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 **September 30, 2018**
or
☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from __________to __________
Commission File Number: 001-35007

Knight-Swift Transportation Holdings Inc.

(Exact name of registrant as specified in its charter)

Delaware	**20-5589597**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

20002 North 19th Avenue
Phoenix, Arizona 85027
(Address of principal executive offices and zip code)
(602) 269-2000
(Registrant's telephone number, including area code)
N/A
(Former name, former address and former fiscal year, if changed since last report)

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

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

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

Large accelerated filer	☒	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 ☒

There were 174,539,545 shares of the registrant's common stock outstanding as of October 31, 2018 .

QUARTERLY REPORT ON FORM 10-Q

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GLOSSARY OF TERMS

The following glossary provides definitions for certain acronyms and terms used in this Quarterly Report on Form 10-Q. These acronyms and terms are specific to our company, commonly used in our industry, or are otherwise frequently used throughout our document.

Term	Definition
Knight-Swift/the Company/Management/We/Us/Our	Unless otherwise indicated or the context otherwise requires, these terms represent Knight-Swift Transportation Holdings Inc. and its subsidiaries.
2015 RSA	Amended and Restated Receivables Sales Agreement, entered into in 2015 by Swift Receivables Company II, LLC with unrelated financial entities.
2017 Merger	See description of the 2017 Merger, included in Notes 1 and 4 of the footnotes to the condensed consolidated financial statements, within Part I, Item 1 of this Quarterly Report.
2017 Debt Agreement	The Company's Credit Agreement, entered into on September 29, 2017, consisting of the Revolver and Term Loan, which are defined below.
2018 RSA	Fourth Amendment to the Amended and Restated Receivables Sales Agreement, entered into on July 11, 2018 by Swift Receivables Company II, LLC with unrelated financial entities.
Abilene	Abilene Motor Express, Inc. and its related entities
Abilene Acquisition	See description of the Abilene Acquisition included in Notes 1 and 4 of the footnotes to the condensed consolidated financial statements, within Part I, Item 1 of this Quarterly Report.
Annual Report	Annual Report on Form 10-K
ASC	Accounting Standards Codification
ASU	Accounting Standards Update
Board	Knight-Swift's Board of Directors
EPS	Earnings Per Share
FASB	Financial Accounting Standards Board
FLSA	Fair Labor Standards Act
GAAP	United States Generally Accepted Accounting Principles
Knight	Unless otherwise indicated or the context otherwise requires, this term represents Knight Transportation, Inc. and its subsidiaries prior to the 2017 Merger
NYSE	New York Stock Exchange
Quarterly Report	Quarterly Report on Form 10-Q
QTD	Quarter-to-date
Revolver	Revolving line of credit under the 2017 Debt Agreement
SEC	United States Securities and Exchange Commission
Swift	Unless otherwise indicated or the context otherwise requires, this term represents Swift Transportation Company and its subsidiaries prior to the 2017 Merger.
Term Loan	The Company's term loan under the 2017 Debt Agreement
US	The United States of America
YTD	Year-to-date

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

Condensed Consolidated Balance Sheets (Unaudited)

	September 30, 2018	December 31, 2017
	(In thousands, except per share data)	
ASSETS		
Current assets:		
Cash and cash equivalents	$ 91,335	$ 76,649
Cash and cash equivalents – restricted	48,460	73,657
Restricted investments, held-to-maturity, amortized cost	20,511	22,232
Trade receivables, net of allowance for doubtful accounts of $14,550 and $14,829, respectively	625,293	574,265
Prepaid expenses	66,814	58,525
Assets held for sale	48,583	25,153
Income tax receivable	41,236	55,114
Other current assets	29,611	37,612
Total current assets	971,843	923,207
Property and equipment	3,200,826	2,847,143
Less: accumulated depreciation and amortization	(643,030)	(462,922)
Property and equipment, net	2,557,796	2,384,221
Goodwill	2,919,528	2,887,867
Intangible assets, net	1,431,612	1,440,903
Other long-term assets	51,287	47,244
Total assets	$ 7,932,066	$ 7,683,442
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 164,938	$ 119,867
Accrued payroll and purchased transportation	132,937	107,017
Accrued liabilities	153,437	186,379
Claims accruals – current portion	165,490	147,285
Capital lease obligations and long-term debt – current portion	63,555	49,002
Total current liabilities	680,357	609,550
Revolving line of credit	235,000	125,000
Long-term debt – less current portion	364,531	364,771
Capital lease obligations – less current portion	73,686	127,132
Accounts receivable securitization	234,567	305,000
Claims accruals – less current portion	197,130	206,144
Deferred tax liabilities	726,409	679,077
Other long-term liabilities	24,200	26,398
Total liabilities	2,535,880	2,443,072
Commitments and contingencies (Notes 10 and 11)		
Stockholders' equity:		
Preferred stock, par value $0.01 per share; 10,000 shares authorized; none issued	—	—
As of September 30, 2018, common stock, par value $0.01 per share; 500,000 shares authorized; 175,616 shares issued and outstanding. As of December 31, 2017, Class A common stock, par value $0.01 per share; 500,000 shares authorized; 177,998 shares issued and outstanding	1,756	1,780
As of December 31, 2017, Class B common stock, par value $0.01 per share; 250,000 shares authorized; none issued	—	—
Additional paid-in capital	4,236,923	4,219,214
Retained earnings	1,154,988	1,016,738
Total Knight-Swift stockholders' equity	5,393,667	5,237,732
Noncontrolling interest	2,519	2,638

Total stockholders’ equity	5,396,186	5,240,370
Total liabilities and stockholders’ equity	$ 7,932,066	$ 7,683,442

See accompanying notes to condensed consolidated financial statements (unaudited).

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

Condensed Consolidated Income Statements (Unaudited)

	Quarter-to-Date September 30,		Year-to-Date September 30,	
	2018	2017	2018	2017
	(In thousands, except per share data)			
Revenue:				
Revenue, excluding fuel surcharge	$ 1,188,743	$ 469,683	$ 3,482,663	$ 961,685
Fuel surcharge	157,868	51,925	466,763	104,348
Total revenue	1,346,611	521,608	3,949,426	1,066,033
Operating expenses:				
Salaries, wages, and benefits	381,174	154,390	1,114,252	316,844
Fuel	162,832	62,300	470,617	131,252
Operations and maintenance	87,362	37,267	260,660	78,516
Insurance and claims	52,701	21,117	164,975	37,982
Operating taxes and licenses	21,986	8,793	67,807	17,839
Communications	5,041	1,921	15,783	4,125
Depreciation and amortization of property and equipment	97,708	43,477	287,319	102,280
Amortization of intangibles	10,695	2,654	31,891	2,904
Rental expense	39,806	15,388	140,384	17,939
Purchased transportation	329,338	127,434	989,333	244,358
Impairments	—	16,746	—	16,746
Miscellaneous operating expenses	13,688	11,972	44,139	21,873
Merger-related costs	—	12,338	—	16,516
Total operating expenses	1,202,331	515,797	3,587,160	1,009,174
Operating income	144,280	5,811	362,266	56,859
Other (expenses) income:				
Interest income	889	370	2,191	559
Interest expense	(7,528)	(1,812)	(21,424)	(1,948)
Other income, net	3,327	(1,442)	6,487	(120)
Other (expense) income, net	(3,312)	(2,884)	(12,746)	(1,509)
Income before income taxes	140,968	2,927	349,520	55,350
Income tax expense (benefit)	34,624	(1,272)	80,816	17,786
Net income	106,344	4,199	268,704	37,564
Net income attributable to noncontrolling interest	(463)	(318)	(1,136)	(836)
Net income attributable to Knight-Swift	$ 105,881	$ 3,881	$ 267,568	$ 36,728
Earnings per share:				
Basic	$ 0.60	$ 0.04	$ 1.50	$ 0.42
Diluted	$ 0.60	$ 0.04	$ 1.50	$ 0.41
Dividends declared per share:	$ 0.06	$ 0.06	$ 0.18	$ 0.18
Weighted average shares outstanding:				
Basic	176,849	102,846	177,816	87,978
Diluted	177,750	103,752	178,793	88,847

See accompanying notes to the condensed consolidated financial statements (unaudited).

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

Condensed Consolidated Statement of Stockholders' Equity (Unaudited)

	Common Stock						
	Shares	Par Value	Additional Paid-in Capital	Retained Earnings	Total Knight-Swift Stockholders' Equity	Noncontrolling Interest	Total Stockholders' Equity
				(In thousands)			
Balances – December 31, 2017	177,998	$ 1,780	$ 4,219,214	$ 1,016,738	$ 5,237,732	$ 2,638	$ 5,240,370
Common stock issued to employees	642	6	10,281		10,287		10,287
Common stock issued to the board of directors	19	—	774		774		774
Common stock issued under employee stock purchase plan	33	1	1,307		1,308		1,308
Company shares repurchased	(3,076)	(31)		(99,969)	(100,000)		(100,000)
Shares withheld – restricted stock unit settlement				(2,550)	(2,550)		(2,550)
Employee stock-based compensation expense			7,220		7,220		7,220
Cash dividends paid and dividends accrued				(32,100)	(32,100)		(32,100)
Net income attributable to Knight-Swift				267,568	267,568		267,568
Distribution to noncontrolling interest						(1,255)	(1,255)
Net income attributable to noncontrolling interest						1,136	1,136
Net acquisition of remaining ownership interest, previously noncontrolling			(1,873)		(1,873)		(1,873)
Net cumulative-effect adjustment from adopting ASC Topic 606				5,301	5,301		5,301
Balances – September 30, 2018	175,616	$ 1,756	$ 4,236,923	$ 1,154,988	$ 5,393,667	$ 2,519	$ 5,396,186

See accompanying notes to condensed consolidated financial statements (unaudited).

Condensed Consolidated Statements of Cash Flows (Unaudited)

	Year-to-Date September 30, 2018	Year-to-Date September 30, 2017
	(In thousands)	
Cash flows from operating activities:		
Net income	$ 268,704	$ 37,564
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of property, equipment, and intangibles	319,210	105,184
Gain on sale of property and equipment	(26,857)	(2,465)
Impairments	—	16,746
Deferred income taxes	48,045	(9,467)
Other adjustments to reconcile net income to net cash provided by operating activities	930	7,054
Increase (decrease) in cash resulting from changes in:		
Trade receivables	(17,191)	(6,027)
Income tax receivable	13,878	(23,859)
Accounts payable	(10,528)	(4,447)
Accrued liabilities and claims accrual	(5,434)	23,791
Other assets and liabilities	(10,112)	(7,730)
Net cash provided by operating activities	580,645	136,344
Cash flows from investing activities:		
Proceeds from maturities of held-to-maturity investments	20,625	2,835
Purchases of held-to-maturity investments	(18,933)	(3,015)
Proceeds from sale of property and equipment, including assets held for sale	150,596	29,490
Purchases of property and equipment	(502,738)	(91,925)
Expenditures on assets held for sale	(25,426)	(720)
Net cash, restricted cash, and equivalents (invested in) acquired from mergers and acquisitions	(101,693)	91,960
Other cash flows from investing activities	10,074	7,656
Net cash (used in) provided by investing activities	(467,495)	36,281
Cash flows from financing activities:		
Repayment of long-term debt and capital leases	(39,309)	(454,148)
Proceeds from long-term debt	—	400,000
Borrowings on revolving lines of credit, net	110,000	67,000
Borrowings under accounts receivable securitization	35,000	20,000
Repayment of accounts receivable securitization	(105,000)	—
Proceeds from common stock issued	12,369	9,726
Payments to repurchase company's common stock	(100,000)	—
Dividends paid	(32,287)	(14,769)
Other cash flows from financing activities	(4,270)	(9,136)
Net cash (used in) provided by financing activities	(123,497)	18,673
Net (decrease) increase in cash, restricted cash, and equivalents	(10,347)	191,298
Cash, restricted cash, and equivalents at beginning of period	151,733	9,406
Cash, restricted cash, and equivalents at end of period	$ 141,386	$ 200,704

Condensed Consolidated Statements of Cash Flows (Unaudited) — Continued

Supplemental disclosures of cash flow information:				
Cash paid during the period for:				
Interest	$	20,186	$	2,924
Income taxes, net of refunds received		16,146		50,709
Non-cash investing and financing transactions:				
Equipment acquired included in accounts payable	$	51,893	$	16,557
Financing provided to independent contractors for equipment sold		4,876		1,801
Transfers from property and equipment to assets held for sale		88,544		26,180
Capital lease additions		—		15,020

See accompanying notes to condensed consolidated financial statements (unaudited).

Notes to Condensed Consolidated Financial Statements (Unaudited)

Note 1 — Introduction and Basis of Presentation

Certain acronyms and terms used throughout this Quarterly Report are specific to the Company, commonly used in the trucking industry, or are otherwise frequently used throughout this document. Definitions for these acronyms and terms are provided in the "Glossary of Terms," available in the front of this document.

Description of Business

Knight-Swift is a transportation solutions provider, headquartered in Phoenix, Arizona. As of September 30, 2018 , the ending counts of the Company's fleet of revenue equipment included 19,600 operational tractors (comprised of 16,499 company tractors and 3,101 independent contractor tractors), 67,536 trailers, and 9,625 intermodal containers. The Company's six reportable segments are Knight Trucking, Knight Logistics, Swift Truckload, Swift Dedicated, Swift Refrigerated, and Swift Intermodal.

2017 Merger

On September 8, 2017, the Company became Knight-Swift Transportation Holdings Inc. upon the effectiveness of the 2017 Merger. The Company accounted for the 2017 Merger using the acquisition method of accounting in accordance with GAAP. GAAP requires that either Knight or Swift is designated as the acquirer for accounting and financial reporting purposes ("Accounting Acquirer"). Based on the evidence available, Knight was designated as the Accounting Acquirer while Swift was the acquirer for legal purposes. For more information about the 2017 Merger, refer to Knight-Swift's Annual Report for the year ended December 31, 2017.

Abilene Acquisition

On March 16, 2018, the Company acquired all of the issued and outstanding equity interests of Abilene. Abilene's trucking and logistics businesses are included under the respective Knight segments. Please refer to Note 4 for more information about the Abilene Acquisition.

Basis of Presentation

The condensed consolidated financial statements and footnotes included in this Quarterly Report should be read in conjunction with the consolidated financial statements and footnotes included in Knight-Swift's Annual Report for the year ended December 31, 2017. The condensed consolidated financial statements in this Quarterly Report include the accounts of Knight-Swift Transportation Holdings Inc. and its subsidiaries. In management's opinion, these condensed consolidated financial statements were prepared in accordance with GAAP and include all adjustments necessary (consisting of normal recurring adjustments) for the fair statement of the periods presented.

With respect to transactional/durational data, references to years pertain to calendar years. Similarly, references to quarters pertain to calendar quarters.

Note regarding comparability — Based on the structure of the 2017 Merger, the reported results do not include the results of operations of Swift and its subsidiaries on and prior to the 2017 Merger, in accordance with the accounting treatment applicable to the transaction. Additionally, the reported results do not include the results of operations of Abilene and its subsidiaries on and prior to its acquisition by the Company on March 16, 2018 in accordance with the accounting treatment applicable to the transaction. Accordingly, comparisons between the Company's quarter and year-to-date September 30, 2018 results and prior periods may not be meaningful.

Changes in Presentation

The Company's quarter and year-to-date September 30, 2018 changes in presentation were attributed to impacts from adopting accounting pronouncements (refer to Note 2) and simplifying the presentation of the consolidated balance sheets and statements of cash flows by reclassifying immaterial line items into other line items as indicated below.

Balance Sheet — The amounts presented in the Company's Annual Report for the year ended December 31, 2017 were reclassified to align with the September 30, 2018 presentation in this Quarterly Report as follows:

- "Equipment sales receivables" and "Notes receivable, net" were reclassified to "Other current assets."
- "Notes receivable, long-term" and "Other long-term assets, restricted cash, and investments" were reclassified to "Other long-term assets."
- "Long term debt – current portion" was reclassified to "Capital lease obligations and long-term debt – current portion."
- "Dividend payable – current portion" was reclassified to "Accrued liabilities."

Statement of Cash Flows — The amounts presented in the Company's Quarterly Report for the third quarter of 2017 were reclassified to align with the presentation in this Quarterly Report as follows:

- "Transportation Resource Partners impairment," "Income from investment in TRP Partnerships," "Non-cash compensation expense for issuance of common stock to certain members of the Board of Directors," "Provision for doubtful accounts and notes receivable," "Stock-based compensation expense, net," and "Amortization of debt issue costs, and other" were reclassified to "Other adjustments to reconcile net income to net cash provided by operating activities."
- Changes in "Other current assets," "Prepaid expenses," and "Other long-term assets" were reclassified to "Other assets and liabilities."
- "Proceeds from notes receivable," "Payments received on equipment sales receivables," "Cash payments to Transportation Resource Partners," and "Cash proceeds from Transportation Resource Partners" were reclassified to "Other cash flows from investing activities."
- "Shares withheld for employee taxes related to stock-based compensation," "Cash distribution to noncontrolling interest holder," and "Proceeds from exercise of stock options" were reclassified to "Other cash flows from financing activities."
- "Repayments on Knight Revolver" and "Borrowings on Revolver" were reclassified to "Borrowings on revolving lines of credit, net."

Seasonality

In the transportation industry, results of operations generally follow a seasonal pattern. Freight volumes in the first quarter are typically lower due to less consumer demand, customers reducing shipments following the holiday season, and inclement weather. At the same time, operating expenses generally increase, and tractor productivity of the Company's fleet, independent contractors, and third-party carriers decreases during the winter months due to decreased fuel efficiency, increased cold weather-related equipment maintenance and repairs, and increased insurance claims and costs attributed to higher accident frequency from harsh weather. These factors typically lead to lower operating profitability, as compared to other parts of the year. Additionally, beginning in the latter half of the third quarter and continuing into the fourth quarter, the Company typically experiences surges pertaining to holiday shopping trends toward delivery of gifts purchased over the Internet, as well as the impact of shorter holiday seasons (Thanksgiving holiday recently falling closer to Christmas).

Note 2 — Recently Adopted Accounting Pronouncements

Revenue (ASC Topic 606): ASU 2014-09 — Revenue from Contracts with Customers

Summary of the Standard — In May 2014, the FASB issued ASU 2014-09, which established ASC Topic 606, *Revenue from Contracts with Customers* , and superseded the legacy revenue recognition requirements in ASC Topic 605. The core principle of the new standard is that companies should depict the transfer of promised goods or services to its customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The new standard provides a five-step analysis for companies to apply in determining the timing, method, and amount of revenue recognition to achieve the core principle. The amendments in ASU 2014-09 became effective for public companies for annual reporting periods beginning after December 15, 2017 (in accordance with ASU 2015-14, which deferred the original effective date of ASU 2014-09). Companies may apply the amendments in ASU 2014-09 using the modified retrospective approach or a full retrospective approach, with early adoption permitted.

Adoption Method and Approach — The Company adopted ASC Topic 606 on January 1, 2018 by applying the modified retrospective approach, resulting in a cumulative-effect adjustment to retained earnings. Comparative information related to periods prior to January 1, 2018 continues to be reported under the legacy guidance in ASC Topic 605. Practical expedients used include: 1) applying the guidance only to contracts not yet completed as of January 1, 2018, 2) using the portfolio approach in evaluating and accounting for contract costs, 3) not disclosing remaining performance obligations since the duration is one year or less, and 4) expensing incremental contract costs as they are incurred since they would have otherwise been amortized over less than one year.

Revenue Disaggregation — Based on how economic factors affect the nature, amount, timing, and uncertainty of revenue or cash flows, management determined that revenues should be disaggregated by reportable segment. The required quantitative and qualitative disclosures are included in Note 16 .

Contract Balances — $23.5 million and $17.0 million in-transit revenue balances are included in "Trade receivables, net of allowance for doubtful accounts" in the condensed consolidated balance sheets as of September 30, 2018 and January 1, 2018, respectively. The Company's contract liability balances as of September 30, 2018 and January 1, 2018 were immaterial.

Cumulative-effect Adjustment — The cumulative-effect adjustment to the Company's consolidated opening balance sheet included increases in "Trade receivables, net of allowance for doubtful accounts" of $17.0 million , in "Accrued payroll and purchased transportation" of $9.7 million , in "Accrued liabilities" of $0.2 million , in "Deferred tax liabilities" of $1.8 million , and in "Retained earnings" of $5.3 million .

Current Period Impact of Adoption — The required quantitative disclosures regarding the current period impact of adopting ASC Topic 606 on the condensed consolidated income statement and balance sheet are presented below. The amounts are entirely attributed to the in-transit accrual from the Company recognizing revenue over time under ASC Topic 606, compared to recognizing revenue at a point in time under ASC Topic 605.

	Current Period Impact Increase (Decrease)	
Income Statement	Quarter-to-Date September 30, 2018	Year-to-Date September 30, 2018
	(in thousands)	
Total revenue (1)	$ 4,412	$ 6,462
Total operating expenses (2)	2,765	4,318
Income tax expense	399	504
Net income attributable to Knight-Swift	$ 1,248	$ 1,640

(1) Current period impact primarily pertains to "Revenue, excluding fuel surcharge."

(2) Current period impact primarily pertains to "Purchased transportation."

Balance Sheet	**Current Period Impact Increase (Decrease) September 30, 2018 (in thousands)**
Trade receivables, net of allowance for doubtful accounts	$ 23,454
Accrued payroll and purchased transportation	13,982
Accrued liabilities	(932)
Deferred tax liabilities	3,463
Retained earnings	$ 6,941

The Company's adoption of ASC Topic 606 did not materially affect basic earnings per share, diluted earnings per share, or cash flows from operations for the periods presented.

Accounting Policy — Under ASC Topic 606, revenue continues to be recognized on a gross basis, as the Company acts as the principal. The legally enforceable contract is evidenced by the bill of lading upon pickup at the shipper's location. The transaction price has no significant financing component and typically consists of cash consideration. Non-cash consideration is estimated at fair value at contract inception. The transaction price is entirely allocated to the only performance obligation, which is satisfied over time: transportation services. Accordingly, revenue is recognized over time, which is a change in the Company's past practice, resulting in an immaterial impact on the Company's results of operations. Management estimates the amount of revenue in transit at period end based on the number of days completed of the dispatch, which management believes to be a faithful depiction of the transfer of services. Significant judgments involved in applying ASC Topic 606 include measuring in-transit revenue and estimating the allowance for doubtful accounts. The allowance for doubtful accounts is reviewed quarterly, and is based on historical experience and known trends and uncertainties in account billing and collectability.

Cash (ASC Topic 230): ASU 2016-18 — Restricted Cash and ASU 2016-15 — Classification of Certain Cash Receipts and Cash Payments

Summary of the Standards — The FASB issued ASU 2016-18, *Restricted Cash* , in November 2016. The amendments in ASU 2016-18 require that a statement of cash flows explains the change during the reporting period in the total of cash, cash equivalents, including restricted cash and restricted cash equivalents. As such, restricted cash and restricted cash equivalents amounts should be included in the beginning and ending cash balances in the reconciliation at the bottom of the statement of cash flows.

The FASB issued ASU 2016-15, *Classification of Certain Cash Receipts and Cash Payments,* in August 2016. This ASU has several amendments, which are designed to reduce existing diversity in practice of how certain cash receipts and cash payments are presented and classified in the statement of cash flows. The ASU addresses eight specific cash flow issues: 1) debt prepayment or extinguishment costs, 2) settlement of zero-coupon debt instruments, 3) contingent consideration payments made after a business combination, 4) proceeds from settlement of insurance claims, 5) proceeds from settlement of corporate-owned life insurance policies, 6) distributions received from equity method investees, 7) beneficial interests in securitization transactions, and 8) separately identifiable cash flows and application of the predominance principle.

Adoption Method and Approach — For public companies, the amendments in these ASUs became effective for annual reporting periods beginning after December 15, 2017. The retrospective transition method is required, with prior periods adjusted to align with the current period presentation. Early adoption was permitted; however, the Company adopted the amendments in these ASUs in the first quarter of 2018.

Impact of Adoption — As allowed by the amendments in ASU 2016-15, the Company elected to retrospectively apply the "Nature of Distribution" approach to classifying cash flows from its equity method investments. There were no other cash flow issues in ASU 2016-15 that impacted the Company's statement of cash flows presentation. The table below summarizes the impact on the year-to-date September 30, 2017 statement of cash flows of adopting ASU 2016-15 and ASU 2016-18.

	Year-to-Date September 30, 2017			
	As Reported	ASU 2016-15 Reclassifications	ASU 2016-18 Reclassifications	Adjusted
	(in thousands)			
Other adjustments to reconcile net income to net cash provided by operating activities [(1)]	$ 3,033	$ 4,021	$ —	$ 7,054
Net cash provided by operating activities	132,323	4,021	—	136,344
Decrease (increase) in cash and cash equivalents - restricted	745	—	(745)	—
Net cash, restricted cash, and equivalents (invested in) acquired from mergers and acquisitions [(2)]	28,493	—	63,467	91,960
Other cash flows from investing activities [(1)]	11,502	(4,021)	175	7,656
Net cash used in investing activities	(22,595)	(4,021)	62,897	36,281
Net increase in cash, restricted cash, and equivalents	$ 128,401	$ —	$ 62,897	$ 191,298
Cash, restricted cash, and equivalents at beginning of period	8,021	—	1,385	9,406
Cash, restricted cash, and equivalents at end of period	$ 136,422	$ —	$ 64,282	$ 200,704

(1) See Note 1 for line items that were previously separately presented, but are included in "Other adjustments to reconcile net income to net cash provided by operating activities" and "Other cash flows from investing activities" for the current period presentation.

(2) The caption, as previously filed, was "Cash and cash equivalents received with 2017 Merger."

Reconciliation of Cash, Restricted Cash, and Equivalents — In accordance with the amendments in ASU 2016-18, the following table reconciles cash, restricted cash, and equivalents per the condensed consolidated statements of cash flows to the condensed consolidated balance sheets.

	September 30, 2018	December 31, 2017	September 30, 2017	December 31, 2016
	(In thousands)			
Balance Sheets				
Cash and cash equivalents	$ 91,335	$ 76,649	$ 136,422	$ 8,021
Cash and cash equivalents – restricted [(1)]	48,460	73,657	62,685	—
Other long-term assets [(1)]	1,591	1,427	1,597	1,385
Statements of Cash Flows				
Cash, restricted cash, and equivalents	$ 141,386	$ 151,733	$ 200,704	$ 9,406

(1) Reflects cash and cash equivalents that are primarily restricted for claims payments.

Income Taxes (ASC Topic 740): ASU 2018-05 —Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118

Summary of the Standard — The FASB issued ASU 2018-05, *Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 118* , in March 2018. ASU 2018-05 provides clarification to address uncertainty or diversity in views about the application of ASC Topic 740 in the period of enactment.

Current Period Impact of Adoption — As of September 30, 2018, the Company has not updated any estimated provisional amounts previously reported and is still evaluating the impact of the Tax Cuts and Jobs Act of 2017. Management will continue to assess its provision for income taxes as future guidance is issued but does not currently anticipate significant revisions will be necessary. Any such revisions will be treated in accordance with the measurement period guidance outlined in Staff Accounting Bulletin No. 118.

Other ASUs

There were various other ASUs that became effective during the year-to-date September 30, 2018 period, which did not have a material impact on the Company's results of operations, financial position, cash flows, or disclosures.

Note 3 — Recently Issued Accounting Pronouncements, Not Yet Adopted

Date Issued	Reference	Description	Expected Adoption Date and Method	Financial Statement Impact
August 2018	2018-15: Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): *Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That is a Service Contract*	The amendments align the requirements for capitalizing implementation costs in a hosting arrangement with the guidance for internal-use software, resulting in expensing preliminary or post-implementation project costs and capitalizing certain application development costs. The capitalized costs should be included in the balance sheet line that includes prepayment for the fees of the associated hosting arrangement, and amortized over the noncancellable period of the arrangement. Amortization expense should be included in the income statement line that includes the fees associated with the hosting element of the arrangement. Payments for capitalized implementation costs should be classified in the statement of cash flows in the same manner as payments made for hosting element fees. The amendments in this ASU are effective for fiscal years beginning after December 15, 2019. Early adoption is permitted.	January 2020, Prospective	Currently under evaluation, but not expected to be material
August 2018	2018-13: Fair Value Measurement (Topic 820): *Disclosure Framework – Change to the Disclosure Requirements for Fair Value Measurement*	The amendments in this ASU modify several disclosure requirements under Topic 820. These changes include removing the disclosure requirements related to the amount of and reasons for transfers between Level 1 and Level 2 of the fair value hierarchy, and adding disclosure requirements about the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements. Additionally, the amendments remove the phrase "at a minimum" from the codification clarifying that materiality should be considered when evaluating disclosure requirements. The amendments in this ASU are effective for fiscal years beginning after December 15, 2019. Early adoption is permitted.	January 2019, Retrospective	Currently under evaluation, but not expected to be material

Date Issued	Reference	Description	Expected Adoption Date and Method	Financial Statement Impact
July 2018	2018-11: Leases (Topic 842): *Targeted Improvements*	The amendments in this ASU provide entities with an additional transition method for implementing ASC Topic 842, in which entities have the option to apply the new standard at the adoption date, recognizing a cumulative-effect adjustment to the opening balance of retained earnings. Comparative periods would not be restated, and would instead be presented under the legacy ASC Topic 840 guidance. Under certain conditions, the amendments in this ASU also provide lessors a practical expedient regarding separating nonlease components from the associated lease components if the nonlease components would otherwise be accounted for under ASC Topic 606, Revenue from Contracts with Customers. The amendments in this ASU are effective for fiscal years beginning after December 15, 2018. Early adoption is permitted.	Refer to ASU 2016-02, below	Refer to ASU 2016-02, below
July 2018	2018-10: Leases (Topic 842): *Codification Improvements*	This ASU contains various amendments to ASC Topic 842 that clarify the language, remove inconsistencies, and improve upon other issues, including those associated with implementing the new standard. The amendments in this ASU are effective for fiscal years beginning after December 15, 2018. Early adoption is permitted.	Refer to ASU 2016-02, below	Refer to ASU 2016-02, below
June 2018	2018-07: Compensation – Stock Compensation (Topic 718): *Improvements to Nonemployee Share-Based Payment Accounting*	The amendments in this ASU expand the scope of ASC Topic 718 to include share-based payments to nonemployees, and for public business entities include 1) measuring awards to nonemployees at grant-date fair value, 2) measuring awards to nonemployees at the grant date, 3) for awards with performance conditions granted to nonemployees, assessing the probability of satisfying performance conditions when measuring such awards, and 4) generally subjecting equity-classified awards to the requirements of ASC Topic 718, eliminating the requirement to reassess classification upon vesting. The amendments in this ASU are effective for fiscal years beginning after December 15, 2018. Early adoption is permitted.	January 2019, Modified retrospective	Currently under evaluation
January 2018	2018-01: Leases (Topic 842): *Land Easement Practical Expedient for Transition to Topic 842*	The amendments in this ASU permit entities to elect to exclude land easements which were not previously recorded as leases from the evaluation related to the adoption of ASC Topic 842. The amendments in this ASU are effective for fiscal years beginning after December 15, 2018. Early adoption is permitted.	Refer to ASU 2016-02, below	Refer to ASU 2016-02, below
February 2016	2016-02: Leases (Topic 842)	The new standard requires lessees to recognize assets and liabilities arising from both operating and financing leases on the balance sheet. Lessor accounting for leases is largely unaffected. For public business entities, the new standard is effective for fiscal years beginning after December 15, 2018. Early adoption is permitted.	January 2019, Modified retrospective - cumulative-effect adjustment to beginning balance of retained earnings at the adoption date	Currently under evaluation (1)

(1) ***ASC Topic 842, Leases —*** The Company established an implementation team, which includes support from external experts, to transition the Company from accounting for leases under ASC Topic 840 to accounting for leases under ASC Topic 842. The diagnostic phase of implementing the new standard is substantially complete, and management has tentatively selected practical expedients and accounting policies to evaluate the lease population. The Company is currently in the process of extracting and uploading lease data available from existing systems and documents into its new lease software solution.

Management expects to elect the land easement practical expedient and the package of practical expedients (regarding lease identification, lease classification, and initial direct costs), but not the hindsight practical expedient. Additionally, management expects to elect accounting policies to account for its revenue equipment leases at the portfolio level, to bundle nonlease components with their related lease components (as lessee), and to not recognize a right-of-use asset or lease liability for short-term leases. These policies are not substantially different from the Company's current accounting policies. The impacts of the remaining accounting policy elections that are available under the new lease standard are still under review.

After considering the above practical expedient and accounting policy elections, management expects that adopting the new lease standard will result in adding a material amount of right-of-use assets and corresponding lease liabilities to the consolidated balance sheet as of January 1, 2019, with the net impact being recorded as a cumulative-effect adjustment to retained earnings. The impact of adopting the new lease standard is not expected to be material to the Company's consolidated income statement, liquidity, or compliance with debt covenants.

Since management is continuing to evaluate the impact of ASC Topic 842, the above quantitative and qualitative disclosures are tentative and subject to change.

Note 4 — Merger and Acquisition

2017 Merger

Information about the accounting treatment of the 2017 Merger including details of the transaction, determination of the total fair value consideration, and allocation of the purchase price, are included in the Company's Annual Report for the year ended December 31, 2017 .

The purchase price allocation for the 2017 Merger has been allocated based on estimated fair values of the assets acquired and liabilities assumed at the acquisition date. The purchase price allocation was open for adjustments through the end of the measurement period which closed one year from the acquisition date.

During the year-to-date September 30, 2018 period and prior to the measurement period closing, the Company adjusted its purchase price allocation for new information obtained related to certain legal matters that were outstanding as of the 2017 Merger closing date, reflecting a $4.0 million increase in "Goodwill," a $6.5 million increase in "Accrued liabilities," and a $2.5 million decrease in "Deferred tax liabilities" in the September 9, 2017 opening balance sheet.

Abilene Acquisition

On March 16, 2018, the Company purchased 100.0% of the equity interests of Abilene. Abilene is a diversified truckload carrier located in Richmond, Virginia operating throughout the US and Canada.

The total consideration of $103.3 million consisted of approximately $80.5 million in cash consideration to the sellers, plus approximately $22.8 million for debt payoffs. The Company funded the Abilene Acquisition through cash-on-hand and borrowing on the Revolver on the date of the transaction. At closing, $7.0 million of the purchase price was placed in escrow to secure the sellers' indemnification obligations and an additional $4.5 million of the purchase price was placed in escrow in respect of certain tax obligations of the sellers. The purchase price remains subject to further adjustments, including a post-closing true-up.

The equity purchase agreement included an election under the Internal Revenue Code Section 338(h)(10). Accordingly, the book and tax basis of the acquired assets and liabilities are the same as of the purchase date. The equity purchase agreement contains customary representations, warranties, covenants, and indemnification provisions.

The results of the acquired business have been included in the condensed consolidated financial statements since the date of acquisition and represent 1.9% and 1.4% of consolidated total revenue, and 3.1% and 2.2% of consolidated net income attributable to Knight-Swift for the quarter and year-to-date September 30, 2018 periods, respectively. The acquired business also represented 1.5% of consolidated total assets as of September 30, 2018 . The Company recorded approximately $0.2 million of acquisition-related expenses, which are included within "Miscellaneous operating expenses" in the condensed consolidated income statement for the year-to-date September 30, 2018 period.

The goodwill recognized represents expected synergies from combining the operations of Abilene with the Company, including enhanced service offerings and sharing best practices in terms of driver recruiting and retention, as well as other intangible assets that did not meet the criteria for separate recognition. The goodwill is expected to be deductible for tax purposes.

The purchase price allocation for the Abilene Acquisition is preliminary and has been allocated based on estimated fair values of the assets acquired and liabilities assumed at the acquisition date, pending the completion of valuation of acquired tangible assets, assessment of lease agreements, assessment of certain liabilities, the calculation of deferred taxes based upon the underlying tax basis of assets acquired and liabilities assumed, and assessment of other tax related items. As the Company obtains more information, the preliminary purchase price allocation disclosed below is subject to change. Any future adjustments to the preliminary purchase price allocation, including changes within identifiable intangible assets or estimation uncertainty impacted by market conditions, may impact future net earnings. The purchase price allocation adjustments can be made through the end of the measurement period, which is not to exceed one year from the acquisition date.

The following table summarizes the fair value of the consideration transferred as of the acquisition date, including any adjustments during the measurement period:

	March 16, 2018 Opening Balance Sheet as Reported at March 31, 2018	Adjustments	Adjusted March 16, 2018 Opening Balance Sheet as Reported at September 30, 2018
		(in thousands)	
Fair value of the consideration transferred	$ 103,223	$ 124	$ 103,347
Cash	1,654	—	1,654
Trade receivables	11,745	778	12,523
Other assets	7,785	842	8,627
Property and equipment	41,403	—	41,403
Identifiable intangible assets (1)	23,000	(400)	22,600
Total assets	85,587	1,220	86,807
Accounts payable	1,959	1,440	3,399
Accrued liabilities	2,419	4,942	7,361
Claims accruals	230	172	402
Total liabilities	4,608	6,554	11,162
Goodwill	$ 22,244	$ 5,458	$ 27,702

(1) Includes a $17.9 million customer relationship and a $4.7 million trade name.

