incentive previously paid to the Participant for such fiscal year (for example, if the Annual Incentive is paid quarterly and one or more quarterly payments have been made before the Termination Date); the Pro-rata Annual Incentive shall be paid at the same time and in the same form as the Annual Incentives for such fiscal year are paid to ongoing employees; but no later than two and one-half months after the last day of the fiscal year following the fiscal year in which the Termination Date occurs.
- (w) The Employer shall provide for post-Termination of Employment nonqualified deferred compensation benefits, equity awards, and employee welfare benefits pursuant to the terms of the respective Plans and Policies under which such post-Termination of Employment benefits, awards and welfare benefits, if any, are provided, except as provided in (c) below.
- (x) Subject to Section 9.01, if as of the Termination Date the Participant is participating in the Company's or the Employer's healthcare plan with respect to medical, vision, prescription and/or dental coverage and, as a result of the Termination of Employment, will be eligible for post-termination continuation coverage under Section 4980B of the Code ("COBRA"), then the Employer shall pay to the Participant, in a lump sum payment (the "Healthcare Assistance Payment"), an amount equal to (i) the excess of the monthly premium rate for such COBRA coverage for the Participant and his or her eligible dependents (measured as of the Termination of Employment) over the monthly premium rate payable by active employees (i.e., the non-Employer paid portion) for similar employer-provided coverage (measured as of the Termination of Employment), multiplied by (ii) the applicable Healthcare Assistance Multiple. The Healthcare Assistance Payment shall be made no more than 60 days after the Termination of Employment, provided the applicable revocation period for the release required by Section 9.01 has expired at that time, and subject to Section 10.11(c) and Section 10.11(e).
- (y) Subject to Section 9.01, for a period of one year measured from the Termination Date, the Employer shall provide up to \$20,000 worth of outplacement services to the Participant through an outplacement service provider reasonably selected by the Employer.

4.02 Termination for Any Other Reason. If a Participant has a Termination of Employment for any reason other than as described in Section 4.01 (including termination by the Employer for Cause, termination by the Employee other than for Good Reason, termination by the Employer or the Employee for Disability, Retirement, or termination on account of death), then unless Article V applies, the Employer's sole obligations to such Participant under the Plan shall be to pay the Participant all Accrued Obligations determined as of the Termination Date.

ARTICLE V
Obligations of the Employer on Involuntary Termination
in the Post-Change Period

5.01 Application. If a Participant has an Involuntary Termination during the Post-Change Period a Participant shall be entitled to benefits under this Article V in lieu of, and not in addition to, benefits under Article IV. For the avoidance of doubt, a Termination of Employment for Good Reason will be treated as having occurred

during the Post-Change Period, notwithstanding the fact that actual separation from service occurs after the Post-Change Period has expired, if the Good Reason arises during the Post-Change Period, the Participant timely provides a Notice of Termination within 90 days of the occurrence of the event giving rise to such Good Reason, the Employer fails to cure the event constituting Good Reason within 30 days following receipt of the Notice of Termination and the Participant terminates employment within five days after the lapse of the cure period.

5.02 Involuntary Termination in the Post-Change Period. If a Participant has an Involuntary Termination during the Post-Change Period for which a Notice of Termination is timely given, then the Employer's sole obligations to such Participant under the Plan shall be as follows:

- (z) The Employer shall pay the Participant the following:
 - (i) all Accrued Obligations in a single lump sum payment within 15 days after the Termination Date;
 - (ii) subject to Section 9.01, the Participant's Pro-rata Annual Incentive for the Employer's fiscal year during which the Termination Date occurs, reduced (but not below zero) by the amount of any Annual Incentive paid to the Participant for such fiscal year (for example, if the Annual Incentive is paid quarterly and one or more quarterly payments have been made before the Termination Date). The Pro-rata Annual Incentive shall be paid in a single lump sum payment; and
 - (iii) subject to Section 9.01, an amount equal to the sum of Base Salary and the Target Annual Incentive, each determined as of the Termination Date, multiplied by the applicable Severance Multiple ("Post-Change Severance Payment"); provided, however, that any reduction in the Participant's Base Salary or Target Annual Incentive that would qualify as Good Reason shall be disregarded for this purpose.

The amount described in Section 5.02(a)(ii) and the Post-Change Severance Payment shall be paid no more than sixty days after the Termination of Employment, provided the applicable revocation period required for the release under Section 9.01 has expired at that time; and subject to Section 10.11(c) and Section 10.11(e).

(aa) Post-Termination of Employment non-qualified deferred compensation benefits, equity awards, and employee welfare benefits shall be provided pursuant to the terms of the respective Plans and Policies under which such post-Termination of Employment benefits, awards and welfare benefits, if any, are provided, except as provided in (c) below.

(ab) Subject to Section 9.01, if as of the Termination Date the Participant is participating in the Company's or the Employer's healthcare plan with respect to medical, vision, prescription and/or dental coverage and, as a result of the Termination of Employment, will be eligible for post-termination continuation coverage under Section 4980B of the Code ("COBRA"), then the Employer shall pay to the Participant, in a lump sum payment (the "Healthcare Assistance Payment"), an amount equal to (i) the excess of the monthly premium rate for such COBRA coverage for the Participant and his or her eligible dependents (measured as of the Termination of Employment) over the monthly premium rate payable by active employees (i.e., the non-Employer paid portion) for similar employer-provided coverage (measured as of the Termination of Employment), multiplied by (ii) the applicable Healthcare Assistance Multiple. The Healthcare Assistance Payment shall be made no more than 60 days after the Termination of Employment, provided the applicable revocation period for the release required by Section 9.01 has expired at that time, and subject to Section 10.11(c) and Section 10.11(e).

(ac) Subject to Section 9.01, for a period of one year measured from the Termination Date, the Employer shall provide up to \$20,000 worth of outplacement services to the Participant through an outplacement service provider reasonably selected by the Employer.

5.03 Termination on or After the Change Date for Any Other Reason. If a Participant has a Termination of Employment for which a Notice of Termination is given during the Post-Change Period, for any reason other than as described in Section 5.02 (including termination by the Employer for Cause, termination by the Employee other than for Good Reason, termination by the Employer or the Employee for Disability, Retirement, or termination on account of death), then the Employer's sole obligation to the Participant under this Plan shall be to pay the Participant all Accrued Obligations determined as of the Termination Date.

5.04 Limitation on Benefits.

(ad) In the event it shall be determined that any payment or distribution by an Employer to or for the benefit of the Participant (whether paid or payable or distributed or distributable pursuant to the terms of this Plan or otherwise) (a "Payment") would be nondeductible by the Employer for Federal income tax purposes because of Section 280G of the Code, then the aggregate present value of amounts payable or distributable to or for the benefit of the Participant pursuant to this Plan ("Plan Payments") shall be reduced to the Reduced

Amount if, and only if, by reason of such reduction, the net after-tax benefit received by the Participant, taking into account the applicable federal, state, local and foreign income, employment and other taxes, is greater than the net after-tax benefit that would be received by the Participant if no such reduction was made, taking into account the applicable federal, state, local and foreign income, employment and other taxes, including the excise tax imposed by Section 4999 of the Code. The "Reduced Amount" shall be an amount expressed in present value which maximizes the aggregate present value of Plan Payments without causing any Payment to be nondeductible by the Employer because of Section 280G of the Code. Such reduction shall be applied before any reduction of any other payments that are not Plan Payments unless the plan or agreement calling for such payments expressly provides to the contrary making specific reference to this Plan. Anything to the contrary notwithstanding, if the Reduced Amount under the Plan is zero and it is determined further that any Payment that is not a Plan Payment would nevertheless be nondeductible by the Employer for Federal income tax purposes because of Section 280G of the Code, then the aggregate present value of Payments which are not Plan Payments shall also be reduced (but not below zero) to an amount expressed in present value which maximizes the aggregate present value of Payments without causing any Payment to be nondeductible by the Employer because of Section 280G of the Code. For purposes of this Section, present value shall be determined in accordance with Section 280G(d)(4) of the Code.

(ac) The Committee shall select a firm of certified public accountants of national standing, (the " Accounting Firm"), which may be the firm regularly auditing the financial statements of the Company or the Employer. The Accounting Firm shall make all determinations required to be made under this Section and shall provide detailed supporting calculations to the Company, the Employer and the Employee within 30 days after the Termination Date or such earlier time as is requested by the Company, and provide an opinion to the Participant that he or she has substantial authority not to report any Excise Tax on his or her Federal income tax return with respect to any Payments. Any such determination by the Accounting Firm shall be binding upon the Company, the Employer and the Participant. The Accounting Firm shall determine how much of the Plan Payment or Payments, as the case may be, shall be eliminated or reduced consistent with the requirements of this Section and any such reduction shall apply first to lump sum cash amounts payable pursuant to this Plan in the form of the Severance Payment or the Post-Change Severance Payment, as applicable. Subject to Sections 9.01, 10.11(c) and 10.11(e), within five business days thereafter, the Employer shall pay to or distribute to or for the benefit of the Participant such amounts as are then due to the Participant under this Plan.

(af) As a result of the uncertainty in the application of Section 280G of the Code at the time of the initial determination by the Accounting Firm or the Company hereunder, it is possible that Plan Payments or Payments, as the case may be, will have been made by the Employer which should not have been made ("Overpayment") or that additional Plan Payments or Payments, as the case may be, which will not have been made by the Employer could have been made ("Underpayment"), in each case, consistent with the calculations required to be made hereunder. In the event that the Accounting Firm, based upon the assertion of a deficiency by the Internal Revenue Service against the Employee which the Accounting Firm believes has a high probability of success determines that an Overpayment has been made, promptly on notice and demand the Participant shall repay to the Employer any such Overpayment paid or distributed by the Employer to or for the benefit of the Participant together with interest at the applicable Federal rate provided for in Section 7872(f)(2) of the Code; provided, however, that no such amount shall be payable by the Participant to the Employer if and to the extent such payment would not either reduce the amount on which the Participant is subject to tax under Section 1 and Section 4999 of the Code or generate a refund of such taxes. In the event that the Accounting Firm, based upon controlling precedent or other substantial authority, determines that an Underpayment has occurred, any such Underpayment shall be promptly paid by the Employer to or for the benefit of the Participant together with interest at the applicable federal rate provided for in Section 7872(f)(2) of the Code.

