KNX 3Q19 Earnings Presentation

KNIGHT TRANSPORTATION

SWIFT TRANSPORTATION

Disclosure

This presentation, including documents incorporated herein by reference, will contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended. Such forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated by the forward-looking statements. Please review our disclosures in filings with the United States Securities and Exchange Commission.

Non-GAAP Financial Data

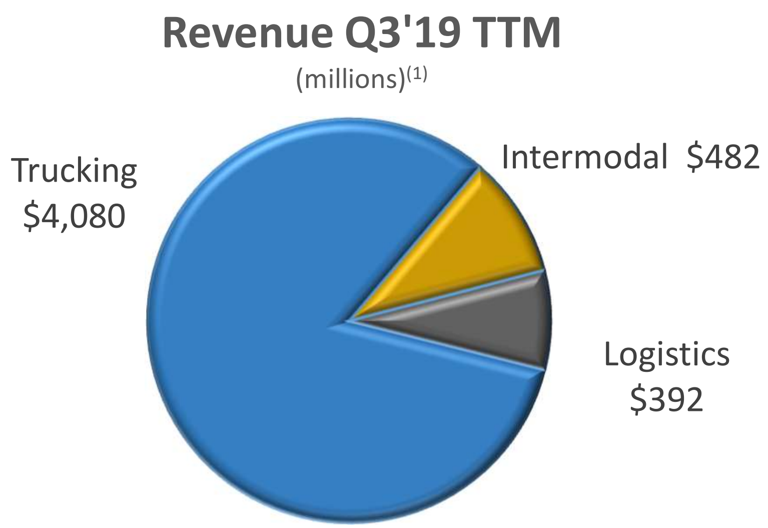
This presentation includes the use of adjusted operating income, operating ratio, adjusted operating ratio, adjusted net income, adjusted earnings per share, adjusted pre-tax income, return on net tangible assets and free cash flow, which are financial measures that are not in accordance with United States generally accepted accounting principles ("GAAP"). Each such measure is a supplemental non-GAAP financial measure that is used by management and external users of our financial statements, such as industry analysts, investors and lenders. While management believes such measures are useful for investors, they should not be used as a replacement for financial measures that are in accordance with GAAP. In addition, our use of these non-GAAP measures should not be interpreted as indicating that these or similar items could not occur in future periods. In addition, adjusted operating ratio excludes trucking segment fuel surcharges from revenue and nets these surcharges against fuel expense.

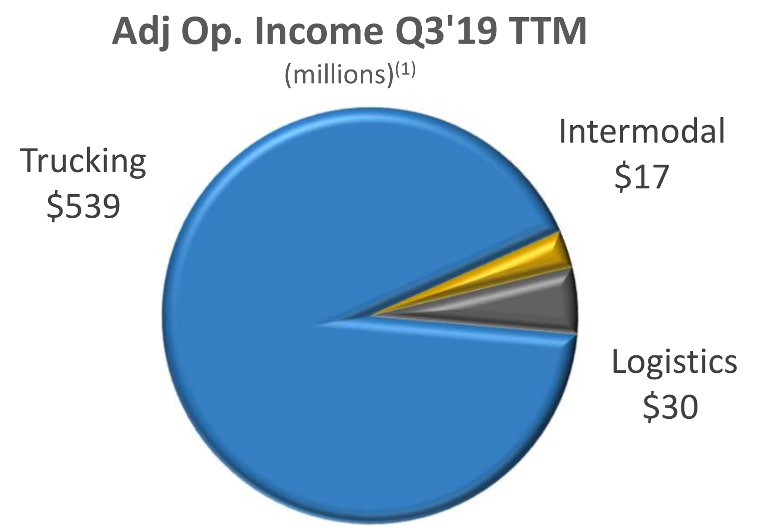
Disclosure

On September 8, 2017, pursuant to the Agreement and Plan of Merger, dated as of April 9, 2017, by Swift Transportation Company (“Swift”), Bishop Merger Sub, Inc., a direct wholly owned subsidiary of Swift, (“Merger Sub”), and Knight Transportation, Inc. (“Knight”), Merger Sub merged with and into Knight, with Knight surviving as a direct wholly owned subsidiary of Swift (the “2017 Merger”). Knight was the accounting acquirer and Swift was the legal acquirer in the 2017 Merger. In accordance with the accounting treatment applicable to the 2017 Merger, throughout this presentation, the reported results do not include the results of operations of Swift and its subsidiaries on and prior to the 2017 Merger date of September 8, 2017 (the “2017 Merger Date”). However, where indicated, certain historical information of Swift and its subsidiaries on and prior to the 2017 Merger Date, including their results of operations and certain operational statistics (collectively, the “Swift Historical Information”), has been provided. Management believes that presentation of the Swift Historical Information will be useful to investors. The Swift Historical Information has not been prepared in accordance with the rules of the Securities and Exchange Commission, including Article 11 of Regulation S-X, and it therefore does not reflect any of the pro forma adjustments that would be required by Article 11 of Regulation S-X. The Swift Historical Information does not purport to indicate the results that would have been obtained had the Swift and Knight businesses been operated together during the periods presented, or which may be realized in the future.