The above adjustments were related to the completion of an independent valuation of certain acquired intangible assets, the identification of liabilities associated with capital expenditures incurred prior to the acquisition, adjustments for Abilene's adoption of ASC Topic 606, and the associated deferred tax asset impact of these adjustments. No material income statement effects were identified with these adjustments.

Consolidated Pro Forma Information

The following unaudited pro forma information combines the historical operations of Knight, Swift, and Abilene giving effect to the 2017 Merger, Abilene Acquisition, and related transactions as if they had been consummated on January 1, 2017, the beginning of the comparative periods presented.

	Quarter-to-Date September 30,	Year-to-Date September 30,	
	2017	2018	2017
	(in thousands, except per share data)		
Total revenue	$ 1,300,318	$ 3,969,067	$ 3,847,437
Net income attributable to Knight-Swift	21,290	268,103	88,742
Earnings per share – diluted	0.12	1.50	0.50

The unaudited pro forma condensed combined financial information has been presented for comparative purposes only and includes certain adjustments such as recognition of assets acquired at estimated fair values and related depreciation and amortization, elimination of transaction costs incurred by Knight, Swift, and Abilene during the periods presented that were directly related to the 2017 Merger and the Abilene Acquisition, and related income tax effects of these items. As a result of the 2017 Merger, Knight and Swift incurred certain merger-related expenses, including professional legal and advisory fees, acceleration of share-based compensation, bonus incentives, severance payments, filing fees, and other miscellaneous expenses. These merger-related expenses for both Knight and Swift totaled $42.6 million and $57.0 million during the quarter and year-to-date September 30, 2017 periods, respectively, and are eliminated from presentation of the unaudited pro forma net income presented above.The acquisition-related expenses that Knight incurred from the Abilene Acquisition, discussed above, are eliminated from presentation of the unaudited pro forma net income presented above.

The unaudited pro forma condensed combined financial information does not purport to represent the actual results of operations that Knight, Swift, and Abilene would have achieved had the companies been combined during the periods presented in the unaudited pro forma condensed combined financial statements and is not intended to project the future results of operations that the combined company may achieve after the identified transactions. The unaudited pro forma condensed combined financial information does not reflect any cost savings that may be realized as a result of the 2017 Merger and Abilene Acquisition and also does not reflect any restructuring or integration-related costs to achieve those potential cost savings.

Note 5 — Restricted Investments, Held-to-Maturity

The following tables present the cost or amortized cost, gross unrealized gains and temporary losses, and estimated fair value of the Company's restricted investments, held-to-maturity:

	September 30, 2018			
		Gross Unrealized		
	Cost or Amortized Cost	Gains	Temporary Losses	Estimated Fair Value
	(In thousands)			
United States corporate securities	$ 17,039	$ —	$ (13)	$ 17,026
Municipal bonds	2,437	—	(2)	2,435
Negotiable certificate of deposits	1,035	—	—	1,035
Restricted investments, held-to-maturity	$ 20,511	$ —	$ (15)	$ 20,496

	December 31, 2017			
		Gross Unrealized		
	Cost or Amortized Cost	Gains	Temporary Losses	Estimated Fair Value
	(In thousands)			
United States corporate securities	$ 15,982	$ —	$ (14)	$ 15,968
Municipal bonds	4,970	—	(10)	4,960
Negotiable certificate of deposits	1,280	—	—	1,280
Restricted investments, held-to-maturity	$ 22,232	$ —	$ (24)	$ 22,208

As of September 30, 2018 , the contractual maturities of the restricted investments, held-to-maturity, were one year or less. There were 29 securities and 32 securities that were in an unrealized loss position for less than twelve months as of September 30, 2018 and December 31, 2017 , respectively. The Company did not recognize any impairment losses during the quarter and year-to-date September 30, 2018 periods.

Refer to Note 14 for additional information regarding fair value measurements of the Company's investments.

Note 6 — Assets Held for Sale

The Company expects to sell its assets held for sale within the next twelve months . Revenue equipment held for sale totaled $48.6 million and $25.2 million as of September 30, 2018 and December 31, 2017 , respectively. Net gains on disposals, including disposals of property and equipment classified as assets held for sale, reported in "Miscellaneous operating expenses" in the condensed consolidated income statements were:

- $11.0 million and $0.8 million , for the quarter-to-date September 30, 2018 and 2017 periods, respectively, and
- $27.6 million and $2.5 million , for the year-to-date September 30, 2018 and 2017 periods, respectively.

The Company's net carrying value of land and facilities classified as held for sale in the condensed consolidated balance sheets as of September 30, 2018 and December 31, 2017 was zero .

The Company did not recognize any impairment losses related to assets held for sale during the September 30, 2018 or 2017 quarter and year-to-date periods.

Note 7 — Goodwill and Other Intangible Assets

Goodwill

The changes in the carrying amount of goodwill were as follows:

		(In thousands)
Goodwill, balance at December 31, 2017	$	2,887,867
Amortization relating to deferred tax assets		(15)
Abilene Acquisition [(1)]		27,702
2017 Merger — September 9, 2017 opening balance sheet adjustment [(2)]		3,974
Goodwill, balance at September 30, 2018	$	2,919,528

(1) The goodwill associated with the Abilene Acquisition was allocated to the Knight Trucking segment. See Note 4 regarding the amount attributed to adjustments to the March 17, 2018 opening balance sheet.

(2) The goodwill adjustment associated with the 2017 Merger resulted in a $4.8 million increase, a $1.1 million increase, and a $1.9 million decrease in goodwill allocated to the Swift Truckload, Swift Dedicated, and Swift Refrigerated segments, respectively. See Note 4 regarding the nature of the adjustment.

There were no goodwill impairments recorded during the September 30, 2018 or 2017 quarter and year-to-date periods.

Other Intangible Assets

Other intangible asset balances were as follows:

		September 30, 2018		December 31, 2017
		(In thousands)		
Customer relationships and non-compete:				
Gross carrying amount [(1)]	$	838,100	$	820,200
Accumulated amortization		(46,388)		(14,497)
Customer relationships and non-compete, net	$	791,712	$	805,703
Trade names:				
Gross carrying amount [(1)]		639,900		635,200
Intangible assets, net	$	1,431,612	$	1,440,903

(1) The changes in the gross carrying amounts of intangible assets are related to the Abilene Acquisition and are discussed in Note 4 .

The Company's customer relationship intangible assets related to the Abilene Acquisition are being amortized over a weighted average period of 20.0 years .

As of September 30, 2018 , management anticipates that the composition and amount of amortization associated with intangible assets will be $10.7 million for the remainder of 2018, $42.7 million for each of the years 2019 through 2021, and $42.6 million in 2022. Actual amounts of amortization expense may differ from estimated amounts due to additional intangible asset acquisitions, impairment of intangible assets, accelerated amortization of intangible assets, and other events.

Note 8 — Income Taxes

Effective Tax Rate — The quarter-to-date September 30, 2018 and September 30, 2017 effective tax rates were 24.6% and (43.5)% , respectively. The change was primarily a result of a year-over-year increase in third quarter income before income taxes, partially offset by impacts from the Tax Cuts and Jobs Act of 2017, which reduced the federal corporate income tax rate from 35.0% to 21.0%. The Company recognized stock compensation deductions and the impact of state tax rate changes on deferred taxes as discrete items during the quarter ended September 30, 2017 .

The year-to-date September 30, 2018 and September 30, 2017 effective tax rates were 23.1% and 32.1% , respectively. The decrease was primarily a result of the Tax Cuts and Jobs Act of 2017. The Company recognized discrete items relating to stock compensation deductions and a favorable audit settlement of nondeductible penalties during the year-to-date September 30, 2018 period. The Company also recognized discrete items relating to stock compensation deductions and the impact of state tax rate changes on deferred taxes during the year-to-date September 30, 2017 period.

Valuation Allowance — The Company has not established a valuation allowance as it has been determined that, based upon available evidence, a valuation allowance is not required. Management believes that it is more like ly than not that the results of future operations will generate sufficient taxable income to realize the deferred tax assets. All other deferred tax assets are expected to be realized and utilized by continued profitability in future periods.

Unrecognized Tax Benefits — The Company does not anticipate a decrease of unrecognized tax benefits during the next twelve months.

Interest and Penalties — Accrued interest and penalties related to unrecognized tax benefits as of September 30, 2018 and December 31, 2017 were approximately $1.4 million and $0.3 million , respectively.

Tax Examinations — Certain of the Company's subsidiaries are currently under examination by various state and federal jurisdictions for tax years ranging from 2011 through 2016 . At the completion of these examinations, management does not expect any adjustments that would have a material impact on the Company's effective tax rate. Years subsequent to 2013 remain subject to examination.

Note 9 — Accounts Receivable Securitization

On July 11, 2018, Swift Receivables Company II, LLC ("SRCII") , a wholly-owned subsidiary of the Company, entered into the 2018 RSA, which further amends the 2015 RSA. The parties to the 2018 RSA are SRCII as the seller, Swift Transportation Services, LLC as the servicer, the various conduit purchasers, the various related committed purchasers, the various purchaser agents, the various letters of credit participants, and PNC Bank, National Association as the issuing bank for letters of credit and as administrator. Pursuant to the related purchase and sale agreement and together with the 2018 RSA, the Company's receivable originator subsidiaries sell, on a revolving basis, undivided interests in all of their eligible accounts receivable to SRCII. In turn, SRCII sells a variable percentage ownership interest in the eligible accounts receivable to the various purchasers.

The 2018 RSA is subject to fees, various affirmative and negative covenants, representations and warranties, and default and termination provisions customary for facilities of this type. The Company was in compliance with these covenants as of September 30, 2018 . Collections on the underlying receivables by the Company are held for the benefit of SRCII and the various purchasers and are unavailable to satisfy claims of the Company and its subsidiaries.

The following table summarizes the key differences between the 2018 RSA and the 2015 RSA (dollars in thousands):

	2018 RSA	2015 RSA
Effective date	July 11, 2018	December 10, 2015
Final maturity date	July 11, 2021	January 10, 2019
Borrowing capacity	$325,000	$400,000
Accordion option (1)	$175,000	$75,000
Unused commitment fee rate (2)	20 to 40 basis points	35 basis points
Program fees on outstanding balances (3)	one-month LIBOR + 80 to 100 basis points	one-month LIBOR + 90 basis points

(1) The accordion option increases the maximum borrowing capacity, subject to participation of the purchasers.

(2) The 2018 RSA commitment fee rate is based on the percentage of the maximum borrowing capacity utilized.

(3) The 2018 RSA program fee is based on the Company's consolidated total net leverage ratio.

The 2018 RSA and 2015 RSA are secured borrowings that are collateralized by the Company's eligible receivables, for which the Company is the servicing agent. The Company's eligible receivables are included in "Trade receivables, net of allowance for doubtful accounts" in the condensed consolidated balance sheets. As of September 30, 2018 , the Company's eligible receivables generally have high credit quality, as determined by the obligor's corporate credit rating.

Availability under the 2018 RSA and 2015 RSA is calculated as follows:

	2018 RSA	2015 RSA
	September 30, 2018	December 31, 2017
	(In thousands)	
Borrowing base, based on eligible receivables	$ 322,400	$ 317,600
Less: outstanding borrowings (1)	(235,000)	(305,000)
Less: outstanding letters of credit	(70,725)	—
Availability under accounts receivable securitization facilities	$ 16,675	$ 12,600

(1) Outstanding borrowings are included in "Accounts receivable securitization" in the condensed consolidated balance sheets. Interest accrued on the aggregate principal balance at a rate of 3.0% and 2.1% as of September 30, 2018 and December 31, 2017 , respectively.

Program fees and unused commitment fees are recorded in "Interest expense" in the condensed consolidated income statements. The Company incurred accounts receivable securitization program fees of $2.0 million and $0.4 million during the quarter-to-date September 30, 2018 and 2017 periods, respectively. The Company incurred accounts receivable securitization program fees of $6.0 million and $0.4 million during the year-to-date September 30, 2018 and 2017 periods, respectively.

Refer to Note 14 for information regarding the fair value of the 2018 RSA and 2015 RSA.

Note 10 — Purchase Commitments

As of September 30, 2018 , the Company had outstanding commitments to acquire revenue equipment of $208.2 million in 2018 ($194.1 million of which were tractor commitments) and none thereafter. These purchases may be financed through any combination of operating leases, capital leases, debt, proceeds from sales of existing equipment, and cash flows from operations.

Subsequent to September 30, 2018, management discovered that one of the Company's equipment manufacturers was behind schedule, and will accordingly delay the delivery of approximately $24.6 million of the above tractor commitments to the first quarter of 2019.

As of September 30, 2018 , the Company had outstanding purchase commitments to acquire facilities and non-revenue equipment of $4.8 million in the remainder of 2018 , $4.1 million in the two-year period of 2019 through 2020, $0.1 million in 2021, and none thereafter. Factors such as costs and opportunities for future terminal expansions may change the amount of such expenditures.

Note 11 — Contingencies and Legal Proceedings

Legal Proceedings

Information is provided below regarding the nature, status, and contingent loss amounts, if any, associated with the Company's pending legal matters. There are inherent uncertainties in these legal matters, some of which are beyond management's control, making the ultimate outcomes difficult to predict. Moreover, management's views and estimates related to these matters may change in the future, as new events and circumstances arise and the matters continue to develop.

The Company has made accruals with respect to its legal matters where appropriate, which are included in "Accrued liabilities" in the condensed consolidated balance sheets. The Company has recorded an aggregate accrual of approximately $90.2 million , relating to the Company's outstanding legal proceedings as of September 30, 2018 .

Based on management's present knowledge of the facts and (in certain cases) advice of outside counsel, management does not believe that loss contingencies arising from pending matters are likely to have a material adverse effect on the Company's overall financial position, operating results, or cash flows after taking into account any existing accruals. However, actual outcomes could be material to the Company's financial position, operating results, or cash flows for any particular period.

EMPLOYEE COMPENSATION AND PAY PRACTICES MATTERS

Washington Overtime Class Actions

The plaintiffs allege one or more of the following, pertaining to Washington state-based driving associates: that Swift 1) failed to pay minimum wage; 2) failed to pay overtime; 3) failed to pay all wages due at established pay periods; 4) failed to provide proper meal and rest periods; 5) failed to provide accurate wage statements; and 6) unlawfully deducted from employee wages. The plaintiffs seek unpaid wages, exemplary damages, interest, other costs, and attorneys' fees.

Plaintiff(s)	Defendant(s)	Date instituted	Court or agency currently pending in
Troy Slack (1)	Swift Transportation Company of Arizona, LLC and Swift Transportation Corporation	September 9, 2011	United States District Court for the Western District of Washington
Julie Hedglin (1)	Swift Transportation Company of Arizona, LLC and Swift Transportation Corporation	January 14, 2016	United States District Court for the Western District of Washington

Recent Developments and Current Status

On August 29, 2017, the parties in the Slack matter reached a settlement; however, the parties are currently disputing the scope of the settlement release. There have been no significant developments in the Slack matter during the first three quarters of 2018. Additionally, the parties in the Hedglin matter have reached a tentative settlement. The likelihood that a loss has been incurred for the Slack and Hedglin matters is probable and estimable, and the loss has accordingly been accrued.

California Wage, Meal, and Rest Class Actions

The plaintiffs generally allege one or more of the following: that the Company 1) failed to pay the California minimum wage; 2) failed to provide proper meal and rest periods; 3) failed to timely pay wages upon separation from employment; 4) failed to pay for all hours worked; 5) failed to pay overtime; 6) failed to properly reimburse work-related expenses; and 7) failed to provide accurate wage statements.

Plaintiff(s)	Defendant(s)	Date instituted	Court or agency currently pending in
John Burnell (1)	Swift Transportation Co., Inc	March 22, 2010	United States District Court for the Central District of California
James R. Rudsell (1)	Swift Transportation Co. of Arizona, LLC and Swift Transportation Company	April 5, 2012	United States District Court for the Central District of California

Recent Developments and Current Status

The parties have reached a tentative settlement of the matter. As such, the likelihood that a loss has been incurred is probable and estimable, and the loss has accordingly been accrued.

(1) Individually and on behalf of all others similarly situated.

INDEPENDENT CONTRACTOR MATTERS			
Ninth Circuit Independent Contractor Misclassification Class Action			
The putative class alleges that Swift misclassified independent contractors as independent contractors, instead of employees, in violation of the FLSA and various state laws. The lawsuit also raises certain related issues with respect to the lease agreements that certain independent contractors have entered into with Interstate Equipment Leasing, LLC. The putative class seeks unpaid wages, liquidated damages, interest, other costs, and attorneys' fees.			
Plaintiff(s)	**Defendant(s)**	**Date instituted**	**Court or agency currently pending in**
Joseph Sheer, Virginia Van Dusen, Jose Motolinia, Vickii Schwalm, Peter Wood (1)	Swift Transportation Co., Inc., Interstate Equipment Leasing, Inc., Jerry Moyes, and Chad Killebrew	December 22, 2009	Unites States District Court of Arizona and Ninth Circuit Court of Appeals
Recent Developments and Current Status			
In January 2017, the district court issued an order finding that the plaintiffs had signed contracts of employment and thus the case could properly proceed in court, instead of arbitration. Swift has appealed this decision to the Ninth Circuit Court of Appeals and the parties have discussed settlement. There were no significant developments during the first three quarters of 2018. Based on the above, the likelihood that a loss has been incurred is probable and estimable, and the loss has accordingly been accrued.			
Utah Collective and Individual Arbitration			
The plaintiffs allege that the Central Parties (defined below) misclassified independent contractors as independent contractors, instead of employees, in violation of the FLSA and various state laws. The putative class seeks unpaid wages, liquidated damages, interest, other costs, and attorneys' fees.			
Plaintiff(s)	**Defendant(s)**	**Date instituted**	**Court or agency currently pending in**
Gabriel Ciluffo, Kevin Shire, and Bryan Ratterree (1)	Central Refrigerated Service, Inc., Central Leasing, Inc., Jon Isaacson, and Jerry Moyes (the "Central Parties"), as well as Swift Transportation Company	June 1, 2012	American Arbitration Association
Recent Developments and Current Status			
In October 2016, the arbitrator ruled that approximately 1,300 Central Refrigerated Service, Inc. drivers should have been classified as employees, not independent contractors. The arbitrator ruled that damages could ultimately be assessed in a collective proceeding and denied Swift's motion to decertify the collective proceeding. On April 14, 2017, the parties reached a settlement of the matter. On April 3, 2018, the court granted final approval of the settlement and the Company paid the settlement in the second quarter of 2018.			

(1) Individually and on behalf of all others similarly situated.

Self Insurance

The Company is insured against auto liability ("AL") claims under a primary self-insured retention ("SIR") policy. Knight's AL claims have SIRs ranging from $1.0 million to $3.0 million per occurrence depending on the policy period.

For the policy period March 1, 2018 to March 1, 2019, the Knight SIR is $1.0 million with additional responsibility up to $1.6 million per occurrence within its primary limit and applicable aggregate limits. For the policy period March 1, 2017 to March 1, 2018, the Knight SIR was $1.0 million , with additional responsibility up to $1.6 million per occurrence within its primary limit and applicable aggregate limits. For the policy period March 1, 2016 to March 1, 2017, the Knight SIR was $2.5 million with no additional aggregate limits or deductibles within the primary AL policy. The Company secured excess liability coverage up to $130.0 million per occurrence for the Knight policy periods March 1, 2018 to March 1, 2019, March 1, 2017 to March 1, 2018, and March 1, 2016 to March 1, 2017. Knight also carries a $2.5 million aggregate deductible for any loss or losses within the excess coverage layer. Swift AL claims have $250.0 million of coverage per occurrence ($350.0 million aggregated limits through October 31, 2016), subject to a $10.0 million SIR per-occurrence.

The Company is self-insured for workers' compensation coverage. The Knight self-retention level has a maximum of $1.0 million per occurrence. Swift maintains statutory coverage limits, subject to a $5.0 million SIR for each accident or disease. Additionally, through Knight, the Company maintains primary and excess coverage for employee medical expenses and hospitalization, with self-insured retention of $0.3 million per claimant. Since January 1, 2015, Swift has been fully insured on its medical benefits, subject to contributed premiums.

Note 12 — Share Repurchase Plans

On June 1, 2018, the Board approved the repurchase of up to $250.0 million of the Company's outstanding common stock (the "Knight-Swift Repurchase Plan"). With the adoption of the Knight-Swift Repurchase Plan, the Company terminated the $150.0 million repurchase plan approved by Swift's board of directors in February 2016 (the "Swift Repurchase Plan") which was prior to the 2017 Merger. When terminated, the Swift Repurchase Plan had approximately $62.9 million in remaining authorized purchases. During the quarter and year-to-date September 30, 2018 periods, the Company purchased 3.1 million shares of its common stock for $100.0 million under the Knight-Swift Repurchase Plan, and as such $150.0 million in authorized purchases remained as of September 30, 2018 . Subsequent to September 30, 2018 , the Company repurchased 1.1 million shares for $33.6 million under the Knight-Swift Repurchase Plan, leaving $116.4 million available as of November 6, 2018.

Note 13 — Weighted Average Shares Outstanding

Basic and diluted earnings per share, as presented in the condensed consolidated income statements, are calculated by dividing net income attributable to Knight-Swift by the respective weighted average common shares outstanding during the period.

The following table reconciles basic weighted average shares outstanding to diluted weighted average shares outstanding:

	Quarter-to-Date September 30,		Year-to-Date September 30,	
	2018	2017	2018	2017
	(In thousands)			
Basic weighted average common shares outstanding	176,849	102,846	177,816	87,978
Dilutive effect of equity awards	901	906	977	869
Diluted weighted average common shares outstanding	177,750	103,752	178,793	88,847
Anti-dilutive shares excluded from diluted earnings per share (1)	48	654	48	488

(1) Shares were excluded from the dilutive-effect calculation because the outstanding awards' exercise prices were greater than the average market price of Knight-Swift's common stock for the periods presented.

Note 14 — Fair Value Measurement

ASC Topic 820, *Fair Value Measurements and Disclosures,* requires that the Company disclose estimated fair values for its financial instruments. The estimated fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or most advantageous market for the asset or liability. Fair value estimates are made at a specific point in time and are based on relevant market information and information about the financial instrument. These estimates do not reflect any premium or discount that could result from offering for sale at one time the Company's entire holdings of a particular financial instrument. Changes in assumptions could significantly affect these estimates. Because the fair value is estimated as of September 30, 2018 and December 31, 2017 , the amounts that will actually be realized or paid at settlement or maturity of the instruments in the future could be significantly different.

The tables below exclude certain financial instruments. The excluded financial instruments are as follows: cash and cash equivalents, restricted cash included in "Cash and cash equivalents – restricted", net accounts receivable, income tax refund receivable, and accounts payable. The estimated fair values of these financial instruments approximate their carrying values as they are short-term in nature. Additionally, for notes payable under revolving lines of credit, fair value approximates the carrying value due to the variable interest rate. For capital leases, the carrying value approximates the fair value, as the Company's capital leases are structured to amortize in a manner similar to the depreciation of the underlying assets. All remaining balance sheet amounts excluded from the table below are not considered financial instruments subject to this disclosure.

Financial Assets — The carrying amounts and estimated fair values of the Company's financial assets are included in Note 5 for restricted investments, held-to-maturity and under "Recurring Fair Value Measurements" below for other investments.

Financial Liabilities — The following table presents the carrying amounts and estimated fair values of the Company's financial liabilities:

	September 30, 2018		December 31, 2017	
	Carrying Value	Estimated Fair Value	Carrying Value	Estimated Fair Value
	(In thousands)			
Term Loan, due October 2020 (1)	$ 364,531	$ 365,000	$ 364,355	$ 365,000
2018 RSA, due July 2021 (2)	234,567	235,000	—	—
2015 RSA, due January 2019	—	—	305,000	305,000
Revolver, due October 2022	235,000	235,000	125,000	125,000

(1) The carrying amount of the Term Loan is included in "Long-term debt, less current portion," and is net of $0.5 million and $0.6 million in deferred loan costs as of September 30, 2018 and December 31, 2017 , respectively.

(2) The carrying amount of the 2018 RSA is included in "Accounts Receivable Securitization," and is net of $0.4 million in deferred loan costs as of September 30, 2018 .

The estimated fair values of the Company's financial instruments as of September 30, 2018 and December 31, 2017 represent management's best estimates of the amounts that would be received to sell those assets or that would be paid to transfer those liabilities in an orderly transaction between market participants at that date. The estimated fair value measurements maximize the use of observable inputs. However, in situations where there is little, if any, market activity for the asset or liability at the measurement date, the estimated fair value measurement reflects management's own judgments about the assumptions that market participants would use in pricing the asset or liability. These judgments are developed by the Company based on the best information available under the circumstances.

The following summary presents a description of the methods and assumptions used to estimate the fair value of each class of financial instrument.

Restricted Investments, Held to Maturity — The estimated fair value of the Company's restricted investments, held to maturity, is based on quoted prices in active markets that are readily and regularly obtainable. See Note 5 for additional disclosures regarding restricted investments, held to maturity.

Term Loan — The estimated fair value of the Term Loan approximates the face value.

Accounts Receivable Securitization — The Company's securitization of accounts receivable consists of borrowings outstanding pursuant to the 2018 RSA as of September 30, 2018 and the 2015 RSA as of December 31, 2017 , as discussed in Note 9 . The estimated fair value of the Company's accounts receivable securitization approximates the face value.

***Recurring Fair Value Measurements* —** The following table depicts the level in the fair value hierarchy of the inputs used to estimate fair value of assets measured on a recurring basis as of September 30, 2018 and December 31, 2017 :

	Estimated Fair Value (1)	Fair Value Measurements at Reporting Date Using: Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
	(In thousands)			
As of September 30, 2018				
Money market funds	$ 1,591	$ 1,591	$ —	$ —
Debt securities – municipal securities	2,531	—	2,531	—
As of December 31, 2017				
Money market funds	$ 1,427	$ 1,427	$ —	$ —
Debt securities – municipal securities	1,887	—	1,887	—

(1) The money market funds and debt securities are trading securities and are restricted to meet statutory requirements. The carrying value, included within "Other long-term assets" in the Company's condensed consolidated balance sheets, approximates the estimated fair value.

As of September 30, 2018 and December 31, 2017 , there were no liabilities on the condensed consolidated balance sheets estimated at fair value that were measured on a recurring basis.

***Nonrecurring Fair Value Measurements* —** As of September 30, 2018 and December 31, 2017 , the Company had no major categories of liabilities estimated at fair value that were measured on a nonrecurring basis.

As of September 30, 2018 , the Company had no major categories of assets estimated at fair value that were measured on a nonrecurring basis. The following table depicts the level in the fair value hierarchy of the inputs used to estimate fair value of assets measured on a nonrecurring basis as of December 31, 2017 :

	Estimated Fair Value	Fair Value Measurements at Reporting Date Using: Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Losses
	(In thousands)				
As of December 31, 2017					
Software (1)	$ —	$ —	$ —	$ —	$ (16,746)
Equipment (2)	350	—	—	350	(98)

(1) The Company terminated the implementation of Swift's enterprise resource planning system in 2017. The related impairment loss was included in "Impairments" within operating income in the consolidated income statement (within Swift's non-reportable segments).

(2) Management reassessed the fair value of certain Interstate Equipment Leasing, LLC tractors as of December 31, 2017 , which had a total book value of $0.4 million , determining that there was an impairment loss. The impairment loss was included in "Impairments" within operating income in the consolidated income statement (within Swift's non-reportable segments).

Note 15 — Related Party Transactions

The following table presents Knight-Swift's transactions with companies controlled by and/or affiliated with its related parties:

	Quarter-to-Date September 30,				Year-to-Date September 30,			
	2018		2017		2018		2017	
	Provided by Knight-Swift	Received by Knight-Swift	Provided by Knight-Swift	Received by Knight-Swift	Provided by Knight-Swift	Received by Knight-Swift	Provided by Knight-Swift	Received by Knight-Swift
	(In thousands)							
Freight Services:								
Central Freight Lines (1)	$ —	$ —	$ —	$ —	$ 427	$ —	$ —	$ —
SME Industries (1)	176	—	—	—	623	—	—	—
Total	$ 176	$ —	$ —	$ —	$ 1,050	$ —	$ —	$ —
Facility and Equipment Leases:								
Central Freight Lines (1)	$ 222	$ 92	$ —	$ —	$ 690	$ 277	$ —	$ —
Other Affiliates (1)	4	—	—	—	15	—	—	—
Total	$ 226	$ 92	$ —	$ —	$ 705	$ 277	$ —	$ —
Other Services:								
Updike Distribution and Logistics (2)	$ —	$ —	$ 772	$ —	$ 554	$ —	$ 1,960	$ —
Other Affiliates (1)	9	701	9	—	27	2,055	27	—
Total	$ 9	$ 701	$ 781	$ —	$ 581	$ 2,055	$ 1,987	$ —

(1) Entities affiliated with Board member Jerry Moyes include Central Freight Lines, SME Industries, DPF Mobile, and Compensi Services. Transactions with these entities that are controlled by and/or are otherwise affiliated with Jerry Moyes, include freight services, facility leases, equipment sales, and other services.

- *Freight Services Provided by Knight-Swift* — The Company charges each of these companies for transportation services.
- *Other Services Provided by Knight-Swift* — Other services provided by the Company to the identified related parties include equipment sales and miscellaneous services.
- *Other Services Received by Knight-Swift* — Consulting fees, tractor maintenance costs, and certain third-party payroll and employee benefits administration services from the identified related parties are included in other services received by the Company.

In conjunction with Swift's September 8, 2016 announcement that Jerry Moyes would retire from his position as Chief Executive Officer effective December 31, 2016, Swift entered into an agreement with Mr. Moyes to memorialize the terms of his retirement, which was assumed by Knight-Swift. Swift contracted with Mr. Moyes to serve as a non-employee consultant from January 1, 2017 through December 31, 2019, during which time Swift pays Mr. Moyes a monthly consulting fee in cash.

The following is a rollforward of the accrued liability for the consulting fees:

	(In thousands)
Accrued consulting fees – Jerry Moyes, balance at December 31, 2017 (1a)	$ 4,450
Additions to accrual	—
Less: payments	(1,625)
Accrued consulting fees – Jerry Moyes, balance at September 30, 2018 (1a)	$ 2,825

(1a) The balance is included in "Other long-term liabilities" (noncurrent) and "Accrued liabilities" (current) in the condensed consolidated balance sheets, based on the timing of the expected payments.

(2) Knight had an arrangement with Updike Distribution and Logistics, a company that is owned by the father and three brothers of Executive Vice President of Sales and Marketing, James Updike, Jr. The arrangement allowed Updike Distribution and Logistics to purchase fuel from Knight's vendors at cost, plus an administrative fee. The arrangement was discontinued during the second quarter of 2018.

Receivables and payables pertaining to related party transactions were:

	September 30, 2018		December 31, 2017	
	Receivable	Payable	Receivable	Payable
	(In thousands)			
Central Freight Lines	$ 12	$ —	$ 213	$ —
SME Industries	35	—	79	—
Other Affiliates	—	18	—	—
Total	$ 47	$ 18	$ 292	$ —

Note 16 — Information by Segment and Geography

Segment Information

Following the 2017 Merger, the Company continues to maintain Knight's and Swift's distinct brands in customer and driver-facing activities, while benefiting from the combined experience of its senior leadership. The Company's chief operating decision makers continue to assess performance based on Knight's and Swift's historical operating segments. As a result, the Company has six reportable segments, which are the historical reportable operating segments of Knight and Swift: Knight Trucking, Knight Logistics, Swift Truckload, Swift Dedicated, Swift Refrigerated, and Swift Intermodal, as well as the Swift non-reportable segments, discussed below.

Trucking Segments:

- *Knight Trucking* — The Knight Trucking segment is comprised of dry van, refrigerated, and drayage operations. Abilene's trucking operations are included beginning March 17, 2018.
- *Swift Truckload* — The Swift Truckload segment consists of one-way movements over irregular routes throughout the United States, Mexico, and Canada.
- *Swift Dedicated* — The Swift Dedicated segment devotes use of equipment to specific customers and offers tailored solutions under long-term contracts.
- *Swift Refrigerated* — The Swift Refrigerated segment primarily consists of shipments for customers that require temperature-controlled trailers. These shipments include one-way movements over irregular routes, as well as dedicated truck operations.

Knight Logistics

The Knight Logistics segment is primarily comprised of brokerage and intermodal operations. Knight also provides logistics freight management and other non-trucking services through its Knight Logistics business. Abilene's logistics operations are included beginning March 17, 2018.

Swift Intermodal

The Swift Intermodal segment includes revenue generated by moving freight over the rail in Swift's containers and other trailing equipment, combined with revenue for drayage to transport loads between the railheads and customer locations.

Swift Non-reportable Segments

The Swift non-reportable segments include Swift's logistics and freight brokerage services, as well as support services that Swift's subsidiaries provide to customers and independent contractors, including repair and maintenance shop services, equipment leasing, and insurance. Certain of Swift's legal settlements and accruals, amortization of intangibles related to the 2017 Merger, and certain other corporate expenses are also included in the non-reportable segments.

Intersegment Eliminations

Certain operating segments provide transportation and related services for other affiliates outside of their reportable segment. For Knight operating segments, such services are billed at cost, and no profit is earned. For Swift operating segments, revenues for such services are based on negotiated rates, and are reflected as revenues of the billing segment. These rates are adjusted from time to time, based on market conditions. Such intersegment revenues and expenses are eliminated in Knight-Swift's consolidated results.

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) — CONTINUED

The following tables present the Company's financial information by segment:

	Quarter-to-Date September 30,		Year-to-Date September 30,	
	2018	2017	2018	2017
Revenue:	(In thousands)			
Knight – Trucking	$ 296,021	$ 222,307	$ 845,688	$ 661,320
Knight – Logistics	89,554	57,904	235,165	166,959
Swift – Truckload	400,399	115,899	1,251,576	115,899
Swift – Dedicated	163,276	39,120	476,466	39,120
Swift – Refrigerated	211,282	47,506	616,444	47,506
Swift – Intermodal	123,065	24,046	339,841	24,046
Subtotal	$ 1,283,597	$ 506,782	$ 3,765,180	$ 1,054,850
Non-reportable segments	78,252	20,212	233,030	20,212
Intersegment eliminations	(15,238)	(5,386)	(48,784)	(9,029)
Total revenue	$ 1,346,611	$ 521,608	$ 3,949,426	$ 1,066,033

	Quarter-to-Date September 30,		Year-to-Date September 30,	
	2018	2017	2018	2017
Operating income (loss):	(In thousands)			
Knight – Trucking	$ 56,535	$ 8,581	$ 153,915	$ 54,603
Knight – Logistics	8,816	3,651	16,506	8,677
Swift – Truckload	54,026	7,967	134,622	7,967
Swift – Dedicated	21,809	2,949	57,702	2,949
Swift – Refrigerated	8,222	427	21,261	427
Swift – Intermodal	9,453	1,396	17,455	1,396
Subtotal	$ 158,861	$ 24,971	$ 401,461	$ 76,019
Non-reportable segments	(14,581)	(19,160)	(39,195)	(19,160)
Operating income	$ 144,280	$ 5,811	$ 362,266	$ 56,859

	Quarter-to-Date September 30,		Year-to-Date September 30,	
	2018	2017	2018	2017
Depreciation and amortization of property and equipment:	(In thousands)			
Knight – Trucking	$ 30,938	$ 27,552	$ 89,729	$ 83,678
Knight – Logistics	1,081	1,245	3,508	3,922
Swift – Truckload	26,601	6,179	79,312	6,179
Swift – Dedicated	12,592	2,861	37,281	2,861
Swift – Refrigerated	10,285	2,147	29,847	2,147
Swift – Intermodal	2,981	603	8,662	603
Subtotal	$ 84,478	$ 40,587	$ 248,339	$ 99,390
Non-reportable segments	13,230	2,890	38,980	2,890
Depreciation and amortization of property and equipment	$ 97,708	$ 43,477	$ 287,319	$ 102,280

Geographical Information

In the aggregate, total revenue from the Company's foreign operations was less than 5.0% of consolidated total revenue for the quarter and year-to-date September 30, 2018 and 2017 periods. Additionally, long-lived assets on the Company's foreign subsidiary balance sheets were less than 5.0% of consolidated total assets as of September 30, 2018 and December 31, 2017 .