ARTICLE VI Administration

6.01 The Company and Committee.

(ag) The Company shall have overall responsibility for the establishment, amendment and termination of the Plan. In carrying out its responsibilities hereunder, the Company shall act through the Committee. The Committee shall have, in its discretion, the responsibilities, duties, powers and authority, assigned to it in this Plan and any responsibilities, duties, powers and authority, under this Plan that are not specifically delegated to anyone else, including the following:

- (i) to determine which individuals shall be selected as Participants.
-

- (ii) to decide on questions concerning the Plan and the eligibility of any Participant to participate in the Plan, including whether the Participant should remain (or become) a Participant;
 - (iii) to determine the nature and timing of any Termination of Employment or the existence of Good Reason;
 - (iv) subject to any limitations under the Plan or applicable law, to make and enforce such rules and regulations and prescribe the use of such forms as it shall deem necessary for the efficient administration of the Plan;
 - (v) to require any person to furnish such information as it may request as a condition to receiving any benefit under the Plan;
 - (vi) to compute or have computed the amount of benefits that shall be payable to any person in accordance with the provisions of the Plan;
 - (vii) to construe and interpret the Plan and correct defects, supply omissions and reconcile inconsistencies in the Plan; and
 - (viii) to make all other decisions and determinations (including factual determinations) as the Committee may deem necessary or advisable in carrying out its duties and responsibilities or exercising its powers.
- (ah) Decisions of the Committee shall be final, conclusive and binding on all persons interested in the Plan, including Participants, beneficiaries and other persons claiming rights from or through a Participant.

6.02 Delegation of Committee Authority. The Committee may delegate to officers or employees of the Company, or committees thereof, the authority, subject to such terms as the Committee shall determine, to perform such administrative functions and exercise such administrative powers and authority, as the Committee in its discretion may determine. Such delegation may be revoked at any time.

6.03 Advisors and Agents of the Committee. The Committee may (i) authorize one or more of its members or an agent to execute or deliver any instrument, and make any payment on its behalf and (ii) utilize and cause the Company to pay for the services of associates and engage accountants, agents, clerks, legal counsel, record keepers and professional consultants (any of whom may also be serving an Employer or another Affiliate of the Company) to assist in the administration of this Plan or to render advice with regard to any responsibility under this Plan.

6.04 Records and Reports of the Committee. The Committee or its delegate shall maintain records and accounts relating to the administration of the Plan.

6.05 Limitation of Liability; Indemnification.

(ai) The members of the Board and the Committee shall have no liability with respect to any action or omission made by them in good faith nor from any action made in reliance on (i) the advice or opinion of any accountant, legal counsel, medical adviser or other professional consultant or (ii) any resolutions of the Board certified by the secretary or assistant secretary of the Company. Each member of the Board, the Committee, and each employee to whom are delegated duties, responsibilities and authority with respect to the Plan shall be indemnified, defended, and held harmless by the Company and the Employers and their respective successors against all claims, liabilities, fines and penalties and all expenses (including but not limited to attorneys' fees) reasonably incurred by or imposed on such member or Participant that arise as a result of his actions or failure to act in connection with the operation and administration of the Plan, to the extent lawfully allowable and to the extent that such claim, liability, fine, penalty or expense is not paid for by liability insurance purchased by or paid for by the Company or an Employer. Notwithstanding the foregoing, the Company or an Employer shall not indemnify any person for any such amount incurred through any settlement or compromise of any action unless the Company or an Employer consent in writing to such settlement or compromise.

(aj) The Company will continue to cover each Participant under its directors' and officers' insurance policy following the Termination Date for a period of time equal to the applicable statute of limitations. The Company shall indemnify and hold each Participant harmless to the fullest extent legally permitted or authorized by the Company's by-laws or, if greater, by the laws of the State of Tennessee, as may be in effect from time to time, in respect of any liability, damage, cost or expense (including reasonable attorneys' fees) actually and reasonably incurred in connection with the defense of any claim, action, suit or proceeding to which the Participant is a party by reason of the Participant's being or having been an officer or director of the Company or any subsidiary or affiliate thereof, or the Participant's serving or having served at the request of such other entity as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust, business organization, enterprise or other entity, including service with respect to employee

benefit plans. Without limiting the generality of the foregoing, the Company shall pay the expenses (including reasonable attorneys' fees) actually and reasonably incurred in defending any such claim, action, suit or proceeding in advance of its final disposition, upon receipt of the Participant's undertaking to repay all amounts advanced unless it is ultimately determined that Executive is entitled to be indemnified under this Section.

6.06 Plan Expenses. Expenses relating to the Plan before its termination shall be paid from the general assets of the Company or an Employer. Any individual who serves as a member of the Committee shall receive no additional compensation for such service.

6.07 Service in More than One Capacity. Any person or group of persons may serve the Plan in more than one capacity.

ARTICLE VII Amendments; Termination

7.01 Amendment or Termination of the Plan. The Company by duly adopted resolution of the Committee shall have the sole right to alter, amend or terminate this Plan in whole or in part at any time and to terminate the participation of any Employee; provided, however, that:

(ak) any such adverse amendment or termination shall be effective only as to those Participants, if any, who have consented to such amendment or termination or who have received from the Company at least 12 months' prior written notice ("Amendment Notice" or "Expiration Notice," respectively) of such adverse amendment or termination that sets forth the date of termination or amendment ("Amendment Date" or "Expiration Date"), and

(al) no such Amendment Notice or Expiration Notice shall be effective as to any Participant if a Change Date occurs before the Amendment or Expiration Date specified in the Amendment Notice or Expiration Notice.

Any purported Plan termination or amendment in violation of this Section 7.01 shall be void and of no effect.

ARTICLE VIII Claims Procedure

8.01 Filing a Claim.

(am) No claim shall be required for benefit due under the Plan. Any individual eligible for benefits under this Plan who believes he or she is entitled to additional benefits or who desires to clarify his or her right to future benefits under the Plan ("Claimant") may submit his application for benefits ("Claim") to the Committee (or to such other person or persons as may be designated by the Committee) in writing in such form as is provided or approved by the Committee. The Committee shall be the named fiduciary for purposes of this Plan.

(an) When a Claim has been filed properly, it shall be evaluated and the Claimant shall be notified of the approval or the denial of the Claim within 90 days after the receipt of such Claim. A Claimant shall be given a written notice in which the Claimant shall be advised as to whether the Claim is granted or denied, in whole or in part. If a Claim is denied, in whole or in part, the notice shall contain (i) the specific reasons for the denial, (ii) references to pertinent provisions of this Plan on which the denial is based, (iii) a description of any additional material or information necessary to perfect the Claim and an explanation of why such material or information is necessary, and (iv) a description of the Plan's review procedure and time limits applicable to such procedures, including a statement of the Claimant's right to bring a civil action under Section 502(a) of ERISA following a benefit claim denial on review.

8.02 Review of Claim Denial. If a Claim is denied, in whole or in part, or if a Claim is neither approved nor denied within the 90-day period specified Section 8.01(b), the Claimant shall have the right, within 60 days after receipt of such denial (or after such claim is deemed denied), to (i) request that the Committee (or such other person or persons as shall be designated in writing by the Committee) review the denial or the failure to approve or deny the Claim, (ii) review pertinent documents, and (iii) submit issues and comments in writing.

(ao) Within 60 days after a such request is received, the Committee shall complete its review and give the Claimant written notice of its decision.

(ap) The Committee shall include in its notice to Claimant (i) the specific reasons for its decision; (ii) references to pertinent provisions of this Plan on which its decision is based; (iii) a statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, the Plan

and all documents, records and other information relevant to his or her claim for benefits; and (iv) a statement describing the Claimant 's right to bring an action under Section 502(a) of ERISA.

(aq) A Claimant shall have no right to seek review of a denial of benefits, or to bring any action in any court to enforce a Claim, before his filing a Claim and exhausting his rights to review under Sections 8.01 and 8.02.

8.03 Dispute Resolution. The Company and the Participant agree to attempt to resolve any dispute between them quickly and fairly through informal, good faith negotiations. If a mutually satisfactory resolution is not reached by such good faith negotiations within 45 days, the Company and the Participant agree that the state courts of Greene County, State of Tennessee and, if the jurisdictional prerequisites exist at the time, the federal courts in the Eastern District of Tennessee, shall have sole and exclusive jurisdiction to hear and determine any dispute or controversy arising under or relating to this Plan. The Company and each Participant irrevocably (i) consents to the exclusive jurisdiction and venue of the courts of Greene County, State of Tennessee and federal courts in the Eastern District of Tennessee, in any and all actions arising under or relating to this Plan (including Appendix A and Appendix B hereto), and (ii) waives any jurisdictional defenses (including personal jurisdiction and venue) to any such action. The Committee's interpretation of Plan provisions, and any findings of fact, including eligibility to participate and eligibility for benefits, are final, shall be given deference by any court of law and will not be subject to "de novo" review unless shown to be arbitrary and capricious. The Company and Participant will each separately pay its counsel fees and expenses unless otherwise determined by a court of competent jurisdiction.