KNX Overview

- 85.1% TTM Trucking Adjusted Operating Ratio
- $278M TTM free cash flow
- 15.3% TTM Return on Net Tangible Assets
- $208M returned to investors in dividends and share repurchases over the past four quarters
- 1.19 Net Debt to EBITDA





(1) Excludes the results of certain non-reportable segments

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Third Quarter 2019 Comparative Results

(dollars in thousands, except per share data)	Quarter Ended September 30,		
	2019	2018	Change
Total Revenue	$1,200,522	$1,346,611	(10.8)%
Revenue xFSC	$1,090,210	$1,212,020	(10.1)%
Operating Income	$102,953	$144,280	(28.6)%
Adj. Operating Income (1)	$113,712	$156,543	(27.4)%
Net Income attributable to Knight-Swift	$74,619	$105,881	(29.5)%
Adj. Net income attributable to Knight Swift (1)	$82,802	$115,122	(28.1)%
Earnings per diluted share	$0.44	$0.60	(26.7)%
Adj. EPS (1)	$0.48	$0.65	(26.2)%

Adjustments

- $10.8M in Q3 2019 and $10.7 in Q3 2018 of amortization expense from mergers and acquisitions
- $1.6M in Q3 2018 of severance agreements

(1) See GAAP to non-GAAP reconciliation in the schedules following this presentation

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Operating Performance – Trucking

- 87.5% Adjusted Operating Ratio in Q3 2019 compared to 84.9% the previous year
- Tractor count of 18,899 during Q3 2019 is virtually unchanged from the prior year
- 87.0% Swift Truckload Adj. Operating Ratio
- 83.7% Knight Truckload Adj. Operating Ratio
- 2.7% reduction in revenue excluding fsc per loaded mile from Q3 2018

Trucking Financial Metrics
(dollars in thousands)

	Q3’19	Q3’18	Change
Revenue xFSC	$ 876,385	$ 936,301	(6.4)%
Operating Income	$ 109,409	$ 140,592	(22.2)%
Adjusted Operating Income[1]	$ 109,758	$140,944	(22.1)%
Operating Ratio	88.9%	86.9%	200 bps
Adjusted Operating Ratio[1]	87.5%	84.9%	260 bps

Trucking Operating Statistics

	Q3’19	Q3’18	Change
Average revenue per Tractor	$ 46,372	$ 49,524	(6.4)%
Average Tractors	18,899	18,906	0.0%
Average Trailers	57,899	60,215	(3.9)%
Miles per Tractor	23,397	24,402	(4.1)%

(1) See GAAP to non-GAAP reconciliation in the schedules following this presentation.

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Operating Performance – Logistics

- 95.6% Adjusted Operating Ratio during Q3 2019 compared to 90.9% during the prior year
- 14.0% Brokerage Gross Margin during the quarter compared with 17.1% the prior year
- 9.2% reduction in Brokerage revenue per load
- 17.4% reduction in Brokerage load counts

Logistics Financial Metrics
(dollars in thousands)

	Q3'19	Q3'18	Change
Revenue ex Intersegment	$ 83,631	$ 111,397	(24.9)%
Operating Income	$ 3,692	$ 10,151	(63.6)%
Operating Ratio	95.7%	91.0%	470 bps
Adjusted Operating Ratio(1)	95.6%	90.9%	470 bps

Brokerage Only Operating Statistics

	Q3'19	Q3'18	Change
Revenue per Load	$1,368	$1,506	(9.2)%
Gross Margin	14.0%	17.1%	(310 bps)

(1) See GAAP to non-GAAP reconciliation in the schedules following this presentation.

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Operating Performance – Intermodal

- Market conditions pressuring rate and volumes
- 6.8% reduction in revenue per load
- 10.3% reduction in load counts
- Monthly improvements in volumes and Operating Ratio within the quarter

Intermodal Financial Metrics
(dollars in thousands)

	Q3'19	Q3'18	Change
Revenue ex Intersegment	$ 108,758	$ 130,166	(16.4)%
Operating Income/(Loss)	$ (2,652)	$ 9,688	(127.4)%
Operating Ratio	102.4%	92.6%	980 bps
Adjusted Operating Ratio(1)	102.4%	92.6%	980 bps