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report contains certain statements that may be considered "forward-looking statements" within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and Section 27A of the Securities Act of 1933, as amended. All statements, other than statements of historical or current fact, are statements that could be deemed forward-looking statements, including without limitation:

- any projections of earnings, revenues, cash flows, dividends, capital expenditures, or other financial items,
- any statement of plans, strategies, and objectives of management for future operations,
- any statements concerning proposed acquisition plans, new services or developments,
- any statements regarding future economic conditions or performance, and
- any statements of belief and any statements of assumptions underlying any of the foregoing.

In this Quarterly Report, forward-looking statements include statements we make concerning:

- the ability of our infrastructure to support future growth, whether we grow organically or through potential acquisitions,
- the future impact of the 2017 Merger and the Abilene Acquisition, including achievement of anticipated synergies,
- the flexibility of our model to adapt to market conditions,
- our ability to recruit and retain qualified driving associates,
- future safety performance,
- future dedicated and refrigerated performance,
- our ability to gain market share,
- our ability and desire to expand our brokerage and intermodal operations,
- future equipment prices, our equipment purchasing plans, and our equipment turnover (including expected tractor trade-ins),
- our ability to sublease equipment to independent contractors,
- the impact of pending legal proceedings,
- the expected freight environment, including freight demand and volumes,
- economic conditions, including future inflation, consumer spending, and US Gross Domestic Product ("GDP") growth,
- our ability to obtain favorable pricing terms from vendors and suppliers,
- expected liquidity and methods for achieving sufficient liquidity,
- future fuel prices,
- future expenses and our ability to control costs,
- future operating profitability,
- future third-party service provider relationships and availability,
- future contracted pay rates with independent contractors and compensation arrangements with driving associates,
- our expected need or desire to incur indebtedness,
- expected sources of liquidity for capital expenditures and allocation of capital,
- expected capital expenditures,
- future mix of owned versus leased revenue equipment,

- future asset utilization,
- future capital requirements,
- future return on capital,
- future tax rates,
- future share repurchases,
- our intention to pay dividends in the future,
- future trucking industry capacity,
- future rates,
- future depreciation and amortization,
- expected tractor and trailer fleet age,
- political conditions and regulations, including trade regulation, quotas, duties or tariffs, and any future changes to the foregoing, and
- future purchased transportation expense.

Such statements may be identified by their use of terms or phrases such as "believe," "may," "could," "expects," "estimates," "projects," "anticipates," "plans," "intends," "hopes," "strategy," "objective," "continue," and similar terms and phrases. Forward-looking statements are based on currently available operating, financial, and competitive information. Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified, which could cause future events and actual results to materially differ from those set forth in, contemplated by, or underlying the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed in Part II, Item 1A. "Risk Factors" in our Quarterly Report for the quarterly period ended March 31, 2018, Part I, Item 1A "Risk Factors" in our 2017 Annual Report, and various disclosures in our press releases, stockholder reports, and other filings with the SEC.

All such forward-looking statements speak only as of the date of this Quarterly Report. You are cautioned not to place undue reliance on such forward-looking statements. We expressly disclaim any obligation or undertaking to publicly release any updates or revisions to any forward-looking statements contained herein, to reflect any change in our expectations with regard thereto, or any change in the events, conditions, or circumstances on which any such statement is based.

Reference to Glossary of Terms

Certain acronyms and terms used throughout this Quarterly Report are specific to our company, commonly used in our industry, or are otherwise frequently used throughout our document. Definitions for these acronyms and terms are provided in the "Glossary of Terms," available in the front of this document.

Reference to Annual Report

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the condensed consolidated financial statements (unaudited) and footnotes included in this Quarterly Report, as well as the consolidated financial statements and footnotes included in our Annual Report for the year ended December 31, 2017 .

Executive Summary

Company Overview

2017 Merger — On September 8, 2017, the Company became Knight-Swift Transportation Holdings Inc. upon the effectiveness of the 2017 Merger. Immediately upon the consummation of the 2017 Merger, former Knight stockholders and former Swift stockholders owned approximately 46.0% and 54.0%, respectively, of the Company. Upon closing of the 2017 Merger, the shares of Knight common stock that previously traded under the ticker symbol "KNX" ceased trading and were delisted from the NYSE. Our shares of common stock commenced trading on the NYSE on a post-reverse split basis under the ticker symbol "KNX" on September 11, 2017.

The Company accounted for the 2017 Merger using the acquisition method of accounting in accordance with GAAP. GAAP requires that either Knight or Swift is designated as the acquirer for accounting and financial reporting purposes ("Accounting Acquirer"). Based on the evidence available, Knight was designated as the Accounting Acquirer while Swift was the acquirer for legal purposes. For more information about the 2017 Merger refer to Knight-Swift's Annual Report for the year ended December 31, 2017.

Abilene Acquisition — On March 16, 2018 the Company acquired all of the issued and outstanding equity interests of Abilene. Please refer to Note 4 in Part I, Item 1 of this Quarterly Report for more information about the Abilene Acquisition.

Segments — Our six reportable segments are Knight Trucking, Knight Logistics, Swift Truckload, Swift Dedicated, Swift Refrigerated, and Swift Intermodal. Additionally, Swift has various non-reportable segments. Refer to Note 16 in Part I, Item 1 of this Quarterly Report for descriptions of our segments.

Revenue — We offer a broad range of full truckload, intermodal, brokerage, and logistics services through our nationwide network of terminals in the US and Mexico to serve customers throughout North America. In addition to operating the nation's largest fleet, we also have contractual access to thousands of third-party capacity providers. Our objective is to operate our trucking and logistics businesses with industry-leading margins and growth while providing safe, high-quality, cost-effective solutions for our customers.

- Our trucking services include dry van, refrigerated, dedicated, drayage, flatbed, and cross-border transportation of various products, goods, and materials for our diverse customer base. We primarily generate revenue, excluding fuel surcharge by transporting freight for our customers through our trucking services in our Knight Trucking, Swift Truckload, Swift Dedicated, and Swift Refrigerated segments.
- Our brokerage and intermodal operations provide a multitude of shipping solutions, including additional sources of truckload capacity and alternative transportation modes, by utilizing our vast network of third-party capacity providers and rail providers, as well as certain logistics, freight management, and other non-trucking services. Revenue, excluding fuel surcharge in our brokerage and intermodal operations is generated through our Knight Logistics and Swift Intermodal segments.
- Our Swift non-reportable segments generate revenue, excluding fuel surcharge by providing freight management, sourcing, and other non-trucking services (such as repair and maintenance shop services and used equipment sales and leasing to independent contractors, as well as third parties).
- In addition to the revenues earned from our customers for the trucking and non-trucking services discussed above, we also earn fuel surcharge revenue from our customers through our fuel surcharge program, which serves to recover a majority of our fuel costs. This applies only to loaded miles and typically does not offset non-paid empty miles, idle time, and out-of-route miles driven. Fuel surcharge programs involve a computation based on the change in national or regional fuel prices. These programs may update as often as weekly, but typically require a specified minimum change in fuel cost to prompt a change in fuel surcharge revenue. Therefore, many of these programs have a time lag between when fuel costs change and when the change is reflected in fuel surcharge revenue for our trucking segments.

Expenses — Our most significant expenses vary with miles traveled and include fuel, driving associate-related expenses (such as wages and benefits), and services purchased from independent contractors and other transportation providers (such as railroads, drayage providers, and other trucking companies). Maintenance and tire expenses, as well as the cost of insurance and claims generally vary with the miles we travel, but also have a controllable component based on safety improvements, fleet age, efficiency, and other factors. Our primary fixed costs are depreciation and lease expense for revenue equipment and terminals, amortization of intangible assets, interest expense, and non-driver employee compensation.

Operating Statistics — We measure our consolidated and segment results through certain operating statistics, which are discussed under "Results of Operations — Segment Review — Operating Statistics," below. Our results are affected by various economic, industry, operational, regulatory, and other factors, which are discussed in detail in "Part I, Item 1A. Risk Factors," in our 2017 Annual Report, and supplemented in Part II, Item 1A of our Quarterly Report for the first quarter of 2018, as well as in various disclosures in our press releases, stockholder reports, and other filings with the SEC.

Financial Overview

	Quarter-to-Date September 30,		Year-to-Date September 30,	
	2018	2017	2018	2017
GAAP financial data:	(Dollars in thousands, except per share data)			
Total revenue	$ 1,346,611	$ 521,608	$ 3,949,426	$ 1,066,033
Revenue, excluding fuel surcharge	$ 1,188,743	$ 469,683	$ 3,482,663	$ 961,685
Net income attributable to Knight-Swift	$ 105,881	$ 3,881	$ 267,568	$ 36,728
Diluted EPS	$ 0.60	$ 0.04	$ 1.50	$ 0.41
Operating Ratio	89.3%	98.9%	90.8%	94.7%
Non-GAAP financial data:				
Adjusted Net Income Attributable to Knight-Swift (1)	$ 115,122	$ 25,511	$ 293,265	$ 60,563
Adjusted EPS (1)	$ 0.65	$ 0.25	$ 1.64	$ 0.68
Adjusted Operating Ratio (1)	86.8%	90.6%	88.6%	89.7%
Revenue equipment:				
Average tractors (2)	18,906	20,295	19,266	20,379
Average trailers (3)	68,318	61,303	70,284	61,294
Average containers	9,366	8,047	9,203	8,047

(1) Adjusted Net Income Attributable to Knight-Swift, Adjusted EPS, and Adjusted Operating Ratio are non-GAAP financial measures and are not substitutes for or superior to and should be considered in addition to the most directly comparable GAAP financial measures. Adjusted Net Income Attributable to Knight-Swift, Adjusted EPS, and Adjusted Operating Ratio are reconciled to the most directly comparable GAAP financial measures under "Non-GAAP Financial Measures," below.

(2) Reflects operational tractors, including company tractors and tractors owned by independent contractors, within the Knight Trucking, Swift Truckload, Swift Dedicated, and Swift Refrigerated segments.

Knight's tractor fleet had an average age of 2.5 years and 2.7 years for the third quarter of 2018 and 2017, respectively. Swift's tractor fleet had an average age of 2.4 years and 2.5 years for the third quarter of 2018 and 2017, respectively.

Knight's tractor fleet had an average age of 2.6 years and 2.5 years for the year-to-date September 30, 2018 and 2017 periods, respectively. Swift's tractor fleet had an average age of 2.4 years and 2.5 years for the year-to-date September 30, 2018 and 2017 periods, respectively.

(3) Knight's trailer fleet had an average age of 4.3 years and 3.8 years for the third quarter of 2018 and 2017, respectively. Swift's trailer fleet had an average age of 8.5 years and 8.1 years for the third quarter of 2018 and 2017, respectively.

Knight's trailer fleet had an average age of 4.2 years and 3.8 years for the year-to-date September 30, 2018 and 2017 periods, respectively. Swift's trailer fleet had an average age of 8.5 years and 8.1 years for the year-to-date September 30, 2018 and 2017 periods, respectively.

Recent Consolidated Results of Operations and Quarter-End Financial Condition

Trends and Outlook — The US GDP decreased slightly from the second quarter of 2018 to the third quarter of 2018, but still represented the best sequential quarters since 2014. Third-party forecasts indicate that the US GDP will continue to grow, but at a slower pace in the fourth quarter of 2018 and into 2019. Additionally, the annual growth rate for the US economy slowed in the third quarter of 2018, after a second quarter 2018 surge from exporters shipping products earlier to avoid upcoming tariffs, as well as consumers spending more as a result of tax relief from the Tax Cuts and Jobs Act of 2017. Inventory levels across the US supply chain, which were in a surplus position in prior years, have recently become more balanced. The three main sources of freight demand, which are consumer spending, construction, and manufacturing, continue to show signs of strength.

Freight volumes in the trucking industry surged throughout the first half of 2018, continuing into the third quarter. Trucking capacity remained constrained during the quarter, as a result of the industry-wide surge in freight volumes and shortage of drivers. Driver sourcing continues to be a headwind for the trucking industry, as, among other market factors, the national unemployment rate reached an historic low in the third quarter of 2018, truck safety regulations have increased (including Electronic Logging Device ("ELD") regulations), and competition has increased for driving academy graduates and experienced hires.

Our continuing synergy efforts, as well as the impacts of favorable market dynamics in terms of freight demand and constrained trucking capacity, supported our third quarter 2018 results. Additionally, we made progress across all of our reportable segments. Our trucking segments (Knight Trucking, Swift Truckload, Swift Dedicated, and Swift Refrigerated) operated 18,900 tractors on a combined basis at an 86.6% operating ratio and an 84.9% Adjusted Operating Ratio. Our efforts in the first half of 2018 and into the third quarter resulted in stabilization of the Swift tractor fleet, which ended the third quarter at 14,779 operational tractors. We achieved sequential progress in the Swift Refrigerated segment's Adjusted Operating Ratio, which was most pronounced in September 2018, and we expect to see continued progress into the fourth quarter of 2018.

Given the strength in the freight market, as well as inflationary pressures related to driver wages, purchased transportation, and other costs, we expect to continue to see rate increases in our contract business in the fourth quarter of 2018 and into 2019. In this environment, we will continue to monitor the markets in order to maximize both service to our customers and yield, as well as evaluate acquisition candidates, share repurchases, and other opportunities that create value for our stockholders and further advance our long-term strategies.

Note: The reported results do not include the results of operations of Swift and its subsidiaries on and prior to the 2017 Merger, in accordance with the accounting treatment applicable to the transaction. Additionally, the reported results do not include the results of operations of Abilene on and prior to its acquisition by the Company on March 16, 2018 in accordance with the accounting treatment applicable to the transaction. Accordingly, comparisons between the Company's quarter and year-to-date September 30, 2018 results and prior periods may not be meaningful.

Comparison Between the Quarter-to-Date September 30, 2018 and 2017 Periods — The $102.0 million increase in net income attributable to Knight-Swift to $105.9 million during the third quarter of 2018 from $3.9 million in the third quarter of 2017 includes the following:

- $53.2 million increase in Knight's operating income, primarily due to the Knight Trucking segment's results, which include the results of Abilene in the third quarter of 2018, and are discussed within "Segment Review," below. The increase in revenue, excluding fuel surcharge and intersegment transactions, was partially offset by an increase in driving associate-related costs. Additionally, during the third quarter of 2017, Knight incurred certain expenses associated with the 2017 Merger, including $12.3 million in legal and professional fees, $5.6 million related to merger-related bonuses and accelerated stock compensation expense, $0.9 million merger-related statutory filings, and $0.1 million in driver-incentive expenses.
- $85.2 million increase in operating income from Swift's results for the full third quarter of 2018, compared to the last 22 days in the third quarter of 2017. A $16.7 million impairment related to the termination of Swift's implementation of its Enterprise Resource Planning ("ERP") system was included in the results for the last 22 days in the third quarter of 2017.
- $35.9 million increase in income tax expense. The increase was primarily due to the increases in operating income, discussed above. This was offset by recognition of discrete items relating to stock compensation deductions in the third quarter of 2017, as well as impacts from the Tax Cuts and Jobs Act of 2017, which among other things, reduced the Company's federal corporate income tax rate from 35.0% to 21.0%. As such, the effective tax rate increased to 24.6% in the third quarter of 2018 from (43.5)% in the third quarter of 2017.

Comparison Between the Year-to-Date September 30, 2018 and 2017 Periods — The $230.8 million increase in net income attributable to Knight-Swift to $267.6 million during the year-to-date September 30, 2018 period from $36.7 million during the same period last year includes the following:

- $105.5 million increase in Knight's operating income, primarily due to the Knight Trucking segment's results, which include the results of Abilene from March 17, 2018 through September 30, 2018, and are discussed within "Segment Review," below. The increase in revenue, excluding fuel surcharge and intersegment transactions, and the costs associated with the 2017 Merger in the prior year, were partially offset by an increase in driving associate-related costs.
- $199.9 million increase in operating income from Swift's results for the full year-to-date September 30, 2018 period, compared to the last 22 days in the prior year-to-date period. A $16.7 million impairment related to the termination of Swift's implementation of its ERP system was included in the results for the last 22 days in the prior year-to-date period.
- $19.5 million increase in interest expense, due to the inclusion of Swift's debt and capital lease balances during the full year-to-date September 30, 2018 period, compared to the last 22 days in the prior year-to-date period.
- $63.0 million increase in income tax expense. The increase was primarily due to inclusion of Swift's results for the year-to-date September 30, 2018 period. This was partially offset by recognition of discrete items relating to stock compensation deductions in the year-to-date September 30, 2018 period, as well as impacts from the Tax Cuts and Jobs Act of 2017. As such, the effective tax rate decreased to 23.1% in the year-to-date September 30, 2018 period from 32.1% in the year-to-date September 30, 2017 period.

See additional discussion of our operating results within "Results of Operations — Consolidated Operating and Other Expenses" below.

Liquidity and Capital — During the year-to-date September 30, 2018 period, we generated $580.6 million in cash flows from operations, repurchased $100.0 million of our common stock, and used $352.1 million for capital expenditures, net of equipment sales proceeds. During the year-to-date September 30, 2018 period, we returned $32.3 million to our stockholders in the form of quarterly dividends. We ended the quarter with $91.3 million in unrestricted cash and cash equivalents, $600.0 million in long-term debt (excluding the 2018 RSA and capital leases), and $5.4 billion of stockholders' equity. See discussion under "Liquidity and Capital Resources" and "Off-Balance Sheet Arrangements" for additional information.

Results of Operations — Segment Review

Our six reportable segments include our trucking segments (Knight Trucking, Swift Truckload, Swift Dedicated, and Swift Refrigerated), Knight Logistics, and Swift Intermodal. Swift also has certain non-reportable segments. Refer to Note 16 to the condensed consolidated financial statements, included in Part I, Item 1 of this Quarterly Report for descriptions of the operations of these reportable segments.

Consolidating Tables for Total Revenue and Operating Income

	Quarter-to-Date September 30,		Year-to-Date September 30,	
	2018	2017	2018	2017
Revenue:	(In thousands)			
Knight – Trucking	$ 296,021	$ 222,307	$ 845,688	$ 661,320
Knight – Logistics	89,554	57,904	235,165	166,959
Swift – Truckload	400,399	115,899	1,251,576	115,899
Swift – Dedicated	163,276	39,120	476,466	39,120
Swift – Refrigerated	211,282	47,506	616,444	47,506
Swift – Intermodal	123,065	24,046	339,841	24,046
Subtotal	$ 1,283,597	$ 506,782	$ 3,765,180	$ 1,054,850
Non-reportable segments	78,252	20,212	233,030	20,212
Intersegment eliminations	(15,238)	(5,386)	(48,784)	(9,029)
Total revenue	$ 1,346,611	$ 521,608	$ 3,949,426	$ 1,066,033

	Quarter-to-Date September 30,		Year-to-Date September 30,	
	2018	2017	2018	2017
Operating income (loss):	(In thousands)			
Knight – Trucking	$ 56,535	$ 8,581	$ 153,915	$ 54,603
Knight – Logistics	8,816	3,651	16,506	8,677
Swift – Truckload	54,026	7,967	134,622	7,967
Swift – Dedicated	21,809	2,949	57,702	2,949
Swift – Refrigerated	8,222	427	21,261	427
Swift – Intermodal	9,453	1,396	17,455	1,396
Subtotal	$ 158,861	$ 24,971	$ 401,461	$ 76,019
Non-reportable segments	(14,581)	(19,160)	(39,195)	(19,160)
Operating income	$ 144,280	$ 5,811	$ 362,266	$ 56,859

Operating Statistics

Our chief operating decision makers monitor the GAAP results of our reportable segments, as supplemented by certain non-GAAP information. Refer to "Non-GAAP Financial Measures" below for more details. Additionally, we use a number of primary indicators to monitor our revenue and expense performance and efficiency.

Average Revenue per Tractor — This operating statistic is used to measure productivity within our Knight Trucking, Swift Truckload, Swift Dedicated, and Swift Refrigerated segments and represents the average revenue per tractor based on revenue, excluding fuel surcharge (and net of intersegment eliminations for our Knight Trucking segment) for the period.

Average Revenue per Load — This operating statistic is used within our Swift Intermodal and Knight Logistics segments and represents the average revenue per load based on revenue, excluding fuel surcharge for the period.

Average Length of Haul — This represents the average of our miles with loaded trailer cargo and is used within our Knight Trucking, Swift Truckload, Swift Dedicated, and Swift Refrigerated segments.

Non-paid Empty Miles Percentage — Our Knight Trucking, Swift Truckload, and Swift Refrigerated segments monitor this operating statistic, which represents the percentage of our miles without trailer cargo.

Average Tractors — We use this measure for our Knight Trucking, Swift Truckload, Swift Dedicated, Swift Refrigerated, and Swift Intermodal segments. This operating statistic represents the average tractors in operation during the period.

Average Trailers — This represents the average trailers in operation during the period and is monitored within our Knight Trucking, Swift Truckload, Swift Dedicated, and Swift Refrigerated segments.

Average Containers — Our Swift Intermodal segment uses this measure to monitor the average number of containers in operation during the period.

Gross Margin Percentage – Brokerage Only — This measure is used in our brokerage business within the Knight Logistics segment and represents Knight's brokerage gross margin (revenue, excluding intersegment transactions, less purchased transportation expense) as a percentage of Knight's brokerage revenue, excluding intersegment transactions.

Operating Ratio and Adjusted Operating Ratio — Operating Ratio is widely used in our industry as an assessment of management's effectiveness in controlling all categories of operating expenses. We consider these ratios as important measures of our operating profitability for each of our reportable segments. GAAP Operating Ratio is operating expenses as a percentage of total revenue, or the inverse of operating margin, and produces an indication of operating efficiency. Consolidated and segment Adjusted Operating Ratios are reconciled to their corresponding GAAP Operating Ratios under "Non-GAAP Financial Measures," below.

Segment Review

Trucking Segments

Our asset-based trucking services primarily include revenue generated from dry van, refrigerated, dedicated, drayage, flatbed, and cross-border transportation service offerings through our Knight Trucking, Swift Truckload, Swift Dedicated, and Swift Refrigerated reportable segments. Additional revenues are generated in all four of our trucking segments by charging for tractor and trailer detention, loading and unloading activities, and other specialized services, as well as through the collection of fuel surcharge revenue to mitigate the impact of increases in the cost of fuel. The main factors that affect the revenue generated by our trucking segments are rate per mile from our customers, the percentage of miles for which we are compensated, and the number of loaded miles we generate with our equipment.

The most significant expenses in the trucking segments are primarily variable and include fuel and fuel taxes, driving associate-related expenses (such as wages, benefits, training, and recruitment), and costs associated with independent contractors primarily included in "Purchased transportation" in the condensed consolidated income statements. Maintenance expense (which includes costs for replacement tires for our revenue equipment) and insurance and claims expenses have both fixed and variable components. These expenses generally vary with the miles we travel, but also have a controllable component based on safety, fleet age, efficiency, and other factors. The main fixed costs in the trucking segments are depreciation and rent expenses from leasing and acquiring revenue equipment and terminals, as well as compensating our non-driver employees.

As of September 30, 2018, the trucking segments together comprised approximately 18,900 tractors, and operated on a combined basis at an 84.9% Adjusted Operating Ratio during the third quarter. Our efforts in the first half of 2018 resulted in stabilizing the Swift consolidated tractor fleet during the third quarter of 2018, and we ended the quarter at 14,779 operational tractors at September 30, 2018. We continue to see improvement in operating profitability in our trucking segments, as a result of our focus on improving our yields, increasing revenue per tractor, and continuing to improve on our ability to source and retain drivers without compromising our commitment to improving safety.

Knight Trucking Segment

	Quarter-to-Date September 30,		Year-to-Date September 30,		QTD 2018 vs.	YTD 2018 vs.
	2018	2017	2018	2017	QTD 2017	YTD 2017
	(Dollars in thousands, except per tractor data)				Increase (Decrease)	
Total revenue	$ 296,021	$ 222,307	$ 845,688	$ 661,320	33.2 %	27.9 %
Revenue, excluding fuel surcharge and intersegment transactions	$ 256,496	$ 195,763	$ 733,395	$ 582,272	31.0 %	26.0 %
Operating income	$ 56,535	$ 8,581	$ 153,915	$ 54,603	558.8 %	181.9 %
Average revenue per tractor (1)	$ 53,028	$ 43,397	$ 153,880	$ 126,719	22.2 %	21.4 %
GAAP: Operating Ratio (1)	80.9%	96.1%	81.8%	91.7%	(1,520 bps)	(990 bps)
Non-GAAP: Adjusting Operating Ratio (1)	77.8%	85.9%	78.9%	86.7%	(810 bps)	(780 bps)
Non-paid empty miles percentage (1)	13.8%	13.1%	13.5%	12.7%	70 bps	80 bps
Average length of haul (miles) (1)	516	480	502	488	7.5 %	2.9 %
Average tractors in operation during period (1) (2)	4,837	4,511	4,766	4,595	7.2 %	3.7 %
Average trailers in operation during period (1)	13,933	12,390	13,392	12,381	12.5 %	8.2 %

(1) Defined under "Operating Statistics," above.

(2) Includes 4,409 and 4,080 company-owned tractors for the third quarter of 2018 and 2017, respectively.
Includes 4,344 and 4,161 company-owned tractors for the year-to-date September 30, 2018 and 2017 periods, respectively.

Comparison Between the Quarter-to-Date September 30, 2018 and 2017 Periods — The strong freight market and tight capacity supported increases in both contract and non-contract rates throughout the third quarter of 2018. Accordingly, the Knight Trucking segment's total revenue increased $73.7 million, which included $24.3 million in revenue from Abilene in the third quarter of 2018, compared to zero in 2017. Fuel surcharge revenue increased by $12.9 million, primarily due to higher average fuel prices. Average revenue per tractor increased 22.2% as a result of a 19.9% increase in revenue per loaded mile, excluding fuel surcharge and intersegment transactions, and a 2.8% improvement in miles per tractor, compared to the prior year quarter. Revenue, excluding fuel surcharge and intersegment transactions, increased 31.0% as a result of these improvements and a 7.2% increase in average tractor count.

Operating Ratio and Adjusted Operating Ratio improved by 1,520 and 810 basis points, respectively, primarily driven by the increases in revenue discussed above, and partially offset by an increase in driving associate-related costs.

Comparison Between the Year-to-Date September 30, 2018 and 2017 Periods — The strong freight market and tight capacity supported increases in both contract and non-contract rates throughout the first three quarters of 2018. Accordingly, the Knight Trucking segment's total revenue increased $184.4 million, which included $52.2 million in revenue from Abilene from March 17, 2018 through September 30, 2018, compared to zero in 2017. Fuel surcharge revenue increased by $33.2 million, primarily due to higher average fuel prices. Average revenue per tractor increased 21.4% as a result of a 19.1% increase in revenue per loaded mile, excluding fuel surcharge and intersegment transactions, and a 2.9% improvement in miles per tractor, compared to the prior year-to-date period. Revenue, excluding fuel surcharge and intersegment transactions, increased 26.0% as a result of these improvements and a 3.7% increase in average tractor count.

Operating Ratio and Adjusted Operating Ratio improved by 990 and 780 basis points, respectively, primarily driven by the increases in revenue discussed above, and partially offset by an increase in driving associate-related costs, as noted above.

Swift Truckload Segment

Note: The quarter and year-to-date September 30, 2017 figures include Swift's results for the 22-day period following the 2017 Merger date only.

	Quarter-to-Date September 30,		Year-to-Date September 30,		QTD 2018 vs. QTD 2017	YTD 2018 vs. YTD 2017
	2018	2017	2018	2017		
	(Dollars in thousands, except per tractor data)				Increase (Decrease)	
Total revenue	$ 400,399	$ 115,899	$ 1,251,576	$ 115,899	245.5 %	979.9 %
Revenue, excluding fuel surcharge	$ 347,455	$ 102,160	$ 1,081,865	$ 102,160	240.1 %	959.0 %
Operating income	$ 54,026	$ 7,967	$ 134,622	$ 7,967	578.1 %	1,589.7 %
Average revenue per tractor (1) (3)	$ 48,575	$ 47,326	$ 142,126	$ 141,977	2.6 %	0.1 %
GAAP: Operating Ratio (1)	86.5%	93.1%	89.2%	93.1%	(660 bps)	(390 bps)
Non-GAAP: Adjusting Operating Ratio (1)	84.5%	92.2%	87.6%	92.2%	(770 bps)	(460 bps)
Non-paid empty miles percentage (1)	13.5%	11.6%	12.9%	11.6%	190 bps	130 bps
Average length of haul (miles) (1)	571	621	578	621	(8.1) %	(6.9) %
Average tractors in operation during period (1) (2)	7,153	8,929	7,612	8,929	(19.9) %	(14.7) %
Average trailers in operation during period (1)	28,607	31,828	30,779	31,828	(10.1) %	(3.3) %

(1) Defined under "Operating Statistics," above.

(2) Includes 5,565 and 6,488 company-owned tractors the third quarter of 2018 and 2017, respectively.

Includes 5,757 and 6,488 for the year-to-date September 30, 2018 and 2017 periods, respectively.

(3) In order to improve comparability, average tractors of 2,159 and 720 were used as the denominator in the Swift Truckload average revenue per tractor calculation for the quarter and year-to-date periods ended September 30, 2017, respectively, reflecting the pro-rata portion of the year for which Swift's results of operations were reported following the close of the 2017 Merger.

Comparison Between the Quarter-to-Date September 30, 2018 and 2017 Periods — The Swift Truckload segment's total revenue and fuel surcharge revenue increased by $284.5 million and $39.2 million, respectively, primarily due to including results for the full third quarter of 2018 , compared to the last 22 days in the third quarter of 2017. Average revenue per tractor increased 2.6% in the third quarter of 2018 compared to the last 22 days in the third quarter of 2017. This increase was primarily driven by a 16.8% increase in revenue per loaded mile, excluding fuel surcharge, as a result of improvements in both our contract and non-contract rates. Over the last several quarters we have emphasized improving revenue per tractor, which led to a change in our freight mix, a shorter length of haul, and 10.3% fewer miles per tractor in the third quarter of 2018 compared to the last 22 days of the prior year quarter.

Operating Ratio and Adjusted Operating Ratio improved by 660 basis points and 770 basis points, respectively, primarily driven by the increases in revenue discussed above, and partially offset by an increase in driving associate-related costs.

Comparison Between the Year-to-Date September 30, 2018 and 2017 Periods — The Swift Truckload segment's total revenue and fuel surcharge revenue increased by $1.1 billion and $156.0 million, respectively, primarily due to including results for the full year-to-date September 30, 2018 period, compared to the last 22 days in the prior year-to-date period. Average revenue per tractor increased slightly by 0.1% in the year-to-date September 30, 2018 period, compared to the last 22 days in the prior year-to-date period. Revenue per loaded mile increased 10.1%, while miles per tractor decreased 7.7% in the year-to-date September 30, 2018 period, compared to the last 22 days in the prior year-to-date period.

Operating Ratio and Adjusted Operating Ratio improved by 390 basis points and 460 basis points, respectively, primarily driven by the increases in revenue, and partially offset by an increase in driving associate-related costs, as noted above.

Swift Dedicated Segment

Note: The quarter and year-to-date September 30, 2017 figures include Swift's results for the 22-day period following the 2017 Merger date only.

	Quarter-to-Date September 30,		Year-to-Date September 30,		QTD 2018 vs. QTD 2017	YTD 2018 vs. YTD 2017
	2018	2017	2018	2017		
	(Dollars in thousands, except per tractor data)				Increase (Decrease)	
Total revenue	$ 163,276	$ 39,120	$ 476,466	$ 39,120	317.4 %	1,118.0 %
Revenue, excluding fuel surcharge	$ 144,370	$ 35,205	$ 421,669	$ 35,205	310.1 %	1,097.8 %
Operating income	$ 21,809	$ 2,949	$ 57,702	$ 2,949	639.5 %	1,856.7 %
Average revenue per tractor (1) (3)	$ 47,057	$ 46,838	$ 139,303	$ 140,515	0.5 %	(0.9) %
GAAP: Operating Ratio (1)	86.6%	92.5%	87.9%	92.5%	(590 bps)	(460 bps)
Non-GAAP: Adjusting Operating Ratio (1)	84.9%	91.6%	86.3%	91.6%	(670 bps)	(530 bps)
Non-paid empty miles percentage (1)	19.4%	18.5%	19.0%	18.5%	90 bps	50 bps
Average length of haul (miles) (1)	189	184	187	184	2.7 %	1.6 %
Average tractors in operation during period (1) (2)	3,068	3,109	3,027	3,109	(1.3) %	(2.6) %
Average trailers in operation during period (1)	14,194	13,253	14,735	13,253	7.1 %	11.2 %

(1) Defined under "Operating Statistics," above.

(2) Includes 2,661 and 2,671 company-owned tractors for the third quarter of 2018 and 2017, respectively.

Includes 2,615 and 2,671 company-owned tractors for the year-to-date September 30, 2018 and 2017 periods, respectively.

(3) In order to improve comparability, average tractors of 752 and 251 were used as the denominator in the Swift Dedicated average revenue per tractor calculation for the quarter and year-to-date periods ended September 30, 2017, respectively, reflecting the pro-rata portion of the year for which Swift's results of operations were reported following the close of the 2017 Merger.

Comparison Between the Quarter-to-Date September 30, 2018 and 2017 Periods — The Swift Dedicated segment's total revenue and fuel surcharge revenue increased by $124.2 million and $15.0 million, respectively, primarily due to including results for the full third quarter of 2018 , compared to the last 22 days in the third quarter of 2017. Average revenue per tractor increased slightly by 0.5% in the third quarter of 2018 compared to the last 22 days in the third quarter of 2017. This increase was primarily driven by a 3.6% increase in our contract rates, partially offset by a 2.0% decrease in miles per tractor in the third quarter of 2018, compared to the last 22 days in the third quarter of 2017.

Operating Ratio and Adjusted Operating Ratio improved by 590 basis points and 670 basis points, respectively, primarily driven by the increases in revenue discussed above, and partially offset by an increase in driving associate-related costs.

Comparison Between the Year-to-Date September 30, 2018 and 2017 Periods — The Swift Dedicated segment's total revenue and fuel surcharge revenue increased by $437.3 million and $50.9 million, respectively, primarily due to including results for the full year-to-date September 30, 2018 period, compared to the last 22 days in the prior year-to-date period. Average revenue per tractor decreased slightly by 0.9% in the third quarter of 2018, compared to the last 22 days in the prior year-to-date period. Miles per tractor decreased 1.8%, which was partially offset by a 1.6% increase in our contract rates in the year-to-date September 30, 2018 period, compared to the last 22 days in the prior year-to-date period.

Operating Ratio and Adjusted Operating Ratio improved by 460 basis points and 530 basis points, respectively, primarily driven by the increases in revenue discussed above, and partially offset by an increase in driving associate-related costs.

Swift Refrigerated Segment

Note: The quarter and year-to-date September 30, 2017 figures include Swift's results for the 22-day period following the 2017 Merger date only.

	Quarter-to-Date September 30,		Year-to-Date September 30,		QTD 2018 vs. QTD 2017	YTD 2018 vs. YTD 2017
	2018	2017	2018	2017		
	(Dollars in thousands, except per tractor data)				Increase (Decrease)	
Total revenue	$ 211,282	$ 47,506	$ 616,444	$ 47,506	344.7 %	1,197.6 %
Revenue, excluding fuel surcharge	$ 187,980	$ 43,231	$ 548,743	$ 43,231	334.8 %	1,169.3 %
Operating income	$ 8,222	$ 427	$ 21,261	$ 427	1,825.5 %	4,879.2 %
Average revenue per tractor (1) (3)	$ 48,851	$ 47,736	$ 142,125	$ 143,208	2.3 %	(0.8) %
GAAP: Operating Ratio (1)	96.1%	99.1%	96.6%	99.1%	(300 bps)	(250 bps)
Non-GAAP: Adjusting Operating Ratio (1)	95.6%	99.0%	96.1%	99.0%	(340 bps)	(290 bps)
Non-paid empty miles percentage (1)	7.5%	7.2%	7.2%	7.2%	30 bps	—
Average length of haul (miles) (1)	410	394	400	394	4.1 %	1.5 %
Average tractors in operation during period (1) (2)	3,848	3,746	3,861	3,746	2.7 %	3.1 %
Average trailers in operation during period (1)	3,481	3,832	3,755	3,832	(9.2) %	(2.0) %

(1) Defined under "Operating Statistics," above.

(2) Includes 3,075 and 2,680 company-owned tractors for the third quarter of 2018 and 2017, respectively.

Includes 2,974 and 2,680 company-owned tractors for the year-to-date September 30, 2018 and 2017 periods, respectively.

(3) In order to improve comparability, average tractors of 906 and 302 were used as the denominator in the Swift Refrigerated average revenue per tractor calculation for the quarter and year-to-date periods ended September 30, 2017, respectively, reflecting the pro-rata portion of the year for which Swift's results of operations were reported following the close of the 2017 Merger.