ARTICLE IX

Release; No Mitigation; No Duplication of Benefits; Recoupment

9.01 Release And Compliance with Participation and Restrictive Covenants Agreement Required . Any and all amounts payable and benefits or additional rights provided pursuant to this Plan other than the Accrued Obligations and amounts provided under Section 4.01(b) and 5.02(b) shall only be payable if (i) the Participant fully complies with the Participant's continuing obligations under the Participation and Restrictive Covenant Agreement, and (ii) the Participant (or Participant's beneficiary in the event of Participant's death) timely delivers to the Employer and does not revoke a general waiver and release of claims in favor of the Company and related parties ("Company Parties") in substantially the form attached hereto as Appendix B, with such changes therein as may be necessary to make it valid and encompassing under applicable law, and the revocation period related to such general waiver and release has expired. Such general waiver and release shall be executed and delivered (and the revocation period related thereto, if any, shall have lapsed without revocation having been made) within sixty (60) days following the Termination Date. In the event the Participant breaches the Participation and Restrictive Covenant Agreement, the Participant shall forfeit and return to the Company all amounts and benefits paid or payable under this Plan other than the Accrued Obligations and the amounts provided under Section 4.01(b) and 5.02(b).

9.02 No Mitigation. No Participant shall have any duty to mitigate the amounts payable under this Plan by seeking or accepting new employment or self-employment following termination. Except as specifically otherwise provided in this Plan, all amounts payable pursuant to this Plan shall be paid without reduction regardless of any amounts of salary, compensation or other amounts that may be paid or payable to the Participant as the result of the Participant's employment by another employer or self-employment.

9.03 No Duplication of Benefits. Subject to Section 10.11(f), to the extent that a Participant shall have received severance payments or other severance benefits under any other Plan or agreement of the Company before receiving severance payments or other severance benefits pursuant to Article IV or Article V, the severance payments or other severance benefits under such other Plan or agreement shall reduce (but not below zero) the corresponding severance payments or other severance benefits to which such Participant shall be entitled under Article IV or Article V. To the extent that a Participant accepts payments made pursuant to Article IV or Article V, he shall be deemed to have waived his right to receive a corresponding amount of future severance payments or other severance benefits under any other Plan or agreement of the Company. Payments and benefits provided under the Plan shall be in lieu of any termination or severance payments or benefits for which the Participant may be eligible under any of the Plans or Policy of the Company or an Affiliate or under the Worker Adjustment Retraining Notification Act of 1988 or any similar statute or regulation.

9.04 Recoupment Policy. The payments and benefits provided under this Plan shall be subject to recovery under any clawback, recovery or recoupment policy which the Company or an Employer may adopt from time to time, including without limitation the Company's existing Recoupment Policy and any policy which the

Company or an Employer may be required to adopt under Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act or other applicable law and the rules and regulations of the U.S. Securities and Exchange Commission thereunder or the requirements of any national securities exchange on which the Company's common stock may be listed.

ARTICLE X Miscellaneous

10.01 Participant Information. Each Participant shall notify the Committee of his home address and each change of home address. Each Participant shall also furnish the Committee with any other information and data that the Committee considers necessary for the proper administration of the Plan. The information provided by the Participant under this Section shall be binding on the Participant, his dependents and any beneficiary for all purposes of the Plan and the Committee shall be entitled to rely on any representations regarding personal facts made by a Participant, his dependents or beneficiary, unless such representations are known to be false.

10.02 Electronic Media. Under procedures authorized or approved by the Committee, any form for any notice, election, designation, or similar communication required or permitted to be given to or received from a Participant under this Plan may be communicated or made available to the Company or Participant in an electronic medium (including computer network, e-mail or voice response system) and any such communication to or from a Participant or Beneficiary through such electronic media shall be fully effective under this Plan for such purposes as such procedures shall prescribe. Any record of such communication retrieved from such electronic medium under its normal storage and retrieval parameters shall be effective as a fully authentic executed writing for all purposes of this Plan absent manifest error in the storage or retrieval process.

10.03 Notices. All notices and other communications under this Plan shall be in writing and delivered by hand, by nationally recognized delivery service that promises overnight delivery, or by first-class registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

If to Participant, at his most recent home address on file with the Company.

If to the Company or any other Employer,

Forward Air Corporation
4370 Old Dixie Road
Hapeville, GA 30354
Attn.: Chief Legal Officer

or to such other address as either party shall have furnished to the other in writing. Notice and communications shall be effective the day of receipt if delivered by hand or electronically, the second business day after deposit with an overnight delivery service if so deposited, or the fifth business day after mailing in the case of first class registered or certified mail.

10.04 No Employment Contract. The existence of this Plan shall not confer any legal or other rights upon any Participant to employment or continuation of employment. Employees are employees at will. The Company and each Employer reserve the right to terminate any Participant with or without cause at any time, notwithstanding the provisions of this Plan.

10.05 Headings. The headings in this Plan are for convenience of reference and shall not be given substantive effect.

10.06 Construction. Any masculine pronoun shall also mean the corresponding female or neuter pronoun, as the context requires. The singular and plural forms of any term used in this Plan shall be interchangeable, as the context requires.

10.07 Joint and Several Liability. In the event that any Employer incurs any obligation to a Participant pursuant to this Plan, such Employer, the Company and each Affiliate, if any, of which such Employer is a subsidiary shall be jointly and severally liable with such Employer for such obligation.

10.08 Successors. This Plan shall inure to the benefit of and be binding upon the Company, each Employer and their respective successors and assigns. The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of any Employer to assume expressly and agree to comply with this Plan in the same manner and to the same extent that the Employer would be required to comply with it if no such succession had taken place. Failure to require such assumption will be a material breach of this Plan. Any successor to the business or assets of any Employer that assumes or agrees to perform this Plan by operation of law, contract, or otherwise shall be jointly and severally liable with the Employer under this Plan as if such successor were the Employer.

10.09 Payments to Beneficiary. If a Participant dies after becoming entitled to payments under Section 4.01 or 5.02 but before receiving all amounts to which he is entitled under this Plan, then, subject to Section 9.01, such remaining amounts shall be paid to his or her estate.

10.10 Non-Alienation of Benefits. Benefits payable under this Plan shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution or levy of any kind, either voluntary or involuntary, before actually being received by the Participant, and any such attempt to dispose of any right to benefits payable under this Plan shall be void.

10.11 Tax Matters.

(ar) An Employer may withhold from any amounts payable under this Plan or from any other amount due a Participant any federal, state, local and other income, employment and other taxes that are required to be withheld pursuant to any applicable law or regulation.

(as) The intent of the Employers is that payments and benefits under this Plan are exempt from or comply with Section 409A of the Code and, accordingly, to the maximum extent permitted, this Plan shall be interpreted in accordance with that intent. To the extent that any provision hereof is modified in order to comply with Section 409A of the Code, such modification shall be made in good faith and shall, to the maximum extent reasonably possible, maintain the original intent and economic benefit to the Participant and the Employer of the applicable provision without violating the provisions of Section 409A of the Code. In no event whatsoever shall the Company or any Employer be liable for any additional tax, interest or penalty that may be imposed on a Participant or Employee by Section 409A of the Code or damages for failing to comply with Section 409A of the Code.

(at) If a Participant is deemed on the Termination Date to be a "specified employee" within the meaning of that term under Section 409A(a)(2)(B) of the Code, then with regard to any payment or the provision of any benefit that is considered "nonqualified deferred compensation" under Section 409A of the Code payable on account of a "separation from service" and which becomes payable under the terms of the Plan within six months following such separation from service, then, to the extent required by Section 409A of the Code, such payment or benefit shall not be made or provided until the date which is the earlier of (i) the day after the expiration of the six-month period measured from the date of such "separation from service" of the Employee, and (ii) the date of the Employee's death. Upon the expiration of the six-month delay period, all payments and benefits delayed pursuant to this provision (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid or reimbursed to the Employee in a lump sum without interest, and all remaining payments and benefits due under this Plan shall be paid or provided in accordance with the normal payment dates specified for them herein.

(au) To the extent that reimbursements or other in-kind benefits under this Plan constitute "nonqualified deferred compensation" for purposes of Section 409A of the Code, (A) all expenses or other reimbursements hereunder shall be made on or before the last day of the taxable year following the taxable year in which such expenses were incurred by the Participant, (B) any right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit, and (C) no such reimbursement, expense eligible for reimbursement, or in-kind benefits provided in any taxable year shall in any way affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year.

(av) For purposes of Section 409A of the Code, the Participant's right to receive installment payments pursuant to this Plan shall be treated as a right to receive a series of separate and distinct payments. Whenever this Plan specifies a payment period with reference to a number of days, the actual date of payment within the specified period shall be within the sole discretion of the Employer and the Participant shall have no right to directly or indirectly specify the date of payment; provided that if the timing of the payment is contingent on the lapse or expiration of the revocation period for the release required under Section 9.01 and such revocation period could, as of the Termination Date, lapse either in the same year as the Termination Date or in the following year, the actual date of payment within the specified period shall be in such following year.

(aw) Notwithstanding any other provision of this Plan to the contrary, in no event shall any payment or benefit under this Plan that constitutes "nonqualified deferred compensation" for purposes of Section 409A of the Code be subject to offset by any other amount unless such offset would not trigger additional taxes and penalties under Section 409A of the Code.

10.12 Governing Law. The provisions of this Plan shall be governed, construed and administered in accordance with the laws of the State of Tennessee, other than its laws respecting choice of law, except to the extent preempted by federal law, including ERISA.

10.13 Severability. If any one or more Articles, Sections or other portions of this Plan are declared by any court or governmental authority to be unlawful or invalid, such unlawfulness or invalidity shall not serve to invalidate any Article, Section or other portion not so declared to be unlawful or invalid; provided that if the release required under Section 10.01 is declared to be unlawful or unenforceable, then no payments shall be made the payment of which is subject to such release, and the Participant shall forthwith restore to the Employer any payments previously made that were subject to such release. Any Article, Section or other portion so declared to be unlawful or invalid shall be construed so as to effectuate the terms of such Article, Section or other portion to the fullest extent possible while remaining lawful and valid.

**ARTICLE XI
ERISA Compliance Provisions**

11.01 Summary Plan Description Provisions

(a) *General Information.* This document also serves as the summary plan description for the Plan. The following is additional information about the Plan.