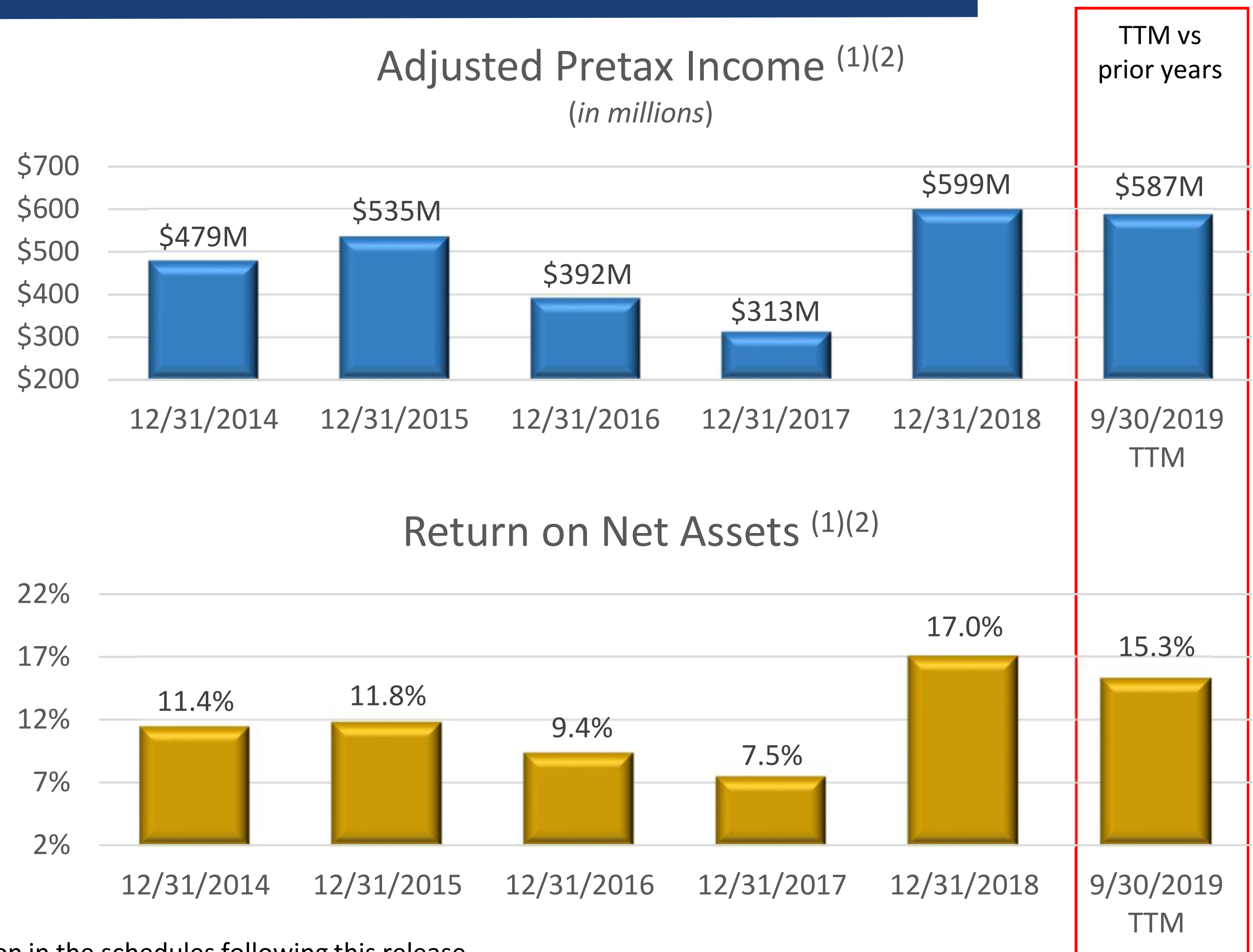
Intermodal Operating Statistics

	Q3'19	Q3'18	Change
Average revenue per load	$ 2,393	$ 2,568	(6.8)%
Load Count	45,445	50,678	(10.3)%
Average Tractors	625	645	(3.1)%
Average Containers	9,861	9,366	5.3%

(1) See GAAP to non-GAAP reconciliation in the schedules following this presentation.

Significant Value Creation

- Knight-Swift continues to generate meaningful income
- **15.3%** TTM Return on Net Tangible Assets



(1) See GAAP to non-GAAP reconciliation in the schedules following this release.
(2) Historical information prior to the Swift merger in Sept 2017 has not been prepared in accordance with the rules of the United States Securities and Exchange Commission, including Article 11 of Regulation S-X, and it therefore does not reflect any of the pro forma adjustments that would be required by Article 11 of Regulation S-X. The Swift Historical Information does not purport to indicate the results that would have been obtained had the Swift and Knight businesses been operated together during the period presented, or which may be realized in the future.

2019 Capital Deployment

- **$155M** of YTD Free Cash Flow (Cash from Operations less Net Cash Capex)
- **$88M** reduction in operating lease liabilities

$612 Million

Cash from Operations

Investment in the Business	Shareholder Returns
• $458 Million Net Cash CapEx	• $87 Million Share Repurchases • $31 Million Cash Dividends

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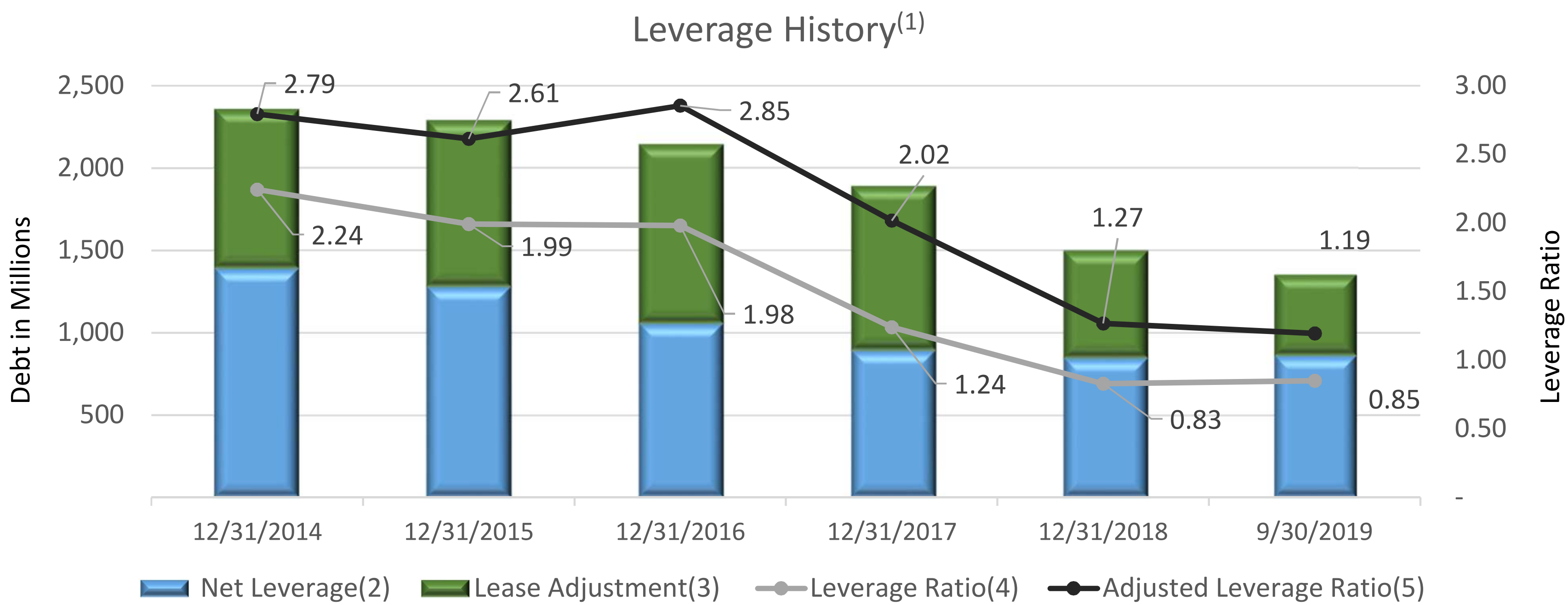
Historical Leverage Ratio