Comparison Between the Quarter-to-Date September 30, 2018 and 2017 Periods — The Swift Refrigerated segment's total revenue and fuel surcharge revenue increased by $163.8 million and $19.0 million, respectively, primarily due to including results for the full third quarter of 2018 , compared to the last 22 days in the third quarter of 2017. Average revenue per tractor increased by 2.3% in the third quarter of 2018 compared to the last 22 days in the third quarter of 2017. Revenue per loaded mile, excluding fuel surcharge, increased by 10.1%, while miles per tractor decreased by 6.7% in the third quarter of 2018, compared to the last 22 days in the third quarter of 2017.

During the third quarter of 2018, we invested in additional leadership and launched initiatives to improve the Swift Refrigerated segment. The focused efforts have resulted in a 300 basis point and 340 basis point improvement in Operating Ratio and Adjusted Operating Ratio, respectively. We expect to see continued progress in this segment in the fourth quarter of 2018.

Comparison Between the Year-to-Date September 30, 2018 and 2017 Periods — The Swift Refrigerated segment's total revenue and fuel surcharge revenue increased by $568.9 million and $63.4 million, respectively, primarily due to including results for the full year-to-date September 30, 2018 period, compared to the last 22 days in the prior year-to-date period. Average revenue per tractor decreased by 0.8% , in the year-to-date September 30, 2018 period, compared to the last 22 days in the prior year-to-date period, primarily driven by a decrease in utilization, while revenue per loaded mile, excluding fuel surcharge, increased 5.4%.

Operating Ratio and Adjusted Operating Ratio improved by 250 basis points and 290 basis points, respectively, primarily driven by the increases in revenue discussed above, and partially offset by an increase in driving associate-related costs.

Knight Logistics Segment

The Knight Logistics segment is less asset-intensive than the trucking segments and is instead dependent upon capable non-driver employees, modern and effective information technology, and third-party capacity providers. Knight Logistics' revenue is generated primarily by its brokerage and intermodal operations. We also provide logistics, freight management and other non-trucking services to our customers through our Knight Logistics segment. We generate additional revenue by offering specialized logistics solutions (including, but not limited to, origin management, surge volume, disaster relief, special projects, and other logistic needs). Knight Logistics' revenue is mainly affected by the rates we obtain from customers, the freight volumes we ship through third-party capacity providers, and our ability to secure third-party capacity providers to transport customer freight.

The most significant expense in the Knight Logistics segment is the (primarily) variable cost of purchased transportation that we pay to third-party capacity providers (including rail providers), included in "Purchased transportation" in the condensed consolidated income statements. Variability in this expense depends on truckload and rail capacity, availability of third-party capacity providers, rates charged to customers, and current freight demand and customer shipping needs. Fixed Knight Logistics operating expenses primarily include non-driver employee compensation and benefits recorded in "Salaries, wages, and benefits" in the condensed consolidated income statements, and depreciation and amortization expense recorded in "Depreciation and amortization of property and equipment."

	Quarter-to-Date September 30,		Year-to-Date September 30,		QTD 2018 vs. QTD 2017	YTD 2018 vs. YTD 2017
	2018	2017	2018	2017		
	(Dollars in thousands, except per load data)				Increase (Decrease)	
Total revenue	$ 89,554	$ 57,904	$ 235,165	$ 166,959	54.7 %	40.9 %
Revenue, excluding intersegment transactions	$ 87,916	$ 56,560	$ 230,352	$ 162,053	55.4 %	42.1 %
Operating income	$ 8,816	$ 3,651	$ 16,506	$ 8,677	141.5 %	90.2 %
Revenue per load (1) – Brokerage only	$ 1,454	$ 1,358	$ 1,541	$ 1,288	7.1 %	19.6 %
Gross margin percentage – Brokerage only (1)	18.3%	16.3%	15.7%	15.0%	200 bps	70 bps
GAAP: Operating Ratio (1)	90.2%	93.7%	93.0%	94.8%	(350 bps)	(180 bps)
Non-GAAP: Adjusted Operating Ratio (1)	90.0%	93.5%	92.8%	94.6%	(350 bps)	(180 bps)

(1) Defined under "Operating Statistics," above.

<u>Comparison Between the Quarter-to-Date September 30, 2018 and 2017 Periods</u> — The Knight Logistics segment's total revenue increased $31.7 million, which includes $0.9 million in revenue from Abilene for the third quarter of 2018, compared to zero in 2017. Brokerage revenue, excluding intersegment transactions, increased 60.6% in the Knight brokerage business, which is the largest component of the Knight Logistics segment. This was driven by a 7.1% increase in revenue per load and a 50.1% increase in load volumes.

Knight Logistics' Operating Ratio and Adjusted Operating Ratio each improved by 350 basis points, primarily driven by the increases in revenue discussed above. Brokerage gross margin percentage for the quarter increased to 18.3% by 200 basis points on a year-over-year basis, primarily due to the increase in revenue per load, which was partially offset by a corresponding increase in purchased transportation costs.

We plan to continue to invest in Knight's logistics service offerings, which we expect will continue to improve our return on capital compared with asset-based operations.

<u>Comparison Between the Year-to-Date September 30, 2018 and 2017 Periods</u> — The Knight Logistics segment's total revenue increased $68.2 million, which includes $2.0 million in revenue from Abilene from March 17, 2018 through September 30, 2018, compared to zero in 2017. Brokerage revenue, excluding intersegment transactions, increased 44.0% in the Knight brokerage business. This was driven by a 19.6% increase in revenue per load and a 20.4% increase in Knight brokerage load volumes.

Knight Logistics' Operating Ratio and Adjusted Operating Ratio each improved by 180 basis points, primarily driven by the increases in revenue discussed above. Brokerage gross margin percentage increased to 15.7% by 70 basis points, primarily due to the increase in revenue per load, which was partially offset by a corresponding increase in purchased transportation costs.

Swift Intermodal Segment

The Swift Intermodal segment complements our regional operating model, allows us to better serve customers in longer haul lanes, and reduces our investment in fixed assets. Through the Swift Intermodal segment, we generate revenue by moving freight over the rail in our containers and other trailing equipment, combined with revenue for drayage to transport loads between railheads and customer locations. The most significant expense in the Swift Intermodal segment is the cost of purchased transportation that we pay to third-party capacity providers (including rail providers), which is primarily variable and included in "Purchased transportation" in the condensed consolidated income statements. Purchased transportation varies as it relates to rail capacity, freight demand, and customer shipping needs. The main fixed costs in the Swift Intermodal segment are depreciation of our containers and chassis, as well as non-driver employee compensation and benefits.

Note: The quarter and year-to-date September 30, 2017 figures include Swift's results for the 22-day period following the 2017 Merger date only.

	Quarter-to-Date September 30,		Year-to-Date September 30,		QTD 2018 vs. QTD 2017	YTD 2018 vs. YTD 2017
	2018	2017	2018	2017		
	(Dollars in thousands, except per load data)				Increase (Decrease)	
Total revenue	$ 123,065	$ 24,046	$ 339,841	$ 24,046	411.8 %	1,313.3 %
Revenue, excluding fuel surcharge	$ 103,797	$ 21,004	$ 286,998	$ 21,004	394.2 %	1,266.4 %
Operating income	$ 9,453	$ 1,396	$ 17,455	$ 1,396	577.1 %	1,150.4 %
Average revenue per load (1)	$ 2,185	$ 1,885	$ 1,991	$ 1,885	15.9 %	5.6 %
GAAP: Operating Ratio (1)	92.3%	94.2%	94.9%	94.2%	(190 bps)	70 bps
Non-GAAP: Adjusting Operating Ratio (1)	90.9%	93.4%	93.9%	93.4%	(250 bps)	50 bps
Load Count	47,495	11,140	144,148	11,140	326.3 %	1,194.0 %
Average tractors in operation during period (1) (2)	645	535	615	537	20.6 %	14.5 %
Average containers in operation during period (1)	9,366	8,047	9,203	8,047	16.4 %	14.4 %

(1) Defined under "Operating Statistics," above.

(2) Includes 560 and 443 c ompany-owned tractors for the third quarter of 2018 and 2017, respectively.

Includes 524 and 443 c ompany-owned tractors for the year-to-date September 30, 2018 and 2017 periods, respectively.

Comparison Between the Quarter-to-Date September 30, 2018 and 2017 Periods **—** The Swift Intermodal segment's total revenue and fuel surcharge revenue increased by $99.0 million and $16.2 million, respectively, primarily due to including results for the full third quarter of 2018 , compared to the last 22 days in the third quarter of 2017. Additionally, average revenue per container, excluding fuel surcharge, increased by 2.6%. In order to improve comparability, an average container count of 1,945 was used as the denominator in the Swift Intermodal average revenue per container calculation for the quarter ended September 30, 2017, reflecting the pro-rata portion of the year for which Swift's results of operations were reported following the close of the 2017 Merger.

We continued to see meaningful improvement in our operating profitability within our Swift Intermodal segment during the third quarter of 2018, as a result of our focus on improving our revenue per load and growing load counts, while executing on cost control. Operating Ratio and Adjusted Operating Ratio improved by 190 basis points and 250 basis points, respectively, primarily due to a 15.9% increase in average revenue per load.

Comparison Between the Year-to-Date September 30, 2018 and 2017 Periods **—** The Swift Intermodal segment's total revenue and fuel surcharge revenue increased by $315.8 million and $49.8 million, respectively, primarily due to including results for the full third quarter of 2018 , compared to the last 22 days in the prior year-to-date period. Average revenue per container, excluding fuel surcharge, decreased by 3.7%. In order to improve comparability, an average container count of 648 was used as the denominator in the Swift Intermodal average revenue per container calculation for the year-to-date September 30, 2017 period, reflecting the pro-rata portion of the year for which Swift's results of operations were reported following the close of the 2017 Merger.

Operating Ratio and Adjusted Operating Ratio increased by 70 basis points and 50 basis points, respectively, primarily due to a 5.6% increase in average revenue per load.

Results of Operations — Consolidated Operating and Other Expenses

Consolidated Operating Expenses

The following tables present certain operating expenses from our condensed consolidated income statements, including each operating expense as a percentage of total revenue and as a percentage of revenue, excluding fuel surcharge. Fuel surcharge revenue can be volatile and is primarily dependent upon the cost of fuel, rather than operating expenses unrelated to fuel. Therefore, we believe that revenue, excluding fuel surcharge is a better measure for analyzing many of our expenses and operating metrics.

Note: The reported results do not include the results of operations of Swift and its subsidiaries on and prior to the 2017 Merger, in accordance with the accounting treatment applicable to the transaction. Additionally, the reported results do not include the results of operations of Abilene on and prior to its acquisition by the Company on March 16, 2018 in accordance with the accounting treatment applicable to the transaction. Accordingly, comparisons between the Company's quarter and year-to-date September 30, 2018 results and prior periods may not be meaningful.

	Quarter-to-Date September 30,		Year-to-Date September 30,		QTD 2018 vs. QTD 2017	YTD 2018 vs. YTD 2017
	2018	2017	2018	2017		
	(Dollars in thousands)				Increase (Decrease)	
Salaries, wages, and benefits	$ 381,174	$ 154,390	$ 1,114,252	$ 316,844	146.9 %	251.7 %
% of total revenue	28.3%	29.6%	28.2%	29.7%	(130 bps)	(150 bps)
% of revenue, excluding fuel surcharge	32.1%	32.9%	32.0%	32.9%	(80 bps)	(90 bps)

Salaries, wages, and benefits expense is primarily affected by the total number of miles driven by company driving associates, the rate per mile we pay our company driving associates, and employee benefits, including healthcare, workers' compensation, and other benefits. To a lesser extent, non-driver employee headcount, compensation, and benefits affect this expense. Driving associate wages represent the largest component of salaries, wages, and benefits expense.

Several ongoing market factors have reduced the pool of available driving associates, contributing to a challenging driver sourcing market, which we believe will continue. Having a sufficient number of qualified driving associates is our biggest headwind, although we continue to seek ways to attract and retain qualified driving associates, including heavily investing in our recruiting efforts, our driving academies, and technology and terminals that improve the experience of driving associates. As a result of the tight market for qualified driving associates, we granted pay increases to our driving associates throughout 2018, as supported by increases in customer rates. We expect driving associate pay to remain inflationary, which could result in additional driving associate pay increases in the future.

- *Comparison Between the Quarter-to-Date September 30, 2018 and 2017 Periods* — The $226.8 million increase in consolidated salaries, wages, and benefits includes a $210.9 million increase in expense from Swift's results for the full third quarter of 2018 , compared to the last 22 days in the third quarter of 2017. Further, Knight's salaries, wages, and benefits expense increased $15.9 million, which included $8.1 million in expense from Abilene's third quarter 2018 results. The remaining $7.8 million increase in Knight's expense was primarily related to Knight's driving associate-related costs, which were affected by driving associate pay increases over the last twelve months and an increase in miles driven by company driving associates.
- *Comparison Between the Year-to-Date September 30, 2018 and 2017 Periods* — The $797.4 million increase in consolidated salaries, wages, and benefits includes a $753.3 million increase in expense from Swift's results for the full year-to-date September 30, 2018 period, compared to the last 22 days in the prior year-to-date period. Further, Knight's salaries, wages, and benefits expense increased $44.1 million, which included $16.8 million in expense from Abilene's results from March 17, 2018 to September 30, 2018 . The remaining $27.3 million in Knight's expense was primarily related to Knight's driving associate-related costs, which were affected by driving associate pay increases over the last twelve months and an increase in miles driven by company driving associates.

	Quarter-to-Date September 30,		Year-to-Date September 30,		QTD 2018 vs. QTD 2017	YTD 2018 vs. YTD 2017
	2018	2017	2018	2017		
	(Dollars in thousands)				Increase (Decrease)	
Fuel	$ 162,832	$ 62,300	$ 470,617	$ 131,252	161.4 %	258.6 %
% of total revenue	12.1%	11.9%	11.9%	12.3%	20 bps	(40 bps)
% of revenue, excluding fuel surcharge	13.7%	13.3%	13.5%	13.6%	40 bps	(10 bps)

Fuel expense consists primarily of diesel fuel expense for our company-owned tractors and fuel taxes. The primary factors affecting our fuel expense are the cost of diesel fuel, the fuel economy of our equipment, and the miles driven by company driving associates.

Our fuel surcharge programs help to offset increases in fuel prices, but apply only to loaded miles and typically do not offset non-paid empty miles, idle time, or out-of-route miles driven. Typical fuel surcharge programs involve a computation based on the change in national or regional fuel prices. These programs may update as often as weekly, but typically require a specified minimum change in fuel cost to prompt a change in fuel surcharge revenue for our trucking segments. Therefore, many of these programs have a time lag between when fuel costs change and when the change is reflected in fuel surcharge revenue. Due to this time lag, our fuel expense, net of fuel surcharge, negatively impacts our operating income during periods of sharply rising fuel costs and positively impacts our operating income during periods of falling fuel costs. We continue to utilize our fuel efficiency initiatives such as trailer blades, idle-control, managing tractor speeds, updating our fleet with more fuel-efficient engines, managing fuel procurement, and driving associate training programs that we believe contribute to controlling our fuel expense.

- *Comparison Between the Quarter-to-Date September 30, 2018 and 2017 Periods* — The $100.5 million increase in consolidated fuel expense includes an $87.7 million increase in expense from Swift's results for the full third quarter of 2018 , compared to the last 22 days in the third quarter of 2017. Knight's fuel expense increased $12.8 million, which includes $4.4 million in expense from Abilene's third quarter 2018 results. The increase was a result of an increase in miles driven by Knight's company driving associates and overall higher US diesel fuel prices in the third quarter of 2018 at $3.24 per gallon, compared to the third quarter of 2017 at $2.63 per gallon.
- *Comparison Between the Year-to-Date September 30, 2018 and 2017 Periods* — The $339.4 million increase in consolidated fuel expense includes a $303.8 million increase in expense from Swift's results for the full year-to-date September 30, 2018 period, compared to the last 22 days in the prior year-to-date period. Knight's fuel expense increased $35.6 million, which includes $10.5 million in expense from Abilene's March 17, 2018 to September 30, 2018 results. The increase was a result of an increase in miles driven by Knight's company driving associates and overall higher US diesel fuel prices in the year-to-date September 30, 2018 period at $3.15 per gallon, compared to the year-to-date September 30, 2017 period at $2.58 per gallon.

	Quarter-to-Date September 30,		Year-to-Date September 30,		QTD 2018 vs. QTD 2017	YTD 2018 vs. YTD 2017
	2018	2017	2018	2017		
	(Dollars in thousands)				Increase (Decrease)	
Operations and maintenance	$ 87,362	$ 37,267	$ 260,660	$ 78,516	134.4 %	232.0 %
% of total revenue	6.5%	7.1%	6.6%	7.4%	(60 bps)	(80 bps)
% of revenue, excluding fuel surcharge	7.3%	7.9%	7.5%	8.2%	(60 bps)	(70 bps)

Operations and maintenance expense consists of direct operating expenses, equipment maintenance, and tire expense. Operations and maintenance expenses are affected by the age of our company-owned fleet of tractors and trailers. We expect the driver market to remain competitive throughout 2018, which could increase future driving associate development and recruiting costs and negatively affect our operations and maintenance expense. We expect to continue refreshing our Knight and Swift tractor fleets in the coming quarters, and anticipate that maintenance costs will gradually decrease as we reduce the average age of our fleet.

- *Comparison Between the Quarter-to-Date September 30, 2018 and 2017 Periods* — The $50.1 million increase in consolidated operations and maintenance expense includes a $47.1 million increase in expense from Swift's results for the full third quarter of 2018 , compared to the last 22 days in the third quarter of 2017. Knight's operations and maintenance expense increased $3.0 million, which includes $2.3 million in expense from Abilene's third quarter 2018 results.
- *Comparison Between the Year-to-Date September 30, 2018 and 2017 Periods* — The $182.1 million increase in consolidated operations and maintenance expense includes a $175.5 million increase in expense from Swift's results for the full year-to-date September 30, 2018 period, compared to the last 22 days in the prior year-to-date period. Knight's operations and maintenance expense increased $6.6 million, which includes $5.1 million in expense from Abilene's March 17, 2018 to September 30, 2018 results.

Knight's quarter and year-to-date increases in operations and maintenance expense were primarily due to increased tractor maintenance and tractor tire expenses.

	Quarter-to-Date September 30,		Year-to-Date September 30,		QTD 2018 vs. QTD 2017	YTD 2018 vs. YTD 2017
	2018	2017	2018	2017		
	(Dollars in thousands)				Increase (Decrease)	
Insurance and claims	$ 52,701	$ 21,117	$ 164,975	$ 37,982	149.6 %	334.4 %
% of total revenue	3.9%	4.0%	4.2%	3.6%	(10 bps)	60 bps
% of revenue, excluding fuel surcharge	4.4%	4.5%	4.7%	3.9%	(10 bps)	80 bps

Insurance and claims expense consists of premiums for liability, physical damage, and cargo, and will vary based upon the frequency and severity of claims, as well as our level of self-insurance, and premium expense. In recent years, insurance carriers have raised premiums for many businesses, including transportation companies, and as a result, our insurance and claims expense could increase in the future, or we could raise our self-insured retention when our policies are renewed or replaced. Insurance and claims expense also varies based on the number of miles driven by company driving associates and independent contractors, the frequency and severity of accidents, trends in development factors used in actuarial accruals, and developments in large, prior-year claims. In future periods, Swift's higher self-retention limits may cause our consolidated insurance and claims expense to fluctuate more.

- *Comparison Between the Quarter-to-Date September 30, 2018 and 2017 Periods* — The $31.6 million increase in consolidated insurance and claims expense includes a $30.3 million increase in expense from Swift's results for the full third quarter of 2018 , compared to the last 22 days in the third quarter of 2017. Knight's insurance and claims expense increased $1.3 million, which includes $0.8 million in expense from Abilene's third quarter 2018 results. As a percentage of Knight's revenue, excluding fuel surcharge, Knight's insurance and claims expense slightly decreased.
- *Comparison Between the Year-to-Date September 30, 2018 and 2017 Periods* — The $127.0 million increase in consolidated insurance and claims expense includes a $122.2 million increase in expense from Swift's results for the full year-to-date September 30, 2018 period, compared to the last 22 days in the prior year-to-date period. Knight's insurance and claims expense increased $4.8 million, which includes $1.4 million in expense from Abilene's March 17, 2018 through September 30, 2018 results. As a percentage of Knight's revenue, excluding fuel surcharge, Knight's insurance and claims expense slightly decreased.

	Quarter-to-Date September 30,				Year-to-Date September 30,				QTD 2018 vs.	YTD 2018 vs.
	2018		2017		2018		2017		QTD 2017	YTD 2017
	(Dollars in thousands)								Increase (Decrease)	
Operating taxes and licenses	$	21,986	$	8,793	$	67,807	$	17,839	150.0 %	280.1 %
% of total revenue		1.6%		1.7%		1.7%		1.7%	(10 bps)	—
% of revenue, excluding fuel surcharge		1.8%		1.9%		1.9%		1.9%	(10 bps)	—

Operating taxes and licenses include state franchise taxes, federal highway use taxes, property taxes, vehicle license and registration fees, fuel and mileage taxes, among others. The expense is impacted by changes in the tax rates and registration fees associated with our tractor fleet and regional operating facilities.

- *Comparison Between the Quarter-to-Date September 30, 2018 and 2017 Periods* — The $13.2 million increase in consolidated operating taxes and licenses includes a $12.0 million increase in expense from Swift's results for the full third quarter of 2018 , compared to the last 22 days in the third quarter of 2017. Knight's operating taxes and license s expense increase d $1.2 million. As a percentage of Knight's revenue, excluding fuel surcharge, Knight's operating taxes and licenses remained relatively flat.
- *Comparison Between the Year-to-Date September 30, 2018 and 2017 Periods* — The $50.0 million increase in consolidated operating taxes and licenses includes a $47.0 million increase in expense from Swift's results for the full year-to-date September 30, 2018 period, compared to the last 22 days in the prior year-to-date period. Knight's operating taxes and licenses expense increased $3.0 million. As a percentage of Knight's revenue, excluding fuel surcharge, Knight's operating taxes and licenses remained relatively flat.

	Quarter-to-Date September 30,				Year-to-Date September 30,				QTD 2018 vs.	YTD 2018 vs.
	2018		2017		2018		2017		QTD 2017	YTD 2017
	(Dollars in thousands)								Increase (Decrease)	
Communications	$	5,041	$	1,921	$	15,783	$	4,125	162.4 %	282.6 %
% of total revenue		0.4%		0.4%		0.4%		0.4%	—	—
% of revenue, excluding fuel surcharge		0.4%		0.4%		0.5%		0.4%	—	10 bps

Communications expense is comprised of costs associated with our tractor and trailer tracking systems, information technology systems, and phone systems.

- *Comparison Between the Quarter-to-Date September 30, 2018 and 2017 Periods* — The $3.1 million increase in consolidated communications expense is almost entirely attributed to the increase in expense from Swift's results for the full third quarter of 2018 , compared to the last 22 days in the third quarter of 2017. Knight's communications expense remained flat for the third quarter of 2018, compared to the third quarter of 2017.
- *Comparison Between the Year-to-Date September 30, 2018 and 2017 Periods* — The $11.7 million increase in consolidated communications expense includes an $11.4 million increase in expense from Swift's results for the full year-to-date September 30, 2018 period, compared to the last 22 days in the prior year-to-date period. Knight's communications expense increased by $0.2 million due to including Abilene's results from March 17, 2018 through September 30, 2018, but remained flat as a percentage of Knight's revenue, excluding fuel surcharge.

	Quarter-to-Date September 30,		Year-to-Date September 30,		QTD 2018 vs.	YTD 2018 vs.
	2018	2017	2018	2017	QTD 2017	YTD 2017
	(Dollars in thousands)				Increase (Decrease)	
Depreciation and amortization of property and equipment	$ 97,708	$ 43,477	$ 287,319	$ 102,280	124.7 %	180.9 %
% of total revenue	7.3%	8.3%	7.3%	9.6%	(100 bps)	(230 bps)
% of revenue, excluding fuel surcharge	8.2%	9.3%	8.2%	10.6%	(110 bps)	(240 bps)

Depreciation relates primarily to our owned tractors, trailers, buildings, ELDs and other communication units, and other similar assets. Changes to this fixed cost are generally attributed to increases or decreases to company-owned equipment, the relative percentage of owned versus leased equipment, and fluctuations in new equipment purchase prices, which have historically been precipitated in part by new or proposed federal and state regulations (such as the EPA engine emissions requirements relating to post-2014 model tractors and the California trailer efficiency requirements). Depreciation can also be affected by the cost of used equipment that we sell or trade and the replacement of older used equipment. Management periodically reviews the condition, average age, and reasonableness of estimated useful lives and salvage values of our equipment and considers such factors in light of our experience with similar assets, used equipment market conditions, and prevailing industry practice.

- *Comparison Between the Quarter-to-Date September 30, 2018 and 2017 Periods* — The $54.2 million increase in consolidated depreciation and amortization of property and equipment includes a $51.0 million increase in expense from Swift's results for the full third quarter of 2018 , compared to the last 22 days in the third quarter of 2017. Knight's depreciation and amortization of property and equipment increased $3.2 million, which includes $2.3 million in expense from Abilene's third quarter 2018 results.
- *Comparison Between the Year-to-Date September 30, 2018 and 2017 Periods* — The $185.0 million increase in consolidated depreciation and amortization of property and equipment includes a $179.4 million increase in expense from Swift's results for the full year-to-date September 30, 2018 period, compared to the last 22 days in the prior year-to-date period. Knight's depreciation and amortization of property and equipment increased $5.6 million, which includes $5.1 million from Abilene's March 17, 2018 through September 30, 2018 results.

	Quarter-to-Date September 30,		Year-to-Date September 30,		QTD 2018 vs.	YTD 2018 vs.
	2018	2017	2018	2017	QTD 2017	YTD 2017
	(Dollars in thousands)				Increase (Decrease)	
Amortization of intangibles	$ 10,695	$ 2,654	$ 31,891	$ 2,904	303.0 %	998.2 %
% of total revenue	0.8%	0.5%	0.8%	0.3%	30 bps	50 bps
% of revenue, excluding fuel surcharge	0.9%	0.6%	0.9%	0.3%	30 bps	60 bps

Amortization of intangibles primarily relates to intangible assets identified with the 2017 Merger. See Note 4 and Note 7 in Part I, Item 1, of this Quarterly Report for further details regarding the Company's intangible assets.

T he $8.0 million quarter-to-date increase and $29.0 million year-to-date increase in consolidated amortization of intangibles is almost entirely attributed to Swift's amortization of the intangible assets identified with the 2017 Merger. The remaining increase is attributed to amortization of the intangible assets associated with the Abilene Acquisi tion.

	Quarter-to-Date September 30,		Year-to-Date September 30,		QTD 2018 vs.	YTD 2018 vs.
	2018	2017	2018	2017	QTD 2017	YTD 2017
	(Dollars in thousands)				Increase (Decrease)	
Rental expense	$ 39,806	$ 15,388	$ 140,384	$ 17,939	158.7 %	682.6 %
% of total revenue	3.0%	3.0%	3.6%	1.7%	—	190 bps
% of revenue, excluding fuel surcharge	3.3%	3.3%	4.0%	1.9%	—	210 bps

Rental expense consists primarily of payments for tractors and trailers financed with operating leases. The primary factors affecting the expense are the size of our revenue equipment fleet and the relative percentage of owned versus leased equipment.

- *Comparison Between the Quarter-to-Date September 30, 2018 and 2017 Periods* — The $24.4 million increase in consolidated rental expense includes a $24.3 million increase in expense from Swift's results for the full third quarter of 2018 , compared to the last 22 days in the third quarter of 2017. Knight's rental expense increased $0.1 million, primarily due to Abilene's third quarter 2018 results.
- *Comparison Between the Year-to-Date September 30, 2018 and 2017 Periods* — The $122.4 million increase in consolidated rental expense includes a $122.0 million increase in expense from Swift's results for the full year-to-date September 30, 2018 period, compared to the last 22 days in the prior year-to-date period. Knight's rental expense increased by $0.4 million, primarily due to Abilene's March 17, 2018 through September 30, 2018 results. Consolidated rental expense increased as a percentage of consolidated revenue, excluding fuel surcharge, as Swift historically obtained a larger portion of its equipment through operating leases, as compared to Knight.

	Quarter-to-Date September 30,		Year-to-Date September 30,		QTD 2018 vs.	YTD 2018 vs.
	2018	2017	2018	2017	QTD 2017	YTD 2017
	(Dollars in thousands)				Increase (Decrease)	
Purchased transportation	$ 329,338	$ 127,434	$ 989,333	$ 244,358	158.4 %	304.9 %
% of total revenue	24.5%	24.4%	25.1%	22.9%	10 bps	220 bps
% of revenue, excluding fuel surcharge	27.7%	27.1%	28.4%	25.4%	60 bps	300 bps

Purchased transportation expense is comprised of payments to independent contractors in our trucking operations, as well as payments to third-party capacity providers related to logistics, freight management, and non-trucking services in our logistics and intermodal businesses. Purchased transportation is generally affected by capacity in the market as well as changes in fuel prices. As capacity tightens, our payments to third-party capacity providers and to independent contractors tend to increase. Additionally, as fuel prices increase, payments to third-party capacity providers and independent contractors increase.

We expect purchased transportation will increase as a percentage of revenue if we are successful in continuing to grow our logistics businesses, as well as Swift Intermodal. The increase could be partially offset if independent contractors exit the market with recent regulatory changes or further increased if we need to pay independent contractors more to stay with us in light of such regulatory changes. Third-party capacity has recently tightened, and we anticipate that this trend will continue in the fourth quarter of 2018.

- *Comparison Between the Quarter-to-Date September 30, 2018 and 2017 Periods* — The $201.9 million increase in consolidated purchased transportation expense includes a $174.7 million increase in expense from Swift's results for the full third quarter of 2018 , compared to the last 22 days in the third quarter of 2017. Knight's purchased transportation expense increased by $27.2 million, which includes $2.3 million from Abilene's third quarter 2018 results. The remaining increase in Knight's purchased transportation expense was almost entirely attributed to the Knight Logistics segment.
- *Comparison Between the Year-to-Date September 30, 2018 and 2017 Periods* — The $745.0 million increase in consolidated purchased transportation expense includes a $682.1 million increase in expense from Swift's results for the full year-to-date September 30, 2018 period, compared to the last 22 days in the prior year-to-date period. Knight's purchased transportation expense increased by $62.9 million, which includes $5.5 million from Abilene's March 17, 2018 through September 30, 2018 results. The remaining increase in Knight's purchased transportation expense was almost entirely attributed to the Knight Logistics segment.

	Quarter-to-Date September 30,		Year-to-Date September 30,		QTD 2018 vs. QTD 2017	YTD 2018 vs. YTD 2017
	2018	2017	2018	2017		
	(Dollars in thousands)				Increase (Decrease)	
Impairments	$ —	$ 16,746	$ —	$ 16,746	(100.0)%	(100.0)%

The $16.7 million consolidated impairments for the quarter and year-to-date September 30, 2017 periods relate to the termination of the implementation of Swift's enterprise resource planning system .

	Quarter-to-Date September 30,		Year-to-Date September 30,		QTD 2018 vs. QTD 2017	YTD 2018 vs. YTD 2017
	2018	2017	2018	2017		
	(Dollars in thousands)				Increase (Decrease)	
Miscellaneous operating expenses	$ 13,688	$ 11,972	$ 44,139	$ 21,873	14.3	101.8

Miscellaneous operating expenses primarily consist of legal and professional services fees, general and administrative expenses, other costs, as well as gain on sales of equipment.

- *Comparison Between the Quarter-to-Date September 30, 2018 and 2017 Periods* — The $1.7 million increase in consolidated miscellaneous operating expenses includes a $3.5 million increase in expense from Swift's results for the full third quarter of 2018 , compared to the last 22 days in the third quarter of 2017. This was partially offset by a $1.8 million decrease in Knight's miscellaneous operating expenses, primarily driven by an increase in gain on sales of equipment due to a strong used truck market.
- *Comparison Between the Year-to-Date September 30, 2018 and 2017 Periods* — The $22.3 million increase in consolidated miscellaneous operating expenses includes a $25.2 million increase in expense from Swift's results for the full year-to-date September 30, 2018 period, compared to the last 22 days in the prior year-to-date period. Knight's miscellaneous operating expenses decreased $3.0 million, primarily driven by an increase in gain on sales of equipment due to a strong used truck market.

	Quarter-to-Date September 30,		Year-to-Date September 30,		QTD 2018 vs. QTD 2017	YTD 2018 vs. YTD 2017
	2018	2017	2018	2017		
	(Dollars in thousands)				Increase (Decrease)	
Merger-related costs	$ —	$ 12,338	$ —	$ 16,516	(100.0)%	(100.0)%

The $12.3 million and $16.5 million consolidated merger-related costs for the quarter and year-to-date September 30, 2017 periods, respectively, primarily pertained to legal and professional costs incurred by Knight in conjunction with the 2017 Merger.

Consolidated Other Expenses

	Quarter-to-Date September 30,		Year-to-Date September 30,		QTD 2018 vs. QTD 2017	YTD 2018 vs. YTD 2017
	2018	2017	2018	2017		
	(Dollars in thousands)				Increase (Decrease)	
Interest expense	$ 7,528	$ 1,812	$ 21,424	$ 1,948	315.5 %	999.8%
Income tax expense (benefit)	34,624	(1,272)	80,816	17,786	(2,822.0)%	354.4%

Interest expense — Interest expense is comprised of debt and capital lease interest expense as well as amortization of deferred loan costs. The $5.7 million quarter-to-date and $19.5 million year-to-date increases in consolidated interest expense are attributed to the inclusion of Swift's debt and capital lease balances during the quarter and year-to-date September 30, 2018 periods.

Income tax expense — In addition to the discussion below, Note 8 in Part I, Item 1 of this Quarterly Report provides further analysis related to income taxes.

- *Comparison Between the Quarter-to-Date September 30, 2018 and 2017 Periods* — The $35.9 million increase in consolidated income tax expense includes a $21.8 million increase in expense from Swift's results for the full third quarter of 2018 , compared to the last 22 days in the third quarter of 2017, and a $14.1 million increase in Knight's income tax expense. The consolidated effective tax rate for the third quarter of 2018 was 24.6%, reflecting the reduced federal corporate income tax rate from 35.0% to 21.0%, in accordance with the Tax Cuts and Jobs Act of 2017. The consolidated effective tax rate for the third quarter of 2017 was (43.5)% , as we recognized discrete items relating to stock compensation deductions and the impact of state tax rate changes on deferred taxes benefiting that period.
- *Comparison Between the Year-to-Date September 30, 2018 and 2017 Periods* — The $63.0 million increase in consolidated income tax expense includes a $44.5 million increase in expense from Swift's results for the full year-to-date September 30, 2018 period, compared to the last 22 days in the prior year-to-date period, and a $18.5 million increase in Knight's income tax expense. The consolidated effective tax rate for the year-to-date September 30, 2018 period was 23.1%, as compared to 32.1% for the year-to-date September 30, 2017 period. The year-to-date effective tax rate decreased, primarily due to the reduced federal corporate income tax rate from 35.0% to 21.0%, in accordance with the Tax Cuts and Jobs Act of 2017. The Company recognized discrete items relating to stock compensation deductions and a favorable audit settlement of nondeductible penalties during the year-to-date September 30, 2018 period. The Company also recognized discrete items relating to stock compensation deductions and the impact of state tax rate changes on deferred taxes during the year-to-date September 30, 2017 period.

Non-GAAP Financial Measures

The terms "Adjusted Net Income Attributable to Knight-Swift," "Adjusted EPS," and "Adjusted Operating Ratio," as we define them, are not presented in accordance with GAAP. These financial measures supplement our GAAP results in evaluating certain aspects of our business. We believe that using these measures improves comparability in analyzing our performance because they remove the impact of items from our operating results that, in our opinion, do not reflect our core operating performance. Management and the Board focus on Adjusted Net Income Attributable to Knight-Swift, Adjusted EPS, and Adjusted Operating Ratio as key measures of our performance, all of which are reconciled to the most comparable GAAP financial measures and further discussed below. We believe our presentation of these non-GAAP financial measures is useful because it provides investors and securities analysts the same information that we use internally for purposes of assessing our core operating performance.

Adjusted Net Income Attributable to Knight-Swift, Adjusted EPS, and Adjusted Operating Ratio are not substitutes for their comparable GAAP financial measures, such as net income, cash flows from operating activities, operating income, or other measures prescribed by GAAP. There are limitations to using non-GAAP financial measures. Although we believe that they improve comparability in analyzing our period to period performance, they could limit comparability to other companies in our industry if those companies define these measures differently. Because of these limitations, our non-GAAP financial measures should not be considered measures of income generated by our business or discretionary cash available to us to invest in the growth of our business. Management compensates for these limitations by primarily relying on GAAP results and using non-GAAP financial measures on a supplemental basis.