Plan sponsor:	Forward Air Corporation EIN: 62-1120025 1915 Snapps Ferry Road, Bldg. N Greenville, TN 37745 Tel: (423) 636-7175
Plan name:	Forward Air Corporation Executive Severance and Change in Control Plan
Plan number:	507
Type of plan:	Severance pay plan that is a "welfare benefit plan" under ERISA.
Funding:	Paid from the Company's general assets.
Plan year:	Calendar year
Plan Administrator:	Compensation Committee of the Board of Directors of Forward Air Corporation 1915 Snapps Ferry Road, Bldg. N Greenville, TN 37745 Tel: (423) 636-7175
Agent for service of legal process:	If you have to bring legal action against the Plan for any reason, legal process can be served on the Plan Administrator at 1915 Snapps Ferry Road, Bldg. N, Greenville, TN 37745

(b) *Statement of ERISA Rights.* As a Participant in the Plan, you are entitled to certain rights and protections under the ERISA. ERISA provides that all Plan Participants shall be entitled to:

(i) Receive Information About Your Plan and Benefits

(1) Examine, without charge, at the Plan Administrator's office and at other specified locations, such as worksites, all documents governing the Plan, including a copy of the latest annual report (Form 5500 Series) filed by the Plan with the U.S. Department of Labor and available at the Public Disclosure Room of the Employee Benefits Security Administration.

(2) Obtain, upon written request to the Plan Administrator, copies of documents governing the operation of the Plan, including copies of the latest annual report (Form 5500 Series) and updated summary plan description. The administrator may make a reasonable charge for the copies.

(3) Receive a summary of the Plan's annual financial report, if applicable. The Plan Administrator is required by law to furnish each Participant with a copy of this summary annual report.

(ii) Prudent Actions by Plan Fiduciaries

In addition to creating rights for Plan Participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of you and other Plan Participants and beneficiaries. No one, including your employer, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a welfare benefit or exercising your rights under ERISA.

(iii) Enforce Your Rights

If your claim for a welfare benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of Plan documents or the latest annual report from the Plan and do not receive them within 30 days, you may file suit in a Federal court. In such a case, the court may require the Plan Administrator to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the administrator.

If you have a claim for benefits, which is denied or ignored, in whole or in part, you may file suit in a state or Federal court. If you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court. The court will decide who should pay court costs and legal fees. If you are successful the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

(iv) Assistance with Your Questions

If you have any questions about your Plan, you should contact the Plan Administrator. If you have any questions about this statement or about your rights under ERISA or if you need assistance in obtaining documents from the Plan Administrator, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.

Adopted: December 10, 2012

Amended & Restated: May 24, 2018

Compensation Committee of the Board of Directors

Forward Air Corporation

APPENDIX A

PARTICIPATION AND RESTRICTIVE COVENANTS AGREEMENT

This PARTICIPATION AND RESTRICTIVE COVENANTS AGREEMENT (this "Agreement" or this "Restrictive Covenants Agreement") is entered into as of _____, 20____, between Forward Air Corporation (the "Company") and _____ (the "Executive") (jointly the "Parties") pursuant to which the Executive accepts participation in the Forward Air Corporation Executive Severance and Change in Control Plan (the "Severance Plan") subject to the terms and conditions thereof as amended from time to time.

REASONS FOR THIS AGREEMENT: During Executive's relationship with the Company, Executive has learned, will learn, or has or will have access to, important proprietary information related to the operations and business of Forward Air Corporation and its subsidiaries and affiliates (collectively, the "Company's Business"). Executive acknowledges that the proprietary customer, operations, financial, and business information that has been or will be learned or accessible has been and will be developed through the Company's expenditure of substantial effort, time and money; and together with relationships developed with customers and employees, could be used to compete unfairly with the Company. The Company's ability to sell its products and services on a competitive basis depends, in part, on its proprietary information and customer relationships, and the Company would not share this information, provide training or promote Executive's relationship with customers if the Company believed that it would be used in competition with the Company, which non-disclosure would cause Executive's performance and opportunities to suffer.

In consideration of employment or continued employment, participation in the Severance Plan and other valuable consideration, the receipt and sufficiency of which are acknowledged, the Company and Executive agree:

1. DEFINITIONS: For this Restricted Covenants Agreement, the following terms shall have the meaning specified below:

(a) PERSON: Any individual, corporation, limited liability company, partnership, joint venture, association, unincorporated organization or other entity.

(b) TERMINATION DATE: The date of Executive's termination of employment from the Company, whether such termination is voluntary or involuntary, or with or without cause.

(c) CUSTOMERS: All customers and actively sought prospective customers of the Company with whom Executive had business contact, about whom Executive received Confidential Information, or whose business resulted in a commission or other payment being made to Executive during the Executive's employment with the Company.

(d) CONFIDENTIAL INFORMATION: "Confidential Information" as defined herein shall exclude company trade secrets and is defined as such other information not rising to the level of a trade secret, relating to the Company's customers, operation, finances, and business that derives value, actual or potential, from not being generally known to other Persons, including, but not limited to, technical or non-technical data, formulas, patterns, compilations (including compilations of customer information), programs (including fulfillment and marketing programs), devices, methods (including fulfillment methods), techniques, processes, financial data (including sales forecasts), or lists of actual or potential customers or suppliers (including identifying information about those customers), whether or not reduced to writing. Confidential Information includes information disclosed to the Company by third parties that the Company is obligated to maintain as confidential. Confidential Information does not include information that: (i) was generally known to the relevant public at the time of disclosure; (ii) was lawfully received by Executive from a third party; (iii) was known to Executive prior to receipt from the Company; or (iv) was independently developed by Executive or independent third parties; in each of the foregoing circumstances, this exception applies only if such public knowledge or possession by an independent third party was without breach by Executive or any third party of any obligation of confidentiality or non-use, including but not limited to the obligations and restrictions set forth in this Agreement.

(e) TERRITORY: the term "Territory" as used in this Restrictive Covenants Agreement means the continental United States, Mexico and Canada, which is the territory in which the Company conducts the Company Business and the territory in which Executive provides services to the Company. Executive acknowledges and agrees that the direct and indirect scope of Executive's duties and responsibilities and the breadth of the geography impacted by the Confidential Information to which the Executive may be exposed during Executive's employment with the Company are throughout the Territory.

(f) **COMPETING BUSINESS:** any Person (other than the Company but including Executive) providing or offering less-than-truckload, truckload, intermodal, pool distribution, dedicated line haul, dedicated contract carriage, logistics or final mile delivery services, or any other goods or services identical to or reasonably substitutable for the goods and services offered by the Company.

2. **TRADE SECRETS AND CONFIDENTIAL INFORMATION:** Executive shall not use or disclose the Company's trade secrets during or after employment. Executive shall not use or disclose Confidential Information following the termination of employment for any reason, except in connection with his duties performed in accordance with his Employment Agreement or except with the prior written consent of the Chairman of the Board of the Company; provided, however, Executive may make disclosures required by a valid order or subpoena issued by a court or administrative agency of competent jurisdiction, in which event Executive will promptly notify the Company of such order or subpoena to provide the Company an opportunity to protect its interests.

3. **RETURN OF PROPERTY AND MATERIALS:** On the Termination Date or for any reason or at any time at the Company's request, Executive will deliver promptly to the Company all of the Company's property, including without limitation all materials, documents, plans, records, notes, or other papers and any copies, summaries or excerpts of any kind, and computerized or electronic media in any format whatsoever, and any Company access keys or key cards, identification or credit cards, computer or electronic hardware or software, in Executive's possession or control relating in any way to the Company's Business, which at all times shall be the property of the Company.

4. **NON-SOLICITATION OF EMPLOYEES:** During employment and for a period of twelve (12) months following his Termination Date (the "Restricted Period"), Executive will not **either on his own behalf or on behalf of any third party, except on behalf of the Company, directly or indirectly**, solicit or induce or in any manner attempt to solicit or induce, any person employed by the Company to leave such employment, whether or not such employment is pursuant to a written contract with the Company or at will.

5. **NON-SOLICITATION OF CUSTOMERS:** During employment and the Restricted Period, Executive will not **either on his own behalf or on behalf of any other Person, except on behalf of the Company, directly or indirectly**, solicit Customers on behalf of a Competing Business or for the purpose of (i) providing or offering products or services identical to or reasonably substitutable for the products and services provided or offered by the Company, or (ii) lessening, in whole or in part, the Company's business or relationship with its Customers.

6. **NON-COMPETITION:** During employment and the Restricted Period, Executive will not, within the Territory, engage in a Competing Business, provide services to a Competing Business similar to those that Executive provided to the Company, become an officer or director of a Competing Business, or otherwise directly or indirectly, own, manage, operate, join, control, finance or participate in the ownership, management, operation, control, or financing of a Competing Business.

7. **DISPARAGEMENT:** Executive shall not at any time make false, misleading or disparaging statements about the Company or any subsidiary of the Company, including its products, management, employees, and customers. "Disparaging" statements are those that impugn the character, honesty, integrity, morality, business acumen, or abilities of the individual or entity being disparaged.

8. **OWNERSHIP OF CONFIDENTIAL INFORMATION:** The Executive hereby agrees that any and all improvements, inventions, discoveries, formulas, processes, methods, know-how, confidential data, trade secrets and other proprietary information (collectively "Work Product") within the scope of any business of the Company or any affiliate which the Executive may conceive or make or has conceived or made during his employment with the Company shall be and are the sole and exclusive property of the Company, and that the Executive shall, wherever requested to do so by the Company, at its expense, execute and sign any and all applications, assignments or other instruments and do all other things which the Company may deem necessary or appropriate (i) in order to apply for, obtain, maintain, enforce or defend letters patent of the United States or any foreign country for any Work Product, or (ii) in order to assign, transfer, convey or otherwise make available to the Company the sole and exclusive right, title and interest in and to any Work Product.