Maintaining Target Leverage Ratio of 1.0-1.25X EBITDA



(1) Based on historical reported results for Swift for periods prior to the 2017 Merger and for combined Knight-Swift results for periods subsequent to the 2017 Merger.
(2) Net Leverage is on-balance sheet debt net of unrestricted cash and cash equivalents at the balance sheet date and is calculated in accordance with the provisions of Swift's senior credit facility for all periods prior to the 2017 Merger and Knight-Swift's senior credit facility for all periods subsequent to the 2017 Merger.
(3) Lease Adjustment is management's estimated value of operating leases as if they were capital leases. This number is used by management for analysis purposes only and does not purport to be calculated in the same manner or intended for the same purpose as the right-of-use asset and liability calculations prescribed under US GAAP.
(4) Leverage Ratio is calculated in accordance with the provisions of Swift's senior credit facility for all periods prior to the 2017 Merger and Knight-Swift's senior credit facility for all periods subsequent to the 2017 Merger.
(5) Adjusted Leverage Ratio represents the Leverage Ratio adjusted to include the Lease Adjustment in Net Leverage while also adding back the corresponding rent expense into Adjusted EBITDA in order to calculate the adjusted leverage ratio. (Adjusted EBITDA is EBITDA less certain adjustments pursuant to the credit facilities.)

2020 Market Outlook

Signs of industry capacity reductions

- Significantly less new truck and trailer orders
- Increased new truck order cancellations
- Weak used equipment market
- Transportation failures on the rise
- Driver employment trending negative

1st Half of 2020

- Freight market continues to be pressured
- Fewer and less attractive non-contract opportunities
- Acquisition opportunities

2nd Half of 2020

- Freight market to inflect positively
- Increased spot and non-contract opportunities

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Q4 2019 & Q1 2020 Guidance

- Expected Adjusted EPS for the fourth quarter 2019 of $0.62 - $0.65
- Expected Adjusted EPS for the first quarter 2020 of $0.42 - $0.46

Guidance Assumptions

- Revenue per loaded mile will be negative year over year as we lap prior year contract rate increases with less favorable non contract opportunities
- Seasonal but less robust Q3 to Q4 trends
- The unfavorable year-over-year percent changes in miles per tractor will lessen
- Year over year margin deterioration
- Tax rate of 25-26%
- Full year expected 2019 net cash capex of $550M - $575M

These estimates represent Management's best estimates based on current information available. Actual results may differ materially from these estimates. We would refer you to the Risk Factors sections of the Company's annual report for a discussion of the risks that may affect results.

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Appendix

Non-GAAP Reconciliation

Non-GAAP Reconciliation (Unaudited):
Adjusted Operating Income and Adjusted Operating Ratio [1 2]

	Quarter-to-Date September 30,		Year-to-Date September 30,	
	2019	2018 (recast)	2019	2018 (recast)
GAAP Presentation	(Dollars in thousands)			
Total revenue	$ 1,200,522	$ 1,346,611	$ 3,647,140	$ 3,949,426
Total operating expenses	(1,097,569)	(1,202,331)	(3,319,295)	(3,587,160)
Operating income	$ 102,953	$ 144,280	$ 327,845	$ 362,266
Operating ratio	91.4%	89.3%	91.0%	90.8%
Non-GAAP Presentation				
Total revenue	$ 1,200,522	$ 1,346,611	$ 3,647,140	$ 3,949,426
Trucking fuel surcharge	(110,312)	(134,591)	(337,220)	(404,343)
Revenue, excluding trucking fuel surcharge	1,090,210	1,212,020	3,309,920	3,545,083
Total operating expenses	1,097,569	1,202,331	3,319,295	3,587,160
Adjusted for:				
Trucking fuel surcharge	(110,312)	(134,591)	(337,220)	(404,343)
Amortization of intangibles [3]	(10,759)	(10,695)	(32,144)	(31,891)
Impairments [4]	—	—	(2,182)	—
Legal accruals [5]	—	—	(15,500)	—
Severance expense [6]	—	(1,568)	—	(1,568)
Adjusted Operating Expenses	976,498	1,055,477	2,932,249	3,149,358
Adjusted Operating Income	$ 113,712	$ 156,543	$ 377,671	$ 395,725
Adjusted Operating Ratio	89.6%	87.1%	88.6%	88.8%