Pursuant to the requirements of Regulation G, the following tables reconcile GAAP consolidated net income attributable to Knight-Swift to non-GAAP consolidated Adjusted Net Income attributable to Knight-Swift, GAAP consolidated earnings per diluted share to non-GAAP consolidated Adjusted EPS, GAAP consolidated Operating Ratio to non-GAAP consolidated Adjusted Operating Ratio, and GAAP reportable segment Operating Ratio to non-GAAP reportable segment Adjusted Operating Ratio.

Note: The reported results do not include the results of operations of Swift and its subsidiaries on and prior to the 2017 Merger, in accordance with the accounting treatment applicable to the transaction. Additionally, the reported results do not include the results of operations of Abilene on and prior to its acquisition by Knight on March 16, 2018 in accordance with the accounting treatment applicable to the transaction. Accordingly, comparisons between the Company's quarter and year-to-date September 30, 2018 results and prior periods may not be meaningful.

Non-GAAP Reconciliation:
Consolidated Adjusted Net Income Attributable to Knight-Swift and Adjusted EPS

	Quarter-to-Date September 30,		Year-to-Date September 30,	
	2018	2017	2018	2017
	(In thousands)			
GAAP: Net income attributable to Knight-Swift	$ 105,881	$ 3,881	$ 267,568	$ 36,728
Adjusted for:				
Income tax expense attributable to Knight-Swift	34,624	(1,272)	80,816	17,786
Income before income taxes attributable to Knight-Swift	$ 140,505	$ 2,609	$ 348,384	$ 54,514
Impairments (1)	—	16,746	—	16,746
Amortization of intangibles (2)	10,695	2,529	31,891	2,529
Other merger-related operating expenses (3)	—	6,596	—	6,596
Merger-related costs (4)	—	12,338	—	16,516
Severance expense (5)	1,568	—	1,568	—
Adjusted income before income taxes	152,768	40,818	381,843	96,901
Provision for income tax expense at effective rate	(37,646)	(15,307)	(88,578)	(36,338)
Non-GAAP: Adjusted Net Income Attributable to Knight-Swift	$ 115,122	$ 25,511	$ 293,265	$ 60,563

(1) The Company terminated the implementation of Swift's enterprise resource planning system in 2017, resulting in an impairment loss.

(2) "Amortization of intangibles" reflects the non-cash amortization expense relating to intangible assets identified in the 2017 Merger, Abilene Acquisition, and historical Knight acquisitions. Refer to Note 4 in Part I, Item 1 of this Quarterly Report for additional details.

(3) " Other merger-related operating expenses" represent one-time expenses associated with the 2017 Merger, including acceleration of stock compensation expense, bonuses, and other operating expenses. These expenses were recorded in the "Salaries, wages, and benefits," "Purchased transportation," and "Miscellaneous operating expenses" line items in the condensed consolidated income statements.

(4) During the second and third quarters of 2017, Knight incurred certain merger-related expenses associated with the 2017 Merger, consisting of legal and professional fees.

(5) Severance expenses were incurred during the third quarter of 2018 in relation to certain organizational changes at Swift.

Note: Since the numbers reflected in the table below are calculated on a per share basis, they may not foot due to rounding.

	Quarter-to-Date September 30,		Year-to-Date September 30,	
	2018	2017	2018	2017
GAAP: Earnings per diluted share	$ 0.60	$ 0.04	$ 1.50	$ 0.41
Adjusted for:				
Income tax expense attributable to Knight-Swift	0.19	(0.01)	0.45	0.20
Income before income taxes attributable to Knight-Swift	0.79	0.03	1.95	0.61
Impairments (1)	—	0.16	—	0.19
Amortization of intangibles (2)	0.06	0.02	0.18	0.03
Other merger-related operating expenses (3)	—	0.06	—	0.07
Merger-related costs (4)	—	0.12	—	0.19
Severance expense (5)	0.01	—	0.01	—
Adjusted income before income taxes	0.86	0.39	2.14	1.09
Provision for income tax expense at effective rate	(0.21)	(0.15)	(0.50)	(0.41)
Non-GAAP: Adjusted EPS	$ 0.65	$ 0.25	$ 1.64	$ 0.68

Non-GAAP Reconciliation: Consolidated Adjusted Operating Ratio

	Quarter-to-Date September 30,		Year-to-Date September 30,	
	2018	2017	2018	2017
GAAP Presentation	(Dollars in thousands)			
Total revenue	$ 1,346,611	$ 521,608	$ 3,949,426	$ 1,066,033
Total operating expenses	(1,202,331)	(515,797)	(3,587,160)	(1,009,174)
Operating income	$ 144,280	$ 5,811	$ 362,266	$ 56,859
Operating Ratio	89.3%	98.9%	90.8%	94.7%
Non-GAAP Presentation				
Total revenue	$ 1,346,611	$ 521,608	$ 3,949,426	$ 1,066,033
Fuel surcharge	(157,868)	(51,925)	(466,763)	(104,348)
Revenue, excluding fuel surcharge	1,188,743	469,683	3,482,663	961,685
Total operating expenses	1,202,331	515,797	3,587,160	1,009,174
Adjusted for:				
Fuel surcharge	(157,868)	(51,925)	(466,763)	(104,348)
Impairments (1)	—	(16,746)	—	(16,746)
Amortization of intangibles (2)	(10,695)	(2,529)	(31,891)	(2,529)
Other merger-related operating expenses (3)	—	(6,596)	—	(6,596)
Merger-related costs (4)	—	(12,338)	—	(16,516)
Severance expense (5)	(1,568)	—	(1,568)	—
Adjusted Operating Expenses	1,032,200	425,663	3,086,938	862,439
Adjusted Operating Income	$ 156,543	$ 44,020	$ 395,725	$ 99,246
Adjusted Operating Ratio	86.8%	90.6%	88.6%	89.7%

(1) See Non-GAAP Reconciliation: Consolidated Adjusted Net Income Attributable to Knight-Swift footnote (1) .
(2) See Non-GAAP Reconciliation: Consolidated Adjusted Net Income Attributable to Knight-Swift footnote (2) .
(3) See Non-GAAP Reconciliation: Consolidated Adjusted Net Income Attributable to Knight-Swift footnote (3) .
(4) See Non-GAAP Reconciliation: Consolidated Adjusted Net Income Attributable to Knight-Swift footnote (4) .
(5) See Non-GAAP Reconciliation: Consolidated Adjusted Net Income Attributable to Knight-Swift footnote (5) .

Non-GAAP Reconciliation: Reportable Segment Adjusted Operating Ratio

Knight Trucking Segment

	Quarter-to-Date September 30,		Year-to-Date September 30,	
	2018	2017	2018	2017
GAAP Presentation	(Dollars in thousands)			
Total revenue	$ 296,021	$ 222,307	$ 845,688	$ 661,320
Total operating expenses	(239,486)	(213,726)	(691,773)	(606,717)
Operating income	$ 56,535	$ 8,581	$ 153,915	$ 54,603
Operating Ratio	80.9%	96.1%	81.8%	91.7%
Non-GAAP Presentation				
Total revenue	$ 296,021	$ 222,307	$ 845,688	$ 661,320
Fuel surcharge	(39,439)	(26,513)	(112,134)	(78,936)
Intersegment transactions	(86)	(31)	(159)	(112)
Revenue, excluding fuel surcharge and intersegment transactions	256,496	195,763	733,395	582,272
Total operating expenses	239,486	213,726	691,773	606,717
Adjusted for:				
Fuel surcharge	(39,439)	(26,513)	(112,134)	(78,936)
Intersegment transactions	(86)	(31)	(159)	(112)
Amortization of intangibles [1]	(352)	—	(860)	—
Other merger-related operating expenses [2]	—	(6,596)	—	(6,596)
Merger-related costs [3]	—	(12,338)	—	(16,516)
Adjusted Operating Expenses	199,609	168,248	578,620	504,557
Adjusted Operating Income	$ 56,887	$ 27,515	$ 154,775	$ 77,715
Adjusted Operating Ratio	77.8%	85.9%	78.9%	86.7%

(1) See Non-GAAP Reconciliation: Consolidated Adjusted Net Income Attributable to Knight-Swift and Adjusted EPS footnote (2) .

(2) See Non-GAAP Reconciliation: Consolidated Adjusted Net Income Attributable to Knight-Swift and Adjusted EPS footnote (3) .

(3) See Non-GAAP Reconciliation: Consolidated Adjusted Net Income Attributable to Knight-Swift and Adjusted EPS footnote (4) .

Swift Truckload Segment

	Quarter-to-Date September 30,		Year-to-Date September 30,	
	2018	2017	2018	2017
GAAP Presentation	(Dollars in thousands)			
Total revenue	$ 400,399	$ 115,899	$ 1,251,576	$ 115,899
Total operating expenses	(346,373)	(107,932)	(1,116,954)	(107,932)
Operating income	$ 54,026	$ 7,967	$ 134,622	$ 7,967
Operating Ratio	86.5%	93.1%	89.2%	93.1%
Non-GAAP Presentation				
Total revenue	$ 400,399	$ 115,899	$ 1,251,576	$ 115,899
Fuel surcharge	(52,944)	(13,739)	(169,711)	(13,739)
Revenue, excluding fuel surcharge	347,455	102,160	1,081,865	102,160
Total operating expenses	346,373	107,932	1,116,954	107,932
Adjusted for:				
Fuel surcharge	(52,944)	(13,739)	(169,711)	(13,739)
Adjusted Operating Expenses	293,429	94,193	947,243	94,193
Adjusted Operating Income	$ 54,026	$ 7,967	$ 134,622	$ 7,967
Adjusted Operating Ratio	84.5%	92.2%	87.6%	92.2%

Swift Dedicated Segment

	Quarter-to-Date September 30,		Year-to-Date September 30,	
	2018	2017	2018	2017
GAAP Presentation	(Dollars in thousands)			
Total revenue	$ 163,276	$ 39,120	$ 476,466	$ 39,120
Total operating expenses	(141,467)	(36,171)	(418,764)	(36,171)
Operating income	$ 21,809	$ 2,949	$ 57,702	$ 2,949
Operating Ratio	86.6%	92.5%	87.9%	92.5%
Non-GAAP Presentation				
Total revenue	$ 163,276	$ 39,120	$ 476,466	$ 39,120
Fuel surcharge	(18,906)	(3,915)	(54,797)	(3,915)
Revenue, excluding fuel surcharge	144,370	35,205	421,669	35,205
Total operating expenses	141,467	36,171	418,764	36,171
Adjusted for:				
Fuel surcharge	(18,906)	(3,915)	(54,797)	(3,915)
Adjusted Operating Expenses	122,561	32,256	363,967	32,256
Adjusted Operating Income	$ 21,809	$ 2,949	$ 57,702	$ 2,949
Adjusted Operating Ratio	84.9%	91.6%	86.3%	91.6%

Swift Refrigerated Segment

	Quarter-to-Date September 30,		Year-to-Date September 30,	
	2018	2017	2018	2017
GAAP Presentation	(Dollars in thousands)			
Total revenue	$ 211,282	$ 47,506	$ 616,444	$ 47,506
Total operating expenses	(203,060)	(47,079)	(595,183)	(47,079)
Operating income	$ 8,222	$ 427	$ 21,261	$ 427
Operating Ratio	96.1%	99.1%	96.6%	99.1%
Non-GAAP Presentation				
Total revenue	$ 211,282	$ 47,506	$ 616,444	$ 47,506
Fuel surcharge	(23,302)	(4,275)	(67,701)	(4,275)
Revenue, excluding fuel surcharge	187,980	43,231	548,743	43,231
Total operating expenses	203,060	47,079	595,183	47,079
Adjusted for:				
Fuel surcharge	(23,302)	(4,275)	(67,701)	(4,275)
Adjusted Operating Expenses	179,758	42,804	527,482	42,804
Adjusted Operating Income	$ 8,222	$ 427	$ 21,261	$ 427
Adjusted Operating Ratio	95.6%	99.0%	96.1%	99.0%

Knight Logistics Segment

	Quarter-to-Date September 30,		Year-to-Date September 30,	
	2018	2017	2018	2017
GAAP Presentation	(Dollars in thousands)			
Total revenue	$ 89,554	$ 57,904	$ 235,165	$ 166,959
Total operating expenses	(80,738)	(54,253)	(218,659)	(158,282)
Operating income	$ 8,816	$ 3,651	$ 16,506	$ 8,677
Operating Ratio	90.2%	93.7%	93.0%	94.8%
Non-GAAP Presentation				
Total revenue	$ 89,554	$ 57,904	$ 235,165	$ 166,959
Intersegment transactions	(1,638)	(1,344)	(4,813)	(4,906)
Revenue before intersegment transactions	87,916	56,560	230,352	162,053
Total operating expenses	80,738	54,253	218,659	158,282
Adjusted for:				
Intersegment transactions	(1,638)	(1,344)	(4,813)	(4,906)
Adjusted Operating Expenses	79,100	52,909	213,846	153,376
Adjusted Operating Income	$ 8,816	$ 3,651	$ 16,506	$ 8,677
Adjusted Operating Ratio	90.0%	93.5%	92.8%	94.6%

Swift Intermodal Segment

	Quarter-to-Date September 30,		Year-to-Date September 30,	
	2018	2017	2018	2017
GAAP Presentation	(Dollars in thousands)			
Total revenue	$ 123,065	$ 24,046	$ 339,841	$ 24,046
Total operating expenses	(113,612)	(22,650)	(322,386)	(22,650)
Operating income	$ 9,453	$ 1,396	$ 17,455	$ 1,396
Operating Ratio	92.3%	94.2%	94.9%	94.2%
Non-GAAP Presentation				
Total revenue	$ 123,065	$ 24,046	$ 339,841	$ 24,046
Fuel surcharge	(19,268)	(3,042)	(52,843)	(3,042)
Revenue, excluding fuel surcharge	103,797	21,004	286,998	21,004
Total operating expenses	113,612	22,650	322,386	22,650
Adjusted for:				
Fuel surcharge	(19,268)	(3,042)	(52,843)	(3,042)
Adjusted Operating Expenses	94,344	19,608	269,543	19,608
Adjusted Operating Income	$ 9,453	$ 1,396	$ 17,455	$ 1,396
Adjusted Operating Ratio	90.9%	93.4%	93.9%	93.4%

Liquidity and Capital Resources

Sources of Liquidity

Our primary sources of liquidity are funds provided by operations and the following:

Source	September 30, 2018
	(In thousands)
Cash and cash equivalents, excluding restricted cash	$ 91,335
Availability under Revolver, due October 2022 (1)	528,785
Availability under 2018 RSA, due July 2021 (2)	16,675
Total unrestricted liquidity	$ 636,795
Cash and cash equivalents – restricted (3)	50,048
Restricted investments, held-to-maturity, amortized cost (3)	20,511
Total liquidity, including restricted cash and restricted investments	$ 707,354

(1) As of September 30, 2018 , we had $235.0 million in borrowings under our $800.0 million Revolver. We additionally had $36.2 million in outstanding letters of credit (discussed below), leaving $528.8 million available under the Revolver.

(2) Based on eligible receivables at September 30, 2018 , our borrowing base for the 2018 RSA was $322.4 million , while outstanding borrowings were $235.0 million . We additionally had $70.7 million in outstanding letters of credit (discussed below), leaving $16.7 million available under the 2018 RSA.

(3) Restricted cash and restricted investments are primarily held by our captive insurance companies for claims payments. "Cash and cash equivalents – restricted" consists of $48.5 million , which is included in "Cash and cash equivalents — restricted" in the condensed consolidated balance sheet and is held by Mohave and Red Rock for claims payments. The remaining $1.6 million is included in "Other long-term assets" and is held in escrow accounts to meet statutory requirements.

Uses of Liquidity

Our business requires substantial amounts of cash for operating activities, including salaries and wages paid to our employees, contract payments to independent contractors, insurance and claims payments, tax payments, and others. We also use large amounts of cash and credit for the following activities:

Capital Expenditures — When justified by customer demand, as well as our liquidity and our ability to generate acceptable returns, we make substantial cash capital expenditures to maintain a modern company tractor fleet, refresh our trailer fleet, fund replacement of our revenue equipment fleet, and, to a lesser extent, fund upgrades to our terminals and technology in our logistics service offerings. We believe we have ample flexibility with our trade cycle and purchase agreements to alter our current plans if economic or other conditions warrant.

Over the long-term, we will continue to have significant capital requirements, which may require us to seek additional borrowing, lease financing, or equity capital. The availability of financing or equity capital will depend upon our financial condition and results of operations as well as prevailing market conditions. If such additional borrowing, lease financing, or equity capital is not available at the time we need it, then we may need to borrow more under the Revolver (if not then fully drawn), extend the maturity of then-outstanding debt, rely on alternative financing arrangements, engage in asset sales, limit our fleet size, or operate our revenue equipment for longer periods.

There can be no assurance that we will be able to obtain additional debt under our existing financial arrangements to satisfy our ongoing capital requirements. However, we believe the combination of our expected cash flows, financing available through operating and capital leases, available funds under the 2018 RSA, and availability under the Revolver will be sufficient to fund our expected capital expenditures for at least the next twelve months.

Principal and Interest Payments — As of September 30, 2018 , we had material debt and capital lease obligations of $971.3 million , which are discussed under "Material Debt Agreements," below. Certain cash flows from operations are committed to minimum payments of principal and interest on our debt or lease obligations. Additionally, when our financial position allows, we periodically make voluntary prepayments on our outstanding debt balances. Following the 2017 Merger, the combined company carries more debt than Knight historically carried, and the combined company has higher interest expense and exposure to interest rate fluctuations than Knight historically had.

Letters of Credit — Pursuant to the terms of the 2017 Debt Agreement and our 2018 RSA, our lenders may issue standby letters of credit on our behalf. When we have letters of credit outstanding, the availability under our Revolver or 2018 RSA is reduced accordingly. Standby letters of credit are typically issued for the benefit of regulatory authorities, insurance companies and state departments of insurance for the purpose of satisfying certain collateral requirements, primarily related to our automobile, workers' compensation, and general insurance liabilities.

Share Repurchases — From time to time, and depending on free cash flow availability, debt levels, common stock prices, general economic and market conditions, as well as Board approval, we may repurchase shares of our outstanding common stock. As of September 30, 2018 , the Company had $150.0 million remaining under the Knight-Swift Share Repurchase Plan . Additional details are discussed in Note 12 in Part I, Item 1 of this Quarterly Report.

Working Capital

As of September 30, 2018 and December 31, 2017 , we had a working capital surplus of $291.5 million and $313.7 million , respectively.

Material Debt Agreements

As of September 30, 2018 , we had $971.3 million in material debt obligations at the following carrying values:

- $364.5 million : Term Loan, due October 2020 , net of $0.5 million deferred loan costs
- $234.6 million : 2018 RSA outstanding borrowings, due July 2021, net of $0.4 million deferred loan costs
- $136.8 million : Capital lease obligations
- $235.0 million : Revolver, due October 2022
- $0.4 million : Other

As of December 31, 2017 , we had $970.9 million in material debt obligations at the following carrying values:

- $364.4 million : Term Loan, due October 2020 , net of $0.6 million deferred loan costs
- $305.0 million : 2015 RSA outstanding borrowings, due January 2019
- $176.1 million : Capital lease obligations
- $125.0 million : Revolver, due October 2022
- $0.4 million : Other

Capital and Operating Leases

In addition to our net cash capital expenditures, Swift historically obtained a large portion of its revenue equipment, including tractors and trailers, through capital and operating leases. Our tractor and trailer lease acquisitions and terminations were as follows:

	Quarter-to-Date September 30,		Year-to-Date September 30,	
	2018	2017	2018	2017
	(In thousands)			
Gross value of revenue equipment acquired with:				
Capital leases	$ —	$ 15,020	$ —	$ 15,020
Operating leases	—	917	—	917
Originating value of terminated revenue equipment leases:				
Capital leases	40,776	4,714	40,776	4,714
Operating leases	65,777	—	257,540	—

Cash Flow Analysis

	Year-to-Date September 30, 2018	Year-to-Date September 30, 2017	Change
	(In thousands)		
Net cash provided by operating activities	$ 580,645	$ 136,344	$ 444,301
Net cash (used in) provided by investing activities	(467,495)	36,281	(503,776)
Net cash (used in) provided by financing activities	(123,497)	18,673	(142,170)

Net Cash Provided by Operating Activities

Comparison Between the Year-to-Date September 30, 2018 and 2017 Periods — The $444.3 million increase in net cash provided by operating activities was primarily due to the $305.4 million increase in operating income, due to the factors discussed in "Results of Operations — Segment Review" and "Results of Operations — Consolidated Operating and Other Expenses," above, a $34.4 million decrease in net income tax payments, net of refunds, and a non-cash increase in depreciation and amortization of property and equipment of $207.9 million pertaining to Swift's results for the year-to-date September 30, 2018 period, compared to the 22-day period after the 2017 Merger.

Net Cash (Used in) Provided by Investing Activities

Comparison Between the Year-to-Date September 30, 2018 and 2017 Periods — The $503.8 million increase in net cash used in investing activities was due to a $289.7 million increase in net cash capital expenditures and a $193.7 million increase in net cash used for mergers and acquisitions (consisting of $101.7 million cash paid to acquire Abilene in 2018, net of $92.0 million cash acquired in the 2017 Merger).

Net Cash (Used in) Provided by Financing Activities

Comparison Between the Year-to-Date September 30, 2018 and 2017 Periods — Net cash used in financing activities increased by $142.2 million , which was primarily due to $100.0 million of share repurchases under our $250.0 million share repurchase authorization and an increase in dividends paid of $17.5 million.

Contractual Obligations

"Liquidity and Capital Resources," above, includes details regarding changes in our contractual obligations table during the year-to-date September 30, 2018 period. Aside from these items, there were no material changes to the contractual obligations table, which was included in our 2017 Annual Report.

Off Balance Sheet Arrangements

Information about our off balance sheet arrangements is included in Note 10 of the notes to our condensed consolidated financial statements, included in Part I, Item 1 of this Quarterly Report, which is incorporated by reference herein. See also "Contractual Obligations," above.

Seasonality

Discussion regarding the impact of seasonality on our business is included in Note 1 in the notes to condensed consolidated financial statements, included in Part I, Item 1 of this Quarterly Report, incorporated by reference herein.

Inflation

Inflation can have an impact on our operating costs. A prolonged period of inflation could cause interest rates, fuel, wages, and other costs to increase, which would adversely affect our results of operations unless freight rates correspondingly increased. Consistent with trends in the trucking industry overall, we have recently experienced inflationary pressures with respect to driver wages, as compared to prior years.

Recently Issued Accounting Pronouncements

See Part I, Item 1 of this Quarterly Report, which is incorporated herein by reference, for the impact of recently issued accounting pronouncements on the Company's condensed consolidated financial statements, as follows:

- Note 2 for accounting pronouncements adopted during the year-to-date September 30, 2018 period.
- Note 3 for recently issued accounting pronouncements, not yet adopted by the Company as of September 30, 2018 .

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Interest Rate Risk

We have exposure from variable interest rates, primarily related to our 2017 Debt Agreement and 2018 RSA. These variable interest rates are impacted by changes in short-term interest rates. We primarily manage interest rate exposure through a mix of variable rate debt (weighted average rate of 3.05% as of September 30, 2018) and fixed rate equipment lease financing. Assuming the level of borrowings as of September 30, 2018 , a hypothetical one percentage point increase in interest rates would increase our annual interest expense by $8.4 million .

Commodity Price Risk

We have commodity exposure with respect to fuel used in company-owned tractors. Increases in fuel prices would continue to raise our operating costs, even after applying fuel surcharge revenue. Historically, we have been able to recover a majority of fuel price increases from our customers in the form of fuel surcharges. The weekly average diesel price per gallon in the US, as reported by the US Department of Energy, increased from an average of $2.63 per gallon for the quarter-to-date September 30, 2017 period to an average of $3.24 per gallon for the quarter-to-date September 30, 2018 period. The weekly average diesel price per gallon in the US increased from an average of $2.58 per gallon for the year-to-date September 30, 2017 period to an average of $3.15 per gallon for the year-to-date September 30, 2018 period. We cannot predict the extent or speed of potential changes in fuel price levels in the future, the degree to which the lag effect of our fuel surcharge programs will impact us as a result of the timing and magnitude of such changes, or the extent to which effective fuel surcharges can be maintained and collected to offset such increases. We generally have not used derivative financial instruments to hedge our fuel price exposure in the past, but continue to evaluate this possibility.

ITEM 4. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We have established disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) to ensure that material information relating to us, including our consolidated subsidiaries, is made known to the officers who certify our financial reports and to other members of senior management and the Board. Our management, with the participation of our principal executive officer and principal financial officer, conducted an evaluation of the effectiveness of our disclosure controls and procedures. Based on this evaluation, as of the end of the period covered by this Quarterly Report on Form 10-Q our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures are effective to ensure that the information required to be disclosed by us in the reports that we file or submit under the Exchange Act is (1) recorded, processed, summarized, and reported within the time periods specified in the SEC rules and forms, and (2) accumulated and communicated to management, including our principal executive officer and principal financial officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the quarter ended September 30, 2018 , that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. We base our internal control over financial reporting on the criteria set forth in the 2013 COSO Internal Control: Integrated Framework.

We have confidence in our disclosure controls and procedures and internal control over financial reporting. Nevertheless, our management, including our principal executive officer and principal financial officer, does not expect that our disclosure controls and procedures and internal control over financial reporting will prevent all errors, misstatements, or fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Information about our legal proceedings is included in Note 11 of the notes to our condensed consolidated financial statements, included in Part I, Item 1, of this Quarterly Report for the period ended September 30, 2018 , and is incorporated by reference herein. Based on management's present knowledge of the facts and (in certain cases) advice of outside counsel, management does not believe that loss contingencies arising from pending matters are likely to have a material adverse effect on the Company's overall financial position, operating results, or cash flows after taking into account any existing accruals. However, actual outcomes could be material to the Company's financial position, operating results, or cash flows for any particular period.

ITEM 1A. RISK FACTORS

While we attempt to identify, manage, and mitigate risks and uncertainties associated with our business, some level of risk and uncertainty will always be present. Our 2017 Annual Report and our Quarterly Report for the quarter ended March 31, 2018, in the section of each document entitled "Item 1A. Risk Factors," describes some of the risks and uncertainties associated with our business.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value that May Yet be Purchased Under the Plans or Programs (1)
July 1, 2018 to July 31, 2018	971,138	$ 32.08	971,138	$ 218,849,989
August 1, 2018 to August 31, 2018	2,104,390	$ 32.72	2,104,390	$ 150,000,030
September 1, 2018 to September 30, 2018	—	$ —	—	$ 150,000,030
Total	3,075,528	$ 32.51	3,075,528	$ 150,000,030

(1) On June 5, 2018, the Company announced that the Board approved the $250.0 million Knight-Swift Repurchase Plan. There is no expiration date associated with this share repurchase authorization.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit Number	Description	Page or Method of Filing
2.1*	Agreement and Plan of Merger, dated as of April 9, 2017, by and among Swift Transportation Company, Bishop Merger Sub, Inc., and Knight Transportation, Inc.	Incorporated by reference to Exhibit 2.1 of Form 8-K filed on April 13, 2017
3.1	Third Amended and Restated Certificate of Incorporation of Knight-Swift Transportation Holdings Inc.	Filed herewith
3.2	Amended and Restated Bylaws of Knight-Swift Transportation Holdings Inc.	Filed herewith
10.1	Fourth Amendment to Amended and Restated Receivables Purchase Agreement, by and among Swift Receivables Company II, LLC, Swift Transportation Services, LLC, the various Conduit Purchasers party thereto, the various Related Committed Purchasers party thereto, the various Purchase Agents party thereto, the various LC Participants party thereto, and PNC Bank, National Association, as administrator and LC Bank, dated July 11, 2018	Filed herewith
31.1	Certification pursuant to Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, by David A. Jackson, the Company's Chief Executive Officer (principal executive officer).	Filed herewith
31.2	Certification pursuant to Item 601(b)(31) of Regulation S-K, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002, by Adam W. Miller, the Company's Chief Financial Officer (principal financial officer).	Filed herewith
32.1	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, by David A. Jackson, the Company's Chief Executive Officer.	Furnished herewith
32.2	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, by Adam W. Miller, the Company's Chief Financial Officer.	Furnished herewith
101.INS	XBRL Instance Document	Filed herewith
101.SCH	XBRL Taxonomy Extension Schema Document	Filed herewith
101.CAL	XBRL Taxonomy Calculation Linkbase Document	Filed herewith
101.LAB	XBRL Taxonomy Label Linkbase Document	Filed herewith
101.PRE	XBRL Taxonomy Presentation Linkbase Document	Filed herewith
101.DEF	XBRL Taxonomy Extension Definition Document	Filed herewith

* Schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company agrees to supplementally furnish to the SEC a copy of any omitted schedule upon request by the SEC.

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

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 hereunto duly authorized.

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

Date:	November 9, 2018	*/s/ David A. Jackson*
		David A. Jackson Chief Executive Officer and President, in his capacity as such and on behalf of the registrant
Date:	November 9, 2018	*/s/ Adam W. Miller*
		Adam W. Miller Chief Financial Officer, in his capacity as such and on behalf of the registrant

RESTATED
CERTIFICATE OF INCORPORATION
OF
KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

Knight-Swift Transportation Holdings Inc., a corporation organized and existing under the laws of the State of Delaware (the " Corporation "), does hereby certify as follows:

1. The name of the Corporation is Knight-Swift Transportation Holdings Inc. The Corporation was originally incorporated under the name Swift Holdings Corp.

2. The Corporation filed its original Certification of Incorporation (as amended or restated to date, the " Certificate ") under the name Swift Holdings Corp. with the Secretary of State of the State of Delaware on May 20, 2010.

3. The Corporation filed its Second Amended and Restated Certificate of Incorporation with the Secretary of State of the State of Delaware on September 8, 2017 (the " Prior Charter Amendment Effective Time ").

4. This Restated Certificate of Incorporation (this " Restated Certificate of Incorporation ") was duly adopted by the Board of Directors of the Corporation without a vote of the Corporation's stockholders in accordance with Section 245 of the General Corporation Law of the State of Delaware (the " DGCL ").

5. This Restated Certificate of Incorporation only restates and integrates and does not further amend the provisions of the Corporation's Second Amended and Restated Certificate of Incorporation, as amended and supplemented, and there is no discrepancy between those provisions and the provisions of this Restated Certificate of Incorporation.

6. This new Restated Certificate of Incorporation shall read in its entirety as follows:

1 : The name of the corporation is KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC. (the " Corporation ").

2 : The address of the registered office of the Corporation in the State of Delaware is 160 Greentree Drive, Suite 101, in the City of Dover, County of Kent. The name of its registered agent at that address is National Registered Agents, Inc.

3 : The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the DGCL, as set forth in Title 8 of the Delaware Code.

4 :

(a) Authorized Capital Stock . The total number of shares of stock which the Corporation shall have authority to issue is 510,000,000 shares of capital stock, consisting of (i) 500,000,000 shares of Class A common stock, par value $0.01 per share (" Common Stock "), and (ii) 10,000,000 shares of preferred stock, par value $0.01 per share (" Preferred Stock ").

(b) Common Stock . The powers, preferences and rights, and the qualifications, limitations and restrictions of the Common Stock are as follows:

(2) Voting . Except as otherwise required by the DGCL or as provided by or pursuant to the provisions of this Restated Certificate of Incorporation, each holder of Common Stock shall be entitled to one (1) vote for each share of Common Stock held of record by such holder.

(3) No Cumulative Voting . The holders of shares of Common Stock shall not have cumulative voting rights.

(4) Dividends . Subject to the rights of the holders of Preferred Stock, and subject to any other provisions of this Restated Certificate of Incorporation, holders of shares of Common Stock shall be entitled to receive such dividends and other distributions in cash, stock or property of the Corporation when, as and if declared thereon by the Board of Directors from time to time out of assets or funds of the Corporation legally available therefor.

(5) Liquidation, Dissolution, etc . In the event of any liquidation, dissolution or winding up (either voluntary or involuntary) of the Corporation, the holders of shares of Common Stock shall be entitled to receive the assets and funds of the Corporation available for distribution after payments to creditors and to the holders of any Preferred Stock of the Corporation that may at the time be outstanding, in proportion to the number of shares held by them, respectively.

(6) No Preemptive or Subscription Rights . No holder of shares of Common Stock shall be entitled to preemptive or subscription rights.

(d) Preferred Stock . The Board of Directors is hereby expressly authorized to provide for the issuance of all or any shares of the Preferred Stock in one or more classes or series, and to fix for each such class or series such voting powers, full or limited, or no voting powers, and such designations, preferences and relative, participating, optional or other special rights and such qualifications, limitations or restrictions thereof, as shall be stated and expressed in the resolution or resolutions adopted by the Board of Directors providing for the issuance of such class or series, including, without limitation, the authority to provide that any such class or series may be (i) subject to redemption at such time or times and at such price or prices; (ii) entitled to receive dividends (which may be cumulative or non-cumulative) at such rates, on such conditions, and at such times, and payable in preference to, or in such relation to, the dividends payable on any other class or classes or any other series; (iii) entitled to such rights upon the dissolution of, or upon any distribution of the assets of, the Corporation; or (iv) convertible into, or exchangeable for, shares of any other class or classes of stock, or of any other series of the same or any other class or classes of stock, of the Corporation at such price or prices or at such rates of exchange and with such adjustments; all as may be stated in such resolution or resolutions.

5 : The following provisions are inserted for the management of the business and the conduct of the affairs of the Corporation, and for further definition, limitation and regulation of the powers of the Corporation and of its directors and stockholders.

(a) The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors.

(b) The size of the Board of Directors shall be fixed from time to time by resolution of the Board of Directors. Election of directors need not be by written ballot unless the ByLaws so provide.

(c) The directors, other than those who may be elected by the holders of any series of Preferred Stock, shall be classified, with respect to the time for which they severally hold office, into three classes, as nearly equal in number as possible, designated Class I, Class II and Class III. The directors in Class I shall serve for an initial term expiring at the Corporation's first annual meeting of stockholders held after the Prior Charter Amendment Effective Time, the directors in Class II shall serve for an initial term expiring at the Corporation's second annual meeting of stockholders held after the Prior Charter Amendment Effective Time, and the directors in Class III shall serve for an initial term expiring at the Corporation's third annual meeting of stockholders held after the Prior Charter Amendment Effective Time, with each director in a class to hold office until his successor is elected and qualified, or until such director's earlier death, resignation or removal. At the Corporation's third annual meeting of the stockholders of the Corporation and at each subsequent annual meeting of the stockholders of the Corporation held after the Charter Amendment Effective Time, the members (or successors) of the class of directors whose term expires at that meeting shall be elected to hold office for a term expiring at the annual meeting of stockholders held in the third year following the year of their election, with each director in a class to hold office until his successor is elected and qualified, or until such director's earlier death, resignation or removal. Advance notice of stockholder nominations for the election of directors shall be given in the manner provided in the By-Laws of the Corporation.

(d) Subject to the terms of any one or more series of Preferred Stock, any vacancy on the Board of Directors that results from an increase in the number of directors may be filled by a majority of the Board of Directors then in office, provided that a quorum is present, and any other vacancy occurring on the Board of Directors may be filled by a majority of the Board of Directors then in office, even if less than a quorum, or by a sole remaining director. Notwithstanding the foregoing provisions of this Article FIFTH, whenever the holders of any one or more series of Preferred Stock issued by the Corporation shall have the right, voting separately by class or series, to elect directors at an annual or special meeting of stockholders, the election, term of office, filling of vacancies and other features of such directorships shall be governed by the terms of this Restated Certificate of Incorporation applicable thereto.

(e) Subject to the requirements of applicable law, the Corporation shall have the power to issue and sell all or any part of any shares of any class of stock herein or hereafter authorized to such persons, and for such consideration, as the Board of Directors shall from time to time, in its discretion, determine, regardless of whether greater consideration could be received upon the issue or sale of the same number of shares of another class, and as otherwise permitted by law. Subject to the requirements of applicable law, the Corporation shall have the power to purchase any shares of any class of stock herein or hereafter authorized from such persons, and for such consideration, as the Board of Directors shall from time to time, in its discretion, determine, regardless of whether less consideration could be paid upon the purchase of the same number of shares of another class, and as otherwise permitted by law.

(f) In addition to the powers and authority hereinbefore or by statute expressly conferred upon them, the directors are hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation, subject, nevertheless, to the provisions of the DGCL and this Restated Certificate of Incorporation.

6 : Any action required to be taken at a meeting of the stockholders of the Corporation, or any action that may be taken at a meeting of the stockholders, may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all of the stockholders entitled to vote with respect to the subject matter thereof. This consent shall have the same effect as a unanimous vote of stockholders and may be stated as such in any document.