9. **NO WAIVER:** The failure of the Company to insist upon the performance of any of the terms and conditions in this Agreement, or the failure to prosecute any breach of any of the terms and conditions of this Agreement, shall not be construed thereafter as a waiver of any such terms or conditions. This entire Agreement shall remain in full force and effect as if no such forbearance or failure of performance had occurred.

10. DEFEND TRADE SECRETS ACT OF 2016. Executive is also hereby notified, in accordance with the Defend Trade Secrets Act of 2016, that he will not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that: (a) is made (i) in confidence to a federal, state or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (b) is made in a complaint or other document that is filed under seal in a lawsuit or other proceeding. Executive represents and warrants he has been notified by this Agreement that if he files a lawsuit for retaliation by the Company for reporting a suspected violation of law, he may disclose the Company's trade secrets to his attorney and use the trade secret information in the court proceeding if he: (x) files any document containing the trade secret under seal; and (y) does not disclose the trade secret, except pursuant to court order.

11. INJUNCTIVE RELIEF: Executive understands that, in the event of a breach or threatened breach of this Agreement by Executive, the Company may suffer irreparable harm and will therefore be entitled to injunctive relief, without prior notice to Executive and without the posting of a bond or other guarantee, to enforce this Agreement. This provision is not a waiver of any other rights which the Company may have under this Agreement, including the right to recover attorneys' fees and costs to cover the expenses it incurs in seeking to enforce this agreement, as well as to any other remedies available to it, including money damages.

12. CONSTRUCTION: The Parties agree that the covenants set forth herein are reasonable with respect to their duration, geographical area and scope. If any provision of this Agreement is deemed or held to be illegal, invalid, or unenforceable under present or future laws effective during the Term hereof, this Agreement shall be considered divisible and inoperative as to such provision to the extent it is deemed to be illegal, invalid or unenforceable, and in all other respects this Agreement shall remain in full force and effect; provided, however, that if any provision of this Agreement is deemed or held to be illegal, invalid or unenforceable there shall be added hereto automatically a provision as similar as possible to such illegal, invalid or unenforceable provision as shall be legal, valid or enforceable; and provided further that if any provision of this Agreement is deemed or held to be illegal, invalid or unenforceable by any judicial body of competent jurisdiction, it shall have the power to reduce the scope, duration, or area of the term or provision, to delete specific words or phrases, or to replace any illegal, invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the illegal, invalid or unenforceable term or provision. Further, should any provision contained in this Agreement ever be reformed or rewritten by any judicial body of competent jurisdiction, such provision as so reformed or rewritten shall be binding upon the Executive and the Company.

(a) Executive agrees and acknowledges that the restrictions contained in this Agreement do not preclude Executive from earning a livelihood, nor do they unreasonably impose limitations on Executive's ability to earn a living. Executive agrees and acknowledges that the potential harm to the Company, and any of its subsidiaries and affiliates, of the non-enforcement of the provisions of this Agreement outweighs any potential harm to Executive of their enforcement by injunction or otherwise. Executive expressly acknowledges and agrees that each and every restraint imposed by the provisions of this Agreement is reasonable with respect to subject matter, activity restraints, time period and geographical area.

(b) In the event the parties litigate the enforceability of any of the provisions of this Agreement, the time period for the respective restrictive covenants shall be tolled until such litigation is resolved by final judgment, including any appeal.

(c) The language in all parts of this Agreement will be construed, in all cases, according to its fair meaning, and not for or against either Party hereto. The Parties acknowledge that each Party and its counsel have reviewed and revised this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party will not be employed in the interpretation of this Agreement.

(d) The captions of the Paragraphs of this Agreement are for convenience of reference only and in no way define, limit or affect the scope or substance of any Paragraph of this Agreement.

13. FORUM SELECTION AND CHOICE OF LAW: This Agreement shall be interpreted, construed and governed by and under the laws of the State of Georgia, not including the choice of law rules thereof. Each party irrevocably (i) consents to the exclusive jurisdiction and venue of the courts located in Fulton County, Georgia in any and all actions arising under or relating to this Agreement, and (ii) waives any jurisdictional defenses (including personal jurisdiction and venue) to any such action.

IN WITNESS WHEREOF, the Company and the Executive have executed this Restrictive Covenants Agreement as of the date first written above.

PARTICIPANT:

FORWARD AIR CORPORATION:

(signature) By: _____
Its: _____

(print name)

APPENDIX B
GENERAL RELEASE AND WAIVER

1. I, _____, in consideration of and subject to the performance by Forward Air Corporation (together with its Affiliates, the "Company Parties"), of its obligations under the Forward Air Corporation Executive Severance and Change in Control Plan, as amended from time to time before the date hereof (the "Plan"), do hereby release and forever discharge as of the date hereof the Company Parties and their respective affiliates, subsidiaries and direct or indirect parent entities and all present, former and future shareholders, directors, officers, agents, representatives, employees, employee benefit plan fiduciaries, and successors and assigns, as well as all respective affiliates, subsidiaries and direct or indirect parent entities of any successor or assign of the Company (collectively, the "Released Parties") to the extent provided below (this "General Release"). The Released Parties are intended to be third-party beneficiaries of this General Release, and this General Release may be enforced by each of them in accordance with the terms hereof in respect of the rights granted to such Released Parties hereunder. Terms used herein but not otherwise defined shall have the meanings given to them in the Plan.

2. I understand that any payments or benefits paid or granted to me under Section 4.01 or 5.02 of the Plan (other than the Accrued Obligations) represent, in part, consideration for signing this General Release and are not salary, wages or benefits to which I was already entitled. I understand and agree that I will not receive certain of the payments and benefits specified in the Plan unless I execute this General Release and do not revoke this General Release within the time period permitted hereafter. Such payments and benefits will not be considered compensation for purposes of any employee benefit plan, program, policy or arrangement maintained or hereafter established by the Company or its Affiliates.

3. Except as provided in paragraphs 4, 5, and 11 below and except for the provisions of the Plan which expressly survive the termination of my employment with the Company, I knowingly and voluntarily (for myself, my heirs, executors, administrators and assigns) release and forever discharge the Company and the other Released Parties from any and all claims, suits, controversies, actions, causes of action, cross-claims, counter-claims, demands, debts, compensatory damages, liquidated damages, punitive or exemplary damages, other damages, claims for costs and attorneys' fees, or liabilities of any nature whatsoever in law and in equity, both past and present (through the date that this General Release becomes effective and enforceable) and whether known or unknown, suspected, or claimed against the Company or any of the Released Parties which I, my spouse, or any of my heirs, executors, administrators or assigns, may have, which arise out of or are connected with my employment with, or my separation or termination from, the Company Parties, including, but not limited to (all of the following collectively referred to herein as the "Claims"):

(a) any and all claims that in any way result from, or relate to, Executive's hire, employment with or separation from employment with the Company Parties, whether pursuant to federal, state or local law, statute, regulation, ordinance, executive order or common law including, but not limited to, wrongful discharge of employment, constructive discharge from employment, termination in violation of public policy, discrimination, harassment, retaliation, breach of contract, both express and implied, breach of a covenant of good faith and fair dealing, both express and implied; promissory estoppel, negligent or intentional infliction of emotional distress, negligent or intentional misrepresentation, negligent or intentional interference with contract or prospective economic advantage, unfair business practices, defamation, libel, slander, negligence, personal injury, assault, battery, invasion of privacy, false imprisonment, and conversion, including costs and attorneys' fees;

(b) any and all claims for violation of any federal, state or municipal statute, including, but not limited to, Title VII of the Civil Rights Act of 1964, as amended; the Civil Rights Act of 1991; the Age Discrimination in Employment Act of 1967, as amended (including the Older Workers Benefit Protection Act); the Equal Pay Act of 1963, as amended; the Americans with Disabilities Act of 1990; the Family and Medical Leave Act of 1993; the Worker Adjustment Retraining and Notification Act; the Employee Retirement Income Security Act of 1974; any applicable Executive Order Programs; the Fair Labor Standards Act, and any other statute that pertains or relates to, or otherwise touches upon, the employment relationship between the Company Parties and Executive.

4. I agree that this General Release does not waive or release any rights or claims that I may have under the Age Discrimination in Employment Act of 1967 which arise after the date I execute this General Release and does not extend to any claims that, by statute, may not be waived. I acknowledge and agree that my separation from

employment with the Company Parties in compliance with the terms of the Plan shall not serve as the basis for any claim or action (including, without limitation, any claim under the Age Discrimination in Employment Act of 1967).

5. I agree that I hereby waive all rights to sue or obtain equitable, remedial or punitive relief from any or all Released Parties of any kind whatsoever in respect of any Claim, including, without limitation, reinstatement, back pay, front pay, and any form of injunctive relief. Notwithstanding the above, I further acknowledge that I am not waiving and am not being required to waive any right that cannot be waived under law, including the right to file an administrative charge or participate in an administrative investigation or proceeding; provided, however, that I disclaim and waive any right to share or participate in any monetary award resulting from the prosecution of such charge or investigation or proceeding, not including a whistleblower bounty. Additionally, I am not waiving (i) any right to the Accrued Obligations or any severance benefits to which I am entitled under the Plan, (ii) any claim relating to directors' and officers' liability insurance coverage or any right of indemnification under the Company's organizational documents or otherwise, (iii) my rights as an equity or security holder in the Company or its Affiliates, (iv) my rights under any equity awards that survive termination of employment; or (v) my rights to accrued benefits only under any retirement plan that is "qualified" under Section 401(a) of the Internal Revenue Code of 1986.

6. In signing this General Release, I acknowledge and intend that it shall be effective as a bar to each and every one of the Claims hereinabove mentioned or implied. I expressly consent that this General Release shall be given full force and effect according to each and all of its express terms and provisions, including those relating to unknown and unsuspected Claims (notwithstanding any state or local statute that expressly limits the effectiveness of a general release of unknown, unsuspected and unanticipated Claims), if any, as well as those relating to any other Claims hereinabove mentioned or implied. I acknowledge and agree that this waiver is an essential and material term of this General Release and that without such waiver I would not have become a Participant in the Plan. I further agree that in the event I should bring a Claim seeking damages against the Company, or in the event I should seek to recover against the Company in any Claim brought by a governmental agency on my behalf, this General Release shall serve as a complete defense to such Claims to the maximum extent permitted by law.