1 Pursuant to the requirements of Regulation G, this table reconciles consolidated GAAP operating ratio to consolidated non-GAAP Adjusted Operating Ratio.
2 The reported results do not include the results of operations of Abilene and its subsidiaries on and prior to its acquisition by Knight on March 16, 2018 in accordance with the accounting treatment applicable to the transaction.
3 "Amortization of intangibles" reflects the non-cash amortization expense relating to intangible assets identified in the 2017 Merger, Abilene Acquisition, and other acquisitions.
4 "Impairments" reflects the non-cash impairment of leasehold improvements incurred during the early termination of a lease related to one of our operating properties.
5 "Legal accruals" reflects anticipated costs associated with a jury verdict issued in July 2019 related to an ongoing lawsuit, which is included in "Miscellaneous operating expenses" in the condensed consolidated statements of comprehensive income for the year-to-date period ended September 30, 2019. The Company is reviewing all options including post-trial motions seeking to overturn the jury verdict and if necessary, an appeal.
6 Severance expenses were incurred during the third quarter of 2018 in relation to certain organizational changes at Swift.

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Non-GAAP Reconciliation

Non-GAAP Reconciliation (Unaudited):
Adjusted Net Income Attributable to Knight-Swift and Adjusted EPS [1 2]

	Quarter-to-Date September 30,		Year-to-Date September 30,	
	2019	2018	2019	2018
	(Dollars In thousands)			
GAAP: Net income attributable to Knight-Swift	$ 74,619	$ 105,881	$ 241,762	$ 267,568
Adjusted for:				
Income tax expense attributable to Knight-Swift	24,524	34,624	78,523	80,816
Income before income taxes attributable to Knight-Swift	99,143	140,505	320,285	348,384
Amortization of intangibles [3]	10,759	10,695	32,144	31,891
Impairments [4]	—	—	2,182	—
Legal accruals [5]	—	—	15,500	—
Severance expense [6]	—	1,568	—	1,568
Adjusted income before income taxes	109,902	152,768	370,111	381,843
Provision for income tax expense at effective rate	(27,100)	(37,646)	(90,501)	(88,578)
Non-GAAP: Adjusted Net Income Attributable to Knight-Swift	$ 82,802	$ 115,122	$ 279,610	$ 293,265

1 Pursuant to the requirements of Regulation G, these tables reconcile consolidated GAAP net income attributable to Knight-Swift to non-GAAP consolidated Adjusted Net Income Attributable to Knight-Swift and consolidated GAAP diluted earnings per share to non-GAAP consolidated Adjusted EPS.
2 Refer to Non-GAAP Reconciliation (Unaudited): Adjusted Operating Income and Adjusted Operating Ratio – footnote 2.
3 Refer to Non-GAAP Reconciliation (Unaudited): Adjusted Operating Income and Adjusted Operating Ratio – footnote 3.
4 Refer to Non-GAAP Reconciliation (Unaudited): Adjusted Operating Income and Adjusted Operating Ratio – footnote 4.
5 Refer to Non-GAAP Reconciliation (Unaudited): Adjusted Operating Income and Adjusted Operating Ratio – footnote 5.
6 Refer to Non-GAAP Reconciliation (Unaudited): Adjusted Operating Income and Adjusted Operating Ratio – footnote 6.

Non-GAAP Reconciliation

Non-GAAP Reconciliation (Unaudited):
Adjusted Net Income Attributable to Knight-Swift and Adjusted EPS [1, 2]

	Quarter-to-Date September 30,		Year-to-Date September 30,	
	2019	2018	2019	2018
GAAP: Earnings per diluted share	$ 0.44	$ 0.60	$ 1.40	$ 1.50
Adjusted for:				
Income tax expense attributable to Knight-Swift	0.14	0.19	0.46	0.45
Income before income taxes attributable to Knight-Swift	0.58	0.79	1.86	1.95
Amortization of intangibles [3]	0.06	0.06	0.19	0.18
Impairments [4]	—	—	0.01	—
Legal accruals [5]	—	—	0.09	—
Severance expense [6]	—	0.01	—	0.01
Adjusted income before income taxes	0.64	0.86	2.15	2.14
Provision for income tax expense at effective rate	(0.16)	(0.21)	(0.52)	(0.50)
Non-GAAP: Adjusted EPS	$ 0.48	$ 0.65	$ 1.62	$ 1.64

1 Pursuant to the requirements of Regulation G, these tables reconcile consolidated GAAP net income attributable to Knight-Swift to non-GAAP consolidated Adjusted Net Income Attributable to Knight-Swift and consolidated GAAP diluted earnings per share to non-GAAP consolidated Adjusted EPS.