7 : No director shall be personally liable to the Corporation or any of its stockholders for monetary damages for breach of fiduciary duty as a director, except to the extent such exemption from liability or limitation thereof is not permitted under the DGCL as the same exists or may hereafter be amended. If the DGCL is amended hereafter to authorize the further elimination or limitation of the liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent authorized by the DGCL, as so amended. Any repeal or modification of this Article SEVENTH shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification with respect to acts or omissions occurring prior to such repeal or modification.

8 : The Corporation shall indemnify its directors and officers to the fullest extent authorized or permitted by law, as now or hereafter in effect, and such right to indemnification shall continue as to a person who has ceased to be a director or officer of the Corporation and shall inure to the benefit of his or her heirs, executors and personal and legal representatives; provided, however, that, except for proceedings to enforce rights to indemnification, the Corporation shall not be obligated to indemnify any director or officer (or his or her heirs, executors or personal or legal representatives) in connection with a proceeding (or part thereof) initiated by such person unless

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such proceeding (or part thereof) was authorized or consented to by the Board of Directors. The right to indemnification conferred by this Article EIGHTH shall include the right to be paid by the Corporation the expenses incurred in defending or otherwise participating in any proceeding in advance of its final disposition. The Corporation may, to the extent authorized from time to time by the Board of Directors, provide rights to indemnification and to the advancement of expenses to employees and agents of the Corporation similar to those conferred in this Article EIGHTH to directors and officers of the Corporation.

The Corporation shall have the power to purchase and maintain insurance on behalf of any person who is or was or has agreed to become a director, officer, employee or agent of the Corporation against any liability asserted against him or her and incurred by him or her or on his or her behalf in such capacity, or arising out of his or her status as such, whether or not the Corporation would have the power to indemnify him or her against such liability.

The rights to indemnification and to the advance of expenses conferred in this Article EIGHTH shall not be exclusive of any other right any person may have or hereafter acquire under this Restated Certificate of Incorporation, the ByLaws of the Corporation, any statute, agreement, vote of stockholders or disinterested directors, or otherwise.

Any repeal or modification of this Article EIGHTH shall not adversely affect any rights to indemnification and to the advancement of expenses of a director or officer of the Corporation existing at the time of such repeal or modification with respect to any acts or omissions occurring prior to such repeal or modification.

9 : Subject to the rights of the holders of any series of Preferred Stock, special meetings of the stockholders, unless otherwise prescribed by statute, may be called at any time by (i) the Board of Directors or (ii) the Chairman of the Board of Directors, the Chief Executive Officer of the Corporation or the lead independent director (if any). The Board of Directors shall call a special meeting upon written notice to the Secretary of the Corporation by stockholders representing, as of the close of business on the day immediately preceding the date of delivery of such notice to the Corporation, or if applicable, as of any record date set by the Board of Directors in connection with a solicitation by a stockholder seeking to request the Board of Directors to call such a meeting, at least 20% of all of the votes entitled to be cast by holders of all of the outstanding shares of Common Stock on any issue or business to be considered at such meeting (the " Requisite Percentage "). Any special meeting so requested by stockholders shall be held at such place, date and time as may be fixed from time to time by resolution of the Board of Directors, provided such special meeting shall be held not later than the 90th day after receipt by the Secretary of the Corporation of the requisite notice for such meeting, and provided further that the Board of Directors shall not be required to call a special meeting upon stockholder request if the Board of Directors calls an annual or special meeting of stockholders to be held not later than ninety (90) days after the date on which valid stockholder requests for a special meeting submitted by the Requisite Percentage of stockholders in accordance with this Article NINTH have been delivered to the Secretary of the Corporation (the

“ Delivery Date ”) and the purpose(s) of such meeting include the purpose(s) specified by the Requisite Percentage of stockholders in their request for a special meeting, which included the purpose(s) specified by the Requisite Percentage of stockholders in their request for a special meeting, with such determination being made in good faith by the Board of Directors. For business or a proposal to be properly brought before a special meeting of stockholders by stockholders, the stockholders must have given notice thereof in writing to the Secretary of the Corporation, setting forth, as to each matter the stockholders propose to bring before a special meeting of stockholders, evidence that such stockholders owned such shares representing, and are entitled to cast, not less than 20% of the votes entitled to be cast on such issue or business to be considered at such meeting, and shall otherwise comply with any notice and other requirements set forth in the By-Laws. Only such business shall be conducted as shall have been properly brought before the special meeting as provided in this Article NINTH, and set forth in the notice of meeting.

10 : Meetings of stockholders may be held within or without the State of Delaware, as the ByLaws may provide. The books of the Corporation may be kept (subject to any provision contained in the DGCL) outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the ByLaws of the Corporation.

11 : In furtherance and not in limitation of the powers conferred upon it by the laws of the State of Delaware, the Board of Directors shall have the power to adopt, amend, alter or repeal the Corporation’s ByLaws, except as otherwise stated in the ByLaws.

12 : Unless the Corporation otherwise consents to an alternative forum in writing, the Court of Chancery of the State of Delaware shall be the sole and exclusive forum for (i) any derivative action or proceeding brought on behalf of the Corporation, (ii) any action asserting a claim of breach of a fiduciary duty owed by any director or officer of the Corporation to the Corporation or the Corporation’s stockholders, (iii) any action asserting a claim against the Corporation arising pursuant to any provision of the DGCL or the Corporation’s Certificate of Incorporation or ByLaws or (iv) any action asserting a claim against the Corporation governed by the internal affairs doctrine. Any person or entity purchasing or otherwise acquiring any interest in shares of capital stock of the Corporation shall be deemed to have notice of and consented to the provisions of this Article TWELFTH.

13 : The Corporation reserves the right to amend, alter, change, or repeal any provision contained in this Restated Certificate of Incorporation but only in the manner now or hereafter prescribed in this Restated Certificate of Incorporation the Corporation’s ByLaws or the DGCL, and all rights herein conferred upon stockholders are granted subject to such reservation.

IN WITNESS WHEREOF, the Corporation has caused this Restated Certificate of Incorporation to be executed as of the first date set forth above.

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

By: /s/ David A. Jackson

Name: David A. Jackson

Title: President and Chief Executive Officer

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Exhibit 3.2

BY-LAWS

OF

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

A Delaware Corporation

Effective May 31, 2018

Exhibit 3.2

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Exhibit 3.2

RESTATED BY-LAWS

OF

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

(HEREINAFTER CALLED THE "CORPORATION")

ARTICLE I
OFFICES

Section 11. Registered Office . The registered office of the Corporation shall be in the City of Dover, County of Kent, State of Delaware.

Section 11. Other Offices . The Corporation may also have offices at such other places, both within and without the State of Delaware, as the Board of Directors may from time to time determine.

ARTICLE II
MEETINGS OF STOCKHOLDERS

Section 11. Place of Meetings . Meetings of the stockholders for the election of directors or for any other purpose shall be held at such time and place, either within or without the State of Delaware, as shall be designated from time to time by the Board of Directors.

Section 11. Annual Meetings . The Annual Meeting of Stockholders for the election of directors shall be held on such date and at such time as shall be designated from time to time by the Board of Directors. Any other proper business may be transacted at the Annual Meeting of Stockholders.

Section 11. Special Meetings . Unless otherwise required by law or by the certificate of incorporation of the Corporation, as amended from time to time (the "Certificate of Incorporation"), Special Meetings of Stockholders, for any purpose or purposes, may be called by (i) the Board of Directors or (ii) the Chairman of the Board of Directors, the Chief Executive Officer of the Corporation or the Lead Independent Director (if any); and shall be called by the Board of Directors at the request of stockholders as provided in the Certificate of Incorporation. Such request shall state the purpose or purposes of the proposed Special Meeting. At a Special Meeting of Stockholders, only such business shall be conducted as shall be specified in the notice of meeting (or any supplement thereto) .

Section 11. Notice . Whenever stockholders are required or permitted to take any action at a meeting, a written notice of the meeting shall be given which shall state the place, date and hour of the meeting, and, in the case of a Special Meeting, the purpose or purposes for which the meeting is called. Unless otherwise required by law, written notice of any meeting shall be given not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to notice of and to vote at such meeting.

Section 11. Nature of Business at Meetings of Stockholders . Only such business (other than nominations for election to the Board of Directors, which must comply with the provisions of Section 6 of this Article II) may be transacted at an Annual Meeting of Stockholders as is either (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the

Board of Directors (or any duly authorized committee thereof), (b) otherwise properly brought before the Annual Meeting by or at the direction of the Board of Directors (or any duly authorized committee thereof), or (c) otherwise properly brought before the Annual Meeting by any stockholder of the Corporation (i) who is a stockholder of record on the date of the giving of the notice provided for in this Section 5 of this Article II and on the record date for the determination of stockholders entitled to notice of and to vote at such Annual Meeting and (ii) who complies with the notice procedures set forth in this Section 5 of this Article II.

In addition to any other applicable requirements, for business to be properly brought before an Annual Meeting by a stockholder, such business must be a proper subject for stockholder action under the laws of the State of Delaware and such stockholder must have given timely notice thereof in proper written form to the Secretary of the Corporation.

To be timely, a stockholder's notice to the Secretary must be delivered to or be mailed and received at the principal executive offices of the Corporation not less than ninety (90) days nor more than one hundred twenty (120) days prior to the anniversary date of the immediately preceding Annual Meeting; provided, however, subject to the last sentence of this paragraph, that in the event that the Annual Meeting is called for a date that is not within thirty (30) days before or after such anniversary date, notice by the stockholder in order to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which such notice of the date of the Annual Meeting was mailed or such public disclosure of the date of the Annual Meeting was made, whichever first occurs. In no event shall the adjournment or postponement of an Annual Meeting, or the public announcement of such an adjournment or postponement, commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

To be in proper written form, a stockholder's notice to the Secretary must set forth the following information: (a) as to each matter such stockholder proposes to bring before the Annual Meeting, a brief description of the business desired to be brought before the Annual Meeting and the reasons for conducting such business at the Annual Meeting, and (b) as to the stockholder giving notice and the beneficial owner, if any, on whose behalf the proposal is being made, (i) the name and address of such person, (ii) (A) the class or series and number of all shares of stock of the Corporation which are owned beneficially or of record by such person and any affiliates or associates of such person, (B) the name of each nominee holder of shares of all stock of the Corporation owned beneficially but not of record by such person or any affiliates or associates of such person, and the number of such shares of stock of the Corporation held by each such nominee holder, (C) whether and the extent to which any derivative instrument, swap, option, warrant, short interest, hedge or profit interest or other transaction has been entered into by or on behalf of such person, or any affiliates or associates of such person, with respect to stock of the Corporation and (D) whether and the extent to which any other transaction, agreement, arrangement or understanding (including any short position or any borrowing or lending of shares of stock of the Corporation) has been made by or on behalf of such person, or any affiliates or associates of such person, the effect or intent of any of the foregoing being to mitigate loss to, or to manage risk or benefit of stock price changes for, such person, or any affiliates or associates of such person, or to increase or decrease the voting power or pecuniary or economic interest of such person, or any affiliates or associates of such person, with respect to stock of the Corporation; (iii) a description of all agreements, arrangements, or understandings (whether written or oral) between or among such person, or any affiliates or associates of such person, and any other person or persons (including their names) in connection with the proposal of such business and any material interest of such person or any affiliates or associates of such person, in such business, including any anticipated benefit therefrom to such person, or any affiliates or associates of such person, (iv) a representation that the stockholder giving notice intends to appear in person or by proxy at the Annual Meeting to bring such business before the Annual Meeting; and (v) any other information relating to such person that would be required to be disclosed in a proxy statement or other filing required to be made in connection with a contested solicitation of proxies by such person with respect to the proposed business to be brought by such person before the Annual Meeting pursuant to Section 14 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and the rules and regulations promulgated thereunder.

A stockholder providing notice of business proposed to be brought before an Annual Meeting shall further update and supplement such notice, if necessary, so that the information provided or required to be provided in such notice pursuant to this Section 5 of this Article II shall be true and correct as of the record date for determining the stockholders entitled to receive notice of the Annual Meeting and such update and supplement shall be delivered to or be mailed and received by the Secretary at the principal executive offices of the Corporation not later than five (5) business days after the record date for determining the stockholders entitled to receive notice of the Annual Meeting.

No business shall be conducted at the Annual Meeting of Stockholders except business brought before the Annual Meeting in accordance with the procedures set forth in this Section 5 of this Article II; provided , however that, once business has been properly brought before the Annual Meeting in accordance with such procedures, nothing in this Section 5 of this Article II shall be deemed to preclude discussion by any stockholder of any such business. If the Chairman of an Annual Meeting determines that business was not properly brought before the Annual Meeting in accordance with the foregoing procedures, the Chairman shall declare to the meeting that the business was not properly brought before the Annual Meeting and such business shall not be transacted.

Nothing contained in this Section 5 of this Article II shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act (or any successor provision of law).

Section 11. Nomination of Directors .

(a) Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors of the Corporation, except as may be otherwise provided with respect to the right of holders of any series of Preferred Stock (as defined in the Certificate of Incorporation) in the Certificate of Incorporation or in the resolution or resolutions adopted by the

Board providing for the issuance of such stock to nominate and elect a specified number of directors in certain circumstances. Nominations of persons for election to the Board of Directors may be made at any Annual Meeting of Stockholders, or at any Special Meeting of Stockholders called for the purpose of electing directors, (x) by or at the direction of the Board of Directors (or any duly authorized committee thereof) or (y) by any stockholder of the Corporation who complies with the notice procedures set forth in this Section 6 of this Article II.

(b) In addition to any other applicable requirements, for a nomination to be made by a stockholder, such stockholder must have given timely notice thereof in proper written form to the Secretary of the Corporation.

(c) To be timely, a stockholder's notice to the Secretary must be delivered to or be mailed and received at the principal executive offices of the Corporation (x) in the case of an Annual Meeting, not less than ninety (90) days nor more than one hundred and twenty (120) days prior to the anniversary date of the immediately preceding Annual Meeting of Stockholders; provided , however , subject to the last sentence of this paragraph, that in the event that the Annual Meeting of Stockholders is called for a date that is not within thirty (30) days before or after such anniversary date, notice by the stockholder in order to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which such notice of the date of the Annual Meeting was mailed or such public disclosure of the date of the Annual Meeting was made, whichever first occurs; and (y) in the case of a Special Meeting of Stockholders called for the purpose of electing directors, not later than the close of business on the tenth (10th) day following the day on which notice of the date of the Special Meeting was mailed or public disclosure of the date of the Special Meeting was made, whichever first occurs. In no event shall the adjournment or postponement of an Annual Meeting or a Special Meeting called for the purpose of electing directors, or the public announcement of such an adjournment or postponement, commence a new time period (or extend any time period) for the giving of a stockholder's notice as described above.

(d) To be in proper written form, a stockholder's notice to the Secretary must set forth the following information: (x) as to each person whom the stockholder proposes to nominate for election as a director (i) the name, age, business address and residence address of such person, (ii) the principal occupation or employment of such person, (iii) (A) the class or series and number of all shares of stock of the Corporation which are owned beneficially or of record by such person and any affiliates or associates of such person, (B) the name of each nominee holder of shares of all stock of the Corporation owned beneficially but not of record by such person or any affiliates or associates of such person, and the number of such shares of stock of the Corporation held by each such nominee holder, (C) whether and the extent to which any derivative instrument, swap, option, warrant, short interest, hedge or profit interest or other transaction has been entered into by or on behalf of such person, or any affiliates or associates of such person, with respect to stock of the Corporation and (D) whether and the extent to which any other transaction, agreement, arrangement or understanding (including any short position or any borrowing or lending of shares of stock of the Corporation) has been made by or on behalf of such person, or any affiliates or associates of such person, the effect or intent of any of the foregoing being to mitigate loss to, or to manage risk or benefit of stock price changes for, such person, or any affiliates or associates of such person, or to increase or decrease the voting power or pecuniary or economic interest of such person, or any affiliates or associates of such person, with respect to stock of the Corporation; and (iv) any other information relating to such person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with a contested solicitation of proxies for the election of directors pursuant to Section 14 of the Exchange Act, and the rules and regulations promulgated thereunder; and (y) as to the stockholder giving the notice, and the beneficial owner, if any, on whose behalf the nomination is being made, (i) the name and record address of such person; (ii) (A) the class or series and number of all shares of stock of the Corporation which are owned beneficially or of record by such person and any affiliates or associates of such person, (B) the name of each nominee holder of shares of the Corporation owned beneficially but not of record by such person or any affiliates or associates of such person, and the number of shares of stock of the Corporation held by each such nominee holder, (C) whether and the extent to which any derivative instrument, swap, option, warrant, short interest, hedge or profit interest or other transaction has been entered into by or on behalf of such person, or any affiliates or associates of such person, with respect to stock of the Corporation and (D) whether and the extent to which any other transaction, agreement, arrangement or understanding (including any short position or any borrowing or lending of shares of stock of the Corporation) has been made by or on behalf of such person, or any affiliates or associates of such person, the effect or intent of any of the foregoing being to mitigate loss to, or to manage risk or benefit of stock price changes for, such person, or any affiliates or associates of such person, or to increase or decrease the voting power or pecuniary or economic interest of such person, or any affiliates or associates of such person, with respect to stock of the Corporation; (iii) a description of all agreements, arrangements, or understandings (whether written or oral) between such person, or any affiliates or associates of such person, and any proposed nominee or any other person or persons (including their names) pursuant to which the nominations) are being made by such person, and any material interest of such person, or any affiliates or associates of such person, in such nomination, including any anticipated benefit therefrom to such person, or any affiliates or associates of such person; (iv) a representation that the stockholder giving notice intends to appear in person or by proxy at the Annual Meeting or Special Meeting to nominate the persons named in its notice; and (v) any other information relating to such person that would be required to be disclosed in a proxy statement or other filings required to be made in connection with a contested solicitation of proxies for election of directors pursuant to Section 14 of the Exchange Act and the rules and regulations promulgated thereunder. Such notice must be accompanied by a written consent of each proposed nominee to being named as a nominee and to serve as a director if elected.

(e) A stockholder providing notice of any nomination proposed to be made at an Annual Meeting or Special Meeting shall further update and supplement such notice, if necessary, so that the information provided or required to be provided in such notice pursuant to this Section 6 of this Article II shall be true and correct as of the record date for determining the stockholders entitled to receive notice of the Annual Meeting or Special Meeting, and such update and supplement shall be delivered to or be mailed and received by the Secretary at the principal executive offices of the Corporation not later than five (5) business days after the record date for determining the stockholders entitled to receive notice of such Annual Meeting or Special Meeting.

(f) No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the procedures set forth in this Section 6 of this Article II. If the Chairman of the meeting determines that a nomination was not made in accordance with the foregoing procedures, the Chairman shall declare to the meeting that the nomination was defective and such defective nomination shall be disregarded.

(g) Nothing contained in this Section 6 of this Article II shall be deemed to affect any rights of stockholders to request inclusion of nominees for director in the Corporation's proxy statement pursuant to Section 17 of this Article II.

Section 11. Adjournments . Any meeting of the stockholders may be adjourned from time to time by the stockholders entitled to vote thereat, present in person or represented by proxy, or the Chairman of the meeting to reconvene at the same or some other place, and notice need not be given of any such adjourned meeting if the time and place, if any, thereof and the means of remote communications, if any, by which stockholders and proxyholders may be deemed to be present in person and vote at such adjourned meeting are announced at the meeting at which the adjournment is taken. At the adjourned meeting, the Corporation may transact any business which might have been transacted at the original meeting. If the adjournment is for more than thirty (30) days, or if after the adjournment a new record date is fixed for the adjourned meeting, notice of the adjourned meeting in accordance with the requirements of Section 4 hereof shall be given to each stockholder of record entitled to notice of and to vote at the meeting.

Section 11. Quorum . Unless otherwise required by applicable law or the Certificate of Incorporation, the holders of shares of capital stock of the Corporation representing a majority of the voting power of the shares of the Corporation's capital stock issued and outstanding and entitled to vote with respect to the particular matter, present in person or represented by proxy, shall constitute a quorum of the stockholders for the transaction of business with respect to such matter. A quorum, once established, shall not be broken by the withdrawal of holders of enough voting power to leave less than a quorum. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, or the Chairman of the meeting shall have power to adjourn the meeting from time to time, in the manner provided in Section 7 hereof, until a quorum shall be present or represented.

Section 11. Votin g. Unless otherwise required by law, the Certificate of Incorporation or these ByLaws, or the rules of any stock exchange on which the Corporation's shares are listed and traded, any question brought before any meeting of the stockholders, other than the election of directors, shall be decided by a majority of the votes cast by the stockholders entitled to vote thereon who are present in person or represented by proxy, and where a separate vote by class or series is required, a majority of the votes cast by the stockholders of such class or series who are present in person or represented by proxy shall be the act of such class or series. Except as otherwise provided by law, each stockholder of record of any series of Preferred Stock shall be entitled at each meeting of the stockholders to such number of votes, if any, for each share of such stock as may be fixed in the Certificate of Incorporation or in the resolution or resolutions adopted by the Board providing for the issuance of such stock, each stockholder of record of Class B Common Stock (as defined in the Certificate of Incorporation) shall be entitled at each meeting of the stockholders to two votes for each such share of such stock and each stockholder of record of Class A Common Stock (as defined in the Certificate of Incorporation) shall be entitled at each meeting of the stockholders to one vote for each share of such stock, in each case, registered in such stockholder's name on the books of the Corporation on the date fixed pursuant to Section 13 of Article II of these ByLaws as the record date for the determination of stockholders entitled to notice of and to vote at such meeting. The Board of Directors, in its discretion, or the officer of the Corporation presiding at a meeting of the stockholders, may require that any votes cast at such meeting shall be cast by written ballot.

Section 11. Proxies . Each stockholder entitled to vote at a meeting of the stockholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for such stockholder as proxy, but no such proxy shall be voted upon after three years from its date, unless such proxy provides for a longer period. Without limiting the manner in which a stockholder may authorize another person or persons to act for such stockholder as proxy, the following shall constitute a valid means by which a stockholder may grant such authority:

(a) A stockholder may execute a writing authorizing another person or persons to act for such stockholder as proxy. Execution may be accomplished by the stockholder or such stockholder's authorized officer, director, employee or agent signing such writing or causing such person's signature to be affixed to such writing by any reasonable means, including, but not limited to, by facsimile signature.

(b) A stockholder may authorize another person or persons to act for such stockholder as proxy by transmitting or authorizing the transmission of a telegram, cablegram or other means of electronic transmission to the person who will be the holder of the proxy or to a proxy solicitation firm, proxy support service organization or like agent duly authorized by the person who will be the holder of the proxy to receive such transmission, provided that any such telegram, cablegram or other means of electronic transmission must either set forth or be submitted with information from which it can be determined that the telegram, cablegram or other electronic transmission was authorized by the stockholder. If it is determined that such telegrams, cablegrams or other electronic transmissions are valid, the inspectors or, if there are no inspectors, such other persons making that determination shall specify the information on which they relied.

Any copy, facsimile telecommunication or other reliable reproduction of the writing or transmission authorizing another person or persons to act as proxy for a stockholder may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used; provided, however, that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission.

Section 11. Consent of Stockholders in Lieu of Meeting . Unless otherwise provided in the Certificate of Incorporation, any action required to be taken at a meeting of the stockholders of the Corporation, or any action that may be taken at a meeting of the stockholders, may be taken without a meeting if a consent in writing setting forth the action so taken shall be signed by all of the stockholders entitled to vote with respect to the subject matter thereof. This consent shall have the same effect as a unanimous vote of stockholders and may be stated as such in any document.

Section 11. List of Stockholders Entitled to Vote . The officer of the Corporation who has charge of the stock ledger of the Corporation shall prepare and make, at least ten (10) days before every meeting of the stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting (i) on a reasonably accessible electronic network, provided that the information required to gain access to such list is provided with the notice of the meeting, or (ii) during ordinary business hours, at the principal place of business of the Corporation. In the event that the Corporation determines to make the list available on an electronic network, the Corporation may take reasonable steps to ensure that such information is available only to stockholders of the Corporation. If the meeting is to be held at a place, then the list shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. If the meeting is to be held solely by means of remote communication, then the list shall also be open to the examination of any stockholder during the whole time of the meeting on a reasonably accessible electronic network, and the information required to access such list shall be provided with the notice of the meeting.

Section 12. Record Date .

(a) In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of the stockholders or any adjournment thereof, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which record date shall not be more than sixty (60) nor less than ten (10) days before the date of such meeting. If no record date is fixed by the Board of Directors, the record date for determining stockholders entitled to notice of or to vote at a meeting of the stockholders shall be at the close of business on the day next preceding the day on which notice is given, or, if notice is waived, at the close of business on the day next preceding the day on which the meeting is held. A determination of stockholders of record entitled to notice of or to vote at a meeting of the stockholders shall apply to any adjournment of the meeting; provided, however, that the Board of Directors may fix a new record date for the adjourned meeting.

(b) In order that the Corporation may determine the stockholders entitled to consent to corporate action in writing without a meeting or request that the Board of Directors call a Special Meeting of Stockholders pursuant to Section 3 of Article II, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the Board of Directors, and which date shall not be more than ten (10) days after the date upon which the resolution fixing the record date is adopted by the Board of Directors. Any stockholder of record seeking to have the stockholders authorize or take corporate action by written consent or request that the Board of Directors call a Special Meeting pursuant to Section 3 of Article II shall, by written notice to the Secretary of the Corporation, request the Board of Directors to fix a record date. The Board of Directors shall promptly, but in all events within ten (10) days after the date on which such a request is received, adopt a resolution fixing the record date. If no record date has been fixed by the Board of Directors within ten (10) days of the date on which such a request is received, the record date for determining stockholders entitled to consent to corporate action in writing without a meeting or request that the Board of Directors call a Special Meeting pursuant to Section 3 of Article II, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken or on which a signed request by a stockholder to call a Special Meeting pursuant to Section 3 of Article II (as applicable) is delivered to the Corporation by delivery to its registered office in the State of Delaware, its principal place of business, or an officer or agent of the Corporation having custody of the book in which proceedings of meetings of the stockholders are recorded, to the attention of the Secretary of the Corporation. Delivery made to the Corporation’s registered office shall be by hand or by certified or registered mail, return receipt requested.

Section 13. Stock Ledger . The stock ledger of the Corporation shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list required by Section 12 of this Article II or the books of the Corporation, or to vote in person or by proxy at any meeting of the stockholders.

Section 11. Conduct of Meetings . The Board of Directors of the Corporation may adopt by resolution such rules and regulations for the conduct of any meeting of the stockholders as it shall deem appropriate. Except to the extent inconsistent with such rules and regulations as adopted by the Board of Directors, the Chairman of any meeting of the stockholders shall have the right and authority to prescribe such rules, regulations and procedures and to do all such acts as, in the judgment of such Chairman, are appropriate for the proper conduct of the meeting. Such rules, regulations or procedures, whether adopted by the Board of Directors or prescribed by the Chairman of the meeting, may include, without limitation, the following: (i) the establishment of an agenda or order of business for the meeting; (ii) the determination of when the polls shall open and close for any given matter to be voted on at the meeting; (iii) rules and procedures for maintaining order at the meeting and the safety of those present; (iv) limitations on attendance at or participation in the meeting to stockholders of record of the Corporation, their duly authorized and constituted proxies or such other persons as the Chairman of the meeting shall determine; (v) restrictions on entry to the meeting after the time fixed for the commencement thereof; and (vi) limitations on the time allotted to questions or comments by participants.

Section 11. Inspectors of Election . In advance of any meeting of the stockholders, the Board of Directors, by resolution, the Chairman or the President shall appoint one or more inspectors to act at the meeting and make a written report thereof. One or more other persons may be designated as alternate inspectors to replace any inspector who fails to act. If no inspector or alternate is able to act at a meeting of the stockholders, the Chairman of the meeting shall appoint one or more inspectors to act at the meeting. Unless otherwise required by applicable law, inspectors may be officers, employees or agents of the Corporation. Each inspector, before entering upon the discharge of the duties of inspector, shall take and sign an oath faithfully to execute the duties of inspector with strict impartiality and according to the best of such inspector's ability. The inspector shall have the duties prescribed by law and shall take charge of the polls and, when the vote is completed, shall make a certificate of the result of the vote taken and of such other facts as may be required by applicable law.

Section 12. Stockholder Nominations Included in the Corporation's Proxy Materials .

(a) Definitions . For purposes of this Section 17 of this Article II, the following terms shall have the meanings set forth below, except as otherwise provided herein.

"Eligible Holder" is a person who has either (i) been a record holder of the shares of Common Stock used to satisfy the eligibility requirements of Section 17(d) of this Article II continuously for the three (3)year period as described in Section 17(d) of this Article II, or (ii) provides to the Secretary of the Corporation, within the time period specified in Section 17(e) of this Article II, evidence of continuous ownership of such shares for such three (3)year period from one or more securities intermediaries in a form that the Board of Directors, or its designee, acting in good faith, determines would be acceptable for purposes of a stockholder proposal under Rule 14a8(b)(2) under the Exchange Act (or any successor rule).

"Maximum Number" with respect to any Annual Meeting, means that number of nominees for election to the Board of Directors that constitutes no more than 20% of the total number of directors of the Corporation as of the last day on which a Nomination Notice may be submitted pursuant to Section 17(e) of this Article II (rounded down to the nearest whole number), but not less than two (2). The Maximum Number shall be subject to the adjustments described in Section 17(c) of this Article II.

"Minimum Number" means 3% of the Corporation's issued and outstanding shares of Common Stock as of the most recent date for which such amount is given in any filing made by the Corporation with the SEC prior to the submission of the Qualified Nomination Notice.

"Qualified Nomination Notice" means a notice given by a Nominating Stockholder that complies with the requirements of Section 17(e) of this Article II and names a Nominee.

"Nominating Stockholder" means an Eligible Holder or group of up to 20 Eligible Holders who nominate a nominee for election to the Board of Directors.

"Nominee" means any person nominated for election to the Board of Directors by a Nominating Stockholder that, individually and collectively, in the case of a group, satisfy all applicable procedures set forth in Section 17(d) and 17(e) of this Article II.

(b) Inclusion of Nominee in Proxy Statement. Subject to the provisions of this Section 17 of this Article II, if expressly requested in a Qualified Nomination Notice delivered by a Nominating Stockholder, the Corporation shall include in its proxy statement for any Annual Meeting:

(i) the name of the Nominee, which shall also be included on the Corporation's form of proxy and ballot;

(ii) disclosures about the Nominee and the Nominating Stockholder required under the rules of the SEC or other applicable law to be included in the proxy statement;

(iii) any statement included by the Nominating Stockholder in the Qualified Nomination Notice for inclusion in the proxy statement in support of the Nominee's election to the Board of Directors (subject, without limitation, to Section 17(e)(ii) of this Article II), if such statement does not exceed 500 words; and

(iv) any other information that the Corporation or the Board of Directors determines, in its discretion, to include in the proxy statement relating to the nomination of the Nominee, including, without limitation, any statement in opposition to the nomination and any of the information provided pursuant to this Section 17 of this Article II.

(c) Maximum Number of Nominees.

(i) The Corporation shall not be required to include in the proxy statement for an Annual Meeting more Nominees than the Maximum Number for such Annual Meeting. The Maximum Number for a particular Annual Meeting shall be reduced by: (1) Nominees who are subsequently withdrawn or that the Board of Directors itself decides to nominate for election at such Annual Meeting, and (2) the number of incumbent directors who were Nominees with respect to any of the preceding two Annual Meetings and whose reelection at the upcoming Annual Meeting is being recommended by the Board of Directors. If one or more vacancies for any reason occurs on the Board of Directors after the deadline set forth in Section 17(e) of this Article II, but before the date of the Annual Meeting, and the Board of Directors resolves to reduce the size of the Board in connection therewith, the Maximum Number shall be calculated based on the number of directors in office as so reduced.

(ii) If the number of Nominees pursuant to this Section 17 of this Article II for any Annual Meeting exceeds the Maximum Number then, promptly upon notice from the Corporation, each Nominating Stockholder will select one Nominee for inclusion in the proxy statement until the Maximum Number is reached, going in order of the amount (largest to smallest) of the ownership position as disclosed in each Nominating Stockholder's Qualified Nomination Notice, with the process repeated if the Maximum Number is not reached after each Nominating Stockholder has selected one Nominee. If, after the deadline for submitting a Qualified Nomination Notice as set forth in Section 17(e) of this Article II, a Nominating Stockholder becomes ineligible or withdraws its nomination, or a Nominee becomes unwilling to serve on the Board of Directors, whether before or after the mailing of the definitive proxy statement, then the nomination shall be disregarded, and the Corporation: (1) shall not be required to include in its proxy statement or on any ballot or form of proxy the disregarded Nominee or any successor or replacement Nominee proposed by the Nominating Stockholder or by any other Nominating Stockholder, and (2) may otherwise communicate to its stockholders, including, without limitation, by amending or supplementing its proxy statement or ballot or form of proxy, that the Nominee will not be included as a Nominee in the proxy statement or on any ballot or form of proxy and will not be voted on at the Annual Meeting.

(d) Eligibility of Nominating Stockholder .

(i) An Eligible Holder or group of up to twenty (20) Eligible Holders may submit a nomination in accordance with this Section 17 of this Article II only if the person or group (in the aggregate) has continuously owned at least the Minimum Number of shares of the Common Stock (as adjusted for any stock splits, stock dividends or similar events) throughout the three (3)year period preceding, including the date of submission of, the Qualified Nomination Notice, and continues to own at least the Minimum Number through the date of the Annual Meeting. A group of funds under common management and investment control shall be treated as one Eligible Holder if such Eligible Holder shall provide, together with the Qualified Nomination Notice, documentation reasonably satisfactory to the Corporation that demonstrates that the funds are under common management and investment control. For the avoidance of doubt, in the event of a nomination by a group of Eligible Holders, any and all requirements and obligations for an individual Eligible Holder that are set forth in this Section 17 of this Article II, including the minimum holding period, shall apply to each member of such group; provided, however, that the Minimum Number shall apply to the ownership of the group in the aggregate. If any stockholder withdraws from a group of Eligible Holders acting together as a Nominating Stockholder at any time prior to the Annual Meeting, the group of Eligible Holders shall only be treated as owning the shares held by the remaining members of the group.

(ii) For purposes of this Section 17(d) of this Article II, an Eligible Holder "owns" only those outstanding shares of Common Stock as to which the Eligible Holder possesses both: (A) the full voting and investment rights pertaining to the shares; and (B) the full economic interest in (including the opportunity for profit and risk of loss on) such shares. The number of shares calculated in accordance with clauses (A) and (B) shall not include any shares: (1) sold by such Eligible Holder or any of its affiliates in any transaction that has not been settled or closed, (2) borrowed by such Eligible Holder or any of its affiliates for any purpose or purchased by such Eligible Holder or any of its affiliates pursuant to an agreement to resell, or (3) subject to any option, warrant, forward contract, swap, contract of sale, other derivative or similar agreement entered into by such Eligible Holder or any of its affiliates, whether any such instrument or agreement is to be settled with shares or with cash based on the notional amount or value of outstanding shares of Common Stock, in any such case which instrument or agreement has, or is intended to have, the purpose or effect of: (x) reducing in any manner, to any extent or at any time in the future, such Eligible Holder's or any of its affiliates' full right to vote or direct the voting of any such shares, and/or (y) hedging, offsetting, or altering to any degree, gain or loss arising from the full economic ownership of such shares by such Eligible Holder or any of its affiliates.

An Eligible Holder "owns" shares held in the name of a Nominee or other intermediary, so long as the Eligible Holder retains the right to instruct how the shares are voted with respect to the election of directors and possesses the full economic interest (including the opportunity for profit and risk of loss on) in the shares. An Eligible Holder's ownership of shares shall be deemed to continue during any period in which the Eligible Holder has delegated any voting power by means of a proxy, power of attorney, or other similar instrument or arrangement that is revocable at any time by the Eligible Holder. The terms "owned," "owning" and other variations of the word "own" shall have correlative meanings. Whether outstanding shares of Common Stock are "owned" for these purposes shall be determined by the Board of Directors, acting in good faith.

(iii) No person shall be permitted to be in more than one group constituting a Nominating Stockholder, and if any person appears as a member of more than one group, it shall be deemed to be a member of the group that has the largest ownership position as reflected in the Qualified Nomination Notice.