7. I agree that neither this General Release, nor the furnishing of the consideration for this General Release, shall be deemed or construed at any time to be an admission by the Company, any Released Party or myself of any improper or unlawful conduct.

8. I agree that this General Release and the Plan are confidential and agree not to disclose any information regarding the terms of this General Release or the Plan, except to my immediate family and any tax, legal or other counsel that I have consulted regarding the meaning or effect hereof or to a successor employer respecting the terms of any restrictive covenants to which I may be subject, or as required by law, and I will instruct each of the foregoing not to further disclose the same to anyone.

9. Any non-disclosure provision in this General Release does not prohibit or restrict me (or my attorney) from responding to any inquiry about this General Release or its underlying facts and circumstances by the Securities and Exchange Commission (SEC), the Financial Industry Regulatory Authority (FINRA), any other securities regulatory organization or any governmental entity.

10. I represent that I am not aware of any claim by me other than the claims that are released by this General Release. I acknowledge that I may hereafter discover claims or facts in addition to or different than those which I now know or believe to exist with respect to the subject matter of the release set forth in paragraph 3 above and which, if known or suspected at the time of entering into this General Release, may have materially affected this General Release and my decision to enter into it. I represent and warrant that I have never suffered an on the job or occupational injury or incurred any leave, wage or overtime claims, whether pursuant to the Fair Labor Standards Act, Family Medical Leave Act, or otherwise, during my employment, or in the alternative that any such claims have been resolved to my complete satisfaction, and as such, no such claims by me or on my behalf exist as of the date of this Agreement.

11. Notwithstanding anything in this General Release to the contrary, this General Release shall not relinquish, diminish, or in any way affect any rights or claims arising out of any breach by the Company or by any Released Party of the Plan after the date hereof.

12. The Parties understand and acknowledge that this General Release constitutes a compromise and settlement of actual or potential disputed claims. No action taken by the Parties hereto, or either of them, either previously or in connection with this General Release shall be deemed or construed to be:

- (a) an admission of the truth or falsity of any claims made or any potential claims; or
-

(b) an acknowledgment or admission by either Party of any fault or liability whatsoever to the other Party or to any third party.

13. I waive any claim to reinstatement or re-employment with the Released Parties and agree not to bring any claim based upon the failure or refusal of the Released Parties to employ me hereafter. If I seek employment or become employed with the Released Parties (knowingly or unknowingly), this General Release shall conclusively be deemed the sole and exclusive reason for denying such application for employment with the Released Parties and/or the basis for my discharge if hired.

14. In entering into this General Release, neither Party has relied upon any representations or statements made by the other Party hereto which are not specifically set forth in this General Release.

15. The language in all parts of this Agreement will be construed, in all cases, according to its fair meaning, and not for or against either Party hereto. The Parties acknowledge that each Party and its counsel have reviewed and revised this Agreement and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party will not be employed in the interpretation of this Agreement. The captions of the Paragraphs of this Agreement are for convenience of reference only and in no way define, limit or affect the scope or substance of any Paragraph of this Agreement.

16. Whenever possible, each provision of this General Release shall be interpreted in, such manner as to be effective and valid under applicable law, but if any provision of this General Release is held to be invalid, illegal or unenforceable in any respect under any applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision or any other jurisdiction, but this General Release shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

17. BY SIGNING THIS GENERAL RELEASE, I REPRESENT AND AGREE THAT:

(a) I HAVE READ IT CAREFULLY; AND I UNDERSTAND ALL OF ITS TERMS AND KNOW THAT I AM GIVING UP IMPORTANT RIGHTS, INCLUDING BUT NOT LIMITED TO, RIGHTS UNDER THE AGE DISCRIMINATION IN EMPLOYMENT ACT OF 1967, AS AMENDED, TITLE VII OF THE CIVIL RIGHTS ACT OF 1964, AS AMENDED; THE EQUAL PAY ACT OF 1963, THE AMERICANS WITH DISABILITIES ACT OF 1990; AND THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED;

(b) I VOLUNTARILY CONSENT TO EVERYTHING IN IT;

(c) I HAVE BEEN ADVISED TO CONSULT WITH AN ATTORNEY BEFORE EXECUTING IT AND I HAVE DONE SO OR, AFTER CAREFUL READING AND CONSIDERATION, I HAVE CHOSEN NOT TO DO SO OF MY OWN VOLITION;

(d) I HAVE HAD AT LEAST **[21][45]** DAYS FROM THE DATE OF MY RECEIPT OF THIS RELEASE TO CONSIDER IT, AND THE CHANGES MADE SINCE MY RECEIPT OF THIS RELEASE ARE NOT MATERIAL OR WERE MADE AT MY REQUEST AND WILL NOT RESTART THE REQUIRED **[21][45]**-DAY PERIOD;

(e) I UNDERSTAND THAT I HAVE SEVEN (7) DAYS AFTER THE EXECUTION OF THIS RELEASE TO REVOKE IT AND THAT THIS RELEASE SHALL NOT BECOME EFFECTIVE OR ENFORCEABLE UNTIL THE REVOCATION PERIOD HAS EXPIRED;

(f) I HAVE SIGNED THIS GENERAL RELEASE KNOWINGLY AND VOLUNTARILY AND WITH THE ADVICE OF ANY COUNSEL RETAINED TO ADVISE ME WITH RESPECT TO IT; AND

(g) I AGREE THAT THE PROVISIONS OF THIS GENERAL RELEASE MAY NOT BE AMENDED, WAIVED, CHANGED OR MODIFIED EXCEPT BY AN INSTRUMENT IN WRITING SIGNED BY AN AUTHORIZED REPRESENTATIVE OF THE COMPANY AND BY ME.

SIGNED:

Participant

DATED:

CONSULTING AGREEMENT

This CONSULTING AGREEMENT (this “Agreement”) is made and entered into effective as of May 7, 2019 (the “Effective Date”), between Forward Air Corporation, a Tennessee corporation (the “Company”) and Bruce A. Campbell (the “Consultant”). The Company and the Consultant are sometimes referred to collectively as the “Parties” and each a “Party.”

RECITALS

WHEREAS, the Consultant served the Company for approximately 28 years, primarily as the Company’s Chief Executive Officer and Chairman of the Company’s Board of Directors (the “Board”);

WHEREAS, on September 4, 2018, the Consultant stepped down as the Company’s Chief Executive Officer and Chairman;

WHEREAS, pursuant to a Waiver and Acknowledgement Agreement, dated June 11, 2018, by and between the Company and the Consultant (the “Waiver and Acknowledgement”), following the Consultant’s resignation as the Company’s Chief Executive Officer, the Consultant continued to be employed as Executive Chairman of the Company and is expected to continue to be employed by the Company as its Executive Chairman, until the Company’s 2019 annual meeting of shareholders or such later date as the Board and the Consultant agree (the “Employment End Date”); and

WHEREAS, in order to assure and retain the availability of the Consultant’s experience and expertise pertaining to the Company, the industries in which it operates and the contacts and business relationships which Consultant established during his tenure with the Company and to ensure that following his retirement, Consultant will not engage in certain activities that are in competition with the Company, the Company desires to engage the Consultant to provide certain services to the Company and Consultant agrees to provide such services, each on the terms and subject to the conditions set forth below and in the Waiver and Acknowledgement.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows.

1. Recitals. The Parties acknowledge and agree that the foregoing recitals are true and correct and are hereby incorporated by reference.
 2. Engagement of Consultant. The Company hereby engages the Consultant as a consultant and the Consultant agrees to render consulting services in accordance with the terms and conditions hereinafter set forth.
 3. Services. During the Consulting Term (as defined in Section 4), the Consultant shall provide services in an advisory capacity to both management and the Board as may be reasonably requested from time to time by the current Chief Executive Officer of the Company (collectively referred to herein as, the “Services”). Consultant shall perform the Services faithfully, industriously, and to the best of the Consultant’s ability, experience, and talents. During the Consulting Term, the Consultant shall be responsible for reasonably determining the method, details and means of performing the Services required under this Agreement. The Consultant shall at all times perform such Services and conduct his business and affairs in accordance with all applicable federal, state and local laws and regulations and all applicable Company policies and procedures.
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4. Term. The term of this Agreement shall commence on May 7, 2019 (the "Commencement Date") and shall continue for 24 months unless terminated earlier pursuant to Section 9 (the duration of this Agreement referred to as, the "Consulting Term").

5. Compensation.

(a) Fees. Upon the Commencement Date, and continuing through the end of the Consulting Term, the Company shall pay the Consultant a fixed monthly fee of \$20,000, prorated where applicable, payable to the Consultant within fifteen calendar days following each completed month of performance.

(b) Equity. The parties agree that on February 6, 2017, the Consultant was awarded stock options (the "2017 Stock Options") pursuant to that certain the CEO Nonqualified Stock Option Agreement (the "Stock Option Agreement"), restricted stock units (the "2017 Restricted Stock Units") pursuant to that certain CEO Restricted Share Agreement, by and between the Company and the Consultant, dated February 6, 2017 (the "Restricted Share Agreement") and performance share awards (the "2017 Performance Shares") pursuant to that certain CEO Performance Share Agreement, by and between the Company and the Consultant, dated February 6, 2017 (the "Performance Share Agreement," together with the Stock Option Agreement and the Restricted Share Agreement, the "Equity Award Agreements"). The parties acknowledge and agree that, notwithstanding the terms of the Equity Award Agreements, following the Employment End Date, the Consultant's invested equity awards will continue to vest as follows:

(i) the 2017 Stock Options shall continue to vest while the Consultant is providing the Services during the Consulting Term and may thereafter be exercised to the extent vested at the time of such Employment End Date, at any time for a period of 5 years from the Employment End Date or until the expiration date, whichever period is shorter;

(ii) the 2017 Restricted Stock Units shall continue to vest while the Consultant is providing the Services during the Consulting Term; and

(iii) the pro-rata amount of the 2017 Performance Shares that Consultant shall be entitled to receive under Section 5.4 of the Performance Share Agreement shall include the number of months the Consultant provided the Services during the Consulting Agreement.