2 Refer to Non-GAAP Reconciliation (Unaudited): Adjusted Operating Income and Adjusted Operating Ratio – footnote 2.

3 Refer to Non-GAAP Reconciliation (Unaudited): Adjusted Operating Income and Adjusted Operating Ratio – footnote 3.

4 Refer to Non-GAAP Reconciliation (Unaudited): Adjusted Operating Income and Adjusted Operating Ratio – footnote 4.

5 Refer to Non-GAAP Reconciliation (Unaudited): Adjusted Operating Income and Adjusted Operating Ratio – footnote 5.

6 Refer to Non-GAAP Reconciliation (Unaudited): Adjusted Operating Income and Adjusted Operating Ratio – footnote 6.

Non-GAAP Reconciliation

Non-GAAP Reconciliation (Unaudited):
Segment Adjusted Operating Income and Adjusted Operating Ratio [1] [2]

Trucking Segment	Quarter-to-Date September 30, 2019	Quarter-to-Date September 30, 2018 (recast)	Year-to-Date September 30, 2019	Year-to-Date September 30, 2018 (recast)
GAAP Presentation	(Dollars in thousands)			
Total revenue	$ 986,768	$ 1,070,978	$ 2,980,040	$ 3,190,174
Total operating expenses	(877,359)	(930,386)	(2,629,684)	(2,822,674)
Operating income	$ 109,409	$ 140,592	$ 350,356	$ 367,500
Operating ratio	88.9%	86.9%	88.2%	88.5%
Non-GAAP Presentation				
Total revenue	$ 986,768	$ 1,070,978	$ 2,980,040	$ 3,190,174
Fuel surcharge	(110,312)	(134,591)	(337,220)	(404,343)
Intersegment transactions	(71)	(86)	(157)	(159)
Revenue, excluding fuel surcharge and intersegment transactions	876,385	936,301	2,642,663	2,785,672
Total operating expenses	877,359	930,386	2,629,684	2,822,674
Adjusted for:				
Fuel surcharge	(110,312)	(134,591)	(337,220)	(404,343)
Intersegment transactions	(71)	(86)	(157)	(159)
Amortization of intangibles [3]	(349)	(352)	(1,047)	(860)
Impairments [4]	—	—	(2,182)	—
Adjusted Operating Expenses	766,627	795,357	2,289,078	2,417,312
Adjusted Operating Income	$ 109,758	$ 140,944	$ 353,585	$ 368,360
Adjusted Operating Ratio	87.5%	84.9%	86.6%	86.8%

1 Pursuant to the requirements of Regulation G, this table reconciles consolidated GAAP operating ratio to consolidated non-GAAP Adjusted Operating Ratio.

2 Refer to Non-GAAP Reconciliation (Unaudited): Adjusted Operating Income and Adjusted Operating Ratio – footnote 2.

3 "Amortization of intangibles" reflects the non-cash amortization expense relating to intangible assets identified in the Abilene Acquisition and historical Knight acquisitions.

4 Refer to Non-GAAP Reconciliation (Unaudited): Adjusted Operating Income and Adjusted Operating Ratio – footnote 4.

Non-GAAP Reconciliation

Non-GAAP Reconciliation (Unaudited):
Segment Adjusted Operating Income and Adjusted Operating Ratio — Continued [1 2]

Logistics Segment	Quarter-to-Date September 30, 2019	Quarter-to-Date September 30, 2018 (recast)	Year-to-Date September 30, 2019	Year-to-Date September 30, 2018 (recast)
GAAP Presentation	(Dollars in thousands)			
Total revenue	$ 86,213	$ 113,387	$ 258,094	$ 301,764
Total operating expenses	(82,521)	(103,236)	(242,098)	(283,039)
Operating income	$ 3,692	$ 10,151	$ 15,996	$ 18,725
Operating ratio	95.7%	91.0%	93.8%	93.8%
Non-GAAP Presentation				
Total revenue	$ 86,213	$ 113,387	$ 258,094	$ 301,764
Intersegment transactions	(2,582)	(1,990)	(6,968)	(7,915)
Revenue, excluding intersegment transactions	83,631	111,397	251,126	293,849
Total operating expenses	82,521	103,236	242,098	283,039
Adjusted for:				
Intersegment transactions	(2,582)	(1,990)	(6,968)	(7,915)
Adjusted Operating Expenses	79,939	101,246	235,130	275,124
Adjusted Operating Income	$ 3,692	$ 10,151	$ 15,996	$ 18,725
Adjusted Operating Ratio	95.6%	90.9%	93.6%	93.6%

1 Pursuant to the requirements of Regulation G, this table reconciles consolidated GAAP operating ratio to consolidated non-GAAP Adjusted Operating Ratio.

2 Refer to Non-GAAP Reconciliation (Unaudited): Adjusted Operating Income and Adjusted Operating Ratio – footnote 2.

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Non-GAAP Reconciliation

Non-GAAP Reconciliation (Unaudited):
Segment Adjusted Operating Income and Adjusted Operating Ratio [1 2]

Intermodal Segment	Quarter-to-Date September 30, 2019	Quarter-to-Date September 30, 2018 (recast)	Year-to-Date September 30, 2019	Year-to-Date September 30, 2018 (recast)
GAAP Presentation	(Dollars in thousands)			
Total revenue	$ 108,937	$ 130,369	$ 343,499	$ 360,683
Total operating expenses	(111,589)	(120,681)	(339,598)	(342,567)
Operating (loss) income	$ (2,652)	$ 9,688	$ 3,901	$ 18,116
Operating ratio	102.4%	92.6%	98.9%	95.0%
Non-GAAP Presentation				
Total revenue	$ 108,937	$ 130,369	$ 343,499	$ 360,683
Intersegment transactions	(179)	(203)	(1,337)	(557)
Revenue, excluding intersegment transactions	108,758	130,166	342,162	360,126
Total operating expenses	111,589	120,681	339,598	342,567
Adjusted for:				
Intersegment transactions	(179)	(203)	(1,337)	(557)
Adjusted Operating Expenses	111,410	120,478	338,261	342,010
Adjusted Operating (Loss) Income	$ (2,652)	$ 9,688	$ 3,901	$ 18,116
Adjusted Operating Ratio	102.4%	92.6%	98.9%	95.0%

1 Pursuant to the requirements of Regulation G, this table reconciles consolidated GAAP operating ratio to consolidated non-GAAP Adjusted Operating Ratio.