(e) Qualified Nomination Notice . To nominate a Nominee, the Nominating Stockholder must, no earlier than one hundred fifty (150) days and no later than one hundred twenty (120) days before the anniversary of the date that the Corporation mailed its proxy statement for the prior year's Annual Meeting, submit to the Secretary of the Corporation at the principal executive office of the Corporation all of the following information and documents (collectively, the "Qualified Nomination Notice"); provided, however, that if (and only if) the Annual Meeting is not scheduled to be held within a period that commences thirty (30) days before the anniversary date of the prior year's Annual Meeting of stockholders and ends thirty (30) days after such anniversary date (an Annual Meeting date outside such period being referred to herein as an "Other Meeting Date"), the Qualified Nomination Notice shall be given in the manner provided herein by the later of the close of business on the date that is one hundred eighty (180) days prior to such Other Meeting Date or the tenth (10th) day following the date such Other Meeting Date is first publicly announced or disclosed:

(i) A Schedule 14N (or any successor form) relating to the Nominee, completed and filed with the SEC by the Nominating Stockholder as applicable, in accordance with SEC rules;

(ii) A written notice of the nomination of such Nominee that includes the following additional information, agreements, representations and warranties by the Nominating Stockholder (including each group member): (A) the details of any relationship that existed within the past three (3) years and that would have been described pursuant to Item 6(e) of Schedule 14N (or any successor item) if it existed on the date of submission of the Schedule 14N; (B) a representation and warranty that the Nominating Stockholder did not acquire, and is not holding, securities of the Corporation for the purpose or with the effect of influencing or changing control of the Corporation; (C) a representation and warranty that the Nominee's candidacy or, if elected, Board of Directors membership would not violate applicable state or federal law or the rules of any stock exchange on which the Corporation's securities are traded; (D) a representation and warranty that the Nominee: (1) does not have any direct or indirect relationship with the Corporation other than those relationships that have been deemed categorically immaterial pursuant to the Corporation's corporate governance guidelines as most recently published on its website and otherwise qualifies as independent under the rules of the primary stock exchange on which the Corporation's securities are traded; (2) meets the Audit Committee independence requirements under the rules of any stock exchange on which the Corporation's securities are traded; (3) is a "non-employee director" for the purposes of Rule 16b3 under the Exchange Act (or any successor rule); (4) is an "outside director" for the purposes of Section 162(m) of the Internal Revenue Code, as amended (or any successor provision); and (5) is not and has not been subject to any event specified in Rule 506(d)(1) of Regulation D (or any successor rule) under the Securities Act of 1933, as amended (the "Securities Act") or Item 401(f) of Regulation SK (or any successor rule) under the Exchange Act, without reference to whether the event is material to an evaluation of the ability or integrity of the Nominee; (E) a representation and warranty that the Nominating Stockholder satisfies the eligibility requirements set forth in Section 17(d) of this Article II and has provided evidence of ownership to the extent required by Section 17(d) of this Article II; (F) a representation and warranty that the Nominating Stockholder intends to continue to satisfy the share ownership eligibility requirements described in Section 17(d) of this Article II through the date of the Annual Meeting; (G) details of any position of the Nominee as an officer or director of any competitor (that is, any entity that produces products or provides services that compete with or are alternatives to the principal products produced or services provided by the Corporation or its affiliates) of the Corporation, within the five (5) years preceding the submission of the Qualified Nomination Notice; (H) a representation and warranty that the Nominating Stockholder will not engage in a "solicitation" within the meaning of Rule 14a1(l) of the Exchange Act (without reference to the exception in Rule 14a1(l)(2)(iv) of the Exchange Act) (or any successor rules) with respect to the Annual Meeting, other than with respect to the Nominee or any nominee of the Board; (I) a representation and warranty that the Nominating Stockholder will not use any proxy card other than the Corporation's proxy card in soliciting stockholders in connection with the election of a Nominee at the Annual Meeting; (J) if desired, a statement for inclusion in the proxy statement in support of the Nominee's election to the Board of Directors, provided that such statement shall not exceed 500 words and shall fully comply with Section 14 of the Exchange Act and the rules and regulations thereunder, including Rule 14a9; (K) in the case of a nomination by a group, the designation by all group members of one group member who is authorized to act on behalf of all group members with respect to all matters relating to the nomination, including withdrawal of the nomination; and (L) the information required to be included in a stockholder's notice referenced in Section 6(d) of Article II;

(iii) An executed agreement, which must be submitted within seven (7) days of the Nominating Stockholder's first submission of any information required by this Section 17 of this Article II, in a form deemed satisfactory by the Board of Directors or its designee, acting in good faith, pursuant to which the Nominating Stockholder (including each group member) agrees: (A) to comply with all applicable laws, rules and regulations in connection with the nomination, solicitation and election; (B) to file any written solicitation or other communication with the Corporation's stockholders relating to one or more of the Corporation's directors or director nominees or any Nominee with the SEC, regardless of whether any such filing is required under rule or regulation or whether any exemption from filing is available for such materials under any rule or regulation; (C) to assume all liability stemming from an action, suit or proceeding concerning any actual or alleged legal or regulatory violation arising out of any communication by the Nominating Stockholder with the Corporation, its stockholders or any other person in connection with the nomination or election of directors, including, without limitation, the Qualified Nomination Notice; (D) to indemnify and hold harmless (jointly with all other group members, in the case of a group member) the Corporation and each of its directors, officers and employees individually against any liability, loss, damages, expenses or other costs (including attorneys' fees) incurred in connection with any threatened or pending action, suit or proceeding, whether legal, administrative or investigative, against the Corporation or any of its directors, officers or employees arising out of or relating to a failure or alleged failure of the Nominating Stockholder to comply with, or any breach or alleged breach of, its obligations, agreements or representations under this Section 17 of this Article II, or otherwise arising out of any nomination, solicitation or other activity by any Nominating Stockholder in connection with its efforts under this Section 17 of this Article II; (E) if any information included in the Qualified Nomination Notice, or any other communication by the Nominating Stockholder (including with respect to any group member), with the Corporation, its stockholders or any other person in connection with the nomination or election ceases to be true and accurate in all material respects (or due to a subsequent development omits a material fact necessary to make the statements made not misleading), or the Nominating Stockholder (including any group member) fails to continue to satisfy the eligibility requirements described in Section 17(d) of this Article II, to promptly (and in any event within 48 hours of discovering such misstatement or omission) notify the Corporation and any other recipient of such communication of the misstatement or omission in such previously provided information and of the information that is required to correct the misstatement or omission; and

(iv) An executed agreement, which must be submitted within seven (7) days of the Nominating Stockholder's first submission of any information required by this Section 17 of this Article II, in a form determined to be satisfactory by the Board of Directors, or its designee, acting in good faith, by the Nominee: (A) to provide to the Corporation such other information, including completion of the Corporation's director questionnaire, as it may reasonably request; (B) that the Nominee has read and agrees, if elected, to serve as a member of the Board of Directors, to adhere to the Corporation's corporate governance guidelines and code of ethical conduct and any other Corporation policies and guidelines applicable to directors as adopted from time to time; and (C) covenant that the Nominee will promptly and fully disclose to the Corporation if the Nominee is or becomes a party to (1) any compensatory, payment or other financial agreement, arrangement or understanding with any person or entity in connection with service or action as a director of the Corporation, (2) any agreement, arrangement or understanding with any person or entity as to how the Nominee would vote or act on any issue or question as a director (a "Voting Commitment") that has not been disclosed to the Corporation, or (3) any Voting Commitment that could limit or interfere with the Nominee's ability to comply, if elected as a director of the Corporation, with its fiduciary duties under applicable law.

The information and documents required by this Section 17(e) of this Article II shall be: (i) provided with respect to and executed by each group member, in the case of information applicable to group members; and (ii) provided with respect to the persons specified in Instruction 1 to Items 6(c) and (d) of Schedule 14N (or any successor items) in the case of a Nominating Stockholder or group member that is an entity. The Qualified Nomination Notice shall be deemed submitted on the date on which all the information and documents referred to in this Section 17(e) of this Article II (other than such information and documents contemplated to be provided after the date the Qualified Nomination Notice is provided) have been delivered to or, if sent by mail, received by the Secretary of the Corporation.

(f) Exceptions .

(i) Notwithstanding anything to the contrary contained in Section 17 of this Article II, the Corporation may omit from its proxy statement any Nominee and any information concerning such Nominee (including a Nominating Stockholder's statement in support) and no vote on such Nominee will occur (notwithstanding that proxies in respect of such vote may have been received by the Corporation), and the Nominating Stockholder may not, after the last day on which a Qualified Nomination Notice would be timely, cure in any way any defect preventing the nomination of the Nominee, if: (A) the Nominating Stockholder or the designated lead group member, as applicable, or any qualified representative thereof, does not appear at the meeting of stockholders to present the nomination submitted pursuant to this Section 17 of this Article II or the Nominating Stockholder withdraws its nomination; (B) the Board of Directors, acting in good faith, determines that such Nominee's nomination or election to the Board of Directors would result in the Corporation violating or failing to be in compliance with the By-Laws or Certificate of Incorporation or any applicable law, rule or regulation to which the Corporation is subject, including any rules or regulations of any stock exchange on which the Corporation's securities are traded; (C) the Nominee was nominated for election to the Board of Directors pursuant to this Section 17 of this Article II at one of the Corporation's two (2) preceding Annual Meetings of stockholders and either withdrew or became ineligible or received a vote of less than 25% of the shares of Common Stock entitled to vote for such Nominee; (D) the Nominee has been, within the past three (3) years, an officer or director of a competitor, as defined for purposes of Section 8 of the Clayton Antitrust Act of 1914, as amended; or (E) the Corporation is notified, or the Board of Directors acting in good faith determines, that a Nominating Stockholder has failed to continue to satisfy the eligibility requirements described in Section 17(d) of this Article II, any of the representations and warranties made in the Qualified Nomination Notice ceases to be true and accurate in all material respects (or omits a material fact necessary to make the statement not misleading), the Nominee becomes unwilling or unable to serve on the Board of Directors or any material violation or breach occurs of the obligations, agreements, representations or warranties of the Nominating Stockholder or the Nominee under this Section 17 of this Article II.

(ii) Notwithstanding anything to the contrary contained in this Section 17 of this Article II, the Corporation may omit from its proxy statement, or may supplement or correct, any information, including all or any portion of the statement in support of the Nominee included in the Nomination Notice, if the Board of Directors in good faith determines that: (A) such information is not true in all material respects or omits a material statement necessary to make the statements made not misleading; (B) such information directly or indirectly impugns character, integrity or personal reputation of, or directly or indirectly makes charges concerning improper, illegal or immoral conduct or associations, without factual foundation, with respect to, any person; or (C) the inclusion of such information in the proxy statement would otherwise violate the SEC proxy rules or any other applicable law, rule or regulation.

(iii) The Corporation may solicit against, and include in the proxy statement its own statement relating to, any Nominee.

ARTICLE III
DIRECTORS

Section 11. Number; Classification and Election of Directors .

(a) The Board of Directors shall consist of not less than three (3) members, the exact number of which shall be fixed from time to time by the Board of Directors. The directors, other than those who may be elected by the holders of any series of Preferred Stock, shall be classified, with respect to the time for which they severally hold office, into three (3) classes, as nearly equal in number as possible, designated Class I, Class II and Class III. The directors in Class I shall serve for an initial term expiring at the Corporation's first Annual Meeting held after the Charter Amendment Effective Time (as defined in the Certificate of Incorporation), the directors in Class II shall serve for an initial term expiring at the Corporation's second Annual Meeting held after the Charter Amendment Effective Time, and the directors in Class III shall serve for an initial term expiring at the Corporation's third Annual Meeting held after the Charter Amendment Effective Time, with each director in a class to hold office until his successor is elected and qualified, or until such director's earlier death, resignation or removal. At the Corporation's third Annual Meeting held after the Charter Amendment Effective Time and at each subsequent Annual Meeting of Stockholders of the Corporation, the directors (or successors) of the class of directors whose term expires at that meeting shall be elected to hold office for a term expiring at the Annual Meeting of Stockholders held in the third year following the year of their election, with each director in a class to hold office until his successor is elected and qualified, or until such director's earlier death, resignation or removal.

(b) Except as otherwise provided as to any series of Preferred Stock in the Certificate of Incorporation or in the resolution or resolutions adopted by the Board providing for the issuance of such stock, newly created directorships resulting from an increase in the number of authorized directors, and directorships eliminated as a result of a decrease in the number of authorized directors, shall be apportioned by the Board of Directors among Class I, Class II and Class III so that the number of directorships in Class I, Class II and Class III shall be as nearly equal as reasonably possible. No decrease in the number of authorized directors shall shorten the term of any incumbent director.

(c) Except as provided in Section 2 of this Article III, a nominee for director shall be elected to the Board of Directors if the votes cast for such nominee's election exceed the votes cast against such nominee's election; provided , however , that directors shall be elected by a plurality of the votes cast at any meeting of stockholders for which the Secretary of the Corporation determines that the number of nominees exceeds the number of directors to be elected as of the record date of such meeting.

(d) At least two-thirds of the directors shall consist of persons who are not employees of the Corporation or of any subsidiary of the Corporation, provided that there shall not be at any time more than two directors who are employees of the Corporation. Should the death, resignation or other removal of any nonemployee director result in the failure of the requirement set forth in the preceding sentence to be met, such requirement shall not apply during the time of the vacancy caused by the death, resignation or removal of any such non-employee director, and the remaining directors of the Corporation shall cause any such vacancy to be filled in accordance with these ByLaws within a reasonable period of time. At the Annual Meeting or a Special Meeting at which directors are to be elected in accordance with the Corporation's notice of meeting, directors shall be elected in accordance with the requirements of these ByLaws and the Certificate of Incorporation.

(e) To be eligible for election or reelection and to be seated as a director of the Corporation, a person must agree in advance to abide by (i) the Corporation's director resignation policy applicable to any director who fails to receive the required number of votes for reelection in connection with the Company's majority voting requirements and (ii) the applicable corporate governance, trading, conflict of interest and confidentiality policies and guidelines of the Corporation applicable to directors.

Section 11. Vacancies . Except as otherwise provided as to any series of Preferred Stock in the Certificate of Incorporation or in the resolution or resolutions adopted by the Board providing for the issuance of such stock, vacancies on the Board of Directors arising from a director's death, resignation or removal and newly created directorships resulting from an increase in the number of authorized directors may be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director. Any director chosen in accordance with the preceding sentence shall hold office until the next election of the class for which such director shall have been chosen, and until his or her successor shall be elected and qualified. Unless otherwise required by law or the Certificate of Incorporation, vacancies on any committee of the Board of Directors arising from the death, resignation or removal of a member of the committee and newly created committee memberships resulting from an increase in the number of authorized members of the committee shall be filled only by a majority of the directors then in office, though less than a quorum, or by a sole remaining director and any member of a committee of the Board of Directors so chosen shall hold office until his or her successor is duly appointed by the Board of Directors or until his or her earlier death, resignation or removal.

Section 11. Duties and Powers . The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors which may exercise all such powers of the Corporation and do all such lawful acts and things as are not by statute or by the Certificate of Incorporation or by these ByLaws required to be exercised or done by the stockholders.

Section 11. Meetings . The Board of Directors and any committee thereof may hold meetings, both regular and special, either within or without the State of Delaware. Regular meetings of the Board of Directors or any committee thereof may be held without notice at such time and at such place as may from time to time be determined by the Board of Directors or such committee, respectively. Special Meetings of the Board of Directors may be called by the Chairman or by a majority of the directors. Special Meetings of any committee of the Board of Directors may be called by the Chairman of such committee, if there be one, or a majority of the directors serving on such committee. Notice thereof stating the place, date and hour of the meeting shall be given to each director (or, in the case of a committee, to each member of such committee) either by mail not less than fortyeight (48) hours before the date of the meeting, by telephone, telegram or electronic means on twentyfour (24) hours' notice, or on such shorter notice as the person or persons calling such meeting may deem necessary or appropriate in the circumstances.

Section 11. Organization . At each meeting of the Board of Directors or any committee thereof, the Chairman of the Board of Directors or the Chairman of such committee, as the case may be, or, in his or her absence or if there be none, the Vice Chairman of the Board of Directors or the Vice Chairman of such committee, if there be one, or another director chosen by a majority of the directors present, shall act as chairman of the meeting. Except as provided below, the Secretary of the Corporation shall act as secretary at each meeting of the Board of Directors and of each committee thereof. In case the Secretary shall be absent from any meeting of the Board of Directors or of any committee thereof, an Assistant Secretary shall perform the duties of secretary at such meeting; and in the absence from any such meeting of the Secretary and all the Assistant Secretaries, the chairman of the meeting may appoint any person to act as secretary of the meeting. Notwithstanding the foregoing, the members of each committee of the Board of Directors may appoint any person to act as secretary of any meeting of such committee and the Secretary or any Assistant Secretary of the Corporation may, but need not if such committee so elects, serve in such capacity.

Section 11. Resignations and Removals of Directors . Any director of the Corporation may resign from the Board of Directors or any committee thereof at any time, by giving notice in writing or by electronic transmission to the Chairman of the Board of Directors, the Chief Executive Officer or the Secretary of the Corporation and, in the case of a committee, to the Chairman of such committee, if there be one. Such resignation shall take effect at the time therein specified or, if no time is specified, immediately; and, unless otherwise specified in such notice, the acceptance of such resignation shall not be necessary to make it effective. Except as otherwise required by applicable law and subject to the rights, if any, of the holders of shares of preferred stock then outstanding, any director or the entire Board of Directors may be removed from office at any time by the affirmative vote of the holders of at least a majority in voting power of the issued and outstanding capital stock of the Corporation entitled to vote in the election of directors; provided that if the director serving as Chairman of the Board of Directors is an Independent Director (as defined in the Corporation's Certificate of Incorporation) then such director, or if the Chairman of the Board of Directors is not an Independent Director then the director serving as Lead Independent Director, may only be removed as a director with the affirmative vote of the holders of a majority of the shares of Class A Common Stock excluding Permitted Holders and Affiliated Persons. Any director serving on a committee of the Board of Directors may be removed from such committee at any time by the Board of Directors. "Permitted Holder" shall mean (i) Jerry Moyes, Vickie Moyes and their respective estates, executors and conservators, (ii) any trust (including the trustee thereof) established for the benefit of Jerry Moyes, Vickie Moyes or any children (including adopted children) thereof, (iii) any such children upon transfer from Jerry Moyes or Vickie Moyes, or upon distribution from any such trust or from the estates of Jerry Moyes or Vickie Moyes and (iv) any corporation, limited liability company or partnership the sole stockholders, members or partners of which are Permitted Holders. "Affiliated Person" means any entity (other than the Corporation or any subsidiary of the Corporation) of which more than 10% of the capital stock or other equity interests or voting power of which is held by one or more Permitted Holders, and any director, officer or employee hereof.

Section 11. Quorum . Except as otherwise required by law, the Certificate of Incorporation, these By-Laws or the rules and regulations of any securities exchange or quotation system on which the Corporation's securities are listed or quoted for trading, at all meetings of the Board of Directors or any committee thereof, a majority of the entire Board of Directors or a majority of the directors constituting such committee, as the case may be, shall constitute a quorum for the transaction of business and the act of a majority of the directors or committee members present at any meeting at which there is a quorum shall be the act of the Board of Directors or such committee, as applicable. If a quorum shall not be present at any meeting of the Board of Directors or any committee thereof, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting of the time and place of the adjourned meeting, until a quorum shall be present.

Section 11. Actions of the Board by Written Consent . Unless otherwise provided in the Certificate of Incorporation or these ByLaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all the members of the Board of Directors or such committee, as the case may be, consent thereto in writing or by electronic transmission, and the writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board of Directors or such committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

Section 11. Meetings by Means of Conference Telephone . Unless otherwise provided in the Certificate of Incorporation or these ByLaws, members of the Board of Directors of the Corporation, or any committee thereof, may participate in a meeting of the Board of Directors or such committee by means of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other, and participation in a meeting pursuant to this Section 9 shall constitute presence in person at such meeting.

Section 11. Committees . The Board of Directors may designate one or more committees, each committee to consist of one or more of the directors of the Corporation. Each member of a committee must meet the requirements for membership, if any, imposed by applicable law and the rules and regulations of any securities exchange or quotation system on which the securities of the Corporation are listed or quoted for trading. The Board of Directors may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of any such committee. Subject to the rules and regulations of any securities exchange or quotation system on which the securities of the Corporation are listed or quoted for trading, in the absence or disqualification of a member of a committee, and in the absence of a designation by the Board of Directors of an alternate member to replace the absent or disqualified member, the member or members thereof present at any meeting and not disqualified from voting, whether or not such member or members constitute a quorum, may unanimously appoint another qualified member of the Board of Directors to act at the meeting in the place of any absent or disqualified member. Any committee, to the extent permitted by law and provided in the resolution establishing such committee, shall have and may exercise all the powers and authority of the Board of Directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers which may require it. Each committee shall keep regular minutes and report to the Board of Directors when required. Notwithstanding anything to the contrary contained in this Article III, the resolution of the Board of Directors establishing any committee of the Board of Directors and/or the charter of any such committee may establish requirements or procedures relating to the governance and/or operation of such committee that are different from, or in addition to, those set forth in these ByLaws and, to the extent that there is any inconsistency between these ByLaws and any such resolution or charter, the terms of such resolution or charter shall be controlling.

The following shall be standing committees of the Board of Directors:

(a) Executive Committee . The Executive Committee shall consist of the Chairman of the Board of Directors and at least one director who is not an officer of the Corporation, who shall be appointed annually by the Board of Directors, and who shall continue to serve until his successor is appointed. The Committee shall act as an Executive Committee of the Board of Directors, except when the Board of Directors is in session, and shall have and exercise all powers that the Board of Directors may exercise or lawfully delegate. A quorum of the Committee for the transaction of business shall be a majority of its members, including not less than one director who is not an officer of the Corporation. The powers of the Executive Committee shall not include the power:

(i) to authorize distributions;

(ii) to the extent permitted by the General Corporation Law of the State of Delaware (the "DGCL"), to approve or submit to stockholders any action that requires stockholders approval under the DGCL, the Certificate of Incorporation or these By-Laws;

(iii) to fill vacancies on the Board of Directors or any committee;

(iv) to amend the Certificate of Incorporation (except that the Executive Committee may, to the extent authorized in the resolution or resolutions providing for the issuance of shares of stock adopted by the Board of Directors, fix the designations and any of the preferences or rights of such shares relating to dividends, redemption, dissolution, any distribution of assets of the Corporation or the conversion into, or the exchange of such shares for, shares of any other class or classes or any other series of the same or any other class or classes of stock of the Corporation or fix the number of shares of any series of stock or authorize the increase or decrease of the shares of any series);

(v) to approve an agreement and plan of merger or consolidation not requiring stockholder approval;

(vi) to the extent permitted by the DGCL, to recommend to the stockholders the sale, lease or exchange of all or substantially all of the Corporation's property and assets;

(vii) to the extent permitted by the DGCL, to recommend to the stockholders a dissolution of the Corporation or a revocation of a dissolution;

(viii) to adopt, amend or repeal these By-laws; and

(ix) to fix the compensation of directors serving on the Board or on any committee.

(b) Audit Committee. The Audit Committee shall consist of not less than three (3) directors, none of whom are employees, officers, or stockholders holding 10% or more of all of the votes entitled to be cast by holders of all of the outstanding shares of Common Stock. All members of the Audit Committee shall be determined by the Board of Directors to be independent, as that standard is defined in Rule 303A.02 under the NYSE Listed Company Manual, as such rule may be amended, supplemented or replaced from time to time. The Board of Directors shall adopt and maintain a written charter specifying the Audit Committee's duties, which shall include assisting the Corporation to ensure the fairness and accuracy of the Corporation's financial statements and the existence of adequate internal financial controls, and the independence of the independent public accountants engaged to audit the Corporation's financial statements and books and records and to render financial reports concerning the Corporation and its subsidiaries. The Audit Committee shall prepare a report, as required by the United States Securities and Exchange Commission ("SEC") for inclusion in the Corporation's annual proxy statement. Each member of the Audit Committee shall have a general familiarity with the requirements of financial reporting and accountability, and at least one member of the Audit Committee shall be a "financial expert," as defined in Section 303A of the NYSE Listed Company Manual, as such section may be amended, supplemented or replaced from time to time.

(c) Nominating and Corporate Governance Committee. The Nominating Committee shall consist of not less than two directors, none of whom are employees, officers, or stockholders holding 10% or more of all of the votes entitled to be cast by holders of all of the outstanding shares of Common Stock. All members of the Nominating Committee shall be determined by the Board to be independent, as that standard is defined in Rule 303A.02 under the NYSE Listed Company Manual, as such rule may be amended, supplemented or replaced from time to time. The Board of Directors shall adopt a written charter specifying the Nominating Committee's duties, which will include, at minimum, that the Nominating Committee shall (i) identify individuals qualified to become directors and assist the Board of Directors in selecting nominees for the Annual Meeting of Stockholders and (ii) recommend to the Board of Directors measures for appropriate corporation governance that comply with all corporate governance rules and standards applied by the NYSE and the SEC.

(d) Compensation Committee. The Compensation Committee shall consist of not less than two directors who are not employees, officers, or stockholders holding 10% or more of all of the votes entitled to be cast by holders of all of the outstanding shares of Common Stock. All members of the Compensation Committee shall be determined by the Board to be independent, as that standard is defined in Rule 303A.02 under the NYSE Listed Company Manual, as such rule may be amended, supplemented or replaced from time to time. The Board of Directors shall adopt and maintain a written charter specifying the Compensation Committee's duties, which will include, at minimum, that the Compensation Committee shall review and approve corporate goals and objectives relevant to compensation of the Chief Executive Officer ("CEO"), evaluate the CEO's performance in light of those goals and objectives, and, either as a committee or together with the other independent directors (as directed by the Board of Directors), determine and approve the CEO's compensation level based on the evaluation; make recommendations to the Board of Directors with respect to nonCEO compensation; assist in the development and implementation of a management succession plan, and produce a Compensation Committee report on executive compensation as required by the SEC to be included in the Corporation's annual proxy statement or annual report.

Section 11. Compensation . Any officer or employee of the Corporation serving as a director or any member of any committee shall serve without compensation; however, they shall be reimbursed for the necessary expenses incurred in the execution of their duties. Independent directors who are not employees of the Corporation may receive such compensation as the Board of Directors, from time to time, determines appropriate. Nothing in these By-Laws shall preclude the paying by the Corporation of a salary or other compensation to an officer or employee who is also a director.

Section 11. Interested Directors . No contract or transaction between the Corporation and one or more of its directors or officers, or between the Corporation and any other corporation, partnership, association or other organization in which one or more of its directors or officers are directors or officers or have a financial interest, shall be void or voidable solely for this reason, or solely because the director or officer is present at or participates in the meeting of the Board of Directors or committee thereof which authorizes the contract or transaction, or solely because any such director's or officer's vote is counted for such purpose if: (i) the material facts as to the director's or officer's relationship or interest and as to the contract or transaction are disclosed or are known to the Board of Directors or the committee, and the Board of Directors or committee in good faith authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors, even though the disinterested directors be less than a quorum; or (ii) the material facts as to the director's or officer's relationship or interest and as to the contract or transaction are disclosed or are known to the stockholders entitled to vote thereon, and the contract or transaction is specifically approved in good faith by vote of the stockholders; or (iii) the contract or transaction is fair as to the Corporation as of the time it is authorized, approved or ratified by the Board of Directors, a committee thereof or the stockholders. Common or interested directors may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee which authorizes the contract or transaction. In addition to the foregoing, any contract or transaction with a Permitted Holder or Affiliated Person shall be subject to the provisions of Article SIXTH of the Certificate of Incorporation.

Section 11. Chairman of the Board of Directors . The Chairman of the Board of Directors shall be elected by the Board of Directors from among its members, and shall not be the Chief Executive Officer or other employee of the Corporation. In addition, so long as the CEO (or if there is no CEO then the person performing the duties of the CEO) is a Permitted Holder or Affiliated Person (as such terms are defined in the Company's Certificate of Incorporation), the Chairman shall be an Independent Director (as defined in the Company's Certificate of Incorporation). The Chairman of the Board of Directors shall preside at all meetings of the stockholders and of the Board of Directors at which he is present. In the absence or disability of the Chairman of the Board, the duties of the Chairman of the Board (including presiding at meetings of the Board of Directors and at meetings of the stockholders of the Corporation) shall be performed and the authority of the Chairman of the Board may be exercised by the Lead Independent Director, if there be one, or another independent director designated for this purpose by the Board of Directors. The Chairman of the Board of Directors shall also perform such other duties and may exercise such other powers as may from time to time be assigned by these ByLaws or by the Board of Directors, and shall have the authority to sign such contracts, certificates and other instruments of the Corporation as may be authorized by the Board of Directors. The Chairman of the Board of Directors, if an Independent Director, may be removed from his office as Chairman only with the affirmative vote of a majority of the Independent Directors and only for the following reasons: (1) gross negligence or willful misconduct with respect to the Corporation, (2) breach of a fiduciary duty to the Corporation and its stockholders or (3) a determination by a majority of the Independent Directors that the Chairman is not fulfilling his or her responsibilities in a manner that is in the best interests of the Corporation and its stockholders.

Section 11. Lead Independent Director . If the Board of Directors appoints as Chairman a director who is not an Independent Director, then at the same time as such appointment, the Board of Directors shall appoint an Independent Director to be the "Lead Independent Director". The Lead Independent Director shall perform such duties and may exercise such powers as may from time to time be assigned by these ByLaws or by the Board of Directors, and shall have the authority to sign such contracts, certificates and other instruments of the Corporation as may be authorized by the Board of Directors. The Lead Independent Director may be removed from his office as Lead Independent Director only with the affirmative vote of a majority of the Independent Directors and only for the following reasons: (1) gross negligence or willful misconduct with respect to the Corporation, (2) breach of a fiduciary duty to the Corporation and its stockholders or (3) a determination by a majority of the Independent Directors that the Lead Independent Director is not fulfilling his or her responsibilities in a manner that is in the best interests of the Corporation and its stockholders.

Section 12. Vice Chairman . The Board of Directors may elect from its members a Vice Chairman of the Board of Directors, to serve as Chairman of the Board in the absence or unavailability of the Chairman, or for any other reason.

ARTICLE IV
OFFICERS

Section 11. General. The officers of the Corporation shall be chosen by the Board of Directors and shall be a CEO, a President, a Secretary and a Treasurer. The Board of Directors, in its discretion, also may choose a Chief Administrative Officer ("CAO"), a Chief Financial Officer ("CFO") and one or more Assistant CAOs, Assistant CFOs, Vice Presidents, Assistant Secretaries, Assistant Treasurers and other officers as may be determined by the Board of Directors. Any number of offices may be held by the same person, unless otherwise prohibited by law, the Certificate of Incorporation or these ByLaws. The officers of the Corporation need not be stockholders of the Corporation.

Section 11. Election. The Board of Directors, at its first meeting held after each Annual Meeting of Stockholders (or action by written consent of stockholders in lieu of the Annual Meeting of Stockholders), shall elect the officers of the Corporation who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the Board of Directors; and each officer of the Corporation shall hold office until such officer's successor is elected and qualified, or until such officer's earlier death, resignation or removal. Any officer elected by the Board of Directors may be removed at any time by the Board of Directors. Any vacancy occurring in any office of the Corporation shall be filled by the Board of Directors. The salaries of all officers of the Corporation shall be fixed by the Board of Directors.

Section 11. Voting Securities Owned by the Corporation. Powers of attorney, proxies, waivers of notice of meeting, consents and other instruments relating to securities owned by the Corporation may be executed in the name of and on behalf of the Corporation by the President or any Vice President or any other officer authorized to do so by the Board of Directors and any such officer may, in the name of and on behalf of the Corporation, take all such action as any such officer may deem advisable to vote in person or by proxy at any meeting of security holders of any corporation in which the Corporation may own securities and at any such meeting shall possess and may exercise any and all rights and power incident to the ownership of such securities and which, as the owner thereof, the Corporation might have exercised and possessed if present. The Board of Directors may, by resolution, from time to time confer like powers upon any other person or persons.

Section 11. Chief Executive Officer. The CEO shall, subject to the control of the Board of Directors and the Chairman of the Board of Directors, have general supervision of the business of the Corporation and shall see that all orders and resolutions of the Board of Directors are carried into effect. The CEO shall execute all bonds, mortgages, contracts and other instruments of the Corporation requiring a seal, under the seal of the Corporation, except where required or permitted by law to be otherwise signed and executed and except that the other officers of the Corporation may sign and execute documents when so authorized by these By-Laws, the Board of Directors or the CEO. The CEO shall also perform such other duties and may exercise such other powers as may from time to time be assigned to such officer by these ByLaws or by the Board of Directors, subject to the provisions of the Certificate of Incorporation and these ByLaws. If and so long as the Chairman is a Permitted Holder or an Affiliated Person, the CEO (or if there is no CEO, then the person performing the duties of the CEO) shall not be a Permitted Holder or an Affiliated Person.

Section 11. President . The President shall do and perform such duties and have such powers as from time to time may be assigned to such officer by these By-Laws or by the Board of Directors or the Chief Executive Officer, subject to the provisions of the Certificate of Incorporation and these By-Laws. The President may sign and execute all authorized contracts, checks, and other instruments or obligations in the name of the Corporation. The President, in the event of the absence or inability of the Chairman (or Vice Chairman, if any) and Chief Executive Officer to act, shall have all the powers of both officers.

Section 11. Vice Presidents . The Board of Directors may, at its option, elect one or more Vice-Presidents, who shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors or the Chief Executive Officer.

Section 11. Chief Administrative Officer . The Board of Directors may, at its option, elect a CAO. Subject to the authority of the Board of Directors, the CEO, and the President, the CAO shall have general oversight and review powers over the conduct of the business and affairs of all departments, divisions, and regions of the Corporation and its subsidiaries, if any. The CAO shall periodically report to the CEO, President, and the Board of Directors, as requested. The CAO shall perform such other duties as from time to time may be assigned to him by the CEO, the President, or the Board of Directors.

Section 11. Chief Financial Officer; Treasurer . The office of Chief Financial Officer, and the office of Treasurer, if any, may be occupied by the same person or by different persons. The Chief Financial Officer and the Treasurer shall have custody of all the funds and securities of the Corporation, subject to all applicable internal controls. The Chief Financial Officer and the Treasurer may endorse on behalf of the Corporation for collection, checks, notes and other obligations, and shall deposit the same to the credit of the Corporation in such bank or banks or depositories as the Board of Directors may designate. The Chief Financial Officer and the Treasurer may (i) sign receipts and vouchers for payments made to the Corporation and (ii) sign checks made by the Corporation and pay out and dispose of the same under the direction of the Board, the Chief Executive Officer or the President. The Chief Financial Officer and the Treasurer shall perform other duties and have such powers as from time to time may be assigned to them by the Board of Directors or the Chief Executive Officer.

Section 11. Secretary . The Secretary shall keep the minutes of all proceedings of the Board and the minutes of all meetings of stockholders. The Secretary may hold any other position to which he has been appointed. The Secretary may sign with the President, in the name of the Corporation, all contracts authorized by the Board, and shall have authority to attest to the authority of the Corporation to act and, if necessary, affix the seal (or other mark) of the Corporation thereto. He shall have charge of all certificate books and such other books and papers as the Board may direct. The Secretary shall perform such duties and have such powers as from time to time may be assigned to him by the Board of Directors or the Chief Executive Officer. In general, the Secretary shall perform all duties incident to the office of Secretary and such other duties as from time to time may be assigned to him or her by the CEO or the Board of Directors.

Section 11. Combination of Offices. Any two of the offices hereinabove enumerated may be held by one and the same person, if such person is so elected or appointed.

Section 11. Other Officers. Such other officers as the Board of Directors or the CEO may choose shall perform such duties and have such powers as from time to time may be assigned to them by the Board of Directors or the CEO. The Board of Directors or the CEO may delegate to any other officer of the Corporation the power to choose such other officers and to prescribe their respective duties and powers.

ARTICLE V
STOCK

Section 11. Shares of Stock. The shares of capital stock of the Corporation may be represented by a certificate or may be uncertificated. Notwithstanding the foregoing, every holder of capital stock of the Corporation theretofore represented by certificates and, upon request, every holder of uncertificated shares, shall be entitled to have a certificate for shares of capital stock of the Corporation signed by, or in the name of the Corporation by, (a) the Chairman of the Board, the Vice Chairman of the Board, the Chief Executive Officer, the President or any Executive Vice President, and (b) the Chief Financial Officer, the Secretary or an Assistant Secretary, certifying the number of shares owned by such stockholder in the Corporation.

Section 11. Signatures. Any or all of the signatures on a certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if such person were such officer, transfer agent or registrar at the date of issue.

Section 11. Lost Certificates. The Board of Directors may direct a new certificate or uncertificated shares be issued in place of any certificate theretofore issued by the Corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issuance of a new certificate or uncertificated shares, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate, or such owner's legal representative, to advertise the same in such manner as the Board of Directors shall require and/or to give the Corporation a bond in such sum as it may direct as indemnity against any claim that may be made against the Corporation on account of the alleged loss, theft or destruction of such certificate or the issuance of such new certificate or uncertificated shares.