This Section 5(b) shall be deemed to be, and to satisfy the requirements of Section 20 of the Stock Option Agreement, Section 16 of the Restricted Share Agreement, and Section 12.1 of the Performance Share Agreement for, an amendment to each such agreement.

(c) Reimbursement of Expenses. The Consultant shall be reimbursed by the Company for business expenses actually incurred by him in providing the Services during the Consulting Term in accordance with the Company's expense reimbursement policies in place for executive officers, as amended from time to time.

(d) Company Benefit Plans. Except as provided below, the Consultant acknowledges that, for purposes of this Agreement and any and all Services to be provided during the term of this Agreement, the Consultant shall not be an employee of the Company and, subject to the provisions of this Section 5(d), will not be entitled to participate in or receive any benefit or right as a Company employee under any Company employee benefit or executive compensation plan, including, without limitation, employee insurance, pension, savings, fringe benefit, stock option, equity compensation, deferred compensation or bonus plans (the "Company Benefit Plans"). If for any reason the Consultant's status is re-characterized by a third party to constitute employee status, the Consultant shall not be eligible to participate in or receive any benefit or right as a Company employee under any Company Benefit Plan. Notwithstanding the foregoing, during the Consulting Term, the Consultant and his spouse shall continue to be eligible to participate in the Company's health benefit plan, subject to the terms of such plan, as amended from time to time.

6. Independent Contractor. The Consultant acknowledges that he shall be an independent contractor and he shall therefore be responsible for the payment of all income and payroll taxes relating to the Services. The Consultant further agrees to defend and indemnify the Company against any loss, costs,

damages or liabilities, including reasonable attorneys' fees ("Losses") that the Company may incur as a result of any breach of the Consultant's obligations under this paragraph.

7. Restrictive Covenants Agreement. The Consultant acknowledges and agrees that he is bound by the restrictions set forth in that certain Restrictive Covenants Agreement dated October 30, 2007 (the "Restrictive Covenants Agreement"). The parties agree that, as of the Effective Date, the definition of "Termination Date" in the Restrictive Covenants Agreement is hereby amended and restated to mean "the date that is 24 months from the Commencement Date." For the avoidance of doubt, the parties agree that the Consultant shall continue to be subject to the restrictions in the Restrictive Covenants Agreement, for a period of one year following the end of the Consulting Term, pursuant to its terms, as amended above.

8. Office Space. During the Consulting Term, the Consultant shall be entitled to retain regular use of his office space located at the Company's headquarters in Dallas, Texas.

9. Cooperation. From and after the Consulting Term, the Consultant shall provide his reasonable cooperation in connection with any action or proceeding (or any appeal from any action or proceeding) which relates to events occurring prior to or during the Consulting Term, provided, that the Company shall reimburse the Consultant for his reasonable costs and expenses (including legal counsel selected by the Consultant and reasonably acceptable to the Company) and such cooperation shall not unreasonably burden the Consultant or unreasonably interfere with any subsequent employment or engagement that the Consultant may undertake.

10. Termination. The Company may terminate this Agreement and Consultant's Services hereunder at any time for Just Cause (as defined below). In the event of any termination of this Agreement and the Consultant's Services hereunder by the Consultant for any reason or by the Company for Just Cause, the Company shall be responsible for any compensation owed to the Consultant under Section 5 for any Services rendered prior to the effective date of such termination. Within five days any termination of this Agreement, the Consultant shall deliver to the Company all Company property. For purposes of this Agreement, "Just Cause" shall mean: (i) Consultant's fraud, malfeasance, self-dealing, embezzlement or dishonesty with respect to business affairs of the Company whether or not the Company is materially harmed; (ii) Consultant's conviction of or failure to contest prosecution for a felony or a crime involving moral turpitude; (iii) Consultant's material breach of this Agreement; (iv) failure of Consultant, after reasonable notice, to comply promptly with any valid and legal directive of the Board; or (v) a failure by Consultant to perform adequately his responsibilities under this Agreement as demonstrated by objective and verifiable evidence showing that the business operations under Consultant's control have been materially harmed as a result of Consultant's gross negligence or willful misconduct. In addition to the foregoing, the Company shall have the right, at any time, to terminate this Agreement and Consultant's Services hereunder without Just Cause, provided, that in such event the Company agrees that (i) Consultant shall continue to receive all consulting fees through the end of the 24-month Consulting Term and (ii) Consultant's outstanding, unvested awards under the Equity Award Agreements shall continue to vest through the end of the 24-month Consulting Term.

11. Miscellaneous.

(a) The Consultant shall not have the right to assign or otherwise transfer his rights or obligations under this Agreement, and any purported assignment or transfer by the Consultant shall be null and void from the initial date of the purported assignment or transfer. The Company and the Consultant agree that the Company may assign this Agreement to (i) any Company Affiliate or (ii) any successor or assign (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company. This Agreement shall inure to the benefit of the Company and its successors and assigns.

(b) No promises, statements, understandings, representations or warranties of any kind, whether oral or in writing, express or implied, have been made to the Consultant by any person or entity to induce him to enter into this Agreement other than the express terms set forth herein, and the Consultant is not relying upon any promises, statements, understandings, representations, or warranties other than those expressly set forth in this Agreement.

(c) No change or modification of this Agreement shall be valid unless the same shall be in writing and signed by all of the parties hereto. No waiver of any provisions of this Agreement shall be valid unless in writing and signed by the party charged with waiver. No waiver of any of the provisions of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver, unless so provided in the waiver.

(d) If any provisions of this Agreement (or portions thereof) shall, for any reason, be held invalid or unenforceable, such provisions (or portions thereof) shall be ineffective only to the extent of such invalidity or unenforceability, and the remaining provisions of this Agreement (or portions thereof) shall nevertheless be valid, enforceable and of full force and effect. If any court of competent jurisdiction finds that any restriction contained in this Agreement is invalid or unenforceable, then the parties hereto agree that such invalid or unenforceable restriction shall be deemed modified so that it shall be valid and enforceable to the greatest extent permissible under law, and if such restriction cannot be modified so as to make it enforceable or valid, such finding shall not affect the enforceability or validity of any of the other restrictions contained herein.

(e) This Agreement may be executed in two or more identical counterparts, all of which shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party. In the event that any signature is delivered by facsimile transmission or by an e-mail which contains a portable document format (.pdf) file of an executed signature page, such signature page shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such signature page were an original thereof.

(f) The section or paragraph headings or titles herein are for convenience of reference only and shall not be deemed a part of this Agreement. The parties have jointly participated in the drafting of this Agreement, and the rule of construction that a contract shall be construed against the drafter shall not be applied. The terms "including," "includes," "include" and words of like import shall be construed broadly as if followed by the words "without limitation." The terms "herein," "hereunder," "hereof" and words of like import refer to this entire Agreement instead of just the provision in which they are found.

(g) This Agreement, for all purposes, shall be construed in accordance with the laws of the State of Tennessee. Any action or proceeding by either of the parties to enforce this Agreement shall be brought only in a state or federal court located in the State of Tennessee. The parties hereby irrevocably submit to the jurisdiction of such courts and waive the defense of inconvenient forum to the maintenance of any such action or proceeding in such venue.

12. Notices. All notices and other communications required or permitted hereunder or necessary or convenient in connection herewith shall be in writing and shall be deemed to have been given when hand delivered, sent by facsimile or mailed by registered or certified mail, as follows (provided that notice of change of address shall be deemed given only when received):

If to the Company, to:

Forward Air Corporation

4370 Old Dixie Road

Hapeville, GA 30354

Attn: Chief Legal Officer

If to the Consultant, to the most recent address on file with the Company or to such other names or addresses as the Company or the Consultant, as the case may be, shall designate by notice to each other person entitled to receive notices in the manner specified in this Section 11.

13. Section 409A. The Company and the Consultant agree that it is reasonably anticipated that Consultant's Services hereunder will require the Consultant to render Services each month at a level that will not exceed 20% of the average level of the Consultant's Services as an employee of the Company over the preceding 36-month period prior to the Employment End Date. The parties acknowledge that, for purposes of Section 409A of the Internal Revenue Code of 1986, as amended (the "Code"), the Consultant will have undergone a "separation from service," within the meaning of Section 409A of the Code, from the Company upon the Consultant's Employment End Date. The intent of the parties is that the payments and benefits under this Agreement comply with or be exempt from Section 409A of the Code and, accordingly, to the maximum extent permitted, this Agreement shall be interpreted to be in compliance therewith. For purposes of Section 409A of the Code, Consultant's right to receive any installment payments pursuant to this Agreement shall be treated as a right to receive a series of separate and distinct payments. All expenses or other reimbursements as provided herein shall be payable in accordance with the Company's policies in effect from time to time, but in any event shall be made on or prior to the last day of the taxable year following the taxable year in which such expenses were incurred by Consultant. With regard to any provision herein that provides for reimbursement of costs and expenses or in-kind benefits, except as permitted by Section 409A of the Code: (a) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit; and (b) the amount of expenses eligible for reimbursements or in-kind benefits provided during any taxable year shall not affect the expenses eligible for reimbursement or in-kind benefits to be provided in any other taxable year. Nothing contained in this Agreement shall constitute any representation or warranty by the Company regarding compliance with Section 409A of the Code and the Company, shall not have any liability to Consultant with respect thereto.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date set forth in the preface hereof.