2 Refer to Non-GAAP Reconciliation (Unaudited): Adjusted Operating Income and Adjusted Operating Ratio – footnote 2.

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Non-GAAP Reconciliation

Non-GAAP Reconciliation (Unaudited): Return on Net Tangible Assets (1) (2)

	September 30,		December 31,					
	2019	2018	2018	2017	2016	2015	2014	2013
			(Dollars in thousands)					
Total Assets								
Consolidated: Post-merger	8,322,107	7,932,066	7,911,885	7,683,442	—	—	—	—
Knight: Pre-merger	—	—	—	—	1,078,525	1,120,232	1,082,285	807,121
Swift: Pre-merger	—	—	—	—	2,745,666	2,919,667	2,892,721	2,809,008
Adjusted for:								
Deferred income tax assets								
Consolidated: Post-merger	—	—	—	—	—	—	—	—
Knight: Pre-merger	—	—	—	—	—	—	(3,187)	(3,359)
Swift: Pre-merger	—	—	—	—	—	—	—	(46,833)
Intangible assets, net								
Consolidated: Post-merger	(1,391,156)	(1,431,612)	(1,420,919)	(1,440,903)	—	—	—	—
Knight: Pre-merger	—	—	—	—	(2,575)	(3,075)	(3,575)	—
Swift: Pre-merger	—	—	—	—	(266,305)	(283,119)	(299,933)	(316,747)
Goodwill								
Consolidated: Post-merger	(2,918,995)	(2,919,528)	(2,919,176)	(2,887,867)	—	—	—	—
Knight: Pre-merger	—	—	—	—	(47,031)	(47,050)	(47,067)	(10,257)
Swift: Pre-merger	—	—	—	—	(253,256)	(253,256)	(253,256)	(253,256)
Tangible Assets	4,011,956	3,580,926	3,571,790	3,354,672	3,255,024	3,453,399	3,367,988	2,985,677

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Non-GAAP Reconciliation

Non-GAAP Reconciliation (Unaudited):
Return on Net Tangible Assets [1] [2] - (Continued)

	September 30,		December 31,					
	2019	2018	2018	2017	2016	2015	2014	2013
	(Dollars in thousands)							
Total Liabilities								
Consolidated: Post-merger	2,716,814	2,535,880	2,449,166	2,443,072	—	—	—	—
Knight: Pre-merger	—	—	—	—	289,794	379,860	403,010	252,588
Swift: Pre-merger	—	—	—	—	2,073,411	2,302,540	2,422,427	2,525,421
Adjusted for:								
Revolving line of credit, capital lease obligations, long-term debt and fair value of interest rate swaps								
Consolidated: Post-merger	(750,533)	(736,772)	(689,510)	(665,905)	—	—	—	—
Knight: Pre-merger	—	—	—	—	(18,000)	(112,000)	(134,400)	(38,000)
Swift: Pre-merger	—	—	—	—	(865,741)	(1,160,972)	(1,167,175)	(1,350,588)
Accounts receivable securitization								
Consolidated: Post-merger	(204,723)	(234,567)	(239,606)	(305,000)	—	—	—	—
Knight: Pre-merger	—	—	—	—	—	—	—	—
Swift: Pre-merger	—	—	—	—	(279,285)	(223,927)	(334,000)	(264,000)
Deferred income tax liabilities								
Consolidated: Post-merger	(774,683)	(726,409)	(739,538)	(679,077)	—	—	—	—
Knight: Pre-merger	—	—	—	—	(178,000)	(174,165)	(162,007)	(140,149)
Swift: Pre-merger	—	—	—	—	(427,722)	(463,832)	(437,389)	(484,200)
Non-Interest Bearing Liabilities, excluding deferred income tax liabilities	986,875	838,132	780,512	793,090	594,457	547,504	590,466	501,072
Net Tangible Assets	3,025,081	2,742,794	2,791,278	2,561,582	2,660,567	2,905,895	2,777,522	2,484,605
Average Net Tangible Assets	2,883,938		2,676,430	2,611,075	2,783,231	2,841,709	2,631,064	
Adjusted Net Income	442,415		456,070	195,545	260,894	335,340	301,221	
Return on Net Tangible Assets	15.3%		17.0%	7.5%	9.4%	11.8%	11.4%	

(1) Pursuant to the requirements of Regulation G, this table reconciles Total Assets and Total Liabilities to Average Net Tangible Assets.

(2) The Swift Historical Information has not been prepared in accordance with the rules of the Securities and Exchange Commission, including Article 11 of Regulation S-X, and it therefore does not reflect any of the pro forma adjustments that would be required by Article 11 of Regulation S-X. The Swift Historical Information does not purport to indicate the result that would have been obtained had the Swift and Knight businesses been operated together during the period presented, or which may be realized in the future.