Section 11. Transfers . Stock of the Corporation shall be transferable in the manner prescribed by applicable law and in these ByLaws. Transfers of stock shall be made on the books of the Corporation, and in the case of certificated shares of stock, only by the person named in the certificate or by such person's attorney lawfully constituted in writing and upon the surrender of the certificate therefor, properly endorsed for transfer and payment of all necessary transfer taxes; or, in the case of uncertificated shares of stock, upon receipt of proper transfer instructions from the registered holder of the shares or by such person's attorney lawfully constituted in writing, and upon payment of all necessary transfer taxes and compliance with appropriate procedures for transferring shares in uncertificated form; provided, however, that such surrender and endorsement, compliance or payment of taxes shall not be required in any case in which the officers of the Corporation shall determine to waive such requirement. With respect to certificated shares of stock, every certificate exchanged, returned or surrendered to the Corporation shall be marked "Cancelled," with the date of cancellation, by the Secretary or Assistant Secretary of the Corporation or the transfer agent thereof. No transfer of stock shall be valid as against the Corporation for any purpose until it shall have been entered in the stock records of the Corporation by an entry showing from and to whom transferred.

Section 11. Dividend Record Date . In order that the Corporation may determine the stockholders entitled to receive payment of any dividend or other distribution or allotment of any rights or the stockholders entitled to exercise any rights in respect of any change, conversion or exchange of stock, or for the purpose of any other lawful action, the Board of Directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted, and which record date shall be not more than sixty (60) days prior to such action. If no record date is fixed, the record date for determining stockholders for any such purpose shall be at the close of business on the day on which the Board of Directors adopts the resolution relating thereto.

Section 11. Record Owners . The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise required by law.

Section 11. Transfer and Registry Agents . The Corporation may from time to time maintain one or more transfer offices or agencies and registry offices or agencies at such place or places as may be determined from time to time by the Board of Directors.

ARTICLE VI
NOTICES

Section 11. Notices. Whenever written notice is required by law, the Certificate of Incorporation or these ByLaws, to be given to any director, member of a committee or stockholder, such notice may be given by mail, addressed to such director, member of a committee or stockholder, at such person's address as it appears on the records of the Corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Without limiting the manner by which notice otherwise may be given effectively to stockholders, any notice to stockholders given by the Corporation under applicable law, the Certificate of Incorporation or these ByLaws shall be effective if given by a form of electronic transmission if consented to by the stockholder to whom the notice is given. Any such consent shall be revocable by the stockholder by written notice to the Corporation. Any such consent shall be deemed to be revoked if (i) the Corporation is unable to deliver by electronic transmission two (2) consecutive notices by the Corporation in accordance with such consent and (ii) such inability becomes known to the Secretary or Assistant Secretary of the Corporation or to the transfer agent, or other person responsible for the giving of notice; provided, however, that the inadvertent failure to treat such inability as a revocation shall not invalidate any meeting or other action. Notice given by electronic transmission, as described above, shall be deemed given: (i) if by facsimile telecommunication, when directed to a number at which the stockholder has consented to receive notice; (ii) if by electronic mail, when directed to an electronic mail address at which the stockholder has consented to receive notice; (iii) if by a posting on an electronic network, together with separate notice to the stockholder of such specific posting, upon the later of (A) such posting and (B) the giving of such separate notice; and (iv) if by any other form of electronic transmission, when directed to the stockholder. Notice to directors or committee members may be given personally or by telegram, telex, cable or by means of electronic transmission.

Section 11. Waivers of Notice. Whenever any notice is required by applicable law, the Certificate of Incorporation or these ByLaws, to be given to any director, member of a committee or stockholder, a waiver thereof in writing, signed by the person or persons entitled to notice, or a waiver by electronic transmission by the person or persons entitled to notice, whether before or after the time stated therein, shall be deemed equivalent thereto. Attendance of a person at a meeting, present in person or represented by proxy, shall constitute a waiver of notice of such meeting, except where the person attends the meeting for the express purpose of objecting at the beginning of the meeting to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any Annual or Special Meeting of Stockholders or any regular or Special Meeting of the directors or members of a committee of directors need be specified in any written waiver of notice unless so required by law, the Certificate of Incorporation or these ByLaws.

ARTICLE VII
GENERAL PROVISIONS

Section 11. Dividends. Dividends upon the capital stock of the Corporation, subject to the requirements of the DGCL and the provisions of the Certificate of Incorporation, if any, may be declared by the Board of Directors at any regular or Special Meeting of the Board of Directors (or any action by written consent in lieu thereof in accordance with Section 8 of Article III hereof), and may be paid in cash, in property, or in shares of the Corporation's capital stock. Before payment of any dividend, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Board of Directors from time to time, in its absolute discretion, deems proper as a reserve or reserves to meet contingencies, or for purchasing any of the shares of capital stock, warrants, rights, options, bonds, debentures, notes, scrip or other securities or evidences of indebtedness of the Corporation, or for equalizing dividends, or for repairing or maintaining any property of the Corporation, or for any proper purpose, and the Board of Directors may modify or abolish any such reserve.

Section 11. Disbursements . All checks or demands for money and notes of the Corporation shall be signed by such officer or officers or such other person or persons as the Board of Directors may from time to time designate.

Section 11. Fiscal Year . The fiscal year of the Corporation shall be fixed by resolution of the Board of Directors.

Section 11. Corporate Seal . The corporate seal shall be in the form determined by the Board of Directors.

ARTICLE VIII
INDEMNIFICATION

Section 11. Power to Indemnify in Actions, Suits or Proceedings other than Those by or in the Right of the Corporation . Subject to Section 3 of this Article VIII, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation), by reason of the fact that such person is or was a director or officer of the Corporation, or is or was a director or officer of the Corporation serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe such person's conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which such person reasonably believed to be in or not opposed to the best interests of the Corporation, and, with respect to any criminal action or proceeding, had reasonable cause to believe that such person's conduct was unlawful.

Section 11. Power to Indemnify in Actions, Suits or Proceedings by or in the Right of the Corporation . Subject to Section 3 of this Article VIII, the Corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in its favor by reason of the fact that such person is or was a director or officer of the Corporation, or is or was a director or officer of the Corporation serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection with the defense or settlement of such action or suit if such person acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation; except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery of the State of Delaware or the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or such other court shall deem proper.

Section 11. Authorization of Indemnification . Any indemnification under this Article VIII (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification of the present or former director or officer is proper in the circumstances because such person has met the applicable standard of conduct set forth in Section 1 or Section 2 of this Article VIII, as the case may be. Such determination shall be made, with respect to a person who is a director or officer at the time of such determination, (i) by a majority vote of the directors who are not parties to such action, suit or proceeding, even though less than a quorum, or (ii) by a committee of such directors designated by a majority vote of such directors, even though less than a quorum, or (iii) if there are no such directors, or if such directors so direct, by independent legal counsel in a written opinion or (iv) by the stockholders. Such determination shall be made, with respect to former directors and officers, by any person or persons having the authority to act on the matter on behalf of the Corporation. To the extent, however, that a present or former director or officer of the Corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding described above, or in defense of any claim, issue or matter therein, such person shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by such person in connection therewith, without the necessity of authorization in the specific case.

Section 11. Good Faith Defined . For purposes of any determination under Section 3 of this Article VIII, a person shall be deemed to have acted in good faith and in a manner such person reasonably believed to be in or not opposed to the best interests of the Corporation, or, with respect to any criminal action or proceeding, to have had no reasonable cause to believe such person's conduct was unlawful, if such person's action is based on the records or books of account of the Corporation or another enterprise, or on information supplied to such person by the officers of the Corporation or another enterprise in the course of their duties, or on the advice of legal counsel for the Corporation or another enterprise or on information or records given or reports made to the Corporation or another enterprise by an independent certified public accountant or by an appraiser or other expert selected with reasonable care by the Corporation or another enterprise. The provisions of this Section 4 shall not be deemed to be exclusive or to limit in any way the circumstances in which a person may be deemed to have met the applicable standard of conduct set forth in Section 1 or Section 2 of this Article VIII, as the case may be.

Section 11. Indemnification by a Court. Notwithstanding any contrary determination in the specific case under Section 3 of this Article VIII, and notwithstanding the absence of any determination thereunder, any director or officer may apply to the Court of Chancery of the State of Delaware or any other court of competent jurisdiction in the State of Delaware for indemnification to the extent otherwise permissible under Section 1 or Section 2 of this Article VIII. The basis of such indemnification by a court shall be a determination by such court that indemnification of the director or officer is proper in the circumstances because such person has met the applicable standard of conduct set forth in Section 1 or Section 2 of this Article VIII, as the case may be. Neither a contrary determination in the specific case under Section 3 of this Article VIII nor the absence of any determination thereunder shall be a defense to such application or create a presumption that the director or officer seeking indemnification has not met any applicable standard of conduct. Notice of any application for indemnification pursuant to this Section 5 shall be given to the Corporation promptly upon the filing of such application. If successful, in whole or in part, the director or officer seeking indemnification shall also be entitled to be paid the expense of prosecuting such application.

Section 11. Expenses Payable in Advance. Expenses (including attorneys' fees) incurred by a director or officer in defending any civil, criminal, administrative or investigative action, suit or proceeding shall be paid by the Corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of such director or officer to repay such amount if it shall ultimately be determined that such person is not entitled to be indemnified by the Corporation as authorized in this Article VIII. Such expenses (including attorneys' fees) incurred by former directors and officers or other employees and agents may be so paid upon such terms and conditions, if any, as the Corporation deems appropriate.

Section 11. Non-exclusivity of Indemnification and Advancement of Expenses. The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VIII shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under the Certificate of Incorporation, these ByLaws, agreement, vote of stockholders or disinterested directors or otherwise, both as to action in such person's official capacity and as to action in another capacity while holding such office, it being the policy of the Corporation that indemnification of the persons specified in Section 1 and Section 2 of this Article VIII shall be made to the fullest extent permitted by law. The provisions of this Article VIII shall not be deemed to preclude the indemnification of any person who is not specified in Section 1 or Section 2 of this Article VIII but whom the Corporation has the power or obligation to indemnify under the provisions of the DGCL, or otherwise.

Section 11. Insurance . The Corporation may purchase and maintain insurance on behalf of any person who is or was a director or officer of the Corporation, or is or was a director or officer of the Corporation serving at the request of the Corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of such person's status as such, whether or not the Corporation would have the power or the obligation to indemnify such person against such liability under the provisions of this Article VIII.

Section 11. Certain Definitions . For purposes of this Article VIII, references to "the Corporation" shall include, in addition to the resulting corporation, any constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger which, if its separate existence had continued, would have had power and authority to indemnify its directors or officers, so that any person who is or was a director or officer of such constituent corporation, or is or was a director or officer of such constituent corporation serving at the request of such constituent corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, shall stand in the same position under the provisions of this Article VIII with respect to the resulting or surviving corporation as such person would have with respect to such constituent corporation if its separate existence had continued. The term "another enterprise" as used in this Article VIII shall mean any other corporation or any partnership, joint venture, trust, employee benefit plan or other enterprise of which such person is or was serving at the request of the Corporation as a director, officer, employee or agent. For purposes of this Article VIII, references to "fines" shall include any excise taxes assessed on a person with respect to an employee benefit plan; and references to "serving at the request of the Corporation" shall include any service as a director, officer, employee or agent of the Corporation which imposes duties on, or involves services by, such director or officer with respect to an employee benefit plan, its participants or beneficiaries; and a person who acted in good faith and in a manner such person reasonably believed to be in the interest of the participants and beneficiaries of an employee benefit plan shall be deemed to have acted in a manner "not opposed to the best interests of the Corporation" as referred to in this Article VIII.

Section 11. Survival of Indemnification and Advancement of Expenses . The indemnification and advancement of expenses provided by, or granted pursuant to, this Article VIII shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a director or officer and shall inure to the benefit of the heirs, executors and administrators of such a person.

Section 11. Limitation on Indemnification . Notwithstanding anything contained in this Article VIII to the contrary, except for proceedings to enforce rights to indemnification (which shall be governed by Section 5 of this Article VIII), the Corporation shall not be obligated to indemnify any director or officer (or his or her heirs, executors or personal or legal representatives) or advance expenses in connection with a proceeding (or part thereof) initiated by such person unless such proceeding (or part thereof) was authorized or consented to by the Board of Directors of the Corporation.

Section 11. Indemnification of Employees and Agents . The Corporation may, to the extent authorized from time to time by the Board of Directors, provide rights to indemnification and to the advancement of expenses to employees and agents of the Corporation similar to those conferred in this Article VIII to directors and officers of the Corporation.

ARTICLE IX
AMENDMENTS

Section 11. Amendments . In furtherance and not in limitation of the powers conferred upon it by the laws of the State of Delaware, the Board of Directors shall have the power to adopt, amend, alter or repeal the Corporation's By-Laws. The affirmative vote of at least a majority vote of the directors present at any meeting of the Board of Directors at which a quorum is present shall be required to adopt, amend, alter or repeal the Corporation's By-Laws. The Corporation's By-Laws also may be adopted, amended, altered or repealed by the affirmative vote of the holders of at least two-thirds of the voting power of the shares entitled to vote in connection with the election of directors of the Corporation.

Section 11. Entire Board of Directors . As used in this Article IX and in these By-Laws generally, the term "entire Board of Directors" means the total number of directors which the Corporation would have if there were no vacancies.

Exhibit 10.1

EXECUTION VERSION

FOURTH AMENDMENT
TO
AMENDED AND RESTATED RECEIVABLES PURCHASE AGREEMENT

THIS FOURTH AMENDMENT TO AMENDED AND RESTATED RECEIVABLES PURCHASE AGREEMENT (the "Amendment"), dated as of July 11, 2018, is entered into by and among Swift Receivables Company II, LLC (the "Seller"), Swift Transportation Services, LLC (the "Servicer"), the Conduit Purchasers party hereto, the Related Committed Purchasers party hereto, the Purchaser Agents party hereto, the LC Participants party hereto and PNC Bank, National Association, as LC Bank and as administrator (the "Administrator"). All capitalized terms used herein and not defined herein shall have the meanings set forth in the hereinafter defined Purchase Agreement.

WITNESSETH:

WHEREAS, the Seller, Servicer, the Conduit Purchasers from time to time party thereto, the Related Committed Purchasers from time to time party thereto, the Purchaser Agents from time to time party thereto, the LC Participants from time to time party thereto and the Administrator have heretofore executed and delivered an Amended and Restated Receivables Purchase Agreement dated as of June 14, 2013 (as amended, supplemented or otherwise modified through the date hereof, the "Purchase Agreement"); and

WHEREAS, the parties hereto desire to amend the Purchase Agreement as provided herein;

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto hereby agree that the Purchase Agreement shall be and is hereby amended as follows:

Section 1. The Purchase Agreement is hereby amended as follows:

1.1. The reference to the amount "$7□000,000" appearing in Section 1.23 of the Purchase Agreement is hereby replaced with the amount "$17□000,000".

1.2. Article I of the Purchase Agreement is hereby amended by inserting a new Section 1.24 which shall read as follows:

Section 1.24 Successor LIBOR Market Index Rate and Euro-Rate.

(a) If the Administrator determines (which determination shall be final and conclusive, absent manifest error) that either (i) (x) the circumstances set forth in Section 1.11 have arisen and are unlikely to be temporary, or (y) the circumstances set forth in Section 1.11 have not arisen but the applicable supervisor or administrator (if any) of the LIBOR Market Index

Rate, Euro-Rate or a Governmental Authority having □risdiction over the Administrator has made a public statement identifying the specific date after which the LIBOR Market Index Rate or Euro-Rate shall no longer be used for determining interest rates for loans (either such date, a "LIBOR Termination Date"), or (ii) a rate other than LIBOR Market Index Rate or Euro-Rate has become a widely recognized benchmark rate for newly originated loans in Dollars in the U.S. market, then the Administrator may (upon ten (10) Business Days□ prior notice and in consultation with the Seller) choose a replacement index for the LIBOR Market Index Rate and Euro-Rate and make ad□stments to applicable margins and related amendments to this Agreement as referred to below such that, to the extent practicable, the all-in Discount based on the replacement index will be substantially equivalent to the all-in LIBOR Market Index Rate or Euro-Rate-based Discount in effect prior to its replacement.

(b) The Administrator and the Seller shall enter into an amendment to this Agreement to reflect the replacement index, the ad□sted margins and such other related amendments as may be appropriate, in the discretion of the Administrator, for the implementation and administration of the replacement index-based rate. Notwithstanding anything to the contrary in this Agreement or the other Transaction Documents (including, without limitation, Section 6.1) such amendment shall become effective without any further action or consent of any other party to this Agreement at □00 p.m. New □ork City time on the tenth (10th) Business Day after the date a draft of the amendment is provided to the Purchaser Agents, unless the Administrator receives, on or before such tenth (10th) Business Day, a written notice from the Ma□rity Purchaser Agents stating that such Purchaser Agents ob□ct to such amendment.

(c) Selection of the replacement index, ad□stments to the applicable margins, and amendments to this Agreement (i) will be determined with due consideration to the then-current market practices for determining and implementing a rate of interest for newly originated loans in the United States and loans converted from a LIBOR Market Index Rate or Euro-Rate based rate to a replacement index-based rate, and (ii) may also reflect ad□stments to account for (x) the effects of the transition from the LIBOR Market Index Rate or Euro-Rate to the replacement index and (y) yield- or risk-based differences between the LIBOR Market Index Rate or Euro-Rate and the replacement index.

(d) Until an amendment reflecting a new replacement index in accordance with this Section 1.24 is effective, the Discount for any outstanding Portions of Capital then funded at the Alternate Rate determined by reference to the Euro-Rate or the LIBOR Market Index Rate will continue to be determined by reference to the LIBOR Market Index Rate or Euro-Rate, as applicable; provided however, that if the Administrator determines (which determination shall be final and conclusive, absent manifest error) that a LIBOR Termination Date has occurred, then following the LIBOR Termination Date, all outstanding Portions of Capital then funded at the Alternate Rate determined by reference to the Euro-Rate or the LIBOR Market Index Rate shall automatically be converted to the Alternate Rate determined by reference to the Base Rate until such time as an amendment reflecting a replacement index and related matters as described above is implemented.

(e) Notwithstanding anything to the contrary contained herein, if at any time the replacement index is less than zero, at such times, such index shall be deemed to be zero for purposes of this Agreement.

1.3. The following defined terms appearing in Exhibit I of the Purchase Agreement are hereby amended and restated in their entirety and as so amended and restated shall read as follows:

"Calculation Period" means, with respect to any Portion of Capital, (a) initially, the period commencing on (and including) the date of the initial Purchase or funding of such Portion of Capital and ending on (and including) the last day of the calendar month in which such funding occurs, and (b) thereafter, each successive period commencing on (and including) the first day of each calendar month and ending on (and including) the last day of such calendar month; provided that with respect to each Portion of Capital outstanding prior to the Fourth Amendment Effective Date, (i) the Calculation Period outstanding on the Fourth Amendment Effective Date shall end on (but not include) July 20, 2018, (ii) the Calculation Period commencing on (and including) July 20, 2018, shall end on (and include) July 31, 2018, and (iii) each Calculation Period thereafter shall be determined in accordance with clause (b) above.

"Concentration Reserve Percentage" means, at any time, the ratio (expressed as a percentage) (a) the largest of the following (i) the sum of the five (□) largest Group D Obligor Receivables balances (up to the Concentration Percentage for each such Obligor), (ii) the sum of the three (3) largest Group C Obligor Receivables balances (up to the Concentration Percentage for each such Obligor), (iii) the sum of the two (2) largest Group B Obligor Receivables balances (up to the Concentration Percentage for such Obligor), and (iv) the largest Group A Obligor Receivables balance (up to the Concentration Percentage for such Obligor), divided by (b) the sum of the aggregate Outstanding Balances of all Eligible Receivables in the Receivables Pool; provided, however that for purposes of determining clause (a) of the Concentration Reserve Percentage, the Outstanding Balance with respect to all Receivables the Obligor of which is the Special Obligor shall be excluded until the occurrence of a Special Obligor Trigger Event.

"Credit Agreement" means that certain Credit Agreement, dated as of September 29, 2017, by and among the Parent, as borrower, the lenders party thereto, Wells, as administrative agent, swingline lender and issuing lender, and Bank of America, N.A. and PNC, as co-syndication agents, and the other Lenders party thereto (as the same may be amended, restated, supplemented or otherwise modified from time to time).

"Excess Concentration" means, for any day, the sum of, without duplication, (a) the sum of the amounts by which the aggregate Outstanding Balance of all Eligible Receivables then in the Receivables Pool of each Obligor exceeds an amount equal to (i) the applicable Concentration Percentage for such Obligor multiplied by (ii) the aggregate Outstanding Balance of all Eligible Receivables then in the Receivables Pool, plus (b) the amount by which the aggregate Outstanding Balance of all Eligible Receivables then in the Receivables Pool the Obligor of which is a resident of Mexico exceeds an amount equal to (i) 3.0□ (or such lower amount at the sole discretion of any Purchaser upon ten (10) days prior written notice to the Seller (it being understood that such percentage may be reduced to zero)) multiplied by (ii) the aggregate Outstanding Balance of all Eligible Receivables then in the Receivables Pool, plus (c) the amount by which the aggregate Outstanding Balance of all Eligible Receivables then in the Receivables Pool the Obligor of which is a resident of Canada exceeds an amount equal to (i) □0□ multiplied by (ii) the aggregate Outstanding Balance of all Eligible Receivables then in the Receivables Pool, plus (d) the amount by which the aggregate Outstanding Balance of all Eligible Receivables then in the Receivables Pool that have not been invoiced to the Obligor thereof no more than 4□ days since the date that such Eligible Receivable was created exceeds an amount equal to (i) 1□0□

multiplied by (ii) the aggregate Outstanding Balance of all Eligible Receivables then in the Receivables Pool, plus (e) the amount by which the aggregate Outstanding Balance of all Eligible Receivables then in the Receivables Pool that have not been invoiced to the Obligor thereof more than 4□days but less than 61 days since the date that such Eligible Receivable was created exceeds an amount equal to (i) 2.0□ multiplied by (ii) the aggregate Outstanding Balance of all Eligible Receivables then in the Receivables Pool, plus (f) the amount by which the aggregate Outstanding Balance of all FUMS Receivables then in the Receivables Pool exceeds an amount equal to (i) 4.0□ (or such other amount as may be agreed to in writing by the Seller and each Purchaser Group from time to time) multiplied by (ii) the aggregate Outstanding Balance of all Eligible Receivables then in the Receivables Pool, plus (g) the amount by which the aggregate Outstanding Balance of all Eligible Receivables then in the Receivables Pool the Obligor of which is a Governmental Authority exceeds an amount equal to (i) 1.0□ multiplied by (ii) the aggregate Outstanding Balance of all Eligible Receivables then in the Receivables Pool.

"Facility Termination Date" means the earliest to occur of: (a) with respect to each Purchaser, July 9, 2021, (b) the date determined pursuant to Section 2.2 of this Agreement, (c) the date the Purchase Limit reduces to zero pursuant to Section 1.1(c) of this Agreement, (d) with respect to each Conduit Purchaser, the date that the commitments of all of the Liquidity Providers terminate under the related Liquidity Agreement, (e) with respect to each Purchaser Group, the date that the Commitment of all of the Related Committed Purchasers of such Purchaser Group terminate pursuant to Section 1.22, and (f) the Seller shall fail to cause the amendment or modification of any Transaction Document as reasonably requested by Fitch, Moody□ or Standard & Poor□, and such failure shall continue for 60 days after such amendment or modification is initially requested.

"Purchase Limit" means $32□000,000, as such amount may be reduced pursuant to Section 1.1(c) or otherwise in connection with any Exiting Purchaser, or increased pursuant to Section 1.1(f). References to the unused portion of the Purchase Limit shall mean, at any time, the Purchase Limit minus the sum of the then outstanding Aggregate Capital plus the LC Participation Amount.

1.4. Clause (q) of the defined term "Eligible Receivable" appearing in Exhibit I to the Purchase Agreement is hereby amended and restated in its entirety and so amended and restated shall read as follows:

> (q) that if such Receivable has not yet been billed, no more than 60 days have expired since the date that such Receivable was created.

1.□ Exhibit I of the Purchase Agreement is hereby amended by deleting the defined terms "BTMU" and "Citi" in their respective entireties.

1.6. Exhibit I of the Purchase Agreement is hereby amended by inserting the following defined terms in appropriate alphabetical order:

> "Consolidated Total Net Leverage" has the meaning set forth in the Credit Agreement on the Fourth Amendment Effective Date without giving effect to any amendment, supplement, modification or waiver of such definition made or given after the Fourth Amendment Effective Date.
>
> "Fourth Amendment Effective Date" means July 11, 2018.
>
> "MUFG" means MUFG Bank, Ltd. f□□□ The Bank of Tokyo-Mitsubishi UFJ, Ltd.
>
> "Special Obligor" has the meaning set forth in the Fee Letter.
>
> "Special Obligor Trigger Event" means the occurrence of any of the following: (i) the Special Obligor fails to maintain a short-term rating of "A-1" or better by Standard & Poor□ and "P-1" or better by Moody□, (ii) the ratio of (A) the aggregate Outstanding Balance of Receivables the Obligor of which is the Special Obligor as to which any payment, or part thereof, remains unpaid for 120 or more days from the original invoice date thereof divided by (B) the aggregate Outstanding Balance of all Receivables the Obligor of which is the Special Obligor exceeds 1□00□, (iii) the date that is ten (10) Business Days after any Purchaser provides written notice to the Seller, the Administrator, and each Purchaser Agent that a Special Obligor Trigger Event shall be deemed to have occurred.

1.7. Clause (l) of Exhibit V to the Purchase Agreement is hereby amended and restated in its entirety to read as follows:

(l) the Parent permits the Consolidated Total Net Leverage Ratio as of the last day of any fiscal quarter to be greater than 3.2□1.00; <u>provided</u> that in connection with any Acquisition (as such term is defined in the Credit Agreement on the Fourth Amendment Effective Date without giving effect to any amendment, supplement, modification or waiver of such definition made or given after the Fourth Amendment Effective Date) for which the aggregate consideration exceeds $100,000,000 (a "<u>□ualified Acquisition</u>"), the maximum Consolidated Total Net Leverage Ratio, at the election of the Parent (which election may be made no more than twice during the term of the Credit Agreement), with prior notice to the administrative agent under the Credit Agreement not later than 10 business days after the date of consummation of the □ualified Acquisition, shall increase to 3.□0:1.00 for the four (4) consecutive fiscal quarter period beginning with the fiscal quarter in which such □ualified Acquisition is consummated (a "<u>Leverage Increase Period</u>") and, unless increased in accordance with the Credit Agreement as in effect on the Fourth Amendment Effective Date without giving effect to any amendment, supplement, modification or waiver of such definition made or given after the Fourth Amendment Effective Date in respect of a subsequent □ualified Acquisition, shall be 3.2□1.00 as of the end of each subsequent fiscal quarter; <u>provided</u>, <u>further</u> that the Parent may not request a second Leverage Increase Period unless the actual Consolidated Total Net Leverage as of the end of at least two (2) consecutive full fiscal quarters of the Parent ended since the commencement of the first Leverage Increase Period has been equal to or less than 2.7□ to 1.00.

1.8. The Commitments of the Purchasers are hereby amended and restated as set forth below the signature of each Purchaser hereto.

1.9. The Purchase Agreement is hereby further amended by replacing each reference to "BTMU" appearing in the Purchase Agreement with "MUFG".

Section 2. Effectiveness of Amendment.

(a) This Amendment shall become effective on the date that each of the following shall have been satisfied:

(i) the Administrator shall have received counterparts hereof executed by the Seller, the Servicer, each Purchaser and the Administrator;

(ii) the Parent shall have executed and delivered to the Administrator an acknowledgment and consent;

(iii) the Administrator shall have received executed counterparts of that certain Amended and Restated Administrator Fee Letter dated as of July 11, 2018, and all fees due and payable on the date hereof as set forth therein;

(iv) the Administrator shall have received copies of all documents evidencing other necessary corporate action and governmental approvals, if any, with respect to this Amendment and the other Transaction Documents; and

(v) the Administrator shall have received such other agreements, instruments, documents, certificates, and opinions as the Administrator may reasonably request.

Section 3. To induce the Administrator and the Purchasers to enter into this Amendment, the Seller and Servicer represent and warrant to the Administrator and the Purchasers that: (a) the representations and warranties contained in the Transaction Documents, are true and correct in all material respects as of the date hereof with the same effect as though made on the date hereof (it being understood and agreed that any representation or warranty which by its terms is made as of a specified date shall be required to be true and correct in all material respects only as of such specified date); (b) no Termination Event or Unmatured Termination Event exists; (c) this Amendment has been duly authorized by all necessary corporate proceedings and duly executed and delivered by each of the Seller and the Servicer, and the Purchase Agreement, as amended by this Amendment, and each of the other Transaction Documents are the legal, valid and binding obligations of the Seller and the Servicer, enforceable against the Seller and the Servicer in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency or other similar laws of general application affecting the enforcement of creditors□rights or by general principles of equity; and (d) no consent, approval, authorization, order, registration or qualification with any governmental authority is required for, and in the absence of which would adversely effect, the legal and valid execution and delivery or performance by the Seller or the Servicer of this Amendment or the performance by the Seller or the Servicer of the Purchase Agreement, as amended by this Amendment, or any other Transaction Document to which they are a party.

Section 4. The Seller and each Purchaser acknowledges and agrees that the reduction of the Purchase Limit in connection with this Amendment shall be made by the non-ratable reduction in the Commitments of the Purchasers, and each Purchaser agrees to make such purchases and sales of interests in the Purchased Interest outstanding on the date hereof among themselves in the amounts set forth in Schedule I hereto so that after giving effect to such purchases and sales, each Purchaser and their related Purchaser Group is then holding its relevant Ratable Share of the Aggregate Capital based on the Commitments as set forth on the signature pages hereto. Such purchases and sales shall be arranged through the Administrator who shall distribute any amounts received to the Purchasers in accordance with the foregoing, and each Purchaser hereby agrees to execute such further instruments and documents, if any, as the Administrator may reasonably request in connection therewith.

Section □ This Amendment may be executed in any number of counterparts and by the different parties on separate counterparts and each such counterpart shall be deemed to be an original, but all such counterparts shall together constitute but one and the same Amendment.

Section 6. Except as specifically provided above, the Purchase Agreement and the other Transaction Documents shall remain in full force and effect and are hereby ratified and confirmed in all respects. The execution, delivery, and effectiveness of this Amendment shall not operate as a waiver of any right, power, or remedy of any Administrator or any Purchaser under the Purchase Agreement or any of the other Transaction Documents, nor constitute a waiver or modification of any provision of any of the other Transaction Documents. All defined terms used herein and not defined herein shall have the same meaning herein as in the Purchase Agreement. The Seller agrees to pay on demand all costs and expenses (including reasonable fees and expenses of counsel) of or incurred by the Administrator and each Purchaser Administrator in connection with the negotiation, preparation, execution and delivery of this Amendment.

Section 7. This Amendment and the rights and obligations of the parties hereunder shall be construed in accordance with and be governed by the law of the State of New □ork.

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed and delivered by their duly authorized officers as of the date first above written.

SWIFT RECEIVABLES COMPANY II, LLC, as
Seller

By: ______________________
Name: Brad Stewart
Title: Assistant Treasurer

SWIFT TRANSPORTATION SERVICES, LLC, as
Servicer

By: ______________________
Name: Brad Stewart
Title: Assistant Treasurer

PNC BANK, NATIONAL ASSOCIATION, as
Administrator

By: ______________________________
Name: Michael Brown
Title: Senior Vice President

PNC BANK PURCHASER GROUP:

PNC BANK, NATIONAL ASSOCIATION, as
Purchaser Agent for the PNC Bank Purchaser
Group

By: ______________________________
Name: Michael Brown
Title: Senior Vice President

PNC Bank Purchaser Group Commitment:
$150,000,000

PNC BANK, NATIONAL ASSOCIATION,
as a Related Committed Purchaser

By: ______________________________
Name: Michael Brown
Title: Senior Vice President

Commitment: $150,000,000

PNC BANK, NATIONAL ASSOCIATION, as the LC
Bank

By: ______________________________
Name: Michael Brown
Title: Senior Vice President

WELLS FARGO PURCHASER GROUP:

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Purchaser Agent for the Wells Fargo Purchaser Group

By: [signature]
Name: Isaac Washington
Title: Vice President

Wells Fargo Purchaser Group Commitment:
$95,000,000

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as a Related Committed Purchaser

By: [signature]
Name: Isaac Washington
Title: Vice President

Commitment: $95,000,000

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as a LC Participant

By: [signature]
Name: Isaac Washington
Title: Vice President

MUFG PURCHASER GROUP:

MUFG BANK, LTD., F/K/A THE BANK OF TOKYO-MITSU HI UFJ, LTD., acting through its w ork Branch, as Purchaser Agent for t e FG Purchaser Group

By: ______________________
Name: Christopher Pohl
Title: Managing Director

MUFG Purchaser Group Commitment: $80,000,000

MUFG BANK, LTD., F/K/A THE BANK OF TOKYO-MITSU SHI UFJ, LTD., acting through it York Branch, as a Related Committ Pu chaser and as a LC Participant

By: ______________________
Name: Christopher Pohl
Title: in Director

Commitment: $80,000,000

GOTHAM FUNDING CORPORATION, as Conduit Purchaser

By:
Name: Kevin J. Corrigan
Title: Vice President

REAFFIRMATION, AC□NOWLEDGEMENT AND CONSENT OF
PERFORMANCE GUARANTOR

The undersigned, □NIGHT-SWIFT TRANSPORTATION HOLDINGS INC. F□□A SWIFT TRANSPORTATION COMPAN□ ("Performance Guarantor"), heretofore executed and delivered to PNC BAN□, NATIONAL ASSOCIATION ("Administrator") a Performance Guaranty dated as of June 8, 2011 (as the same may be amended, restated, supplemented or modified from time to time, the "Performance Guaranty"). Capitalized terms used (but not defined) herein have the meanings assigned thereto in the Performance Guaranty. On the date hereof, the undersigned acknowledges and consents to the Fourth Amendment to Amended and Restated Receivables Purchase Agreement dated July 11, 2018, and confirms that the Performance Guaranty, and all obligations of the undersigned thereunder, remains in full force and effect. The undersigned further agrees that the consent of the undersigned to any further amendments to (i) the Sale Agreement, (ii) the Receivables Purchase Agreement and (iii) any other Transaction Document shall not be required as a result of this consent having been obtained, except to the extent, if any, required by the Performance Guaranty referred to above. The undersigned acknowledges that the Administrator is relying on the assurances provided herein in entering into the agreements set forth above.

This Reaffirmation, Acknowledgment and Consent of Performance Guarantor is executed as of this July 11, 2018.

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC. F/K/A SWIFT TRANSPORTATION COMPANY

By: ______________________
Name: Brad Stewart
Title: Assistant Treasurer

EXHIBIT 31.1

RULE 13a-14(a)/15d-14(a) CERTIFICATION

I, David A. Jackson, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Knight-Swift Transportation Holdings Inc.;

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

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

4. The registrant’s other certifying officer 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: November 9, 2018

/s/ David A. Jackson

David A. Jackson

Chief Executive Officer (principal executive officer)

EXHIBIT 31.2

RULE 13a-14(a)/15d-14(a) CERTIFICATION

I, Adam W. Miller, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Knight-Swift Transportation Holdings Inc.;

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

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

4. The registrant's other certifying officer 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: November 9, 2018

/s/ Adam W. Miller

Adam W. Miller
Chief Financial Officer
(principal financial officer)

EXHIBIT 32.1

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

In connection with the Quarterly Report of Knight-Swift Transportation Holdings Inc. (the "Company") on Form 10-Q for the quarterly period ended September 30, 2018 , as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David A. Jackson, 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 to the best of my knowledge:

(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.

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

a Delaware corporation

Date:	November 9, 2018	By:	*/s/ David A. Jackson*
			David A. Jackson
			Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to Knight-Swift Transportation Holdings Inc. and will be retained by Knight-Swift Transportation Holdings Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

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

In connection with the Quarterly Report of Knight-Swift Transportation Holdings Inc. (the "Company") on Form 10-Q for the quarterly period ended September 30, 2018 , as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Adam W. Miller, Chief Financial Officer , certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

(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.

KNIGHT-SWIFT TRANSPORTATION HOLDINGS INC.

a Delaware corporation

Date: November 9, 2018

By: */s/ Adam W. Miller*

Adam W. Miller
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Knight-Swift Transportation Holdings Inc. and will be retained by Knight-Swift Transportation Holdings Inc. and furnished to the Securities and Exchange Commission or its staff upon request.