FORWARD AIR CORPORATION

By:

Name: Thomas Schmitt

Title: President and Chief Executive Officer

CONSULTANT

Bruce A. Campbell

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 Employee Performance Share Agreement attached hereto (the "**Agreement**"), as follows:

Participant:	_____	Employee ID:	
Grant Date:	_____	Grant No.:	
Target Number of Performance Shares:	[_____], subject to adjustment as provided by the Agreement.		
Maximum Number of Performance Shares:	[_____], subject to adjustment as provided by the Agreement.		
Performance Metric:	<u>Percentile Ranking of Total Shareholder Return within Peer Group</u>		
Performance Period:	Three-year period beginning on the January 1 st that immediately precedes the Grant Date and ending on the December 31 st that immediately precedes the third anniversary of the Grant Date (_____ - _____)		
Performance Share Vesting Date:	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>		
Vested Performance Shares:			
Settlement Date:	The Performance Share Vesting Date, except as otherwise provided by the Agreement.		
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 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: Employee Performance Share Agreement

**FORWARD AIR CORPORATION
EMPLOYEE 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 Employee 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 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 Involuntary 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 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 (in the absence of Cause) 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 Involuntary Termination Following a Change In Control. In the event the Participant suffers an Involuntary 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 Involuntary 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 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.

(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.

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 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 to 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.

(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}

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 any one or more of the following, as determined by the Committee or its delegate in its sole discretion, which determination will be conclusive: (i) any act or omission by the Participant which, if convicted by a court of law, would constitute a felony or a crime of moral turpitude; (ii) the Participant's dishonesty or material violation of standards of integrity in the course of fulfilling his or her employment duties to the Company or any Affiliate; (iii) insubordination or a material violation of a material written policy of the Company or any Affiliate, violation of which would be grounds for dismissal under applicable Company policy; (iv) willful, repeated failure on the part of the Participant to perform his or her employment duties (provided that such duties are ethical and proper under applicable law) in any material respect, after reasonable written notice of such failure and an opportunity to correct it under a circumstance where the conduct constituting "Cause" is reasonably open to a cure (for instance, where the conduct does not involve a violation of trust or otherwise adversely affect the relationship between the Participant and the Company on a going-forward basis), and the period to correct shall be established by the Committee; (v) any act or omission materially adverse to the interest of the Company or any Affiliate, or reasonably likely to result in material harm to the Company or any Affiliate; (vi) failure to comply in any material respect with the Company's Code of Business Conduct and Ethics or Insider Trading Policy, or willful, repeated failure to comply in any material respect with the Company's Executive Stock Ownership and Retention Guidelines, if applicable; or (vii) failure to comply in any material respect with the Foreign Corrupt Practices Act, the Securities Act of 1933, the Securities Exchange Act of 1934, the Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, or any rules or regulations thereunder, or any similar, applicable statute, regulation or legal requirement.
- (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 Committee 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.
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- Period.
- (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) **"Executive Severance Plan"** means the Company's Executive Severance and Change in Control Plan, as amended from time to time, or any successor plan thereto.
- (m) **"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 employees who may possess material, non-public information regarding the Company, as in effect at the time of a disposition of any Common Shares.
- (n) **"Involuntary 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) if the Participant is, at the time of such termination, a participant in the Executive Severance Plan, initiated by the Participant for "Good Reason" following a "Change Date," as such terms are defined under the Executive Severance Plan.
- (o) **"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.
- (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.
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(t) "**Service**" means the Participant's employment with the Company and its Affiliates. The 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 an Affiliate of Forward Air Corporation.

(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 the 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 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 Employee Performance Share Agreement attached hereto (the "**Agreement**"), as follows:

Participant:	_____	Employee ID:	
Grant Date:	_____	Grant No.:	
Target Number of Performance Shares:	[_____], subject to adjustment as provided by the Agreement.		
Maximum Number of Performance Shares:	[_____], subject to adjustment as provided by the Agreement.		
Performance Metric:	<u>Three-Year Cumulative EBITDA Per Share</u>		
Performance Period:	Three-year period beginning on the January 1 st that immediately precedes the Grant Date and ending on the December 31 st that immediately precedes the third anniversary of the Grant Date (_____ - _____)		
Performance Share Vesting Date:	The date that is 2½ months after the last day of the Performance Period, except as otherwise provided by the Agreement.		
Vested Performance Shares:	<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 E/S Multiplier (as defined by the Agreement).</u>		
Settlement Date:	The Performance Share Vesting Date, except as otherwise provided by the Agreement.		
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 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:	Employee Performance Share Agreement

**FORWARD AIR CORPORATION
EMPLOYEE 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 Employee 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 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 Three-Year Cumulative EBITDA Per Share. 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 Three-Year Cumulative EBITDA Per Share 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 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 E/S Multiplier specified below, based on the Three-Year Cumulative EBITDA Per Share, rounding up to the nearest whole share:

Cumulative EBITDA Per Share Targets	E/S Multiplier
\$23.50	200%
\$22.00	150%
\$20.35	100%
\$18.10	50%
\$16.75	25%
Below \$16.75	0%

The E/S Multiplier for an achieved Three-Year Cumulative EBITDA Per Share 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. In such event, the Committee shall have discretion to make appropriate adjustments, as determined by the Committee, to the Three-Year Cumulative EBITDA Per Share targets for the Company. 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 Involuntary 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) an E/S 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 E/S Multiplier to be used in the equation set forth in the immediately preceding sentence shall be the E/S 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 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 (in the absence of Cause) 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 Involuntary Termination Following a Change In Control. In the event the Participant suffers an Involuntary 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 E/S Multiplier attained as of the date of such Involuntary 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 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 E/S Multiplier 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.

(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 Three-Year Cumulative EBITDA Per Share targets for the Company in the event that the Common Stock of the Company is affected by a stock split, reverse stock split, stock dividend, or similar change in capitalization.

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 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 to 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.

(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}

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) **"Cause"** means any one or more of the following, as determined by the Committee or its delegate in its sole discretion, which determination will be conclusive: (i) any act or omission by the Participant which, if convicted by a court of law, would constitute a felony or a crime of moral turpitude; (ii) the Participant's dishonesty or material violation of standards of integrity in the course of fulfilling his or her employment duties to the Company or any Affiliate; (iii) insubordination or a material violation of a material written policy of the Company or any Affiliate, violation of which would be grounds for dismissal under applicable Company policy; (iv) willful, repeated failure on the part of the Participant to perform his or her employment duties (provided that such duties are ethical and proper under applicable law) in any material respect, after reasonable written notice of such failure and an opportunity to correct it under a circumstance where the conduct constituting "Cause" is reasonably open to a cure (for instance, where the conduct does not involve a violation of trust or otherwise adversely affect the relationship between the Participant and the Company on a going-forward basis), and the period to correct shall be established by the Committee; (v) any act or omission materially adverse to the interest of the Company or any Affiliate, or reasonably likely to result in material harm to the Company or any Affiliate; (vi) failure to comply in any material respect with the Company's Code of Business Conduct and Ethics or Insider Trading Policy, or willful, repeated failure to comply in any material respect with the Company's Executive Stock Ownership and Retention Guidelines, if applicable; or (vii) failure to comply in any material respect with the Foreign Corrupt Practices Act, the Securities Act of 1933, the Securities Exchange Act of 1934, the Sarbanes-Oxley Act of 2002, the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, or any rules or regulations thereunder, or any similar, applicable statute, regulation or legal requirement.
- (c) **"Change in Control"** shall have the meaning ascribed thereto in the Plan.
- (d) **"CIC Date"** means the date on which the relevant Change in Control shall have occurred.
- (e) **"Committee"** means the Board of Directors of Forward Air Corporation or such committee or committees appointed by the Board to administer the Plan.
- (f) **"Common Shares"** means shares of Common Stock issued in settlement of the Award.
- (g) **"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.
- (h) **"Three-Year Cumulative EBITDA Per Share"** means the sum of the Company's annual EBITDA Per Share for each year during the Performance Period.
- (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 Committee 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.
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(j) **"EBITDA"** means, for any year, reported income from operations of the Company, as determined in accordance with general accepted accounting principles consistent with past practices and as reflected on the Company's consolidated financial statements excluding depreciation and amortization, as may be adjusted by the Committee in its sole discretion to exclude the impact of certain items including non-operational or non-recurring costs, charges and expenses.

(k) **"EBITDA Per Share"** means, the per share amount obtained by dividing EBITDA by that number of shares of Common Stock used to calculate the Company's reported full-year, fully-diluted earnings per share for the relevant period.

(l) **"E/S Multiplier"** means a number determined as follows:

Three-Year Cumulative EBITDA Per Share	E/S Multiplier
\$23.50	200%
\$22.00	150%
\$20.35	100%
\$18.10	50%
\$16.75	25%
Below \$16.75	0%

The E/S Multiplier for an achieved Three-Year Cumulative EBITDA Per Share falling between the percentages set forth in the table above shall be determined by straight-line interpolation.

(m) **"Executive Severance Plan"** means the Company's Amended and Restated Executive Severance and Change in Control Plan, as amended from time to time, or any successor plan thereto.

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

(o) **"Involuntary 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) if the Participant is, at the time of such termination, a participant in the Executive Severance Plan, initiated by the Participant for "Good Reason" following a "Change Date," as such terms are defined under the Executive Severance Plan.

(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.

(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 with the Company and its Affiliates. The 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 an Affiliate of Forward Air Corporation.

(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 E/S 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.

{End of Agreement}

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

I, Tom Schmitt, certify that:

- 1 I have reviewed this quarterly report on Form 10-Q for the quarter ended March 31, 2019 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 25, 2019

/s/ Tom Schmitt

Tom Schmitt
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, 2019 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 25, 2019

/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, 2019 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Tom Schmitt, 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 25, 2019

/s/ Tom Schmitt

Tom Schmitt
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, 2019 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 25, 2019

/s/ Michael J. Morris

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

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