Non-GAAP Reconciliation

Non-GAAP Reconciliation (Unaudited):
Adjusted Income Before Income Taxes and Adjusted Net Income (1) (2)

	Nine Months Ended September 30, 2019	Year Ended December 31, 2018	Nine Months Ended September 30, 2018	TTM September 30, 2019
	(Dollars in thousands)			
GAAP: Net income attributable to Knight-Swift	$ 241,762	419,264	267,568	393,458
Adjusted for:				
Income tax expense attributable to Knight-Swift	78,523	131,389	80,816	129,096
Income before income taxes attributable to Knight-Swift	320,285	550,653	348,384	522,554
Amortization of intangibles [2]	32,144	42,584	31,891	42,837
Impairments [3]	2,182	2,798	—	4,980
Severance expense [4]	—	1,958	1,568	390
Legal accruals [5]	15,500	1,000	—	16,500
Adjusted income before income taxes	370,111	598,993	381,843	587,261
Provision	(90,501)	(142,923)	(88,578)	(144,846)
Adjusted net income	279,610	456,070	293,265	442,415

(1) Pursuant to the requirements of Regulation G, this table reconciles Knight-Swift's GAAP Income before income taxes to Knight-Swift's Adjusted Income before Income Taxes and Adjusted Net Income.

(2) "Amortization of intangibles" reflects the non-cash amortization expense relating to intangible assets identified in the 2017 Merger, Abilene Acquisition, and other acquisitions.

(3) During the second quarter of 2019, the Company incurred an impairment charge of leasehold improvements totaling $2.2 million related to the early termination of a lease. During the fourth quarter of 2018, the Company incurred impairment charges related to the Company airplane of $2.2 million and incurred impairment charges related to replaced software systems of $0.6 million.

(4) Severance expenses were incurred during the third and fourth quarters of 2018 in relation to certain organizational changes at Swift.

(5) "Legal accruals" reflects anticipated costs associated with a Jury verdict issued in July 2019 related to an ongoing lawsuit, which is included in "Miscellaneous operating expense" in the condensed consolidated statements of comprehensive income for the year-to-date period ended September 30, 2019. In 2018, the Company incurred expenses related to certain class action lawsuits involving employment-related claims.

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Non-GAAP Reconciliation

Non-GAAP Reconciliation (Unaudited):
Adjusted Income Before Income Taxes and Adjusted Net Income - Knight, Swift and Combined [(1) (2)]

	Knight				Swift				Combined			
	Year Ended December 31,				Year Ended December 31,				Year Ended December 31,			
	2017	2016	2015	2014	2017	2016	2015	2014	2017	2016	2015	2014
						(Dollars in thousands)						
GAAP: Net income attributable to	$ 130,453	$ 93,863	$ 116,718	$ 102,862	$ 365,135	$ 149,267	$ 197,577	$ 161,152	$ 495,588	$ 243,130	$ 314,295	$ 264,014
Adjusted for: [(3)]												
Income tax (benefit) expense	(25,314)	57,592	68,047	67,809	(263,506)	65,702	119,209	89,474	(288,820)	123,294	187,256	157,283
Income before income taxes attributable to	105,139	151,455	184,765	170,671	101,629	214,969	316,786	250,626	206,768	366,424	501,551	421,297
Amortization of intangibles [(4)]	—	—	—	—	23,652	15,648	15,648	15,648	23,652	15,648	15,648	15,648
Impairments [(5)]	—	—	—	—	22,318	807	1,480	2,308	22,318	807	1,480	2,308
Legal Accruals [(6)]	1,900	2,450	7,163	—	—	—	—	—	1,900	2,450	7,163	—
Moyes retirement package	—	—	—	—	—	7,079	—	—	—	7,079	—	—
Loss on debt extinguishment	—	—	—	—	—	—	9,567	39,909	—	—	9,567	39,909
Merger and acquisition related expenses [(7)]	23,112	—	—	—	35,123	—	—	—	58,235	—	—	—
Adjusted income before income taxes	130,151	153,905	191,928	170,671	182,722	238,503	343,481	308,491	312,873	392,408	535,409	479,162
Provision	(48,807)	(58,532)	(70,815)	(67,809)	(68,521)	(72,982)	(129,254)	(110,132)	(117,328)	(131,514)	(200,069)	(177,941)
Adjusted net income	$ 81,344	$ 95,373	$ 121,113	$ 102,862	$ 114,201	$ 165,521	$ 214,227	$ 198,359	$ 195,545	$ 260,894	$ 335,340	$ 301,221

(1) Pursuant to the requirements of Regulation G, this table reconciles GAAP net income to Adjusted Income before Income Taxes and Adjusted Net Income.
(2) The Swift Historical Information has not been prepared in accordance with the rules of the Securities and Exchange Commission, including Article 11 of Regulation S-X, and it therefore does not reflect any of the pro forma adjustments that would be required by Article 11 of Regulation S-X. The Combined Historical Information does not purport to indicate the result that would have been obtained had the Swift and Knight businesses been operated together during the period presented, or which may be realized in the future.
(3) For explanation of Swift's Adjustments prior to 2017, see Swift's GAAP to Non-GAAP reconciliation to consolidated Adjusted EPS under "Non-GAAP Financial Measures" included in Part II, Item 7 in Swift's 2016 Annual Report on Form 10-K.
(4) "Amortization of intangibles" in Swift's post-merger results specifically reflects the non-cash amortization expense relating to certain intangible assets identified in the 2017 Merger. "Amortization of intangibles" in Swift's pre-merger 2017 results reflects the non-cash amortization expense relating to certain intangible assets identified in the 2007 going-private transaction through which Swift Corporation acquired Swift Transportation Co.
(5) During 2017, Swift terminated the implementation of it's enterprise resource planning system, resulting in an impairment loss.
(6) In 2017, 2016 and 2015, Knight incurred expenses related to certain class action lawsuits involving employment-related claims.
(7) In 2017, both Knight and Swift incurred certain merger-related expenses associated with the 2017 Merger.